

Torres Rojas, Genara

FOI # 13295

From: awright@jpwest.com
Sent: Monday, July 02, 2012 10:55 AM
To: Duffy, Daniel
Cc: Torres Rojas, Genara; Van Duyne, Sheree
Subject: Freedom of Information Online Request Form

Information:

First Name: Allison
Last Name: Wright
Company: Insurance Brokerage
Mailing Address 1: 44 Wall Street
Mailing Address 2: 12 Floor
City: New York
State: NY
Zip Code: 10005
Email Address: awright@jpwest.com
Phone: 212 461-2262
Required copies of the records: Yes

List of specific record(s):

Foils request Administrator: Boiler and Machinery Insurance Effective 7/12/2012 confirmation of the insurance company providing coverage. Confirmation of insurance carrier providing insurance for the Boiler and Machinery Insurance. A request for proposal 29141 for insurance placement for Boiler and Machinery coverage.

THE PORT AUTHORITY OF NY & NJ

Daniel D. Duffy
FOI Administrator

August 9, 2012

Ms. Allison Wright
Insurance Brokerage
44 Wall Street, 12th Floor
New York, NY 10005

Re: Freedom of Information Reference No. 13295

Dear Ms. Wright:

This is a response to your July 2, 2012 request, which has been processed under the Port Authority's Freedom of Information Code (the "Code") for the name of the insurance company providing coverage related to the Boiler and Machinery Insurance 7/1/12.

Material responsive to your request and available under the Code can be found on the Port Authority's website at <http://www.panynj.gov/corporate-information/foi/13295-C.pdf>. Paper copies of the available records are available upon request.

Certain material responsive to your request is exempt from disclosure pursuant to Exemption (1) of the Code.

Please refer to the above FOI reference number in any future correspondence relating to your request.

Very truly yours,



Daniel D. Duffy
FOI Administrator

225 Park Avenue South
New York, NY 10003
T: 212 435 3642 F: 212 435 7555

THE PORT AUTHORITY OF NY & NJ

FAX VIA US MAIL

June 26, 2012

E.G. Bowman Company, Inc.
97 Wall Street
New York, NY 10005
Attn: Marjorie Young
Senior Vice President

**RE: REQUEST FOR PROPOSAL #29141 ONE-YEAR PORT AUTHORITY OF
NEW YORK & NEW JERSEY BOILER & MACHINERY INSURANCE
AND BROKERAGE SERVICES; CONTRACT #4600009137; PURCHASE
ORDER #4500063349**

Dear Ms. Young:

Your proposal dated May 14, 2012 for the services described in the above subject RFP has been accepted by the Port Authority of New York and New Jersey ("the Port Authority"), subject to the provisions of this letter of award.

The term of the agreement shall be for one (1) year, commencing on July 1, 2012 and expiring on July 1, 2013 unless terminated earlier. In addition, this agreement includes two (2) one (1) year option periods that the Port Authority may elect to exercise.

The Contract between the parties shall consist of the following documents as attached and in case of a conflict between or among said documents; their precedence shall be in the following descending order.

1. This Letter of Acceptance dated June 26, 2012, which shall control over all other documents.
2. E.G. Bowman Company, Inc. Best and Final Offer letter dated June 4, 2012.
3. E.G. Bowman Company, Inc. proposal date May 14, 2012.
4. RFP#29141 including Addenda 1 and 2

*Procurement Department
2 Montgomery Street, 3rd Floor
Jersey City, NJ 07302
T: 212 435 7000*

THE PORT AUTHORITY OF NY & NJ

Your Contract Administrator is Chao Ng at (212) 435-5857. If you have any questions concerning the award of this Contract, please contact Lesley Brown at 201-395-3469.

For invoicing and correspondence purposes, please reference Purchase Order# 4500063349, which has been assigned to this Contract.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Kopik". The signature is written in a cursive style with a large initial "D" and a stylized "K".

Dennis Kopik
Operations Manager
Commodity and Services Division
Procurement Department

Brown, Lesley

From: Marjorie Young [myoung@egbowman.com]
Sent: Monday, June 04, 2012 4:08 PM
To: BAFO Response
Subject: RE: BAFO#29141-BOILER & MACHINERY INSURANCE AND BROKERAGE SERVICES
Attachments: compl BAFO#29141 BOILER BOWMAN COMPANY.doc

Attached please find our best and final offer.

If you should have any questions please do not hesitate to contact our office.

Sincerely,

Marjorie Young
Senior Vice President
E.G. Bowman Co., Inc.
97 Wall Street
New York, NY 10005
Tel: 212-425-8150
Fax: 212-269-2610
Email: myoung@egbowman.com

This message is intended for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient or the employer or agent responsible for delivering the message to the recipient, you are hereby notified that dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone, and delete this message and all of its attachments. Thank you.

-----Original Message-----

From: BAFO Response [mailto:baforesponse@panynj.gov]
Sent: Monday, June 04, 2012 3:06 PM
To: Marjorie Young
Subject: BAFO#29141-BOILER & MACHINERY INSURANCE AND BROKERAGE SERVICES

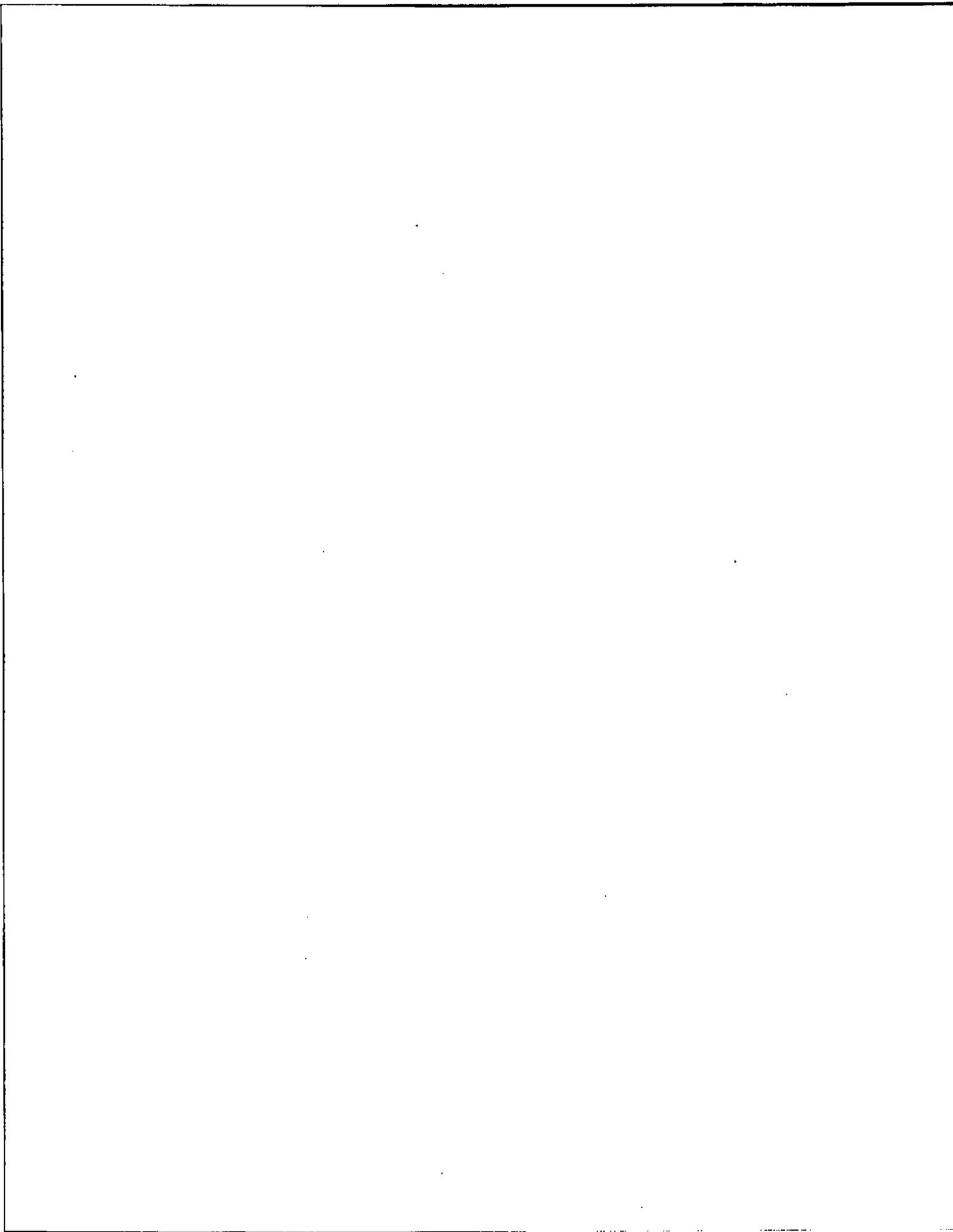
Dear Marjorie Young:

Attached is a request for a best and final offer to be submitted via e-mail to baforesponse@panynj.gov. Please review the attached request and respond accordingly.

Due to e-mail file size restrictions, the size of BAFO responses must not be greater than 9MB. If your response exceeds 9MB, you must split your response into multiple e-mails or your response may not be received by the Port Authority. Clearly label each reply by identifying your reply as a split response and include the RFP Number and the number of that response (i.e., Split response for RFP 27883, 1 of 2).

Do not send, fax, e-mail or otherwise transmit your response to the buyer listed on the attached letter. Any response must be submitted to the address baforesponse@panynj.gov. Failure to follow these instructions may result in your response being deemed non-responsive.

Sincerely,



BAFO RESPONSE

NOTICE: THIS E-MAIL AND ANY ATTACHMENTS CONTAIN INFORMATION FROM THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY AND AFFILIATES. IF YOU BELIEVE YOU HAVE RECEIVED THIS E-MAIL IN ERROR, PLEASE NOTIFY THE SENDER IMMEDIATELY, PERMANENTLY DELETE THIS E-MAIL (ALONG WITH ANY ATTACHMENTS), AND DESTROY ANY PRINTOUTS.

THE PORT AUTHORITY OF NY & NJ

June 4, 2012

Marjorie Young
Senior Vice President
E. G. Bowman Company, Inc.
97 Wall Street
New York, NY 10005-4302

RE: ONE-YEAR PORT AUTHORITY OF NEW YORK & NEW JERSEY BOILER & MACHINERY INSURANCE AND BROKERAGE SERVICES CONTRACT, 29141, BEST AND FINAL OFFER (BAFO) REQUEST

Dear Ms. Young:

The Port Authority of New York and New Jersey (Port Authority) is hereby inviting E. G. Bowman Company, Inc to submit a Best and Final Offer (BAFO) response for the above-referenced proposal, using the same format as supplied in the solicitation document. This invitation to submit a BAFO shall not be construed as an acceptance of your proposal.

You are strongly encouraged to reduce your prices without reducing the quality of service. Please note that while reducing your prices may have a positive effect on your final ranking, such reduction will not guarantee that your company is awarded the contract, nor will declining to reduce your prices prohibit your company from being awarded the contract. The Port Authority reserves the right to select the proposal that is in the best interests of the Port Authority.

Due to e-mail file size restrictions, the size of the BAFO response must be no greater than 9MB. If your response exceeds 9MB, you must split your response into multiple e-mails or the Port Authority may not receive your response. Clearly label each reply by identifying your reply as a split response and include the RFP Number and the number of that response (i.e., Split response for RFP #29141, 1 of 2).

*Procurement Department
2 Montgomery Street, 3rd Floor
Jersey City, N.J. 07302
T: 201 395-3405*

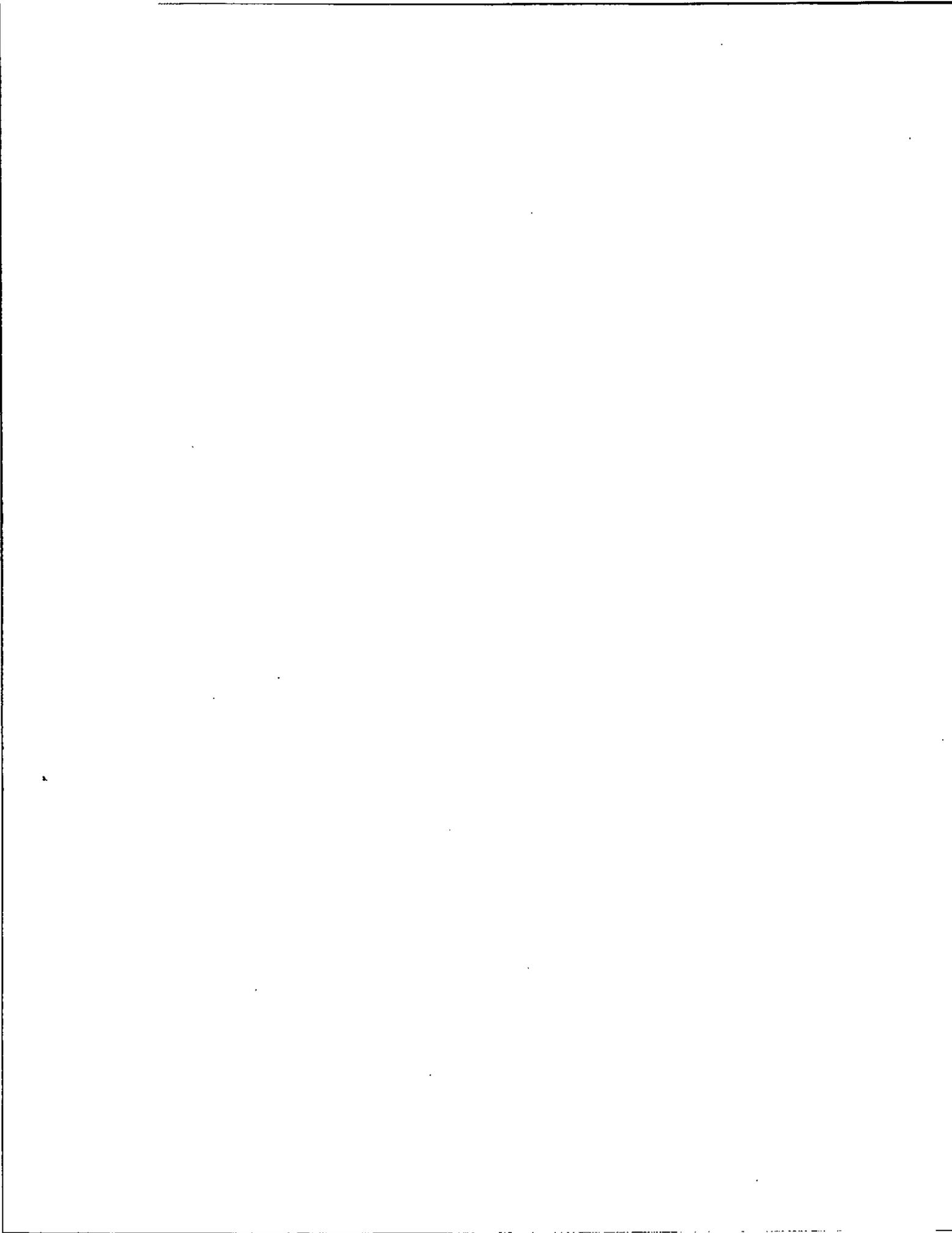
Your revised cost proposal shall be submitted by using Attachment B: Cost Proposal hereof, to baforesponse@panynj.gov no later than 12:00PM (EST) on June 7, 2012.

Please do not send, fax e-mail or transmit the BAFO response to me. If you have any questions, I can be reached at (201) 395-3469.

Sincerely,

Lesley Brown
Buyer

*Procurement Department
2 Montgomery Street, 3rd Floor
Jersey City, N.J. 07302
T: 201 395-3405*



ATTACHMENT B: COST PROPOSAL

TOTAL ANNUAL PREMIUM* July 1, 2012 to July 1, 2013 \$ _____

Unfired Pressure Vessels Inspection Fee:** \$ _____

Renewal Options:

Option Year* 1:**

Option Year* 2:**

*** Total Annual Premium should EXCLUDE the Unfired Pressure Vessels Inspection Fee, but be inclusive of all other fees, including broker fees.**

****Unfired Pressure Vessels Inspection Fee shall be denoted on this Cost Proposal for reference purposes only, and shall not be billed until after the First Option Year is exercised.**

*****Option Year - One-year option periods will require notice of renewal premium to the Port Authority at least 45 days prior to the expiration of the policy in force. These amounts are not required to be included on this form.**

THE PORT AUTHORITY OF NY & NJ

**PROCUREMENT DEPARTMENT
2 MONTGOMERY STREET, 3RD FL.
JERSEY CITY, NJ 07302**

5/4/2012

ADDENDUM #2

To prospective Proposer(s) on RFP#29141: One-Year Port Authority of New York & New Jersey Boiler & Machinery Insurance and Brokerage Services Contract

Due back on 5/15/2012, no later than 2:00PM

PROPOSER'S QUESTIONS AND ANSWERS

The following information is available in response to questions submitted by prospective Proposers. The responses should not be deemed to answer all questions, which have been submitted by Proposers to the Port Authority. It addresses only those questions, which the Port Authority has deemed to require additional information and/or clarification. The Port Authority does not intend, and Proposers should not infer, any meaning, construction, or implication from the fact that information has not been supplied with respect to any particular question asked by a Proposer.

The Port Authority makes no representations, warranties or guarantees that the information contained herein is accurate, complete or timely or that such information accurately represents the conditions that would be encountered during the performance of the Contract. The furnishing of such information by the Port Authority shall not create or be deemed to create any obligation or liability upon it for any reason whatsoever and each Proposer, by submitting its Proposal, expressly agrees that it has not relied upon the foregoing information, and that it shall not hold the Port Authority liable or responsible therefor in any manner whatsoever. Accordingly, nothing contained herein and no representation, statement or promise, of the Port Authority, its Commissioners, officers, agents, representatives, or employees, oral or in writing, shall impair or limit the effect of the warranties of the Bidder required by this Proposal or Contract and the Proposer agrees that it shall not hold the Port Authority liable or responsible therefor in any manner whatsoever.

The Questions and Answers numbering sequence will be continued sequentially in any forthcoming Addenda that may be issued.

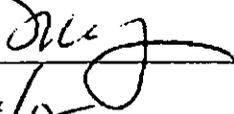
Question #8	In addendum 1, Question and Answer #2, states that there have been no losses in the past 3 years. Would the Authority be able to obtain and provide insurance company loss runs confirming that there were no losses, a prospective insurers would want that for their records.
Answer #8	Attached is a loss run dating back to July 1, 2007.
Question #9	Please provide complete specific addresses (building number, street, city, state, zip) for each of the equipment.
Answer #9	All available information is already provided in Attachments C and D of the RFP.
Question #10	Please provide current Property values for the locations where the equipment is located.
Answer #10	Specific values for only the properties containing scheduled equipment are not available. The PA's current Total Insurable Property Value is approximately \$35.3 billion.
Question #11	Please provide the schedule and an estimated value of machinery.
Answer #11	We do not have and cannot provide values for scheduled equipment.
Question #12	Additionally, I understand that there is no application for the current policy, but was one ever completed? If so, please post the most recently completed application.
Answer #12	No records of any completed application are available.
Question #13	Will Port Authority be in a position to schedule a day to meet with underwriters prior to the renewal date of 7/1/2012?
Answer #13	In accordance to the RFP, Section I, "Evaluation Procedures and Negotiation", page 14: The Port Authority shall evaluate proposals based on the evaluation criteria set forth in this RFP, however, the Port Authority shall only consider proposals from Proposers which meet the prerequisites in this RFP. The Port Authority may use such procedures that it deems appropriate to evaluate such proposals. The Port Authority may elect to initiate contract negotiations with one or more Proposers including negotiation of costs/price(s) and any other term or condition, including modifying any requirement of this RFP. The option of whether or not to initiate contract negotiations rests solely with the Port Authority.

This communication should be initialed by you and annexed to your Proposal upon submission.

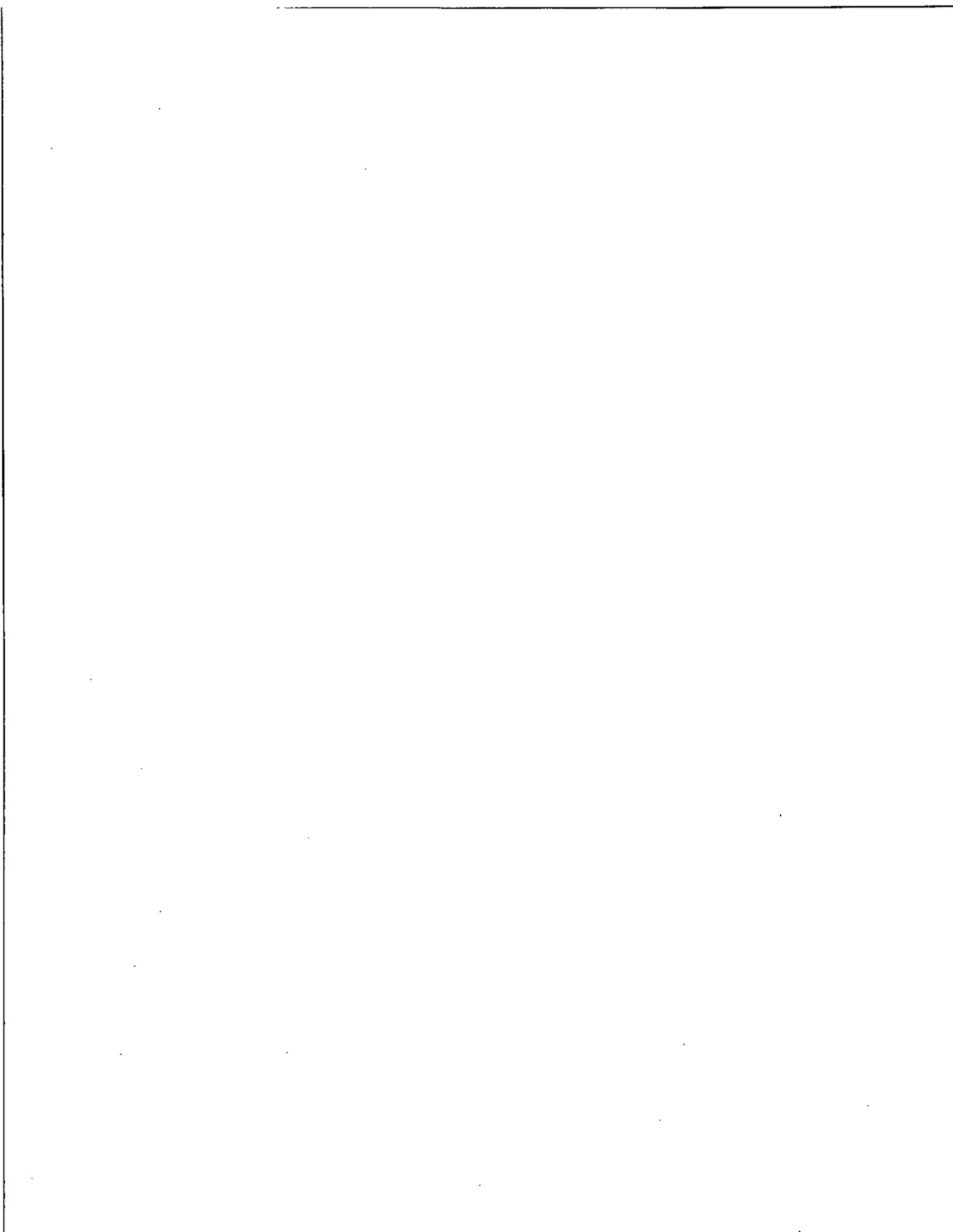
In case any Proposer fails to conform to these instructions, its Proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

KATHY LESLIE WHELAN, MANAGER
COMMODITIES AND SERVICES DIVISION

PROPOSER'S FIRM NAME: E.G. Bowman Co., Inc.
INITIALED: 
DATE: 5/4/12

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO
LESLEY BROWN, WHO CAN BE REACHED AT (201) 395-3469 or at
lbrown@panynj.gov.



CNA COMMERCIAL INSURANCE

CUSTOMER LOSS REPORT

Account Summary

Run Date: 5/1/2012

As Of: APRIL 27, 2012

Account		Service Information		Agent
PORT AUTHORITY OF NEW YORK & N	Account Number	CAM Association	Branch Office	Phone Number
225 PARK AVENUE NEW YORK, NY 10003	Ex. 1		B&M Northeast	(212) 440-7070
				J P WEST INC 44 WALL STREET - 12TH FLOOR NEW YORK, NY 0005

Product Group	Policy Number	Effective Date	Expiration Date	No Of Claims	Paid Losses	Policy Loss Summary		
						Paid Expenses	Reserve	Net Incurred Ded
Property	2088768724							
		07/01/11	07/01/12	0				
		07/01/10	07/01/11	0				
		07/01/09	07/01/10	0				
		07/01/08	07/01/09	0				
		07/01/07	07/01/08	0				
ACCOUNT TOTAL								
		11		0				
		10		0				
		09		0				
		08		0				
		07		0				
GRAND TOTAL				0	0			

THE PORT AUTHORITY OF NY & NJ

**PROCUREMENT DEPARTMENT
2 MONTGOMERY STREET, 3RD FL.
JERSEY CITY, NJ 07302**

4/27/2012

ADDENDUM 1

To prospective Proposer(s) on RFP# 29141: One-Year Port Authority of New York & New Jersey Boiler & Machinery Insurance and Brokerage Services Contract

Due back on 5/15/2012, no later than 2:00PM

PROPOSER'S QUESTIONS AND ANSWERS

The following information is available in response to questions submitted by prospective Proposers. The responses should not be deemed to answer all questions, which have been submitted by Proposers to the Port Authority. It addresses only those questions, which the Port Authority has deemed to require additional information and/or clarification. The Port Authority does not intend, and Proposers should not infer, any meaning, construction, or implication from the fact that information has not been supplied with respect to any particular question asked by a Proposer.

The Port Authority makes no representations, warranties or guarantees that the information contained herein is accurate, complete or timely or that such information accurately represents the conditions that would be encountered during the performance of the Contract. The furnishing of such information by the Port Authority shall not create or be deemed to create any obligation or liability upon it for any reason whatsoever and each Proposer, by submitting its Proposal, expressly agrees that it has not relied upon the foregoing information, and that it shall not hold the Port Authority liable or responsible therefor in any manner whatsoever. Accordingly, nothing contained herein and no representation, statement or promise, of the Port Authority, its Commissioners, officers, agents, representatives, or employees, oral or in writing, shall impair or limit the effect of the warranties of the Bidder required by this Proposal or Contract and the Proposer agrees that it shall not hold the Port Authority liable or responsible therefor in any manner whatsoever.

The Questions and Answers numbering sequence will be continued sequentially in any forthcoming Addenda that may be issued.

Question #1	Please provide a copy of the expiring application.
Answer #1	The Port Authority has not completed any insurance application for its current Boiler & Machinery insurance coverage.
Question #2	Please provide the loss history for the past 3 years.
Answer #2	There were no losses in the past 3 years.
Question #3	Please provide a copy of the expiring binder and if possible 3 of the competing quotes from that year.
Answer #3	Copies of competitors' contracts (binder) and/or proposals must be requested through the Port Authority's "Freedom of Information Code" requirements. The "Freedom of Information Code" requirements may be found http://www.panynj.gov/corporate-information/pdf/foi-code.pdf. However, a Prospective Proposer may request to review the present contract at a Port Authority site before the RFP Proposal Due Date.
Question #4	Please confirm the scope of the 'loss prevention' services and inspections' that are currently being provided.
Answer #4	Refer to Page 7, Section 2 – Scope of Work, within the body of the RFP#29141.
Question #5	Are the loss prevention services and inspections covered in the current \$66,000 annual premium and if so, how are they allocated?
Answer #5	All loss prevention and inspection services are included in the \$66,500 premium. The Port Authority does not know how the current carrier allocates their premium.
Question #6	Does the current insurance carrier pay a commission to the current broker and if so, what is the commission?
Answer #6	The Port Authority does not have knowledge of any commission that may have been paid to the current broker by the carrier.
Question #7	Does the Port Authority pay the current broker a fee and if so, what is the fee?
Answer #7	The Port Authority paid the current broker of this contract a \$5,000 broker fee.

This communication should be initialed by you and annexed to your Proposal upon submission.

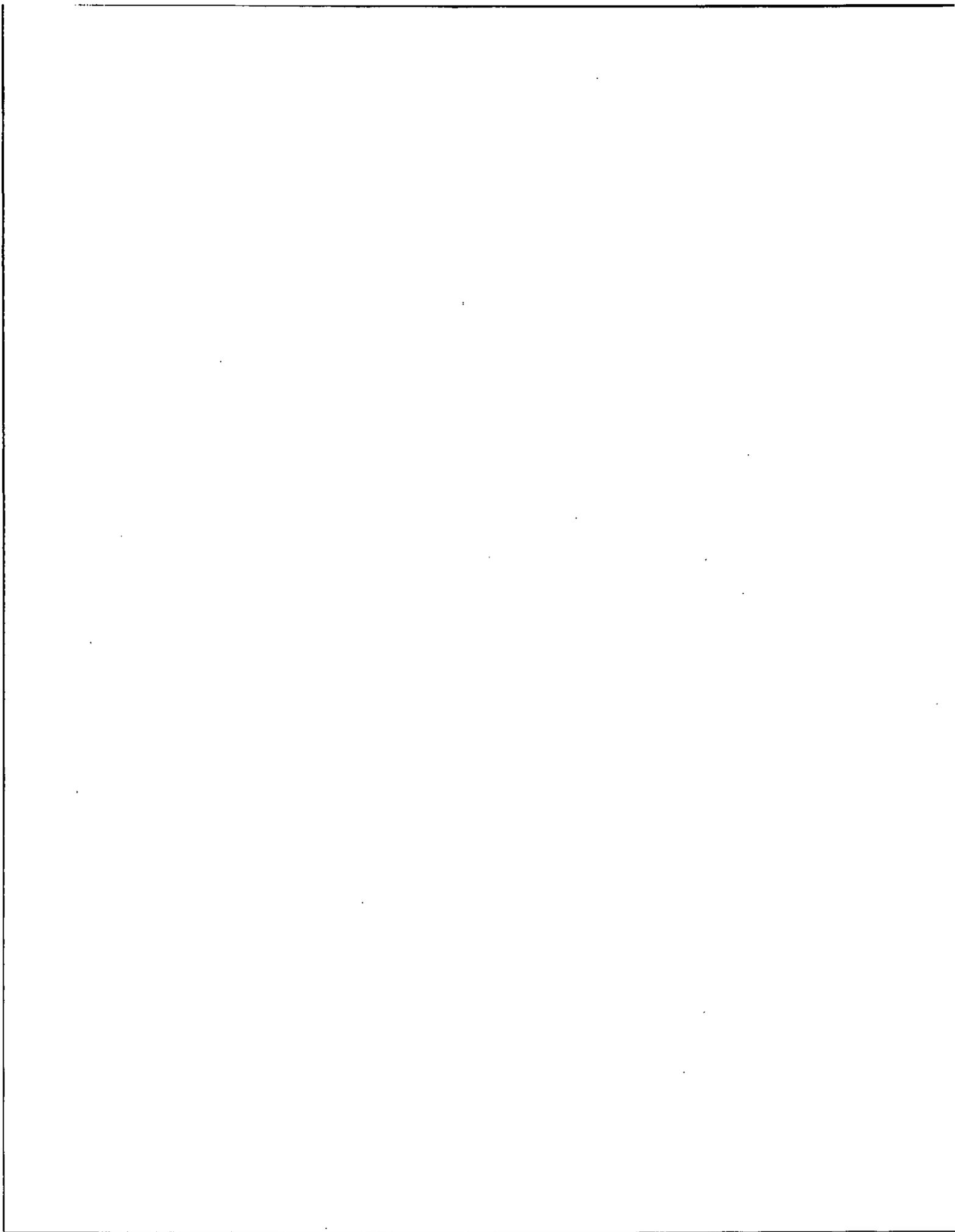
In case any Proposer fails to conform to these instructions, its Proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

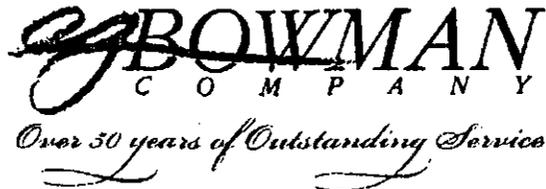
THE PORT AUTHORITY OF NY & NJ

KATHY LESLIE WHELAN, MANAGER
COMMODITIES AND SERVICES DIVISION

PROPOSER'S FIRM NAME: E.G. Bowman Co., Inc.
INITIALED: *MLW*
DATE: 9/27/12

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO
LESLEY BROWN, WHO CAN BE REACHED AT (201) 395-3469 or at
lbrown@panynj.gov.





May14, 2012

The Port Authority of NY & NJ
Procurement Department
Attn: Bid/Proposal Custodian
Two Montgomery Street, 3rd Floor
Jersey City, NJ 07302

Boiler & Machinery Insurance
& Brokerage Services Contract
RFP No: 29141

Gentlemen/women:

I am authorized on behalf of E.G. Bowman to offer a proposal in response to the above request for proposal. Any questions or further negotiations concerning the proposal should be addressed to my attention at the telephone number indicated below or by email to myoung@egbowman.com.

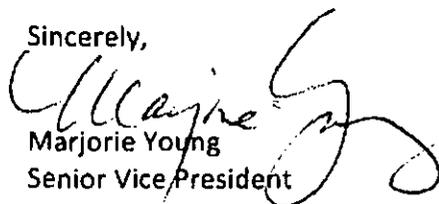
E.G. Bowman has been in business since 1953 as minority owned insurance broker providing our clients with all kinds of insurance and surety products in both personal lines and commercial lines. Attached is a copy of our Certificate of Incorporation. The principals of our corporation and their residences are:

1. Harry Ennevor, President , 91 Derby Drive, Freehold, NJ 07728
2. James Tom, Executive Vice President and Controller, 233-27 39th Avenue, Douglaston, NY 11363

We are pleased to enclose for your consideration an original and five (5) separately bound and recyclable copies of our proposals and one (1) electronic version of our proposal on a compact disc for Boiler & Machinery Insurance. Additionally, E.G. Bowman agrees to accept the Port Authority's Standard Contract Terms and Conditions without exception.

If you should have any questions concerning our proposal please do not hesitate to contact our office and thank you for allowing E.G. Bowman an opportunity to participate in this bidding process.

Sincerely,


Marjorie Young
Senior Vice President

2012

Port Authority of NY & NJ
Boiler & Machinery Insurance
&
Brokerage Services Contract
RFP # 29141



Prepared by
P. S. BOWMAN CO., INC.
577-5730007

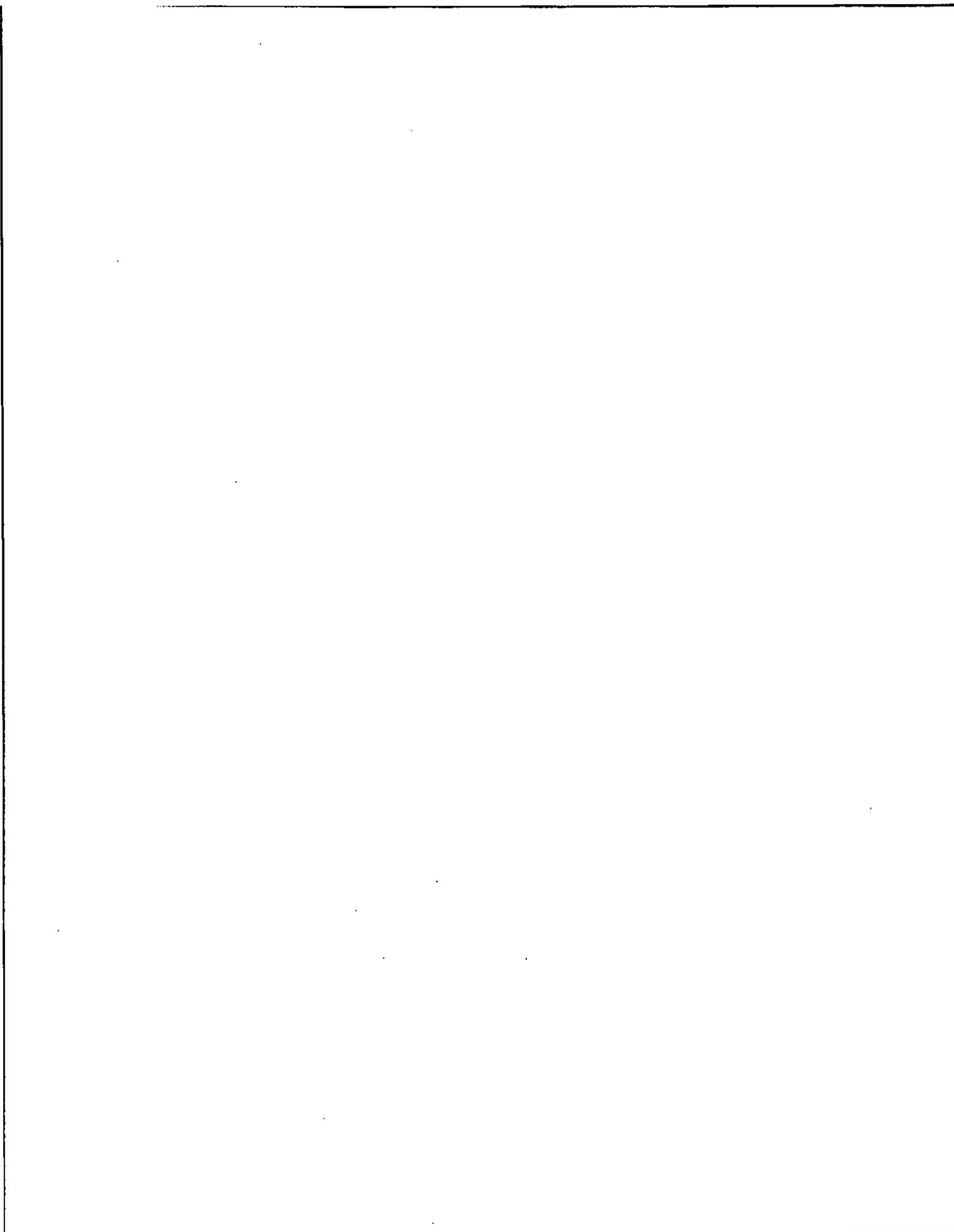


Table of Contents

Section

Transmittal Letter

I

Executive Summary

II

Agreement on Terms of Discussion

III

Documentation of Proposer Prerequisites

IV

The Proposal

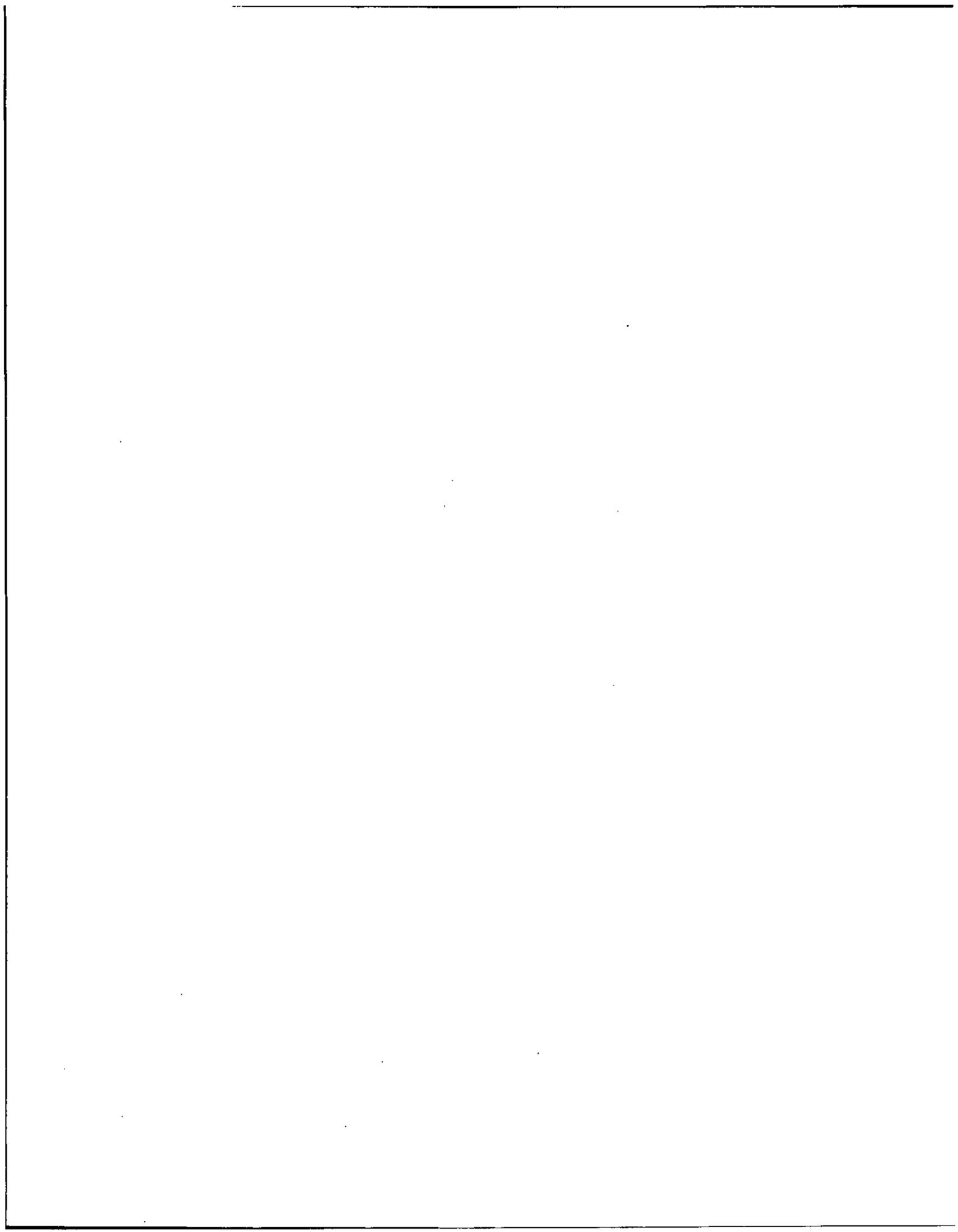
V

A. Travelers

B. Liberty Mutual

Acknowledgment of Addenda

VI



Transmittal Letter

May14, 2012

The Port Authority of NY & NJ
Procurement Department
Attn: Bid/Proposal Custodian
Two Montgomery Street, 3rd Floor
Jersey City, NJ 07302

Boiler & Machinery Insurance
& Brokerage Services Contract
RFP No: 29141

Gentlemen/women:

I am authorized on behalf of E.G. Bowman to offer a proposal in response to the above request for proposal. Any questions or further negotiations concerning the proposal should be addressed to my attention at the telephone number indicated below or by email to myoung@egbowman.com.

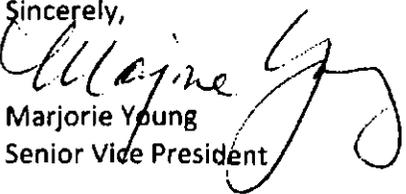
E.G. Bowman has been in business since 1953 as minority owned insurance broker providing our clients with all kinds of insurance and surety products in both personal lines and commercial lines. Attached is a copy of our Certificate of Incorporation. The principals of our corporation and their residences are:

1. Harry Ennevor, President Ex. 1
2. James Tom, Executive Vice President and Controller Ex. 1

We are pleased to enclose for your consideration an original and five (5) separately bound and recyclable copies of our proposals and one (1) electronic version of our proposal on a compact disc for Boiler & Machinery Insurance. Additionally, E.G. Bowman agrees to accept the Port Authority's Standard Contract Terms and Conditions without exception.

If you should have any questions concerning our proposal please do not hesitate to contact our office and thank you for allowing E.G. Bowman an opportunity to participate in this bidding process.

Sincerely,


Marjorie Young
Senior Vice President

State of New York
Department of State } ss:

I hereby certify, that the Certificate of Incorporation of E.G. BOWMAN CO., INC. was filed on 10/28/1971, with perpetual duration, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation.



*WITNESS my hand and the official seal
of the Department of State at the City of
Albany, this 10th day of March two
thousand and eleven.*

A handwritten signature in black ink, appearing to read "Neil [unclear]", is written over a faint circular stamp.

First Deputy Secretary of State

Executive Summary

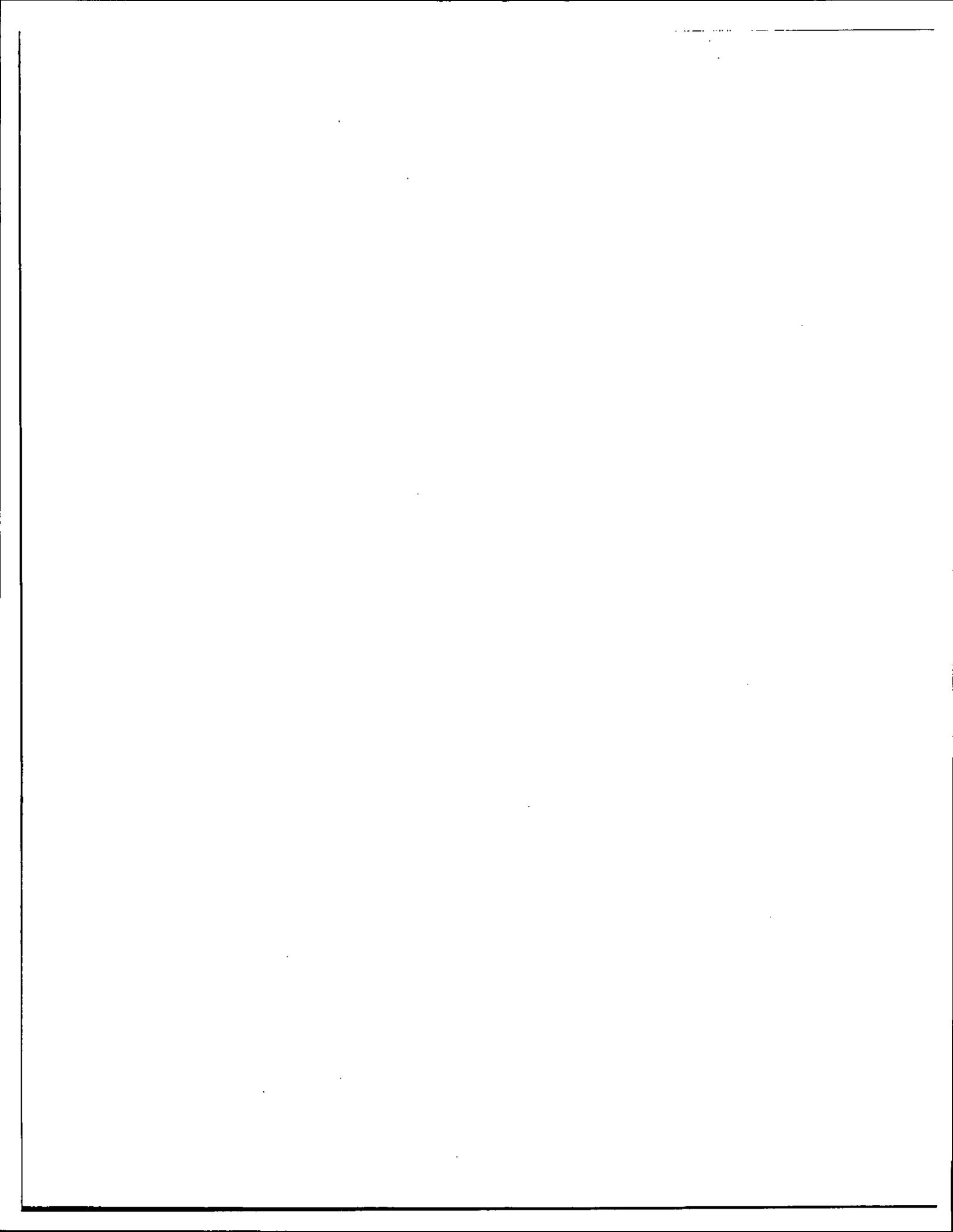
Based on the Authority's specifications we submitted your account to four (4) companies for quotation: The following is a short summary of the companies we approached and their responses that we received:

Companies	A.M. Best Rating	Response
Chubb	A++ XV	Blocked by another broker
Hartford Steam Boiler	A ++ X	Declined to quote, did not feel competitive.
Travelers	A+ XIV	Quoted \$60,000 net premium, therefore our office would need to charge a Service Fee of \$6,000. Quote is attached, along with available client services.
Liberty Mutual	A XV	Quoted \$58,653, since we would be paid a commission of 10% we would not be required to charge a Service Fee. Quote is attached, along with available client services.

The proposals from Travelers and Liberty Mutual can be found in Section V of this proposal.

In addition to the attached quotations, we disclose the following:

1. E.G. Bowman is not the subject any previous or ongoing investigation by or litigation with any governmental or regulatory agency.
2. E.G. Bowman does not have any actual or potential conflict of interest known that could arise in connection with the duties in connection with this proposal.
3. E.G. Bowman does not have any contingent commissions.
4. E.G. Bowman agrees to the Standard Contract Terms and Conditions (Attachment F).



ATTACHMENT A: AGREEMENT ON TERMS OF DISCUSSION

The Port Authority's receipt or discussion of any information (including information contained in any proposal, vendor qualification, ideas, models, drawings, or other material communicated or exhibited by us or on our behalf) shall not impose any obligations whatsoever on the Port Authority or entitle us to any compensation therefore (except to the extent specifically provided in such written agreement, if any, as may be entered into between the Port Authority and us). Any such information given to the Port Authority before, with or after this Agreement on Terms of Discussion ("Agreement"), either orally or in writing, is not given in confidence. Such information may be used, or disclosed to others, for any purpose at any time without obligation or compensation and without liability of any kind whatsoever. Any statement which is inconsistent with this Agreement, whether made as part of or in connection with this Agreement, shall be void and of no effect. This Agreement is not intended, however, to grant to the Port Authority rights to any matter, which is the subject of valid existing or potential letters patent. The foregoing applies to any information, whether or not given at the invitation of the Authority.

Notwithstanding the above, and without assuming any legal obligation, the Port Authority will employ reasonable efforts, subject to the provisions of the Port Authority's "Freedom of Information Code" adopted by the Port Authority's Board of Commissioners on March 29, 2012, not to disclose to any competitor of the undersigned, information submitted which are trade secrets or is maintained for the regulation or supervision of commercial enterprise which, if disclosed, would cause substantial injury to the competitive position of the enterprise, and which information is identified by the Proposer as proprietary, which may be disclosed by the undersigned to the Port Authority as part of or in connection with the submission of a proposal.

E. G. Bowman Company Inc.
(Company)
[Handwritten Signature]
(Signature)
Sr. V.P.
(Title)
5/14/12
(Date)

**ORIGINAL AND PHOTOCOPIES OF THIS PAGE ONLY.
DO NOT RETYPE.**



Documentation of Proposer Prerequisites

E.G. Bowman has been in the insurance brokerage business since 1953 providing our clients with personal and commercial insurance and surety bonds. E.G. Bowman is licensed in all fifty (50) states.

Below are two of our clients that you may wish to contact, however before doing so please let us know so that we may alert them of your call:

1. Carver Federal Savings Bank, 75 West 125th Street, New York, NY 10027, contact: Ms. Deborah Wright, CEO, President and Chairwoman, telephone: 212-876-4747.

Carver Federal Savings Bank is in the financial institution sector and has been a client of E.G. Bowman's for more than twenty (20) years. We handle all of the property and casualty insurance for the bank including their Crime, D&O, Professional and Mortgage Impairment insurance.

2. New York State Housing Finance Agency, 641 Lexington Avenue, New York, NY 10022, contact: Mr. Edwin Bonilla, Sr. Vice Pres. of Administration, telephone: 212-872-0630.

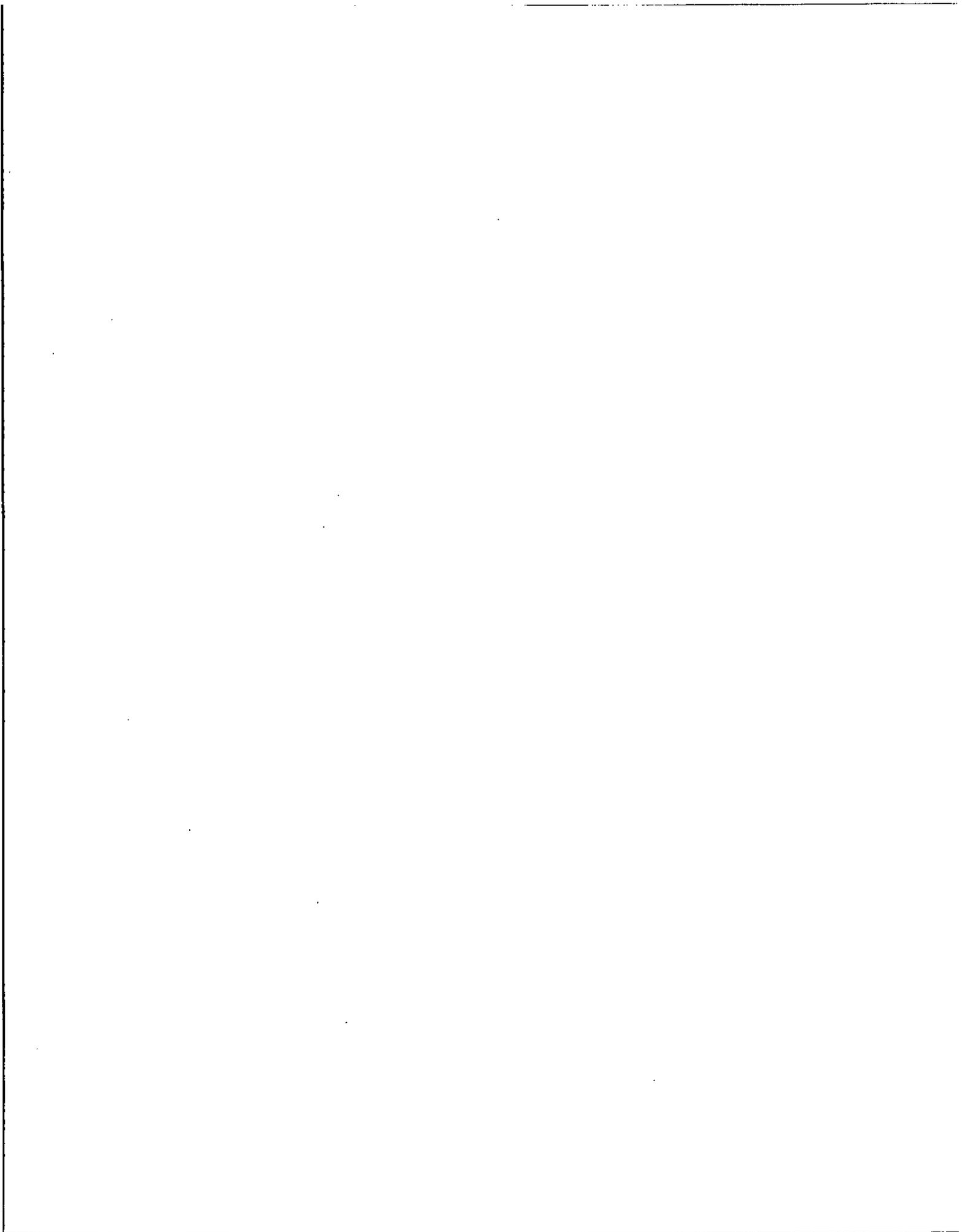
New York State Housing Finance Agency is in the public authority sector and has been a client of E.G. Bowman's since 2007. We handle all of their property, casualty and employee benefits insurance (that is not provided for by the state).

Attached for your records are:

1. A copy each of our New York Resident Property & Casualty Insurance Broker's License and our New Jersey Non-Resident Property & Casualty Insurance Broker's License.
2. Our sole operating office is located at 97 Wall Street, New York, NY 10005
3. Our proposal is prepared and submitted by our office alone.
4. Copy our 2011 Federal Income Tax Return, the Tax Return accurately the present financial condition of our company has not materially adversely changed since the date shown on the tax form.

The name and address of our financial institution is The Bank of New York Mellon, One Wall Street, New York, NY 10286 you may contact Ms. Fran Locasto by telephone at 212-635-1990. Our Federal Employer Identification number is Ex. 1, our Dun & Bradstreet is 068298421.

We trust the above and attached demonstrates that all the Authority's prerequisites regarding this proposal have been met.



STATE OF NEW YORK INSURANCE DEPARTMENT

BOWMAN E G CO INC

BOWMAN E G CO INC
97 WALL ST
NEW YORK NY 10005

LICENSE NUMBER: BR-649063

PRODUCER IS LICENSED AS AN INSURANCE BROKER FOR:

Property Casualty Personal Lines Baggage

BY AND THROUGH THE SUBLICENSEES LISTED BELOW

EFFECTIVE DATE: November 01, 2010

EXPIRATION DATE: October 31, 2012

UNLESS SOONER CANCELLED, SUSPENDED OR REVOKED



In Witness Whereof,
I have caused my official seal to
be affixed at the city of Albany

James J. Wrynn
Superintendent

LINE KEY
1 = Property
3 = Personal Lines

2 = Casualty
5 = Baggage

SUBLICENSEE(S)

BOWMAN, ERNESTA G

1 2 3 5

TOM, JAMES K C

1 2 3 5



This form is a reflection of the information contained on our licensing records as of 06/06/2010

State of New Jersey
Department of Banking and Insurance
Division of Insurance
20 West State Street
P.O. Box 325
Trenton, NJ 08625-0325

Thomas B. Considine
Commissioner

Certification of Licensure

Name: E G BOWMAN CO INC
National Producer #: N/A

License Information

PRODUCER

NJ Reference #: 8025728
Expiration Date: 05/31/2012

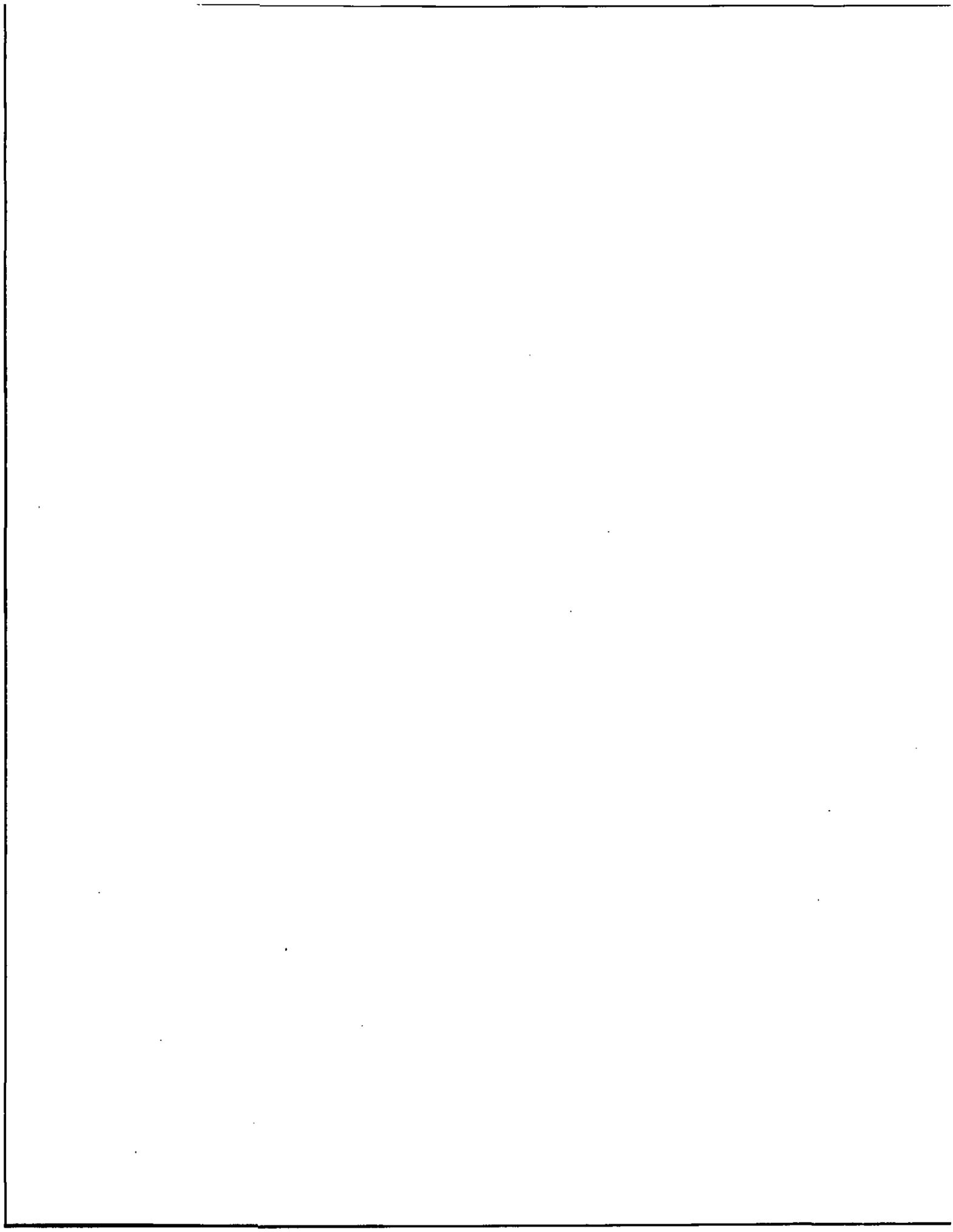
Authority	Qualified By	Status	Status Effective
ACCIDENT, HEALTH OR SICKNESS	Designated Responsible Licensed Producer	ACTIVE	06/16/1981
PERSONAL LINES	Designated Responsible Licensed Producer	ACTIVE	06/16/1981
PROPERTY	Designated Responsible Licensed Producer	ACTIVE	06/16/1981
CASUALTY	Designated Responsible Licensed Producer	ACTIVE	06/16/1981

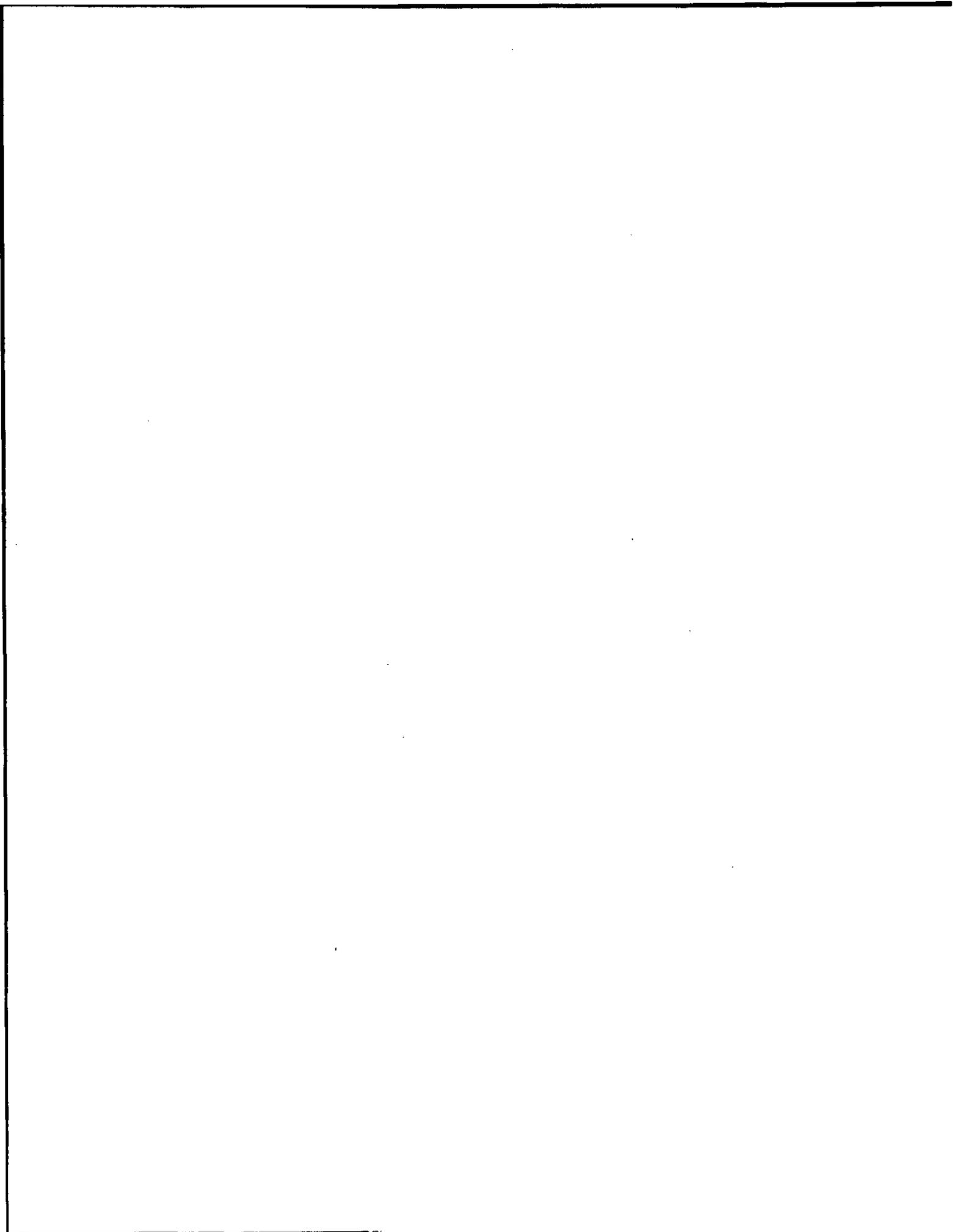
Active status for resident producers currently licensed confirms compliance with New Jersey continuing education requirements for producers. New Jersey continuing education compliance regulations are not applicable to nonresident producers.

NOTE: UNDER NEW JERSEY LAW, CLU, CHFC, AND CPCU DESIGNATIONS ARE RECOGNIZED AS THE EQUIVALENT OF QUALIFICATION BY EXAMINATION. NEW JERSEY LAW PERMITS THE LICENSING OF NON-RESIDENTS WHO HOLD A RESIDENT LICENSE IN ANOTHER STATE WITH COMPARABLE AUTHORITY. LICENSEE DATABASE INFORMATION IS NOT AVAILABLE PRIOR TO 1981.

Print Page

Printed on 06/07/2010
from the NJ Department of Banking and Insurance Website
Copyright © State of New Jersey, 1996-2004
Department of Banking and Insurance
P. O. Box 325
Trenton, NJ 08625-0325





Form **1120S**

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0130

▶ Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.

2010

Department of the Treasury
Internal Revenue Service (77)

For calendar year 2010 or tax year beginning _____, and ending _____

A S election effective date 07/01/2005	TYPE OR PRINT	Name E G BOWMAN COMPANY, INC	D Employer identification number Ex. 1
B Business activity code number (see instructions) 524210		Number, street, and room or suite no. If a P.O. box, see instructions. 97 WALL STREET	E Date incorporated 10/28/1971
C Check if Sch. M-3 attached <input checked="" type="checkbox"/>		City or town, state, and ZIP code NEW YORK, NY 10005	F Total assets (see instructions) \$ 871,570.

G Is the corporation electing to be an S corporation beginning with this tax year? Yes No If "Yes," attach Form 2553 if not already filed

H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year **2**

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1 a Gross receipts or sales 2,400,569.	b Less returns and allowances	c Bal ▶	1c	2,400,569.
	2 Cost of goods sold (Schedule A, line 8)			2	
	3 Gross profit. Subtract line 2 from line 1c			3	2,400,569.
	4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			4	
	5 Other income (loss) (attach statement)			5	
	6 Total income (loss). Add lines 3 through 5			6	2,400,569.
Deductions (See instructions for limitations)	7 Compensation of officers	STATEMENT 2		7	236,038.
	8 Salaries and wages (less employment credits)			8	815,467.
	9 Repairs and maintenance			9	21,741.
	10 Bad debts			10	
	11 Rents			11	338,459.
	12 Taxes and licenses	STATEMENT 3		12	123,295.
	13 Interest			13	2,959.
	14 Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)			14	4,959.
	16 Depletion (Do not deduct oil and gas depletion.)			15	
	16 Advertising			16	1,000.
	17 Pension, profit-sharing, etc., plans			17	149,000.
	18 Employee benefit programs			18	156,920.
	19 Other deductions (attach statement)	STATEMENT 4		19	569,086.
	20 Total deductions. Add lines 7 through 19			20	2,418,924.
	21 Ordinary business income (loss). Subtract line 20 from line 6			21	-18,355.

Tax and Payments	22 a Excess net passive income or LIFO recapture tax (see instructions)	22a		22c
	b Tax from Schedule D (Form 1120S)	22b		
	c Add lines 22a and 22b			
	23 a 2010 estimated tax payments and 2009 overpayment credited to 2010	23a		23d
	b Tax deposited with Form 7004	23b		
	c Credit for federal tax paid on fuels (attach Form 4136)	23c		
	d Add lines 23a through 23c			
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached		<input type="checkbox"/>	24
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed			25
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			26
27 Enter amount from line 26 Credited to 2011 estimated tax			27	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here ▶ Signature of officer _____ Date _____ CFO Title _____

May the IRS discuss this return with the preparer shown below (see instr.?)
 Yes No

Paid Preparer Use Only	Print preparer's name JIM WETZOLD	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN Ex. 1
	Firm's name SALIBELLO & BRODER LLP			Firm's EIN	
	Firm's address 633 THIRD AVENUE, 13TH FLOOR NEW YORK, NY 10017			Phone no. 212-315-5000	

Schedule A: Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach statement)	4	
5	Other costs (attach statement)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9 a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3
(ii) Lower of cost or market as described in Regulations section 1.471-4
(iii) Other (Specify method used and attach explanation) _____

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (If checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d _____

e If property is produced or acquired for resale, do the rules of Section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
If "Yes," attach explanation.

Schedule B: Other Information (see instructions)

	Yes	No
1 Check accounting method: (a) <input checked="" type="checkbox"/> Cash (b) <input type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) _____		
2 See the instructions and enter the: (a) Business activity INSURANCE BROKERAGE (b) Product or service INSURANCE		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) if 100% owned, was a qualified subchapter S subsidiary election made?		X
4 Has this corporation filed, or is it required to file, Form 8818, Material Advisor Disclosure Statement, provide information on any reportable transaction?		X
5 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. <input type="checkbox"/>		
6 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis of the asset (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years <input type="checkbox"/> \$ _____		
7 Enter the accumulated earnings and profits of the corporation at the end of the tax year _____ \$ _____		
8 Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1		X
9 During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions		X

Schedule K: Shareholders' Pro Rata Share Items

	Total amount
1 Ordinary business income (loss) (page 1, line 21)	1 -18,355.
2 Net rental real estate income (loss) (attach Form 8825)	2
3a Other gross rental income (loss)	3a
b Expenses from other rental activities (attach statement)	3b
c Other net rental income (loss). Subtract line 3b from line 3a	3c
4 Interest income STATEMENT 5	4 712.
5 Dividends: a Ordinary dividends STATEMENT 6	5a 4,165.
b Qualified dividends 5b 4,165.	
6 Royalties	6
7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a
b Collectibles (28%) gain (loss) 8b	
c Unrecaptured section 1250 gain (attach statement) 8c	
9 Net section 1231 gain (loss) (attach Form 4797)	9
10 Other income (loss) (see instructions) Type _____	10

		Shareholders' Pro Rata Share Items (continued)	Total amount
Deductions	11	Section 179 deduction (attach Form 4562)	11 16,047.
	12 a	Contributions	12a
	b	Investment interest expense	12b
	c	Section 59(e)(2) expenditures (1) Type ▶	12c(2)
	(2) Amount ▶	12d	
	Other deductions (see instructions) Type ▶		
Credits	13 a	Low-income housing credit (section 42(i)(5))	13a
	b	Low-income housing credit (other)	13b
	c	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c
	d	Other rental real estate credits (see instructions) Type ▶	13d
	e	Other rental credits (see instructions) Type ▶	13e
	f	Alcohol and cellulosic biofuel fuels credit (attach Form 5478)	13f
	g	Other credits (see instructions) Type ▶	13g
Foreign Transactions	14 a	Name of country or U.S. possession ▶	
	b	Gross income from all sources	14b
	c	Gross income sourced at shareholder level	14c
		Foreign gross income sourced at corporate level	
	d	Passive category	14d
	e	General category	14e
	f	Other (attach statement)	14f
		Deductions allocated and apportioned at shareholder level	
	g	Interest expense	14g
	h	Other	14h
		Deductions allocated and apportioned at corporate level to foreign source income	
	i	Passive category	14i
	j	General category	14j
	k	Other (attach statement)	14k
	Other information		
l	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
m	Reduction in taxes available for credit (attach statement)	14m	
n	Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	15 a	Post-1986 depreciation adjustment	15a -663.
	b	Adjusted gain or loss	15b
	c	Depletion (other than oil and gas)	15c
	d	Oil, gas, and geothermal properties - gross income	15d
	e	Oil, gas, and geothermal properties - deductions	15e
	f	Other AMT items (attach statement)	15f
Items Affecting Shareholder Basis	16 a	Tax-exempt interest income	16a
	b	Other tax-exempt income	16b
	c	Nondeductible expenses	16c STATEMENT 7 949.
	d	Distributions (attach statement if required)	16d
	e	Repayment of loans from shareholders	16e
Other Information	17 a	Investment income	17a 4,877.
	b	Investment expenses	17b
	c	Dividend distributions paid from accumulated earnings and profits	17c
	d	Other items and amounts (attach statement)	STATEMENT 8
Reconciliation	18	Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14i	18 -29,525.

JWA

Form 1120S (2010)

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash				
2 a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (att. stml.)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (att. stml.)	STATEMENT 11	192,979.		196,020.
10 a	Buildings and other depreciable assets	431,179.		447,798.	
b	Less accumulated depreciation	321,121.	110,058.	342,127.	105,671.
11 a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13 a	Intangible assets (amortizable only)	1,000,000.		1,000,000.	
b	Less accumulated amortization	411,111.	588,889.	477,778.	522,222.
14	Other assets (att. stml.)	STATEMENT 12	47,657.		47,657.
15	Total assets		939,583.		871,570.
Liabilities and Shareholders' Equity					
16	Accounts payable				
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (att. stml.)	STATEMENT 13	848,806.		781,036.
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (att. stml.)				
22	Capital stock		5,000.		5,000.
23	Additional paid-in capital		22,002.		22,002.
24	Retained earnings	STATEMENT 18	63,775.		63,532.
25	Adjustments to shareholders' equity (att. stml.)				
26	Less cost of treasury stock				
27	Total liabilities and shareholders' equity		939,583.		871,570.

Schedule M-1: Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions

1	Net income (loss) per books	-243.	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):		
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (Reconcile):			a Tax-exempt interest \$		
	STMT 14	712.		STMT 16	21,000.	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14 (itemize):		6	Deductions included on Schedule K, lines 1 through 12 and 14, not charged against book income this year (itemize):		
	a Depreciation \$	26,994.		a Depreciation \$		
	b Travel and entertainment \$	949.		STMT 17	66,667.	
	STMT 15	29,730.		7	Add lines 5 and 6	87,667.
		57,673.		8	Income (loss) (Schedule K, line 18) Line 4 less line 7	-29,525.
4	Add lines 1 through 3	58,142.				

Schedule M-2: Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of tax year	-1,134,866.	141.
2	Ordinary income from page 1, line 21		
3	Other additions STATEMENT 9	4,877.	
4	Loss from page 1, line 21	(18,355.)	
5	Other reductions STATEMENT 10	(16,996.)	
6	Combine lines 1 through 5	-1,165,340.	141.
7	Distributions other than dividend distributions		
8	Balance at end of tax year. Subtract line 7 from line 6	-1,165,340.	141.

**SCHEDULE M-3
(Form 1120S)**

**Net Income (Loss) Reconciliation for S Corporations
With Total Assets of \$10 Million or More**

OMB No. 1545-0130

2010

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1120S.
▶ See separate instructions.

Name of corporation E G BOWMAN COMPANY, INC	Employer identification number Ex. 1
---	--

Part I Financial Information and Net Income (Loss) Reconciliation (see instructions)

1a Did the corporation prepare a certified audited non-tax-basis income statement for the period ending with or within this tax year?

(See instructions if multiple non-tax-basis income statements are prepared.)

- Yes. Skip line 1b and complete lines 2 through 11 with respect to that income statement.
 No. Go to line 1b.

b Did the corporation prepare a non-tax-basis income statement for that period?

- Yes. Complete lines 2 through 11 with respect to that income statement.
 No. Skip lines 2 through 3b and enter the corporation's net income (loss) per its books and records on line 4a.

2 Enter the income statement period: Beginning _____ Ending _____

3a Has the corporation's income statement been restated for the income statement period on line 2?

- Yes. (If "Yes," attach an explanation and the amount of each item restated.)
 No.

b Has the corporation's income statement been restated for any of the five income statement periods preceding the period on line 2?

- Yes. (If "Yes," attach an explanation and the amount of each item restated.)
 No.

4a Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4a	-243.
b Indicate accounting standard used for line 4a (see instructions): (1) <input type="checkbox"/> GAAP (2) <input type="checkbox"/> IFRS (3) <input type="checkbox"/> Tax-basis (4) <input type="checkbox"/> Other (specify) _____		
5a Net income from nonincludible foreign entities (attach schedule)	5a	()
b Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount)	5b	
6a Net income from nonincludible U.S. entities (attach schedule)	6a	()
b Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount)	6b	
7a Net income (loss) of other foreign disregarded entities (attach schedule)	7a	
b Net income (loss) of other U.S. disregarded entities (except qualified subchapter S subsidiaries) (attach sch.)	7b	
c Net income (loss) of other qualified subchapter S subsidiaries (QSUBs) (attach schedule)	7c	
8 Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach schedule)	8	
9 Adjustment to reconcile income statement period to tax year (attach schedule)	9	
10 Other adjustments to reconcile to amount on line 11 (attach schedule)	10	
11 Net income (loss) per income statement of the corporation. Combine lines 4 through 10	11	-243.

Note. Part I, line 11, must equal Part II, line 26, column (a).

12 Enter the total amount (not just the corporation's share) of the assets and liabilities of all entities included or removed on the following lines:

	Total Assets	Total Liabilities
a Included on Part I, line 4	871,570.	781,036.
b Removed on Part I, line 5		
c Removed on Part I, line 6		
d Included on Part I, line 7		

Name of corporation **E G BOWMAN COMPANY, INC** Employer identification number **EX. 1**

Part II Reconciliation of Net Income (Loss) per Income Statement of the Corporation With Total Income (Loss) per Return (see instructions)

Income (Loss) Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, OEF, and similar income inclusions				
4 Gross foreign distributions previously taxed				
5 Income (loss) from equity method U.S. corporations				
6 U.S. dividends not eliminated in tax consolidation	4,165.			4,165.
7 Income (loss) from U.S. partnerships (attach schedule)				
8 Income (loss) from foreign partnerships (attach schedule)				
9 Income (loss) from other pass-through entities (attach schedule)				
10 Items relating to reportable transactions (attach details)				
11 Interest income (attach Form 8916-A)		712.		712.
12 Total accrual to cash adjustment				
13 Hedging transactions				
14 Mark-to-market income (loss)				
15 Cost of goods sold (attach Form 8916-A)	()			()
16 Sales versus lease (for sellers and/or lessors)				
17 Section 481(a) adjustments				
18 Unearned/deferred revenue				
19 Income recognition from long-term contracts				
20 Original issue discount and other imputed interest				
21a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach details)				
g Other gain/loss on disposition of assets other than inventory				
22 Other income (loss) items with differences (attach schedule)				
23 Total income (loss) items. Combine lines 1 through 22	4,165.	712.		4,877.
24 Total expense/deduction items (from Part III, line 32)	-249,980.	-30,943.	949.	-279,974.
25 Other items with no differences SRMT 19	245,572.			245,572.
26 Reconciliation totals. Combine lines 23 through 25	-243.	-30,231.	949.	-29,525.

Note. Line 26, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120S, Schedule K, line 18.

Name of corporation

E G BOWMAN COMPANY, INC

Employer identification number

Ex. 1

Part III Reconciliation of Net Income (Loss) per Income Statement of the Corporation With Total Income (Loss) per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense				
2 U.S. deferred income tax expense				
3 State and local current income tax expense	3,304.			3,304.
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Equity-based compensation				
8 Meals and entertainment STMT 21	1,898.		-949.	949.
9 Fines and penalties				
10 Judgments, damages, awards, and similar costs				
11 Pension and profit-sharing	128,000.	21,000.		149,000.
12 Other post-retirement benefits				
13 Deferred compensation				
14 Charitable contribution of cash and tangible property STMT 22				
15 Charitable contribution of intangible property				
16 Current year acquisition or reorganization investment banking fees				
17 Current year acquisition or reorganization legal and accounting fees				
18 Current year acquisition/ reorganization other costs				
19 Amortization/impairment of goodwill				
20 Amortization of acquisition, reorganization, and start-up costs				
21 Other amortization or impairment write-offs STMT 23		66,667.		66,667.
22 Section 198 environmental remediation costs				
23a Depletion - Oil & Gas				
b Depletion - Other than Oil & Gas				
24 Depreciation	48,000.	-26,994.		21,006.
25 Bad debt expense				
26 Interest expense (attach Form 9916-A)	2,959.			2,959.
27 Corporate owned life insurance premiums				
28 Purchase versus lease (for purchasers and/or lessees)				
29 Research and development costs (attach schedule)				
30 Section 118 exclusion (attach schedule)				
31 Other expense/deduction items with differences (attach schedule) STMT 24	65,819.	-29,730.		36,089.
32 Total expense/deduction items. Combine lines 1 through 31. Enter here and on Part II, line 24, reporting positive amounts as negative and negative amounts as positive	249,980.	30,943.	-949.	279,974.

Schedule M-3 (Form 1120S) 2010

Depreciation and Amortization
 (Including information on Listed Property) **OTHER**
 ▶ See separate instructions. ▶ Attach to your tax return.

Business or activity to which this form relates
 Identifying number
Ex. 1

E G BOWMAN COMPANY, INC **OTHER DEPRECIATION**

Part I Election To Expense Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	16,047.
3	Threshold cost of section 179 property before reduction in limitation	3	2,000,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	500,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	COMPUTER HARDWARE	7,455.	7,455.
	COMPUTER HARDWARE	4,592.	4,592.
	COMPUTER HARDWARE	4,000.	4,000.
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	16,047.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	16,047.
10	Carryover of disallowed deduction from line 13 of your 2009 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	217,683.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	16,047.
13	Carryover of disallowed deduction to 2011. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2010	17	4,959.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		<input type="checkbox"/>

Section B - Assets Placed In Service During 2010 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property	/		27.5 yrs.	MM	S/L	
	/		27.5 yrs.	MM	S/L	
i Nonresidential real property	/		39 yrs.	MM	S/L	
	/			MM	S/L	

Section C - Assets Placed In Service During 2010 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year		12 yrs.		S/L	
c	40-year	/	40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	4,959.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V: Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)
 Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence written? Yes No

(a) Type of property (List vehicles first)	(b) Date placed in service	(c) Business/ Investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
--	-------------------------------------	--	-------------------------------	--	---------------------------	------------------------------	----------------------------------	---------------------------------------

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use: 25

26 Property used more than 50% in a qualified business use:

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		%						
		%						
		%						

27 Property used 50% or less in a qualified business use:

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		%				S/L		
		%				S/L		
		%				S/L		

28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 28

29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 29

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a)		(b)		(c)		(d)		(e)		(f)	
	Vehicle											
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No								
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

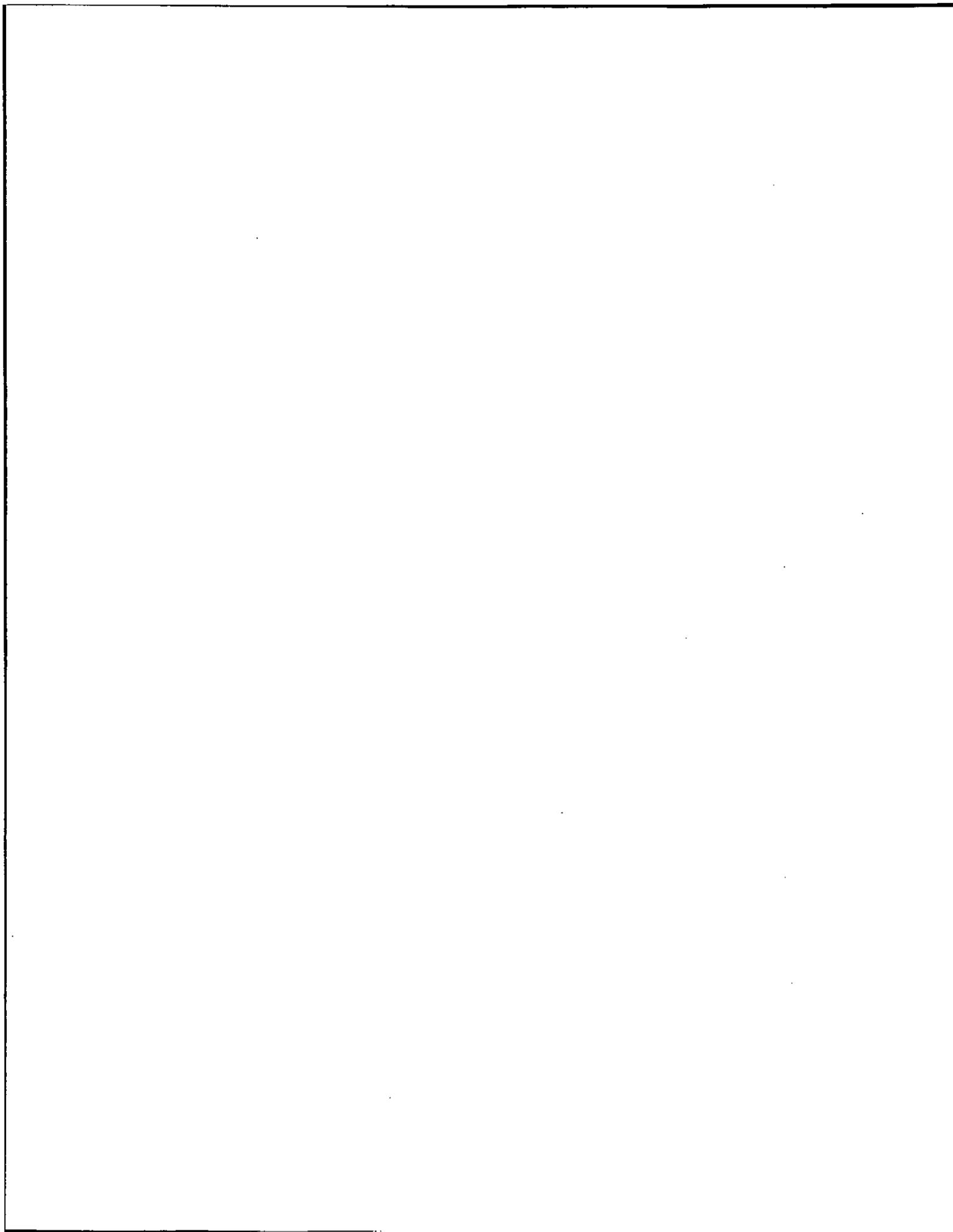
Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI: Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2010 tax year:					
43 Amortization of costs that began before your 2010 tax year				43	66,667.
44 Total. Add amounts in column (f). See the instructions for where to report				44	66,667.



2010 DEPRECIATION AND AMORTIZATION REPORT
OTHER DEPRECIATION

OTHER

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
35	COVENANT NOT TO COMPETE	1110103		180M	43	1000000.			1000000.	411,112.		66,667.
43	COMPUTER HARDWARE	080309200DB5	DB5	5.00	17	572.		572.				0
49	COMPUTER HARDWARE	090210200DB5	DB5	5.00	19B	7,455.		7,455.			7,455.	7,455.
50	COMPUTER HARDWARE	100510200DB5	DB5	5.00	19B	4,592.		4,592.			4,592.	4,592.
51	COMPUTER HARDWARE	111610200DB5	DB5	5.00	19B	4,000.		4,000.			4,000.	4,000.
	OTHER TOTAL OTHER					101,661.9		16,619.	1000000.	411,112.	16,047.	82,714.
	BUILDINGS											
	LEASEHOLD											
26	IMPROVEMENT	043003		39M	43	5,055.			5,055.	5,055.		0
	LEASEHOLD											
27	IMPROVEMENT	051403		39M	43	14,969.			14,969.	14,969.		0
	OTHER TOTAL											
	BUILDINGS								20,024.	20,024.		0
	FURNITURE & FIXTURES											
	FURNITURE & FIXTURES											
1	FURNITURE & FIXTURES	051299200DB7	DB7	7.00	17	1,392.			1,392.	1,392.		0
	FURNITURE & FIXTURES											
7	FURNITURE & FIXTURES	111502200DB7	DB7	7.00	17	106,434.		31,930.	74,504.	74,504.		0
	FURNITURE & FIXTURES											
8	FURNITURE & FIXTURES	111502200DB7	DB7	7.00	17	14,632.		4,390.	10,242.	10,242.		0
	FURNITURE & FIXTURES											
9	FURNITURE & FIXTURES	111502200DB7	DB7	7.00	17	4,753.		1,426.	3,327.	3,327.		0
	FURNITURE & FIXTURES											
13	FURNITURE & FIXTURES	012203200DB7	DB7	7.00	17	37,766.		11,330.	26,436.	26,436.		0
	FURNITURE & FIXTURES											
14	FURNITURE & FIXTURES	013003200DB7	DB7	7.00	17	3,680.		1,104.	2,576.	2,576.		0
	FURNITURE & FIXTURES											
15	FURNITURE & FIXTURES	020703200DB7	DB7	7.00	17	40,482.		12,145.	28,337.	28,337.		0

028102
05-01-10

(D) - Asset disposed

* ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction

2010 DEPRECIATION AND AMORTIZATION REPORT
OTHER DEPRECIATION

OTHER

Asset No.	Description	Date Acquired	Method	Life	Use No.	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
16	FURNITURE & FIXTURES	022803	200DB	7.00	17	24,016.		7,205.	16,811.	16,811.		0.
19	FURNITURE & FIXTURES	030503	200DB	7.00	17	3,680.		1,104.	2,576.	2,576.		0.
25	FURNITURE & FIXTURES	051140	3200DB	7.00	17	4,753.		2,376.	2,377.	2,377.		0.
	* OTHER TOTAL					241,588.		73,010.	168,578.	168,578.		0.
2	COMPUTER EQUIPMENT	010201	200DB	5.00	17	2,361.			2,361.	2,361.		0.
3	COMPUTER EQUIPMENT	101110	1200DB	5.00	17	595.			595.	595.		0.
4	COMPUTER EQUIPMENT	101901	200DB	5.00	17	1,448.			1,448.	1,448.		0.
5	COMPUTER EQUIPMENT	051170	2200DB	5.00	17	6,044.			6,044.	6,044.		0.
6	COMPUTER EQUIPMENT	040202	200DB	5.00	17	26,548.			26,548.	26,548.		0.
10	COMPUTER EQUIPMENT	111150	2200DB	5.00	17	4,340.		1,302.	3,038.	3,038.		0.
23	COMPUTER EQUIPMENT	040303	200DB	5.00	17	5,088.		1,526.	3,562.	3,562.		0.
	* OTHER TOTAL					46,424.		2,828.	43,596.	43,596.		0.
	MACHINERY & EQUIPMENT					1324655.		92,457.	1232198.	643,310.	16,047.	82,714.
28	COMPUTER	071503	200DB	5.00	17	11,815.		5,908.	5,907.	5,907.		0.
29	COMPUTER	121603	200DB	5.00	17	4,384.		2,192.	2,192.	2,192.		0.
30	COMPUTER	012604	200DB	5.00	17	397.		199.	198.	198.		0.

02/11/02
05-01-10

(D) - Asset disposed

* ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction

2010 DEPRECIATION AND AMORTIZATION REPORT
OTHER DEPRECIATION

OTHER

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
31	COMPUTER	031904200	DBS	00	17	5,000.		2,500.	2,500.	2,500.		0.
32	COMPUTER	042204200	DBS	00	17	5,000.		2,500.	2,500.	2,500.		0.
33	COMPUTER	052704200	DBS	00	17	5,000.		2,500.	2,500.	2,500.		0.
34	COMPUTER	061604200	DBS	00	17	5,000.		2,500.	2,500.	2,500.		0.
36	COMPUTER	063005200	DBS	00	17	2,994.			2,994.			0.
37	COMPUTER	022006200	DBS	00	17	3,712.			3,712.	3,071.		423.
38	COMPUTER	040606200	DBS	00	17	5,825.			5,825.	4,818.		671.
39	COMPUTER	053006200	DBS	00	17	3,346.			3,346.	2,767.		385.
40	COMPUTER HARDWARE	050108200	DBS	00	17	26,449.		13,225.	13,224.	6,877.		2,539.
41	COMPUTER SOFTWARE	050108200	DBS	00	17	9,748.		4,874.	4,874.	2,535.		936.
42	COMPUTER HARDWARE	061609200	DBS	00	17	1,111.		1,111.				0.
	* OTHER TOTAL							37,509.	52,272.	38,365.		4,959.
	MACHINERY & EQUIPMENT					89,781.						
	* OTHER TOTAL -					89,781.		37,509.	52,272.	38,365.		4,959.
	MACHINERY & EQUIPMENT											
11	OFFICE EQUIPMENT	112502200	DBS	00	17	4,500.		1,350.	3,150.	3,150.		0.
12	OFFICE EQUIPMENT	010203200	DBS	00	17	2,000.		600.	1,400.	1,400.		0.
17	OFFICE EQUIPMENT	030303200	DBS	00	17	6,500.		1,950.	4,550.	4,550.		0.
18	OFFICE EQUIPMENT	030503200	DBS	00	17	2,490.		747.	1,743.	1,743.		0.

024102
05-01-10

(D) - Asset disposed

* ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction

2010 DEPRECIATION AND AMORTIZATION REPORT
OTHER DEPRECIATION

OTHER

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	Reduction in Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
20	OFFICE EQUIPMENT	030603	200DB5	00	17	6,500.		1,950.	4,550.	4,550.		0.
21	OFFICE EQUIPMENT	031303	200DB5	00	17	7,000.		2,100.	4,900.	4,900.		0.
22	OFFICE EQUIPMENT	032803	200DB5	00	17	2,000.		600.	1,400.	1,400.		0.
24	OFFICE EQUIPMENT	040403	200DB5	00	17	1,800.		540.	1,260.	1,260.		0.
	* OTHER TOTAL											
	MACHINERY & EQUIPME					32,790.		9,837.	22,953.	22,953.		0.
	* OTHER TOTAL											
	* GRAND TOTAL OTHER					32,790.		9,837.	22,953.	22,953.		0.
	DEPR & AMORT					1447226.		139,803.	1307423.	704,628.	16,047.	87,673.
	BESS: SEC 179											
	ALLOC TO SHAREHOLDR											16,047.
	NET DEPRECIATION											71,626.
	CURRENT ACTIVITY											
	BEGINNING BALANCE					1431179.		123,756.	1307423.	704,628.		
	ACQUISITIONS					16,047.		16,047.	0.	0.		
	DISPOSITIONS					0.		0.	0.	0.		
	ENDING BALANCE					1447226.		139,803.	1307423.	704,628.		

024102
05-01-10

(D) - Asset disposed

* ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction

Form **8916-A**

Supplemental Attachment to Schedule M-3

OMB No. 1545-2061

2010

Department of the Treasury
Internal Revenue Service

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.

Name of common parent
E G BOWMAN COMPANY, INC

Employer identification number
11-2242988

Name of subsidiary

Employer identification number

Part I Cost of Goods Sold

Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions				
2 Amounts attributable to:				
a Stock option expense				
b Other equity based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing				
g Other post-retirement benefits				
h Deferred compensation				
i Section 198 environmental remediation costs				
j Amortization				
k Depletion				
l Depreciation				
m Corporate owned life insurance premiums ...				
n Other section 263A costs				
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
6 Lower of cost or market write-downs				
6 Other items with differences (attach schedule)				
7 Other items with no differences				
8 Total cost of goods sold. Add lines 1 through 7, in columns a, b, c, and d				

JWA For Paperwork Reduction Act Notice, see page 4.

Form 8916-A (2010)

Part II: Interest Income

	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4a	Intercompany interest income - From outside tax affiliated group				
4b	Intercompany interest income - From tax affiliated group				
5	Other Interest Income STMT 26		712.		712.
6	Total interest income. Add lines 1 through 5. Enter total on Schedule M-3 (Forms 1120, 1120-PC, and 1120-L), Part II, line 13 or Schedule M-3 (Forms 1065 and 1120S) Part II, line 11.		712.		712.

Part III: Interest Expense

	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3a	Intercompany interest expense - Paid to outside tax affiliated group				
3b	Intercompany interest expense - Paid to tax affiliated group				
4	Other interest expense STMT 27	2,959.			2,959.
5	Total interest expense. Add lines 1 through 4. Enter total on Schedule M-3 (Form 1120) Part III, line 8; Schedule M-3 (Forms 1120-PC and 1120-L), Part III, line 36; Schedule M-3 (Form 1065) Part III, line 27; or Schedule M-3 (Form 1120S) Part III, line 26.	2,959.			2,959.

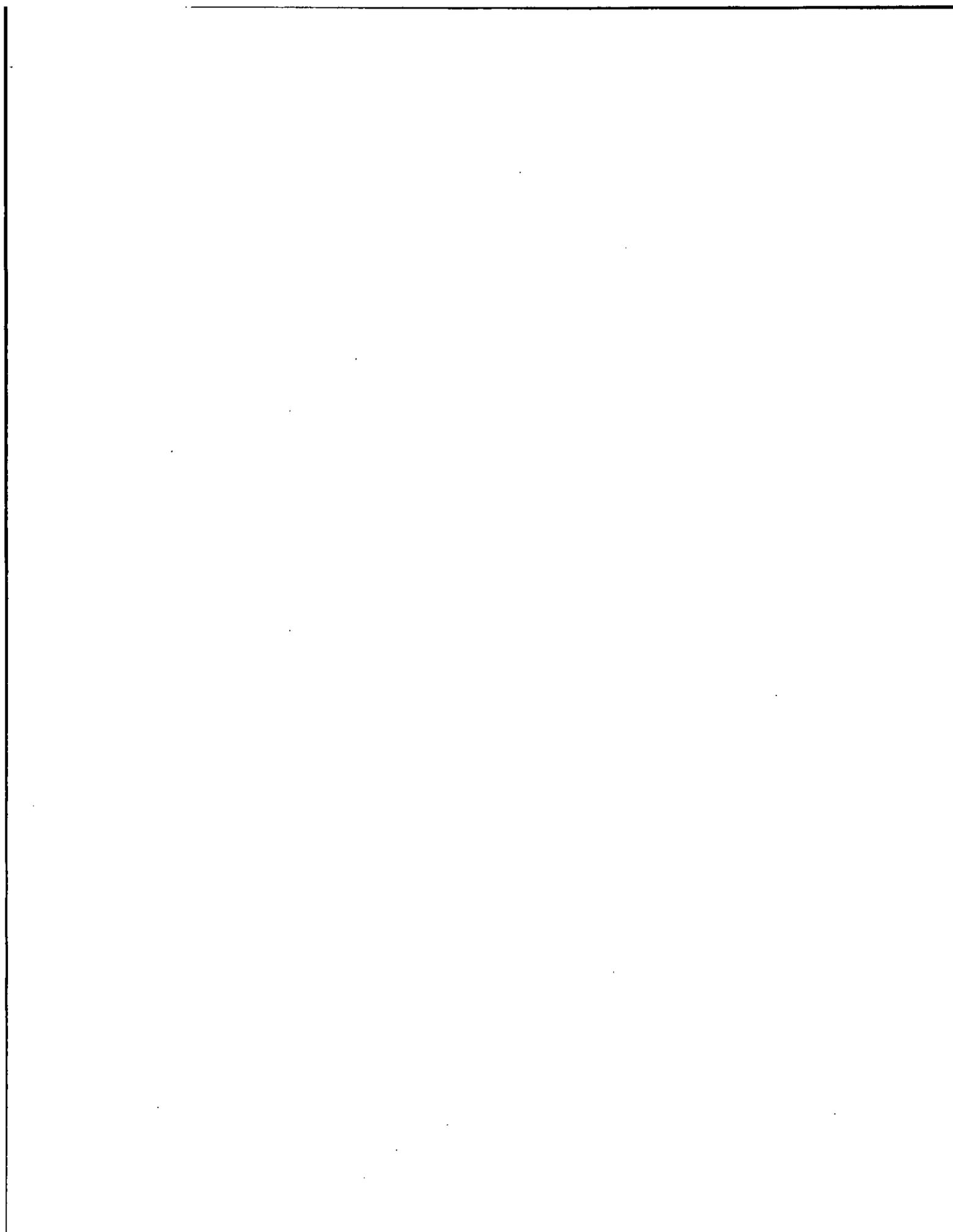
JWA

Form 8918-A (2010)

FOOTNOTES

STATEMENT 1

INTERNAL REVENUE SERVICE SECTION 382			
COMPUTATION OF ANNUAL NET OPERATING LOSS:			
VALUE OF STOCK BEFORE THE CHANGE			1,025,641
APPLICABLE FEDERAL INTEREST RATE			
ON NOVEMBER 1, 2003			4.74%
ALLOWABLE SECTION 382 NOL PER YEAR			48,615
PRE-CHANGE	PRE-CHANGE		
NOL AT 7/1/04	871,743	133,677	1,005,420
ALLOWABLE SECTION 382 NOL CARRYOVER			
FROM 6/30/04		48,615	
FROM 6/30/05		48,615	
TOTAL		230,907	
LESS UTILIZED IN PRIOR YEAR		-230,907	
CARRYOVER AVAILABLE		0	
CURRENT YEAR NOL			
FOR SHORT TAX YEAR 07/01/05			
TO 12/31/05		48,615	
PRORATA AVAILABLE			
AT 50%		24,308	
FROM 12/31/06		48,615	
FROM 12/31/07		48,615	
CARRYOVER AVAILABLE		121,538	



FORM 1120S COMPENSATION OF OFFICERS STATEMENT 2

NAME OF OFFICER	SOCIAL SECURITY NUMBER	TIME DEVOTED TO BUSINESS	PCT OF STOCK	AMOUNT OF COMPENSATION
HAROLD ENNEVOR	091-42-7020		50.00%	123,500.
AMES TOM	107-46-6769		50.00%	112,538.
TOTAL COMPENSATION OF OFFICERS				236,038.
LESS: COMPENSATION CLAIMED ELSEWHERE EMPLOYMENT CREDIT REDUCTION				
TOTAL TO FORM 1120S, PAGE 1, LINE 7				236,038.

FORM 1120S TAXES AND LICENSES STATEMENT 3

DESCRIPTION	AMOUNT
COMMERCIAL RENT TAXES	13,236.
PROPERTY TAXES	98,227.
SALES TAX	8,528.
NEW YORK TAXES - BASED ON INCOME	1,897.
NEW YORK CITY TAXES - BASED ON INCOME	1,407.
TOTAL TO FORM 1120S, PAGE 1, LINE 12	123,295.

FORM 1120S OTHER DEDUCTIONS STATEMENT 4

DESCRIPTION	AMOUNT
ACCOUNTING FEES	29,169.
AMORTIZATION EXPENSE	66,667.
AUTO GAS & PARKING	20,172.
AUTO LEASING	35,929.
BANK CHARGES	548.
CONTRIBUTIONS	
DUES	3,276.
EMPLOYEES EDUCATION	756.
EXPRESS MAIL	4,302.
FUNDS & CONTRIBUTIONS	1,269.
INSPECTION FEES	85,900.
INSURANCE EXPENSES	36,089.
LEGAL FEES	2,217.
LICENSING & PERMIT FEES	8,320.
TRAVEL AND ENTERTAINMENT	949.
OFFICE CLEANING & MAINTENANCE	2,974.

E G BOWMAN COMPANY, INC

11-2242988

OTHER EQUIPMENT RENTAL	18,446.
OTHER MISC EXPENSES	4,010.
OTHER OUTSIDE SERVICES	101,638.
ROLL SERVICES	6,590.
OSTAGE	4,557.
OSTAL EQUIPMENT RENTAL	4,138.
PRINTING & REPRODUCTIONS	2,712.
PUBLIC RELATIONS	9,000.
SELLING EXPENSES	28,870.
MINARS & CONFERENCES	1,010.
ATIONERY & SUPPLIES	10,729.
UBSCRIPTIONS & PUBLICATIONS	12,481.
TELEPHONE	46,456.
RAVEL - AIR FAIR	19,912.
	<hr/>
TOTAL TO FORM 1120S, PAGE 1, LINE 19	569,086.
	<hr/> <hr/>

SCHEDULE K		INTEREST INCOME	STATEMENT 5
DESCRIPTION			AMOUNT
ST BANK			712.
TOTAL TO SCHEDULE K, LINE 4			712.
			<hr/> <hr/>

SCHEDULE K		DIVIDEND INCOME	STATEMENT 6
DESCRIPTION	ORDINARY	QUALIFIED	
ORGANSTANLEY SMITH BARNEY	3,041.	3,041.	
THE CHUBB CORPORATION	1,124.	1,124.	
TOTALS TO SCHEDULE K, LINES 5A AND 5B	4,165.	4,165.	
	<hr/> <hr/>	<hr/> <hr/>	

SCHEDULE K		NONDEDUCTIBLE EXPENSES	STATEMENT 7
DESCRIPTION			AMOUNT
EXCLUDED MEALS AND ENTERTAINMENT EXPENSES			949.
TOTAL TO SCHEDULE K, LINE 16C			949.
			<hr/> <hr/>

SCHEDULE K OTHER ITEMS, LINE 17D STATEMENT 8

DESCRIPTION	AMOUNT
LIFE AND DISABILITY INSURANCE	2,332.
LIFE AND DISABILITY INSURANCE	2,924.
MEDICAL INSURANCE PREMIUMS FOR MORE THAN 2% SHAREHOLDERS	29,730.

SCHEDULE M-2 ACCUMULATED ADJUSTMENTS ACCOUNT - OTHER ADDITIONS STATEMENT 9

DESCRIPTION	AMOUNT
PORTFOLIO INTEREST INCOME	712.
PORTFOLIO DIVIDEND INCOME	4,165.
TOTAL TO SCHEDULE M-2, LINE 3 - COLUMN (A)	4,877.

SCHEDULE M-2 ACCUMULATED ADJUSTMENTS ACCOUNT- OTHER REDUCTIONS STATEMENT 10

DESCRIPTION	AMOUNT
SECTION 179 EXPENSE DEDUCTION	16,047.
NONDEDUCTIBLE EXPENSES	949.
TOTAL TO SCHEDULE M-2, LINE 5 - COLUMN (A)	16,996.

SCHEDULE L OTHER INVESTMENTS STATEMENT 11

DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
INVESTMENT (PREMIUM FUND)	192,979.	196,020.
TOTAL TO SCHEDULE L, LINE 9	192,979.	196,020.

SCHEDULE L OTHER ASSETS STATEMENT 12

DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
SECURITY DEPOSIT	47,657.	47,657.
TOTAL TO SCHEDULE L, LINE 14	47,657.	47,657.

SCHEDULE L OTHER CURRENT LIABILITIES STATEMENT 13

DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
BANK OVERDRAFT	48,806.	41,036.
COVENANT NOT TO COMPETE PAYABLE TO FORMER SHAREHOLDER	550,000.	550,000.
LOAN PAYABLE	250,000.	190,000.
TOTAL TO SCHEDULE L, LINE 18	848,806.	781,036.

SCHEDULE M-1 INCOME INCLUDED ON SCHEDULE K NOT RECORDED ON BOOKS THIS YEAR STATEMENT 14

DESCRIPTION	AMOUNT
INTEREST INCOME	712.
TOTAL TO SCHEDULE M-1, LINE 2	712.

SCHEDULE M-1 EXPENSES RECORDED ON BOOKS THIS YEAR NOT INCLUDED ON SCHEDULE K STATEMENT 15

DESCRIPTION	AMOUNT
OFFICER'S HEALTH INSURANCE	29,730.
TOTAL TO SCHEDULE M-1, LINE 3	29,730.

SCHEDULE M-1	INCOME RECORDED ON BOOKS THIS YEAR NOT INCLUDED ON SCHEDULE K	STATEMENT 16
--------------	--	--------------

DESCRIPTION	AMOUNT
DEPRECIATION EXPENSE	21,000.
TOTAL TO SCHEDULE M-1, LINE 5	21,000.

SCHEDULE M-1	DEDUCTIONS ON SCHEDULE K NOT CHARGED AGAINST BOOK INCOME THIS YEAR	STATEMENT 17
--------------	---	--------------

DESCRIPTION	AMOUNT
EXCESS TAX OVER BOOK AMORTIZATION	66,667.
TOTAL TO SCHEDULE M-1, LINE 6	66,667.

SCHEDULE L	ANALYSIS OF TOTAL RETAINED EARNINGS PER BOOKS	STATEMENT 18
------------	---	--------------

DESCRIPTION	AMOUNT
BALANCE AT BEGINNING OF YEAR	63,775.
NET INCOME PER BOOKS	-243.
DISTRIBUTIONS	0.
OTHER INCREASES (DECREASES)	
BALANCE AT END OF YEAR - SCHEDULE L, LINE 24, COLUMN (D)	63,532.

SCHEDULE M-3	OTHER INCOME (LOSS) AND EXPENSE / DEDUCTION ITEMS WITH NO DIFFERENCES	STATEMENT 19
--------------	--	--------------

DESCRIPTION	PER INCOME STATEMENT	PER TAX RETURN
OTHER INCOME (LOSS)	2,400,569.	2,400,569.
OTHER EXPENSE / DEDUCTION	-2,154,997.	-2,154,997.
TOTAL TO SCHEDULE M-3, PART II, LINE 25	245,572.	245,572.

SCHEDULE M-3 OTHER INCOME (LOSS) ITEMS WITH NO DIFFERENCES STATEMENT 20

DESCRIPTION	INCOME (LOSS) PER INCOME STATEMENT	INCOME (LOSS) PER TAX RETURN
SALES	2,400,569.	2,400,569.
TOTAL TO SCHEDULE M-3, PART II, LINE 25	2,400,569.	2,400,569.

SCHEDULE M-3 MEALS AND ENTERTAINMENT STATEMENT 21

DESCRIPTION	EXPENSE PER INCOME STATEMENT	TEMPORARY DIFFERENCE	PERMANENT DIFFERENCE	DEDUCTION PER TAX RETURN
MEALS AND ENTERTAINMENT FROM TRADE OR BUSINESS	1,898.		-949.	949.
TOTAL	1,898.		-949.	949.

SCHEDULE M-3 CHARITABLE CONTRIBUTION OF CASH AND TANGIBLE PROPERTY STATEMENT 22

DESCRIPTION	EXPENSE/ DEDUCTION PER INCOME STATEMENT	TEMPORARY DIFFERENCE	PERMANENT DIFFERENCE	EXPENSE/ DEDUCTION PER TAX RETURN
CHARITABLE CONTRIBUTIONS	0.		0.	0.
TOTAL	0.		0.	0.

SCHEDULE M-3 OTHER AMORTIZATION OR IMPAIRMENT WRITE-OFFS STATEMENT 23

DESCRIPTION	EXPENSE PER INCOME STATEMENT	TEMPORARY DIFFERENCE	PERMANENT DIFFERENCE	DEDUCTION PER TAX RETURN
COVENANT NOT TO COMPETE	66,667.		0.	66,667.
OTHER AMORTIZATION	-66,667.	66,667.	0.	0.
TOTAL	0.	66,667.	0.	66,667.

SCHEDULE M-3 OTHER EXPENSE/DEDUCTION ITEMS WITH DIFFERENCES STATEMENT 24

DESCRIPTION	EXPENSE/DEDUCTION PER INCOME STATEMENT	TEMPORARY DIFFERENCE	PERMANENT DIFFERENCE	EXPENSE/DEDUCTION PER TAX RETURN
INSURANCE EXPENSES	65,819.	-29,730.	0.	36,089.
TOTAL TO M-3, PART III, LINE 31	65,819.	-29,730.	0.	36,089.

SCHEDULE M-3 OTHER EXPENSE/DEDUCTION ITEMS WITH NO DIFFERENCES STATEMENT 25

DESCRIPTION	EXPENSE/DEDUCTION PER INCOME STATEMENT	EXPENSE/DEDUCTION PER TAX RETURN
ACCOUNTING FEES	29,169.	29,169.
ADVERTISING	1,000.	1,000.
AUTO GAS & PARKING	20,172.	20,172.
AUTO LEASING	35,929.	35,929.
BANK CHARGES	548.	548.
COMMERCIAL RENT TAXES	13,236.	13,236.
CONTRIBUTIONS		
COPIES	3,276.	3,276.
EMPLOYEE BENEFIT PROGRAMS	156,920.	156,920.
EMPLOYEES EDUCATION	756.	756.
EXPRESS MAIL	4,302.	4,302.
GIFTS & CONDOLENCES	1,269.	1,269.
INSPECTION FEES	85,900.	85,900.
LEGAL FEES	2,217.	2,217.
LICENSING & PERMIT FEES	8,320.	8,320.

OFFICE CLEANING & MAINTENANCE	2,974.	2,974.
OFFICERS COMPENSATION	236,038.	236,038.
OTHER EQUIPMENT RENTAL	18,446.	18,446.
OTHER MISC EXPENSES	4,010.	4,010.
OTHER OUTSIDE SERVICES	101,638.	101,638.
PAYROLL SERVICES	6,590.	6,590.
PAYROLL TAXES	98,227.	98,227.
POSTAGE	4,557.	4,557.
POSTAL EQUIPMENT RENTAL	4,138.	4,138.
PRINTING & REPRODUCTIONS	2,712.	2,712.
PUBLIC RELATIONS	9,000.	9,000.
RENT EXPENSE	338,459.	338,459.
REPAIRS	21,741.	21,741.
SALARIES AND WAGES	815,467.	815,467.
SALES TAX	8,528.	8,528.
SELLING EXPENSES	28,870.	28,870.
SEMINARS & CONFERENCES	1,010.	1,010.
STATIONERY & SUPPLIES	10,729.	10,729.
SUBSCRIPTIONS & PUBLICATIONS	12,481.	12,481.
TELEPHONE	46,456.	46,456.
TRAVEL - AIR FAIR	19,912.	19,912.
TOTAL TO SCHEDULE M-3, PART II, LINE 25	<u>2,154,997.</u>	<u>2,154,997.</u>

FORM 8916-A OTHER INTEREST INCOME STATEMENT 26

DESCRIPTION	PER INCOME STATEMENT	TEMPORARY DIFFERENCE	PERMANENT DIFFERENCE	PER TAX RETURN
NET BANK	0.	712.	0.	712.
TOTAL TO PART II, LINE 5	<u>0.</u>	<u>712.</u>	<u>0.</u>	<u>712.</u>

FORM 8916-A OTHER INTEREST EXPENSE STATEMENT 27

DESCRIPTION	PER INCOME STATEMENT	TEMPORARY DIFFERENCE	PERMANENT DIFFERENCE	PER TAX RETURN
INTEREST EXPENSE	2,959.	0.	0.	2,959.
TOTAL TO PART III, LINE 4	<u>2,959.</u>	<u>0.</u>	<u>0.</u>	<u>2,959.</u>

ALTERNATIVE MINIMUM TAX DEPRECIATION REPORT

Asset No.	Description	Date Acquired	AMT Method	AMT Life	AMT Cost Or Basis	AMT Accumulated	Regular Depreciation	AMT Depreciation	AMT Adjustment
49	COMPUTER HARDWARE	09/21/02	200DB5	5.00	7,455.	0.	7,455.	7,455.	0.
50	COMPUTER HARDWARE	10/05/02	200DB5	5.00	4,592.	0.	4,592.	4,592.	0.
51	COMPUTER HARDWARE	11/16/02	200DB5	5.00	4,000.	0.	4,000.	4,000.	0.
37	COMPUTER	02/20/01	50DB5	5.00	3,712.	2,784.	428.	619.	-191.
38	COMPUTER	04/06/01	50DB5	5.00	5,825.	4,369.	671.	971.	-300.
39	COMPUTER	05/30/01	50DB5	5.00	3,346.	2,510.	385.	557.	-172.
40	COMPUTER HARDWARE	05/10/02	200DB5	5.00	26,449.	6,877.	2,539.	2,539.	0.
41	COMPUTER SOFTWARE	05/10/02	200DB5	5.00	9,748.	2,535.	936.	936.	0.
	TOTALS				65,127.	19,075.	21,006.	21,669.	-663.
	MACRS AMT ADJUSTMENT							-663.	

2010 DEPRECIATION AND AMORTIZATION REPORT

- CURRENT YEAR FEDERAL - E G BOWMAN COMPANY, INC

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl.	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
35	COVENANT NOT TO COMPETE	1110103		180M	43	1000000.			1000000.	411,112.		66,667.
43	COMPUTER HARDWARE	080909200DB	5.00	17		572.						0.
49	COMPUTER HARDWARE	090210200DB	5.00	19B		7,455.		7,455.			7,455.	7,455.
50	COMPUTER HARDWARE	100510200DB	5.00	19B		4,592.		4,592.			4,592.	4,592.
51	COMPUTER HARDWARE	111610200DB	5.00	19B		4,000.		4,000.			4,000.	4,000.
	* OTHER TOTAL OTHER					1016519.		16,619.	1000000.	411,112.	16,047.	82,714.
	BUILDINGS											
	LEASEHOLD											
26	IMPROVEMENT	013003		39M	43	5,055.			5,055.	5,055.		0.
	LEASEHOLD											
27	IMPROVEMENT	051403		39M	43	14,969.			14,969.	14,969.		0.
	* OTHER TOTAL					20,024.		20,024.	20,024.	20,024.		0.
	BUILDINGS											
	FURNITURE & FIXTURES											
1	FURNITURE & FIXTURE	051259200DB	7.00	17		1,392.			1,392.	1,392.		0.
	FURNITURE & FIXTURES											
7	FIXTURES	111502200DB	7.00	17		106,434.		31,930.	74,504.	74,504.		0.
	FURNITURE & FIXTURES					14,532.		4,390.	10,242.	10,242.		0.
8	FIXTURES	111502200DB	7.00	17		14,532.		4,390.	10,242.	10,242.		0.
	FURNITURE & FIXTURES											
9	FIXTURES	111502200DB	7.00	17		4,753.		1,426.	3,327.	3,327.		0.
	FURNITURE & FIXTURES											
13	FIXTURES	0112203200DB	7.00	17		37,766.		11,330.	26,436.	26,436.		0.
	FURNITURE & FIXTURES											
14	FIXTURES	0113003200DB	7.00	17		3,680.		1,104.	2,576.	2,576.		0.
	FURNITURE & FIXTURES											
15	FIXTURES	020703200DB	7.00	17		40,482.		12,145.	28,337.	28,337.		0.

028192
05-01-10

(D) - Asset disposed
* ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction

2010 DEPRECIATION AND AMORTIZATION REPORT

CURRENT YEAR FEDERAL - E G BOWMAN COMPANY, INC

Asset No.	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
16	FURNITURE & FIXTURES	022803	200DB	7.00	17	24,016.		7,205.	16,811.	16,811.		0.
19	FURNITURE & FIXTURES	030503	200DB	7.00	17	3,680.		1,104.	2,576.	2,576.		0.
25	FURNITURE & FIXTURES	051403	200DB	7.00	17	4,753.		2,376.	2,377.	2,377.		0.
	* OTHER TOTAL FURNITURE & FIXTURE MACHINERY & EQUIPMENT					241,588.		73,010.	168,578.	168,578.		0.
2	COMPUTER EQUIPMENT	042012	200DB	5.00	17	2,361.			2,361.	2,361.		0.
3	COMPUTER EQUIPMENT	101101	200DB	5.00	17	595.			595.	595.		0.
4	COMPUTER EQUIPMENT	101901	200DB	5.00	17	1,448.			1,448.	1,448.		0.
5	COMPUTER EQUIPMENT	051702	200DB	5.00	17	6,044.			6,044.	6,044.		0.
6	COMPUTER EQUIPMENT	040202	200DB	5.00	17	26,548.			26,548.	26,548.		0.
10	COMPUTER EQUIPMENT	111502	200DB	5.00	17	4,340.		1,302.	3,038.	3,038.		0.
23	COMPUTER EQUIPMENT	040903	200DB	5.00	17	5,088.		1,526.	3,562.	3,562.		0.
	* OTHER TOTAL MACHINERY & EQUIPMENT					46,424.		2,828.	43,596.	43,596.		0.
	* OTHER TOTAL MACHINERY & EQUIPMENT					132,465.		92,457.	123,219.	643,310.	16,047.	82,714.
28	COMPUTER	071503	200DB	5.00	17	11,815.		5,908.	5,907.	5,907.		0.
29	COMPUTER	121603	200DB	5.00	17	4,384.		2,192.	2,192.	2,192.		0.
30	COMPUTER	042604	200DB	5.00	17	397.		199.	198.	198.		0.

(D) - Asset disposed (E) - ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction

2010 DEPRECIATION AND AMORTIZATION REPORT

- CURRENT YEAR FEDERAL - E G BOWMAN COMPANY, INC

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
20	OFFICE EQUIPMENT	030603	200DB5	00 17		6,500.		1,950.	4,550.	4,550.		0.
21	OFFICE EQUIPMENT	031130	200DB5	00 17		7,000.		2,100.	4,900.	4,900.		0.
22	OFFICE EQUIPMENT	032803	200DB5	00 17		2,000.		600.	1,400.	1,400.		0.
24	OFFICE EQUIPMENT	040403	200DB5	00 17		1,800.		540.	1,260.	1,260.		0.
	* OTHER TOTAL											
	MACHINERY & EQUIPME					32,790.		9,837.	22,953.	22,953.		0.
	* OTHER TOTAL											
	* GRAND TOTAL OTHER					32,790.		9,837.	22,953.	22,953.		0.
	DEPR & AMORT					1447226.		139,803.	1307423.	704,628.	16,047.	87,673.
	LESS: SEC 179											16,047.
	ALLOC TO SHAREHOLDR											71,626.
	NET DEPRECIATION											
	CURRENT YEAR											
	ACTIVITY											
	BEGINNING BALANCE					1431179.		123,756.	1307423.	704,628.		
	ACQUISITIONS					16,047.		16,047.	0.	0.		
	DISPOSITIONS					0.		0.	0.	0.		
	ENDING BALANCE					1447226.		139,803.	1307423.	704,628.		

SCHEDULE K-1 **NONDEDUCTIBLE EXPENSES, BOX 16, CODE C**

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>SHAREHOLDER FILING INSTRUCTIONS</u>
EXCLUDED MEALS AND ENTERTAINMENT EXPENSES	475.	SEE FORM 1040 INSTRUCTIONS
TOTAL	<u>475.</u>	

SCHEDULE K-1 **OTHER INFORMATION, BOX 17, CODE U**

<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>SHAREHOLDER FILING INSTRUCTIONS</u>
MEDICAL INSURANCE PREMIUMS FOR MORE THAN 2% SHAREHOLDERS	24,134.	SEE FORM 1040 INSTRUCTIONS
LIFE AND DISABILITY INSURANCE	2,332.	OTHER INCOME FORM 1040 LINE 21

Schedule K-1
(Form 1120S)

2010

Final K-1

Amended K-1

OMB No. 1545-0130

Department of the Treasury
Internal Revenue Service

For calendar year 2010, or tax
year beginning _____
ending _____

**Shareholder's Share of Income, Deductions,
Credits, etc.** ▶ See separate instructions.

Part I Information About the Corporation

A Corporation's employer identification number
11-2242988

B Corporation's name, address, city, state, and ZIP code
E G BOWMAN COMPANY, INC
97 WALL STREET
NEW YORK, NY 10005

C IRS Center where corporation filed return
E-FILE

Part II Information About the Shareholder

D Shareholder's identifying number
107-46-6769

E Shareholder's name, address, city, state and ZIP code
JAMES TOM
233-27 39TH STREET
DOUGLASTON, NY 11363

F Shareholder's percentage of stock
ownership for tax year 50.000000%

**Part III Shareholder's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	13	Credits
	-9,177.		
2	Net rental real estate inc (loss)		
3	Other net rental income (loss)		
4	Interest income		
	356.		
5a	Ordinary dividends		
	2,082.		
5b	Qualified dividends	14	Foreign transactions
	2,082.		
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured sec 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative min tax (AMT) items
		A	-331.
11	Section 179 deduction	16	Items affecting shareholder basis
	8,023.	C*	474.
12	Other deductions		
		17	Other information
		A	2,438.
		U*	STMT

*See attached statement for additional information.

For IRS Use Only

 SCHEDULE K-1 NONDEDUCTIBLE EXPENSES, BOX 16, CODE C

DESCRIPTION	AMOUNT	SHAREHOLDER FILING INSTRUCTIONS
EXCLUDED MEALS AND ENTERTAINMENT EXPENSES	474.	SEE FORM 1040 INSTRUCTIONS
TOTAL	<u>474.</u>	

 SCHEDULE K-1 OTHER INFORMATION, BOX 17, CODE U

DESCRIPTION	AMOUNT	SHAREHOLDER FILING INSTRUCTIONS
MEDICAL INSURANCE PREMIUMS FOR MORE THAN 2% SHAREHOLDERS	5,596.	SEE FORM 1040 INSTRUCTIONS
LIFE AND DISABILITY INSURANCE	2,924.	OTHER INCOME FORM 1040 LINE 21

**Application for Automatic Extension of Time To File
 Certain Business Income Tax, Information, and Other Returns**

OMB No. 1545-0233

► **File a separate application for each return.**
 ► **See separate instructions.**

Type or Print	Name E G BOWMAN COMPANY, INC	Identifying number 11-2242988
File by the due date for the return for which an extension is requested. See instructions.	Number, street, and room or suite no. (if P.O. box, see instructions.) 97 WALL STREET	
	City, town, state, and ZIP code (if a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)). NEW YORK, NY 10005	

Notes. See instructions before completing this form.

Part I Automatic 6-Month Extension Complete if Filing Form 1065, 1041, or 8804

1a Enter the form code for the return that this application is for (see below)

Application Is For:	Form Code	Application Is For:	Form Code
Form 1065	09	Form 1041 (estate)	04
Form 8804	31	Form 1041 (trust)	05

Part II Automatic 6-Month Extension Complete if Filing Other Forms

b Enter the form code for the return that this application is for (see below) **25**

Application Is For:	Form Code	Application Is For:	Form Code
Form 706-GS(D)	01	Form 1120-PC	21
Form 706-GS(T)	02	Form 1120-POL	22
Form 1041-N	08	Form 1120-REIT	23
Form 1041-OTT	07	Form 1120-RIC	24
Form 1042	08	Form 1120S	25
Form 1065-B	10	Form 1120-SF	26
Form 1066	11	Form 3520-A	27
Form 1120	12	Form 8612	28
Form 1120-C	34	Form 8613	29
Form 1120-F	15	Form 8725	30
Form 1120-FSC	16	Form 8941	32
Form 1120-H	17	Form 8876	33
Form 1120-L	18	Form 8924	35
Form 1120-ND	19	Form 8928	36
Form 1120-ND (section 4951 taxes)	20		

- 2** If the organization is a foreign corporation that does not have an office or place of business in the United States, check here
- 3** If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here
 If checked, attach a schedule, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

Part III All Filers Must Complete This Part

4 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here

5a The application is for calendar year 2010, or tax year beginning _____, and ending _____

b Short tax year. If this tax year is less than 12 months, check the reason:
 Initial return Final return Change in accounting period Consolidated return to be filed

6 Tentative total tax	6	0.
7 Total payments and credits (see instructions)	7	0.
8 Balance due. Subtract line 7 from line 6. Generally, you must deposit this amount using the Electronic Federal Tax Payment System (EFTPS), a Federal Tax Deposit (FTD) Coupon, or Electronic Funds Withdrawal (EFW) (see instructions for exceptions)	8	0.

The Proposal

As a full service insurance brokerage, E. G. Bowman Co., Inc. can provide top quality risk management services to the Roosevelt Island Operating Corporation. Overall, we provide superior performance in risk management support; policy placement; insurance policy administration; insurance claims services and loss control engineering. E.G. Bowman's team of loss control engineers along with our insurance providers can assist in developing and monitoring recommendations to reduce the potential or severity of losses. E.G. Bowman can also provide safety and video training for special projects.

In addition to insurance brokerage services, E.G. Bowman also provides complementary risk management consulting, loss control and inspection services for our clientele.

After each renewal E.G. Bowman will prepare a current Schedule of Insurance for the Authority. Additionally E.G. Bowman produces for our clients Stewardship Reports, within the Stewardship Report is included explanations and details of any changes that occurred during the year and throughout the marketing period. It will also include a recapture of the analysis of various quotes (if there is more than one), highlighting the differences between them and why one was selected among them.

Our timeline for renewals vary depending on market conditions and the complexity of the coverage with the goal of being able to present renewal quotes 30 days prior to expiration, are as follows:

- 90-120 days in advance of the policy expiration:
We ordinarily start requesting updated exposure information from you and send out required renewal applications. At the same time, we request currently valued loss runs from the insurance company and/or your TPA, in order to prepare exposure and loss analysis, trending and forecasting. We also begin discussions with the insurance companies of their intended renewal plan in order to refine our renewal strategy and develop alternative markets, if needed. We meet with you discuss renewal objectives and any proposed plans that you may have for the future.
- 60-90 days is our targeted anticipation for the receipt of the updated exposure information and/or renewal applications. Once received, we will be reviewing the information and submitting it out to markets often the same day as received or if we have questions concerning the information or application, the same day as the answers or clarification are supplied. Please note, the sooner the information is received, the better our chances of receiving multiple quotes and/or negotiating more favorable terms.

- 30-60 days to have the renewal quote(s) to you for review and discussion.
- 0-30 days after renewal an updated schedule of insurance will be sent to you.
- Upon the date of renewal acceptance or within 3 days, binders, certificates of insurance, and/or posting notices will be sent to you

Throughout the process you will be kept informed of our progress, especially if a line of coverage is experiencing difficult market conditions. Occasionally, it may be useful to have an underwriting meeting with the Authority and the company's(ies') underwriters.

The guideline above is general, and of course, subject to the Authority's approval of and can be amended according a schedule determined by the Authority.

We had submitted the Authority's Boiler & Machinery specifications out to the Hartford Steam Boiler & Inspection Company, Chubb, Liberty Mutual, and Travelers. Only Liberty Mutual and Travelers quoted.

Attached is summary comparison of the quotes submitted by Liberty Mutual and Travelers versus your present coverage with C.N.A., for actual terms and conditions reference should be made to the actual quotations and specimen policies submitted by each company in Section V of this proposal.

Between our two quotations we feel that Liberty Mutual provides better coverage for the price. Most of the coverages and limits match or exceed your present limits with C.N.A. except *Unscheduled* locations have a shared Property Damage and Business Income limit of \$10,000,000 (as opposed to C.N.A.'s separate limits Property Damage \$10,000,000 and Business Income \$1,000,000); and the duration of automatic coverage for newly acquired locations of 90 days as compared to C.N.A.'s 365 days. However, we feel that if Liberty is the successful bid they would agree to the 365 day automatic coverage for newly acquired locations.

Port Authority of New York & New Jersey
2012 Boiler & Machinery Coverage Comparison

A.M. Best Rating	Expiring C.N.A. A XV	Liberty Mutual A XV	Travelers A+ XIV
Insurance applies only to a coverage for which a limit, number of days/hours or the word included is shown. If included is shown, then the limit for that coverage is part of the Limit Per Breakdown or Property Damage Limit, whichever is shown.			
Limit Per Breakdown	\$50,000,000 Included	\$50,000,000 Included	\$50,000,000 Included
Property Damage			
Expediting Expenses	\$1,000,000	\$1,000,000	\$1,000,000
Business Income/Extra Expense			
Extra Expense Only	\$1,000,000	\$1,000,000	\$1,000,000
Extended Period of Restoration	5 Days	120 Days	30 Days
Data or Media	\$1,000,000	Combined with Data/Media PD	
Spoilage Damage		\$500,000	\$1,000,000
Utility Interruption			
Spoilage Damage			
Business Income and/or Extra Expense	\$1,000,000	\$1,000,000	\$1,000,000
Time element deductible	24 Hours	24 Hours	24 Hours
Newly Acquired Premise	Included	Included	\$1,000,000
Number of Days of coverage	365 Days	90 Days	90 Days
Ordinance or Law	\$500,000	Included	\$1,000,000
Errors and Omissions	Included	\$1,000,000	\$1,000,000
Brands and Labels		\$1,000,000	\$1,000,000
Contingent Business Income/Extra Expense		\$1,000,000	\$1,000,000
Covered Premises		All Locations	
Sales, Service or Materials		Services or Materials	
Limited coverage for Fungus, Wet Rot and Dry Rot	\$15,000	\$15,000	
Business Income & Extra Expense or Extra Expense Only		Included above	
Revised Number of Days	30 Days	30 Days	
Separate Premises Option	No	No	
Increase Cost of Loss and Related Expenses for "Green" Upgrades			
Property Damage Limit:		\$100,000	
Business Income and/or Extra Expense		30 Days	
Ammonia Contamination	\$1,000,000	\$1,000,000	\$1,000,000
Consequential Loss	\$500,000	\$500,000	

Port Authority of New York & New Jersey
 2012 Boiler & Machinery Coverage Comparison

	Expiring C.N.A.	Liberty Mutual	Travelers
Data & Media-Covered Equipment	\$1,000,000	\$1,000,000	\$1,000,000
Hazardous Substance	\$1,000,000	\$1,000,000	\$1,000,000
Water Damage	\$1,000,000	\$1,000,000	\$1,000,000
Unscheduled Locations	\$10,000,000	\$10,000,000	
Time element sublimit	\$1,000,000	Included above	
System Installation Coverage		\$500,000	
Contingent Property Damage for B&M equipment for properties leased to tenants by the Port Authority sublimit			\$1,000,000
Deductibles:			
Property Damage	\$500,000	Combined \$500,000	Combined \$500,000
Business Income and Extra Expense		Included	Included
Extra Expense		Included	N/A
Contingent Business Income/Extra Expense		Included	Included
Spoilage Damage		Included	Included
Ammonia Contamination			Included
Utility Interruption			
Spoilage Damage	24 Hours		
Business Income and/or Extra Expense			
Coverage extensions:			
Diagnostic equipment	Excluded	Included	Included
Production machinery			Included
90 day notice of cancellation, except 10 days for non-payment	Yes	Yes	60 Days
New Generation Coverage- If you want to replace damaged "Covered Equipment" of the same capacity, we will pay up to 25% more than "Covered Equipment" of like kind, quality and capacity would have cost at the time for the "Breakdown".			Yes
Resultant Damage to Property as result of Breakdown to Covered Equipment while being tested		Yes	
Definitions:			

Port Authority of New York & New Jersey
 2012 Boiler & Machinery Coverage Comparison

Expiring C.N.A.		Liberty Mutual	Travelers
Breakdown:	a. Sudden and accidental direct physical loss to "Covered Equipment," which manifests itself by physical damage, necessitating its repair or replacement, unless such loss is otherwise excluded	a. following direct physical loss that causes damage to "Covered Equipment" and necessitates its repair or replacement: (1) Failure of pressure or vacuum equipment; (2) Mechanical failure including rupture or bursting caused by centrifugal force; or (3) Electrical failure including arcing; unless such loss or damage is otherwise excluded	a. following direct physical loss that causes damage to "Covered Equipment" and necessitates its repair or replacement: (1) Failure of pressure or vacuum equipment; (2) Mechanical failure including rupture or bursting caused by centrifugal force; or (3) Electrical failure including arcing; unless such loss or damage is otherwise excluded
	Does not include: 1 Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification; 2 Defects, erasures, errors, limitations or viruses in computer equipment and programs including the inability to recognize and process any date or time to provide instructions to "Covered Equipment";	Does not include: 1 Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification; 2 Defects, erasures, errors, limitations or viruses in computer equipment and programs including the inability to recognize and process any date or time to provide instructions to "Covered Equipment";	Does not include: 1 Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification; 2 Defects, erasures, errors, limitations or viruses in "Computer Equipment", "Data", "Media" and/or programs including the inability to recognize and process any date or time to provide instructions to "Covered Equipment". However, if a "Breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded; or

Port Authority of New York & New Jersey
 2012 Boiler & Machinery Coverage Comparison

	Expiring C.N.A.	Liberty Mutual	Travelers
	3 Leakage at any valve, fitting, shaft seal, gland packing, joint or connections;	3 Leakage at any valve, fitting, shaft seal, gland packing, joint or connections;	3 Leakage at any valve, fitting, shaft seal, gland packing, joint or connections;
	4 Damage to any vacuum tube, gas tube, or brush;	4 Damage to any vacuum tube, gas tube, or brush;	4 Damage to any vacuum tube, gas tube, or brush;
	5 Damage to any structure or foundation supporting the "Covered Equipment" or any of its parts;	5 Damage to any structure or foundation supporting the "Covered Equipment" or any of its parts;	5 Damage to any structure or foundation supporting the "Covered Equipment" or any of its parts;
	6 The functioning of any safety or protective device; or	6 The functioning of any safety or protective device; or	6 The functioning of any safety or protective device; or
	7 The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.	7 The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.	7 The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.
Business Income Coinsurance:	Applies only if we did not receive your annual report of values form within three months of the due date	Applies only if we did not receive your annual report of values form within three months of the due date	You must report to us each year the "business income estimated annual value" for all Covered Premises to which the Coverage Extension-Business Income applies.

Port Authority of New York & New Jersey
2012 Boiler & Machinery Coverage Comparison

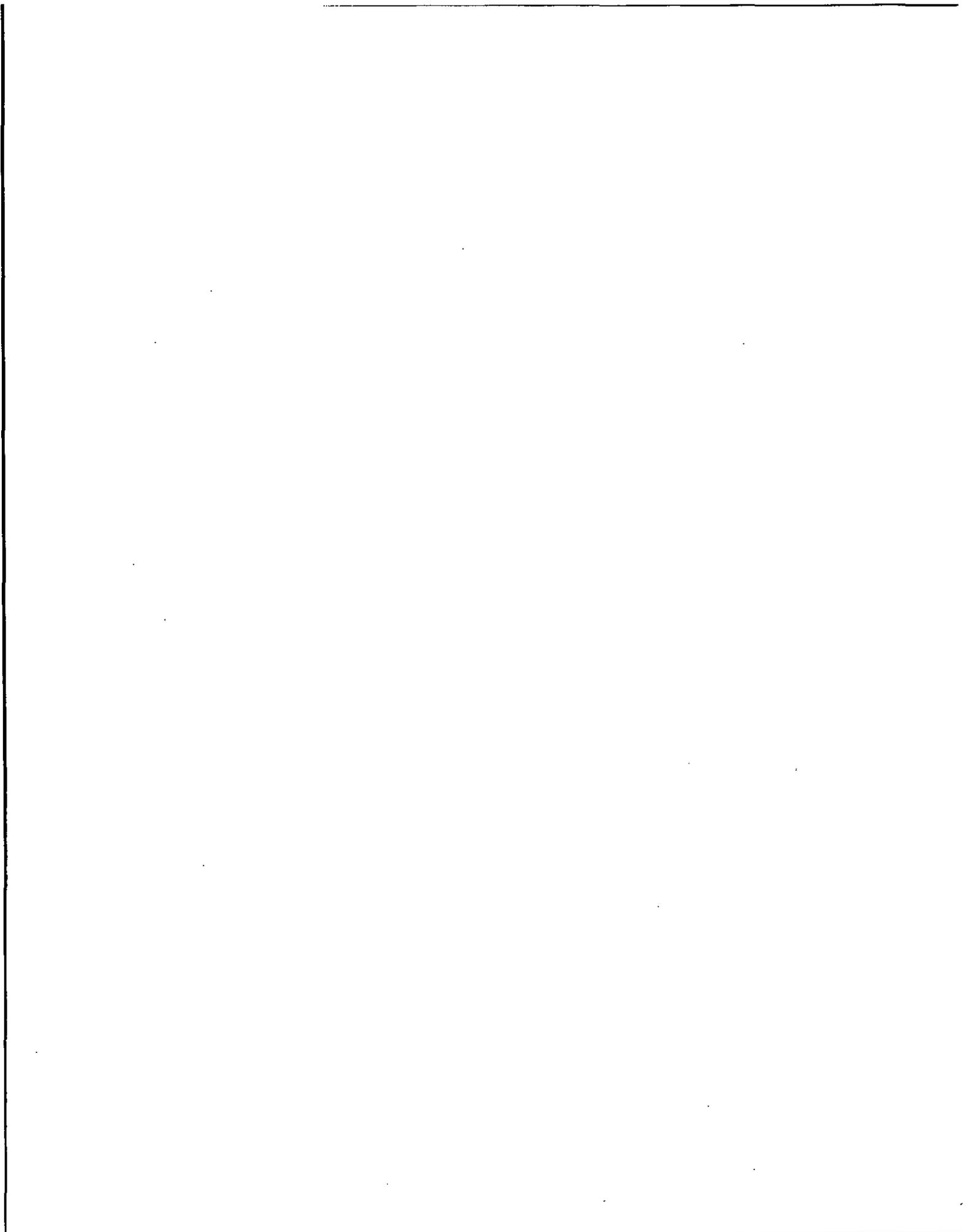
Expiring C.N.A.		Liberty Mutual	Travelers
a	We will not pay the full amount of any loss if the "Business Income Actual Annual Value" at the time of loss is greater than the "Business Income Estimated Annual Value" at the time of loss.	a We will not pay the full amount of any loss if: (i) The "Business Income Actual Annual Value" at the time of loss is greater than the "Business Income Estimated Annual Value" shown in your latest report; or (ii) Your report was received by us more than three months after the due date, or your report is overdue.	We will not pay the full amount of any "business income" loss if the "business income actual annual value" is greater than the "business income estimated annual value" shown in your latest report. Instead, we will determine the most we will pay using the following steps:
b	Instead, we will determine the most we will pay using the following steps:	b. Instead, we will determine the most we will pay using the following steps:	
	(i) Divide the "Business Income Estimated Annual Value" by the "Business Income Actual Annual Value" at the time of the "Breakdown";	(i) Divide the "Business Income Estimated Annual Value" by the "Business Income Actual Annual Value" at the time of the "Breakdown";	1 Divide the "business income estimated annual value" last report to us by the "business income actual annual value" at the time of the "Breakdown";
	(ii) Multiply the total amount of the covered loss of "Business Income" by the figure determined in Step (i); and	(ii) Multiply the total amount of the covered loss of "Business Income" by the figure determined in Step (i); and	2 Multiply the total amount of the covered loss of "business income" by the figure determined in Paragraph (1) above;
	(iii) Subtract any applicable deductible from the amount determined in Step (ii).	(iii) Subtract any applicable deductible from the amount determined in Step (ii).	3 Subtract any applicable deductible from the amount determined in Paragraph (2) above;

Port Authority of New York & New Jersey
2012 Boiler & Machinery Coverage Comparison

	Expiring C.N.A.	Liberty Mutual	Travelers
	We will pay the amount determined in Step (iii) or the Business Income and Extra Expense limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.	We will pay the amount determined in Step (iii) or the Business Income and Extra Expense limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.	The resulting amount, or the Business Income Limit, whichever is less, is the most we will pay. We will not pay for the remainder of the loss.
Covered Equipment:	<p>1 Equipment built to operate under internal pressure or vacuum other than weight of contents;</p> <p>2 Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy;</p> <p>3 Communication equipment, and "Computer Equipment"; and</p> <p>4 Equipment in Paragraphs (1), (2) and (3) that is owned by a public or private utility and used solely to supply utility services to your premises.</p>	<p>1 Equipment built to operate under internal pressure or vacuum other than weights of contents;</p> <p>2 Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy;</p> <p>3 Communications, equipment, and "Computer Equipment"; and</p> <p>4 Equipment in Paragraphs (1), (2) and (3) that is owned by a public or private utility and used solely to supply utility services to your premises.</p>	<p>1 Equipment built to operate under internal pressure or vacuum other than weights of contents; For any boiler or fired vessel, the furnace of the "Covered Equipment" and the gas passages from there to the atmosphere will</p> <p>2 Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy; or</p> <p>3 Communications, equipment, and "Computer Equipment"; or</p> <p>4 Fiber optic cable.</p>
Covered Property:	Any property that: a. You own; or	Any property that: a. You own; or	Any property that: a. You own; or

Port Authority of New York & New Jersey
 2012 Boiler & Machinery Coverage Comparison

	Expiring C.N.A.		Liberty Mutual		Travelers	
	b. is in your care, custody or control and for which you are legally liable.	b. is in your care, custody or control and for which you are legally liable.	b. is in your care, custody or control and for which you are legally liable.	b. is in your care, custody or control and for which you are legally liable; while located at the Covered Premises described in the Declarations.	b. is in your care, custody or control and for which you are legally liable; while located at the Covered Premises described in the Declarations.	b. is in your care, custody or control and for which you are legally liable; while located at the Covered Premises described in the Declarations.
Period of Restoration:	The period of time that: a. Begins at the time of the "Breakdown" or 24 hours before we receive notice of "Breakdown" whichever is later; and b. Ends 5 consecutive days after the date when the damage property at the premises described in the Declarations is repaired or replaced with reasonable speed and similar quality.		The period of time that: a. Begins at the time of the "Breakdown" or 24 hours before we receive notice of "Breakdown" whichever is later; and b. Ends 5 consecutive days after the date when the damaged property at the premises described in the Declarations is repaired or replaced with reasonable speed and similar quality. NOTE # OF DAYS REVISED TO 120 PER QUOTE.		The period of time that: a. Begins at the time of the "Breakdown"; and b. Ends the number of consecutive dates indicated in the Declarations after the date when the damaged property at the Covered Premises described in the Declarations could have been repaired or replaced with reasonable speed and similar quality.	
Premium		\$66,500				\$60,000
State Fees and Surcharges		0				0
Broker Service Fee or Commission		\$5,000 Service Fee				\$6,000 Service Fee
Total cost		\$71,500				\$66,000



A



TRAVELERS

ATTACHMENT B: COST PROPOSAL

TOTAL ANNUAL PREMIUM* July 1, 2012 to July 1, 2013 \$ 60,000 + 6,000 service fee.

Unfired Pressure Vessels Inspection Fee** : \$ _____

Renewal Options:

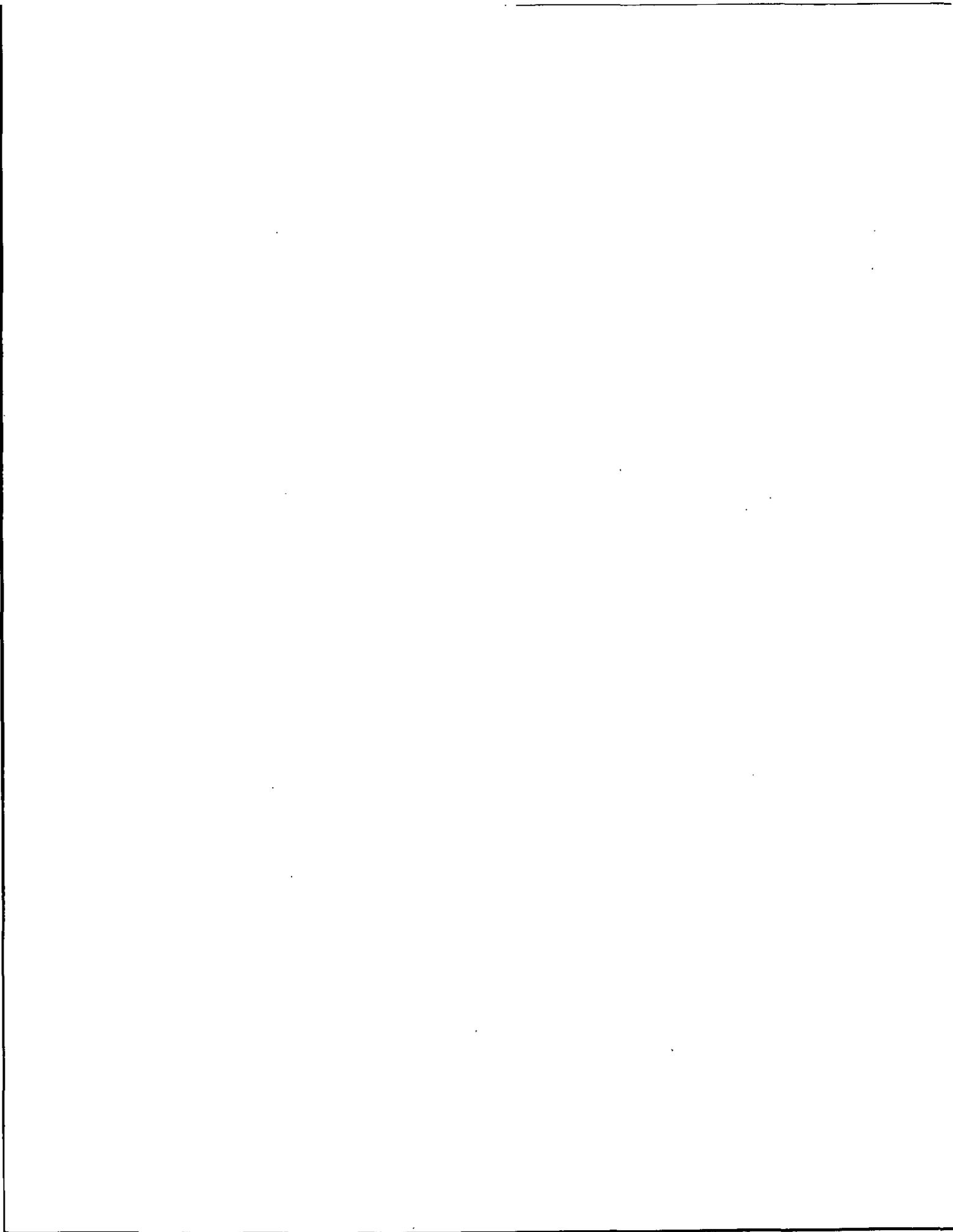
Option Year*** 1:

Option Year*** 2:

* Total Annual Premium should EXCLUDE the Unfired Pressure Vessels Inspection Fee, but be inclusive of all other fees, including broker fees.

**Unfired Pressure Vessels Inspection Fee shall be denoted on this Cost Proposal for reference purposes only, and shall not be billed until after the First Option Year is exercised.

***Option Year - One-year option periods will require notice of renewal premium to the Port Authority at least 45 days prior to the expiration of the policy in force. These amounts are not required to be included on this form.

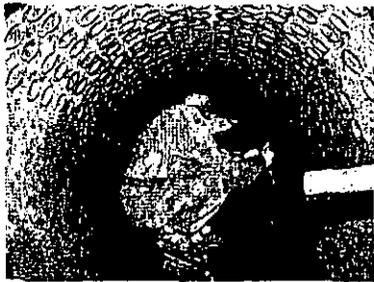


Equipment Breakdown Insurance Proposal

Prepared for: **Marjorie Young [myoung@EGBowman.com]**

Port Authority of NY/NJ

April 30, 2012



ENERGYMAX 21TM
Equipment Breakdown Insurance for the 21st Century

In Coordination with:

EG BOWMAN

Prepared by:

Ruben Serrano

Senior Account Executive

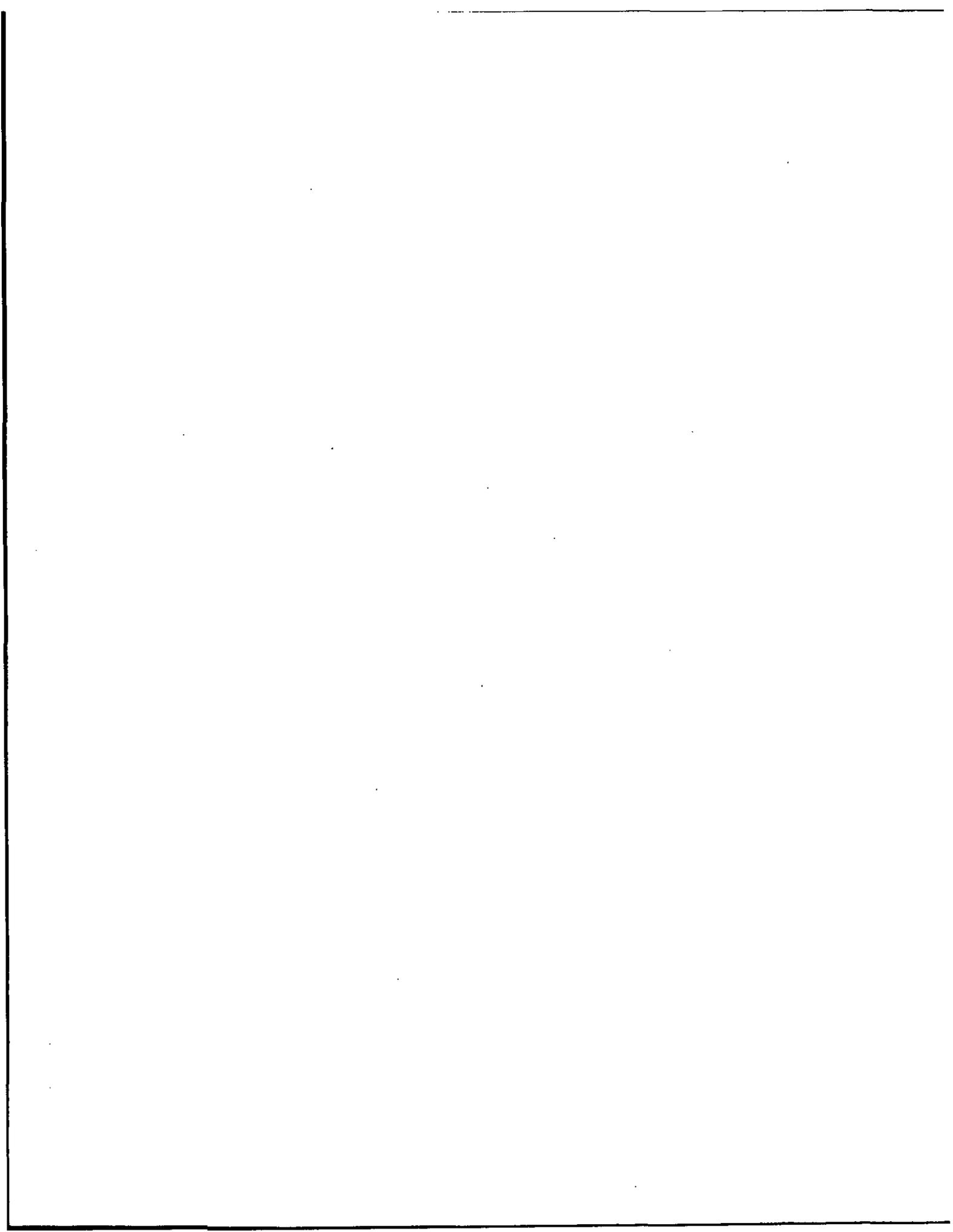
Travelers Equipment Breakdown

485 Lexington Avenue

New York, NY 10017

rserrano@travelers.com

TRAVELERS 





485 Lexington Ave
New York, NY 10017



Ruben Serrano
Account Executive
917-778-6747
917-778-7006
rserrano@travelers.com

ENERGYMAX 21 Coverage Proposal

Agency Contact: **Marjorie Young**
Phone:

Email: **[myoung@EGBowman.com]**
Fax:

Insured/Applicant: **Port Authority of NY & NJ**

Policy Period: **7/1/2012 to 7/1/2013**

We are pleased to have this opportunity to provide this proposal to you. The Travelers' **ENERGYMAX 21** is one of the broadest Equipment Breakdown policy forms in the business. The **ENERGYMAX 21** form offers an entire range of equipment coverage including breakdown of critical equipment such as mechanical or electrical equipment, boilers and pressure vessels, air conditioning and refrigeration equipment, and computer and communication systems.

If you wish to bind this quote, please complete the binder page of this submission and return via fax to my attention. We will issue the policy immediately and provide fast and accurate policy service.

Special Features of the ENERGYMAX 21 form include the following:

- Definition of "Covered Equipment" includes telephone systems, office equipment, fiber optic cables, and air conditioning units and systems, with options to include diagnostic equipment and/or production machines.
- No "solely supplying" requirement for Utility Interruption.
- New Generation Extension coverage pays for replacing damaged equipment with new, more efficient technology, at up to 125% of replacement value. For example, we would pay up to 25% extra to replace a badly damaged air conditioning unit with a newer generation unit that is quieter and/or more energy efficient.
- No separate sublimits for loss of CFC Refrigerants or computers (other than computers used for diagnostic purposes).
- Optional coverage's are available for Brands and Labels, Contingent Time Element, "Data" or "Media", "Diagnostic Equipment", Error in Description, Newly Acquired Locations and Ordinance or Law.
- Selling Price valuation for all property held by you for sale.

Our quote is based on the following information provided by you:

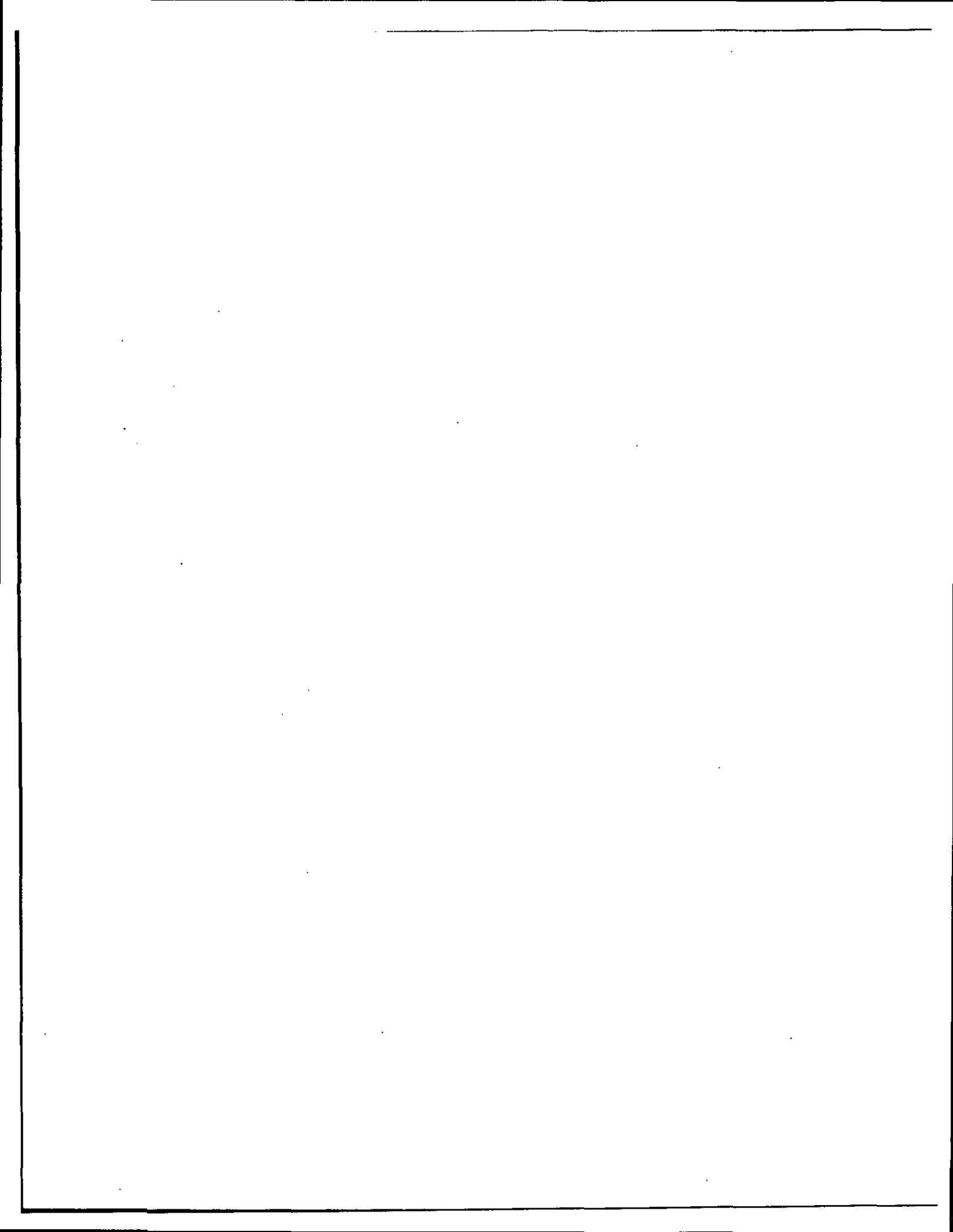
Building + Contents Value:	\$30,995,374,983
Business Income Value:	\$
Inventory/Stock Value:	\$
Occupancy:	Port Authority
Loss History in past 5 years:	In File

Quote #1 Total Premium: \$60,000

Alternate Quote Total Premium (if applicable): \$

Again, thank you for the opportunity to provide you with this quote. This proposal is valid for 60 days. The Total Premium listed above reflects only those Certificate fees of which we are aware at the date of this proposal. If you have any questions, please do not hesitate to call.

Ruben Serrano
Account Executive



ENERGYMAX 21 Coverage Proposal

The following outlines the coverage's, limits of liability and policy amendments provided. Any policy coverage's/limits of liability requested by you in your coverage specifications that are not affirmed in the following are not contemplated by this proposal. The policy will also be subject to all state-mandated endorsements.

Insured / Applicant: **Port Authority of NY/NJ**

Coverages and Limits:

Coverages	Limits
"Total Limit Per Breakdown":	\$50,000,000
Property Damage:	Included with Breakdown Limit
Business Income:	N/A
Business Income "Period of Restoration" Extension:	N/A Days
Extra Expense:	\$1,000,000
Extra Expense "Period of Restoration" Extension:	30 Days
Spoilage Damage:	\$1,000,000
Utility Interruption:	\$1,000,000
Coverage applies only if interruption lasts at least:	24 Hours
Brands and Labels:	\$1,000,000
Contingent Time Element:	N/A
Contingent Time Element Covered Premises:	\
Contingent Time Element Sales, Services or Materials:	\
"Data" or "Media":	\$1,000,000
Error in Description:	\$1,000,000
Expediting Expense:	\$1,000,000
Newly Acquired Locations:	\$1,000,000
Number of Days:	90 Days
Ordinance or Law:	\$1,000,000
Ammonia Contamination:	\$1,000,000
Hazardous Substance:	\$1,000,000
Water Damage:	\$1,000,000

Conditional and Optional Coverages:

Notice of Cancellation:	60 Days, except 10 days for non-payment of premium
"Diagnostic Equipment":	Included
"Production Machines":	Included

Deductibles:

Coverages	Deductibles
Combined Deductible:	\$500,000
Property Damage:	Included
Business Income:	N/A
Extra Expense:	Included
Spoilage Damage:	Included
Utility Interruption:	Included
Ammonia Contamination:	Included

Special Provisions:

Joint Loss Agreement:	Included
New Generation Valuation:	Included
Repair or Replacement Valuation:	Included
Perils Elimination Endorsement BM T4 39:	Included

Additional Coverage Extensions/Restrictions:

Additional Sub-Limit: contingent property damage for those B&M equipment for properties leased to tenants by Port Authority: \$1,000,000

PREMIUM	Quote #1	Alternate Quote (if applicable):
Policy Period Premium:	\$60,000	\$
State Jurisdictional Certificate Fees:	\$	\$
Total Premium (including State Jurisdictional Fees):	\$60,000	\$
Commission:	NET%	%

Comment:

Terrorism Risk Insurance Act of Disclosure

On December 26, 2007, the President of the United States signed into law amendments to the Terrorism Risk Insurance Act of 2002 (the "Act"), which, among other things, extend the Act and expand its scope. The Act establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in the Act) caused by "acts of terrorism". An "act of terrorism" is defined in Section 102(l) of the Act to mean any act that is certified by the Secretary of the Treasury – in concurrence with the Secretary of State and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The federal government's share of compensation for Insured Losses is 85% of the amount of Insured Losses in excess of each Insurer's statutorily established deductible, subject to the "Program Trigger", (as defined in the Act). In no event, however, will the federal government or any Insurer be required to pay any portion of the amount of aggregate Insured Losses occurring in any one year that exceeds \$100,000,000,000, provided that such Insurer has met its deductible. If aggregate Insured Losses exceed \$100,000,000,000 in any one year, your coverage may therefore be reduced.

The charge for Insured Losses under this Coverage Part is included in the Coverage Part premium. The charge that has been included for this Coverage Part is indicated below, and does not include any charge for the portion of losses covered by the Federal Government under the Act:

- 1% of your total Equipment Breakdown or Boiler and Machinery Coverage Part premium.

BM T5 94 01 08

Compensation Disclosure

Important Notice Regarding Compensation Disclosure

For information about how Travelers compensates independent agents, brokers, or other insurance producers, please visit this website:

http://www.travelers.com/w3c/legal/Producer_Compensation_Disclosure.html

If you prefer, you can call the following toll-free number: 1-866-904-8348. Or you can write to us at Travelers, Enterprise Development, One Tower Square, Hartford, CT 06183.

TRAVELERS
 The Travelers Companies, Inc.
 Equipment Breakdown Division
 485 Lexington Ave
 New York, NY 10009



Ruben Serrano
 Account Executive
 917-778-6747
 917-778-7006
 rserrano@travelers.com

- I would like to receive additional information regarding Equipment Breakdown (Boiler & Machinery).
- I would like to BIND coverage as identified under this quote for \$ _____ premium per the following additional information:

Effective Date: _____ Expiration Date: _____
 Insured's Name: _____
 Insured's Address: _____
 City/State/ZIP: _____

- Mortgagees – Per ATTACHED List
 Loss Payees – Per ATTACHED List

JURISDICTIONAL INSPECTIONS:

Please note: Many states and some cities issue certificates permitting the continued operation of certain equipment such as boilers, water heaters, pressure vessels, etc. Periodic inspections are normally required to renew these certificates. In most jurisdictions, insurance company employees who have been licensed by the jurisdictions are authorized to perform these inspections.

If we do NOT receive the information requested below including location addresses, contact names and telephone numbers, we will NOT perform jurisdictional inspections.

- No Engineering Inspection(s) Required
- Provide Jurisdictional Inspections at the ATTACHED schedule of locations:
 This schedule should include the following information:
- Name of your business (as shown on the policy)
 - Location where equipment is located, with full address, including ZIP code
 - Type of Equipment requiring inspection
 - Policy Number
 - Inspection Contact and phone number for each location
 - Certificate inspection due date and certificate number
- OR Call us at 1-800-425-4119 to schedule a jurisdictional inspection. Please be prepared with the above information.

BILLING PREFERENCE:

- Direct Bill Annual Semi-Annual (50% & 1) Quarterly (25% & 3)
 Agency Bill 6 pay (25% & 5) 10 pay (25% & 9) 10 equal pay

PLEASE SIGN BELOW:

Signature: _____ Date: _____

Travelers' internal information:

SAI #:		Office:	
Agency:		Agency Code:	
Policy #:			

PowerPro Select™

EQUIPMENT BREAKDOWN
INSURANCE PROPOSAL



**Port Authority Of New York & New
Jersey, The**

225 Park Avenue, 12th Floor
New York, NY 10003

Effective: 7/1/2012 -7/1/2013

Prepared for: E.G. BOWMAN COMPANY, INC.

James Tom
NEW YORK, NY

Prepared by: Jerry Liebers

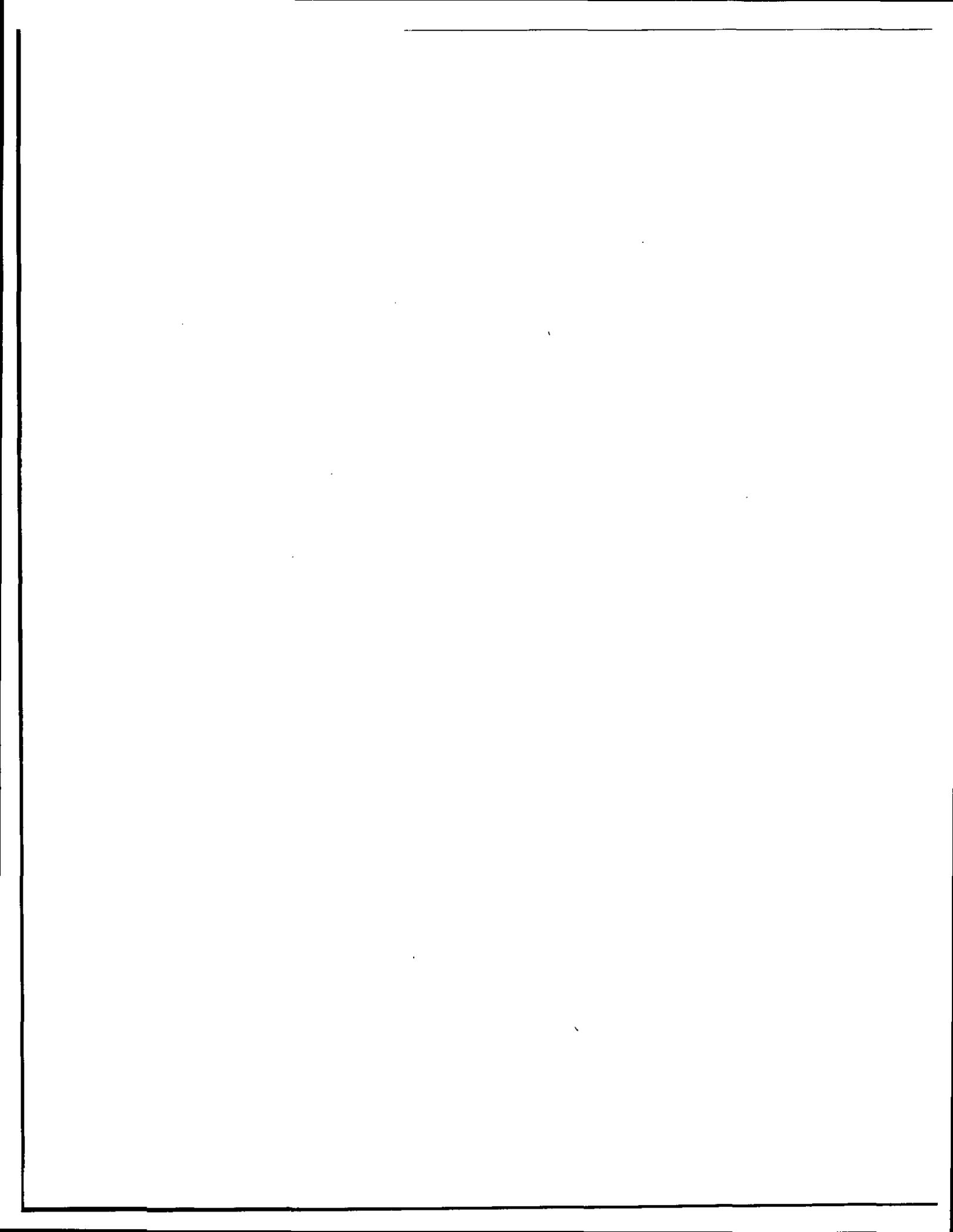
Underwriting Consultant
Weston, MA
732-409-7630
Jerome.liebers@libertymutual.com

This proposal is based on information on file with Liberty Mutual Equipment Breakdown, as of 5/9/2012
It is subject to adjustment should any information on file change. Should you require any changes to
coverages, deductibles or the terms provided or have any questions please contact:

Jerry Liebers

To bind coverage please forward Policy # to Jerome.liebers@libertymutual.com

To request a Jurisdictional Inspection please call 877-526-0020 or email: LMEBInspections@libertymutual.com



EnergyMax 21

EQUIPMENT BREAKDOWN PROTECTION

Various provisions in this Policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this Policy the words "you" and "your" refer to the Named Insured shown in the Declarations or as endorsed hereunder. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F – Definitions.

A. Coverage

1. Property Damage

We will pay for direct damage caused by a "Covered Cause of Loss" to "Covered Property" located at the Covered Premises described in the Declarations.

"Covered Cause of Loss" is a "Breakdown" to "Covered Equipment".

2. Coverage Extensions

You may extend coverages provided under Paragraph A.1. above. Coverage is provided if either a limit, the word INCLUDED, or other coverage indicator is shown for that coverage in the Declarations. No coverage is provided unless a limit, the word INCLUDED or other coverage indicator is shown.

These coverages apply only to that portion of the loss or damage that is a direct result of a "Covered Cause of Loss" that is not excluded elsewhere in this policy. The "Breakdown" must occur during the policy period, but expiration of the policy does not limit our liability under these Coverage Extensions.

a. Business Income

We will pay:

- (1) Your actual loss of "Business Income" from a total or partial interruption of business during the "Period of Restoration"; and
- (2) The "Extra Expense" you necessarily incur to reduce or avert the amount of loss under this Coverage Extension. We will pay for such expenses to the

extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

- (3) The "Covered Equipment" must either be "Covered Property" or be property of others that is:

- (a) Located on or within 500 feet of a Covered Premises insured under this Policy; and
- (b) Used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to the described premises.

b. Extra Expense

- (1) We will pay the reasonable "Extra Expense" you necessarily incur to operate your business during the "Period of Restoration".
- (2) We will consider the experience of your business before the "Breakdown" and the probable experience you would have had without the "Breakdown" in determining the amount of your payment.
- (3) The "Covered Equipment" must either be "Covered Property" or be property of others that is:

- (a) Located on or within 500 feet of a Covered Premises insured under this Policy; and
- (b) Used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to the described premises.

c. Spoilage Damage

- (1) We will pay for spoilage damage to raw materials, property in process or finished products, provided all of the following conditions are met:
 - (a) The raw material, property in process or finished products must be

BOILER AND MACHINERY

In storage or in the course of being manufactured; and

(b) You must own or be legally liable under written contract for the raw materials, property in process or finished products; and

(c) The spoilage damage must be due to the lack or excess of power, light, heat, steam or refrigeration.

(2) We will also pay any necessary expenses you incur to reduce or avert the amount of loss under this Coverage Extension. We will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

(3) The "Covered Equipment" must either be "Covered Property" or be property of others that is:

(a) Located on or within 500 feet of a Covered Premises insured under this Policy; and

(b) Used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to the described premises.

d. Utility Interruption

If you purchase Utility Interruption coverage and have selected coverage for Business Income, Extra Expense and/or Spoilage Damage, the selected coverage(s) are extended to include loss resulting from the interruption of utility services provided all of the following conditions are met:

(1) The interruption is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by the local private or public utility or distributor that directly generates, transmits, distributes or provides utility services which you receive; and

(2) The "Covered Equipment" is located more than 500 feet from the affected Covered Premises insured under this Policy; and

(3) The "Covered Equipment" is used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to your premises; and

(4) The interruption of utility service to your Covered Premises lasts at least the consecutive period of time shown in the Declarations. Once this waiting period is met, coverage will commence at the initial time of the interruption and will then be subject to all applicable deductibles.

e. Brands & Labels

(1) If branded or labeled merchandise that is "Covered Property" is damaged by a "Breakdown", we may take all or any part of the property at an agreed or appraised value. If we take such property, you may:

(a) Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or

(b) Remove the brands or labels if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with any law.

(2) We will pay the reasonable cost you incur to perform the activity described in Paragraphs (1)(a) and (1)(b), but the total we will pay for these costs and the value of the damaged property will not exceed the applicable Limit of Insurance on such property.

f. Contingent Time Element

(1) If you purchase Contingent Time Element coverage and have selected coverage for Business Income and/or Extra Expense, the selected coverage(s) are extended to cover your loss resulting from a "Breakdown" to "Covered Equipment" at a location shown in the Declarations, that is not owned or operated by you and which:

(a) Wholly or partially prevents the delivery of services or materials shown in the Declarations, to you

or from you to others for your account; or

(b) Results in the loss of sales at your Covered Premises shown in the Declarations.

- (2) You shall use your influence to induce the contributing or recipient location to make use of any other machinery, equipment, supplies or locations available in order to resume operations and delivery of services or materials to you, or the acceptance of products or services from you. You shall cooperate with the contributing or recipient locations to this effect in every way, but not financially unless authorized by us.

g. "Data" Or "Media" Coverage

If:

- (1) you purchase "Data" or "Media" Coverage; and
- (2) you have selected coverage for Business Income and/or Extra Expense; and
- (3) "Media" is damaged or "Data" is lost or corrupted as a direct result of a "Breakdown" to "Covered Equipment",

we will also pay your actual loss of "Business Income" and/or your "Extra Expenses" during the time necessary to:

- (1) Research, recreate, replace or restore the damaged "Media" or lost or corrupted "Data"; and
- (2) Reprogram instructions used in any covered "Computer Equipment".

There shall be no coverage for any "Data" or "Media" that cannot be replaced, recreated, or restored.

The most we will pay under this Coverage Extension for "Business Income" and/or your "Extra Expense" incurred is the Limit of Insurance indicated for "Data" or "Media" coverage in the Declarations.

h. Error in Description

We will pay your loss covered by this Policy if such loss is otherwise not payable solely because of any unintentional

error or omission in the description of a location as insured under this Policy.

You agree to give us prompt notice of any correction or addition to the description of a location insured under this Policy.

i. Expediting Expense

With respect to direct damage to "Covered Property" we will pay for the reasonable extra cost you necessarily incur to:

- (1) Make temporary repairs; and/or
- (2) Expedite the permanent repairs or replacement of the damaged property.

j. Newly Acquired Locations

We will automatically provide coverage at newly acquired locations you have purchased or leased. This coverage begins at the time you acquire the property and continues for a period not exceeding the number of days indicated in the Declarations for Newly Acquired Locations, under the following conditions:

- (1) You must promptly inform us in writing of the newly acquired locations; and
- (2) You agree to pay an additional premium as determined by us; and
- (3) The coverage for these locations will be subject to the same terms, conditions, exclusions and limitations as other insured Covered Premises until endorsed onto the Policy; and
- (4) If the coverages and deductibles vary for existing premises, then the coverages for the newly acquired locations will be the broadest coverage, highest limits and highest deductibles applicable to the existing Covered Premises.
- (5) The coverage under this Coverage Extension will end when any of the following first occurs:
 - (a) This Policy expires; or
 - (b) The number of days specified in the Declarations for this coverage expires after the location is acquired; or
 - (c) The acquisition is reported to us in writing; or

BOILER AND MACHINERY

(d) The location is specifically insured by this Policy.

k. Ordinance or Law Coverage (including Demolition and Increased Cost of Construction)

The following applies despite the Ordinance or Law Exclusion and provided these increases in loss are necessitated by the enforcement of any ordinance, law, rule, regulation or ruling that is in force at the time of the "Breakdown", which regulate the demolition, construction, repair or use of the building or structure. With respect to the building or structure that was damaged as a result of a "Breakdown",

(1) We will pay for:

- (a) The loss in value of the undamaged portion of the building or structure as a consequence of enforcement of an ordinance, law, rule, regulation or ruling that requires the demolition of undamaged parts of the same building or structure;
- (b) Your actual cost to demolish and clear the site of the undamaged parts of the same building or structure as a consequence of enforcement of an ordinance, law, rule, regulation or ruling that requires the demolition of such undamaged property; and
- (c) The increased cost actually and necessarily expended to:
 - (i) Repair or reconstruct the undamaged or destroyed portions of the building or structure; and
 - (ii) Reconstruct or remodel the undamaged portion of that building or structure with buildings or structures of like materials, height, floor area, and style for like occupancy, whether or not demolition is required on:
 - i The same Covered Premises or at another location, if you so elect. However, if you rebuild at another location, the

most we will pay is the increased cost of construction that we would have paid to rebuild at the same Covered Premises; or

- ii Another location if the relocation is required by the ordinance, law, rule, regulation or ruling. The most we will pay is the increased cost of construction at the new location.

(d) If you have selected Business Income coverage and/or Extra Expense coverage, we will pay under this Coverage Extension the additional loss of "Business Income" and/or your "Extra Expense" that you actually incur as a direct consequence of enforcement of an ordinance, law, rule, regulation or ruling.

(2) We will not pay for:

- (a) Demolition or site clearing until the undamaged portions of the buildings or structures are actually demolished;
- (b) Increase in loss until the damage or destroyed buildings or structure are actually rebuilt or replaced and approved by the regulating government agency;
- (c) Loss due to any ordinance, law, rule, regulation or ruling that:
 - (i) You were required to comply with before the loss, even if the building was undamaged; and
 - (ii) You failed to comply with;
- (d) Increase in loss, excess of the amount required to meet the minimum requirement of an ordinance, law, rule, regulation or ruling enforcement at the time of the "Breakdown"; or
- (e) Increase in loss resulting from a substance declared to be haz-

ardous to health or environment by any government agency.

(3) If:

- (a) The building or structure is damaged by a "Breakdown" that is covered by this Policy; and
- (b) There is other physical damage that is not covered by this Policy; and
- (c) The building damage in its entirety results in enforcement of ordinance, law, rule, regulation or ruling;

then we will not pay the full amount of the loss under this coverage. Instead, we will pay only that proportion of such loss; meaning the proportion that the covered "Breakdown" loss bears to the total physical damage.

But if the building or structure sustains direct physical damage that is not covered under this Policy and such damage is the subject of the ordinance, law, rule, regulation or ruling, then there is no Ordinance or Law coverage under this Policy even if the building has also sustained damage by a covered "Breakdown".

- (4) If you have selected coverage for Business Income and/or Extra Expense, then the "Period of Restoration" is extended to include the additional period of time required for demolition, removal, repair, remodeling or reconstruction.

B. Exclusions

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

The exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Ordinance or Law

Increase in loss from the enforcement of any ordinance, law, rule, regulation or ruling which restricts or regulates the repair, replacement, alteration, use, operation, construction, installation, clean-up or disposal of "Covered

Property", except as provided under Coverage Extension 2.k.

However the words 'use' and 'operation' shall be eliminated as respects a covered "Breakdown" to electrical supply and emergency generating equipment located on any Covered Premises identified in the Declarations, when continued operation is contingent on the presence of such electrical supply and emergency generating equipment as mandated by any government agency.

2. Earth Movement

Earth movement including, but not limited to, earthquake, landslide, land subsidence, mine subsidence, sinkhole collapse or volcanic action.

3. Water

- a. Flood, surface water, waves, tides, tidal waves, tsunami, overflow of any body of water, or their spray, all whether driven by wind or not; or
- b. Mudflow or mudslides; or
- c. Water damage caused by backup of sewers, drains, or drainage piping; or
- d. Water damage caused by the discharge or leakage of a sprinkler system, sewer piping or domestic water piping.

4. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

5. War or Military Action

- a. War, including undeclared or civil war;
- b. Wartime action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

6. An explosion

However we will pay for direct loss or damage caused by an explosion of "Covered Equipment" of a kind specified in a. through f. below, and which is not otherwise excluded under this Section B. or elsewhere in this Policy:

BOILER AND MACHINERY

- a. Steam boiler; or
 - b. Electric steam generator; or
 - c. Steam piping; or
 - d. Steam turbine; or
 - e. Steam engine; or
 - f. Gas turbine or any other moving or rotating machinery, when such explosion is caused by centrifugal force or mechanical breakdown.
7. **Fire or combustion explosion including those that:**
- a. Result in a "Breakdown"; or
 - b. Occur at the same time as a "Breakdown"; or
 - c. Ensur from a "Breakdown".
8. **Explosion** within the furnace of a chemical recovery type boiler or within the gas passages from the furnace to the atmosphere.
9. Damage to "Covered Equipment" undergoing a **pressure or electrical test**.
10. **Water or other means used to extinguish a fire**, even when the attempt is unsuccessful.
11. **Costs to research, reconstruct or restore damaged "Data" or "Media" except as provided under Coverage Extension 2.g.**
12. **Depletion, deterioration, corrosion, erosion, wear and tear, rust, fungus, decay, wet or dry rot, or mold.** However, if a "Breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded.
13. A "Breakdown" that is caused directly or indirectly by **Hail or Windstorm**.
14. A "Breakdown" that is the direct or indirect result of the following causes of loss, if such cause of loss is covered by another policy of insurance or self-insurance risk retention plan in force at the time of the loss, regardless of deductible. Also excluded are all resulting direct and indirect loss.
- a. Aircraft; or
 - b. Civil commotion; or
 - c. Collapse; or
 - d. Freezing caused by cold weather; or
 - e. Impact of aircraft, missile or vehicle; or
 - f. Lightning; or
- g. Molten material; or
 - h. Objects falling from aircraft or missiles; or
 - i. Riot; or
 - j. Smoke; or
 - k. Vandalism; or
 - l. Vehicles; or
 - m. Weight of snow, ice, sleet.
15. **A delay in, or an interruption of**, any business, manufacturing or processing activity except as provided in Business Income coverage, Extra Expense coverage and/or Utility Interruption Coverage.
16. **With respect to Business Income coverage, Extra Expense coverage, Utility Interruption coverage**, the following additional exclusions shall apply:
- a. The business that would not or could not have been carried on if the "Breakdown" had not occurred; or
 - b. Your failure to use due diligence and dispatch to operate your business as nearly normal as practicable at the Covered Premises shown in the Declarations; or
 - c. The suspension, lapse or cancellation of a contract following a "Breakdown" extending beyond the time business could have resumed if the contract had not lapsed, been suspended or canceled.
17. **Lack or excess of power, light, heat, steam or refrigeration** except as provided by Business Income coverage, Extra Expense coverage, Utility Interruption coverage and/or Spoilage Damage coverage.
18. **With respect to Utility Interruption coverage**, any loss resulting from the following causes of loss whether or not coverage for that cause of loss is provided by another policy or self-insurance risk retention plan you have. Also excluded are all resulting direct or indirect loss.
- a. Aircraft; or
 - b. Civil commotion; or
 - c. Collapse; or
 - d. Freezing caused by cold weather; or
 - e. Impact of aircraft, missile or vehicle; or
 - f. Lightning; or
 - g. Molten material; or

- h. Objects falling from aircraft or missiles; or
- i. Riot; or
- j. Smoke; or
- k. Vandalism; or
- l. Vehicles; or
- m. Weight of snow, ice, sleet; or
- n. Acts of Sabotage; or
- o. Deliberate act(s) of load shedding by the supplying or distributing utility.

- 19. **Any other indirect result** of a "Breakdown" to "Covered Equipment" except as provided under Business Income coverage, Extra Expense coverage, Spoilage Damage coverage, Utility Interruption coverage.
- 20. **Neglect** by you to use all reasonable means to save and preserve "Covered Property" from further damage at and after the time of loss.

C. Limits of Insurance

- 1. *The most we will pay for any and all coverages for loss or damage from any "One Breakdown" is the applicable Limit of Insurance shown in the Declarations.*
- 2. Any payment made will not be increased if more than one insured is shown in the Declarations.
- 3. For each coverage in Paragraph A.1. and A.2. if:
 - a. INCLUDED is shown in the Declarations, the limit for such coverage is part of, not in addition to, the "Total Limit per Breakdown".
 - b. A limit is shown in the Declarations, we will not pay more than the Limit of Insurance for each such coverage.
- 4. The most we will pay for direct damage to "Covered Property" for each of the following is the amount indicated in the Declarations under Coverage Limitations. The limits are part of, not in addition to, the Limit of Insurance for Property Damage.
 - a. **Ammonia Contamination**
If "Covered Property" is contaminated by ammonia as a direct result of a "Breakdown" to "Covered Equipment", we will pay for this kind of damage, including salvage expense.

b. Hazardous Substance

The following applies despite the operation of the Ordinance or Law Exclusion:

If "Covered Property" is damaged, contaminated or polluted by a "Hazardous Substance" as a direct result of a "Breakdown" to "Covered Equipment", we will pay for any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property.

As used here, additional expenses means the additional cost incurred over and above the amount that we would have paid had no "Hazardous Substance" been involved with the loss.

Ammonia is not considered to be a "Hazardous Substance" as respects this limitation.

If you have selected Business Income coverage and/or Extra Expense coverage, we will also pay under this Coverage Extension for any loss of "Business Income" or "Extra Expense" caused by such contamination.

The maximum we shall pay for damage to "Covered Property", "Business Income" and/or "Extra Expense" under this coverage extension shall be the limit indicated on the Declaration under Hazardous Substance.

c. Water Damage

If "Covered Property" is damaged by water as a direct result of a "Breakdown" to "Covered Equipment", we will pay for this kind of damage, including salvage expense.

D. Deductibles

1. Application of Deductibles

We will not pay for loss or damage resulting from any "One Breakdown" until the amount of covered loss or damage exceeds the deductible shown in the Declarations for each applicable coverage. We will then pay the amount of covered loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

Deductibles apply separately for each applicable coverage except if:

BOILER AND MACHINERY

- a. A deductible is shown as Combined for any of the coverages in the Declarations, then we will first subtract the combined deductible amount from the aggregate amount of any loss to which the combined deductible applies; or
- b. More than one "Covered Equipment" is involved in "One Breakdown", then only one deductible, the highest, shall apply for each of the applicable coverages.

2. Determination of Deductibles

a. Dollar Deductible

If a dollar deductible is shown in the Declarations, we will first subtract the deductible amount from any loss we would otherwise pay.

b. Multiple per Unit Deductible

If a multiple of units is shown in the Declarations, the deductible will be calculated as the sum of the multiplier times the number of units specified. (For example: if the deductible is specified as \$25/hp for air conditioning units, and a covered 500 hp air conditioning unit suffered a "Breakdown", the deductible will be \$25 times 500 hp which equals \$12,500.)

c. Time Deductible

If a time deductible is shown in the Declarations, we will not be liable for any loss under that coverage that occurs during that specified time period immediately following a "Breakdown". If a time deductible is shown in days, each day shall mean twenty-four consecutive hours.

d. Multiple of Daily Value Deductible

If a multiple of daily value is shown in the Declarations, this deductible will be calculated as follows:

- (1) For the entire Covered Premises where the loss occurred, determine the total amount of "Business Income" that would have been earned during the "Period of Restoration" had no "Breakdown" taken place.
- (2) Divide the result in Paragraph (1) by the number of days the business would have been open during the "Period of Restoration". The result is the daily value.

- (3) Multiply the daily value in Paragraph (2) by the number of daily value multiples shown in the Declarations. We will first subtract this deductible amount from any loss we would otherwise pay. We will then pay the amount of loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

e. Percentage of Loss Deductible

If a deductible is expressed as a percentage of loss in the Declarations, we will not be liable for the indicated percentage of the gross amount of loss or damage (prior to the applicable deductible or coinsurance) insured under the applicable coverage.

f. Minimum Or Maximum Deductible

(1) If:

- (a) A minimum dollar amount deductible is shown in the Declarations; and
- (b) The dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is less than the Minimum Deductible;

then the Minimum Deductible amount shown in the Declarations will be the applicable deductible.

(2) If:

- (a) A maximum dollar amount deductible is shown in the Declarations; and
- (b) The dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is greater than the Maximum Deductible;

then the Maximum Deductible amount shown in the Declarations will be the applicable deductible.

E. Conditions

The following conditions apply in addition to the Common Policy Conditions:

1. Loss Conditions

a. Abandonment

There can be no abandonment of any property to us.

b. Appraisal

If you and we disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that a judge of a court having jurisdiction make the selection. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

c. Defense

(1) If there is damage to property of another in your care, custody or control and for which you are legally liable, that was directly caused by a "Breakdown" to "Covered Equipment", we will have the right and duty to defend you against any suit alleging liability for that property. However, we have no duty to defend you against any suit alleging liability for damage to property not covered by this Policy.

(2) If a claim or suit is brought against you alleging that you are liable for damage to property of another that was caused by a "Breakdown" to "Covered Equipment", we will either:

- (a) settle the claim or suit; or
- (b) defend you against the suit but keep for ourselves the right to settle it at any point.

d. Duties in the Event of Loss or Damage

(1) You must see that the following are done in the event of loss or damage to "Covered Property":

- (a) Give us a prompt notice of the loss or damage. Include a description of the property involved; and

(b) As soon as possible, give us a description of how, when and where the loss or damage occurred; and

(c) Allow us a reasonable time and opportunity to examine the property and Covered Premises before repairs are undertaken or physical evidence of the "Breakdown" is removed. But you must take whatever measures are necessary to protect the property and Covered Premises from further damage; and

(d) Preserve all repaired or replaced "Covered Property" for our inspection, unless we authorize otherwise; and

(e) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records; and

(f) Permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records; and

(g) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms; and

(h) Cooperate with us in the investigation or settlement of the claim; and

(i) Promptly send us any legal papers or notices received concerning the loss or damage; and

(j) Make no statement that will assume any obligation or admit any liability, for any loss or damage for which we may be liable, without our consent.

(2) We may examine any Insured under oath, while not in the presence of any other Insured and at such times as may be reasonably required, about

BOILER AND MACHINERY

any matter relating to this insurance or the claim, including an Insured's books and records. In the event of an examination, an Insured's answers must be signed.

e. Insurance Under Two or More Coverages

If two or more of this Policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

f. Legal Action Against Us

No one may bring a legal action against us under this Policy unless:

- (1) There has been full compliance with all the terms of this Policy; and
- (2) The action is brought within 2 years after the date of the "Breakdown"; or
- (3) We agree in writing that you have an obligation to pay for damage to "Covered Property" of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this Policy to bring us into any action to determine your liability.

g. Other Insurance

- (1) You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Policy. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable limit of insurance under this Policy bears to the Limits of Insurance of all insurance covering on the same basis.
- (2) If there is other insurance covering the same loss or damage, other than that described in Paragraph (1), we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

h. Privilege to Adjust with Owner

In the event of loss or damage involving property of others in your care, custody or control, we have the right to settle the

loss or damage with the owner of the property. A receipt for payment from the owner of that property will satisfy any claim of yours against us.

i. Reducing Your Loss

As soon as possible after a "Breakdown" you must:

- (1) Resume business, partially or completely; and
- (2) Make up for lost business within a reasonable period of time. This reasonable period does not necessarily end when operations are resumed; and
- (3) Make use of every reasonable means to reduce or avert loss including:
 - (a) Working extra time or overtime at the Covered Premises or at another location you own or acquire to carry on the same operations; or
 - (b) Utilizing the property and/or services of other concerns; or
 - (c) Using merchandise or other property, such as surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock you own, control or can obtain; or
 - (d) Salvaging the damaged "Covered Property".

j. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment.

That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- (1) Prior to a loss to your "Covered Property" or covered income; or
- (2) After a loss to your "Covered Property" or covered income only if, at time of loss, that party is one of the following:

BOILER AND MACHINERY

- (a) Someone insured by this Policy;
- (b) A business firm:
 - (i) Owned or controlled by you;
 - (ii) That owns or controls you; or
- (c) Your tenant.

This will not restrict your insurance.

k. Loss Payment

- (1) In the event of loss or damage covered by this Policy, at our option, we will either:
 - (a) Pay the value of lost or damaged property; or
 - (b) Pay the cost of repairing or replacing the lost or damaged property; or
 - (c) Take all or any part of the property at an agreed or appraised value; or
 - (d) Repair, rebuild or replace the property with other property of like kind and quality.
- (2) We will give notice of our intentions within 30 days after we receive the proof of loss.
- (3) We will not pay more than your financial interest in the "Covered Property".
- (4) We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:
 - (a) You have complied with all of the terms of the Policy; and
 - (b) We have reached agreement with you on the amount of loss or an appraisal award has been made and we have not denied the claim.

l. Valuation

- (1) We will pay the amount you spend to repair or replace "Covered Property" directly damaged by a "Breakdown" to "Covered Equipment". Our payment will be the smallest of:
 - (a) The cost to repair the damaged property; or
 - (b) The cost to replace the damaged property; or

- (c) The amount you actually spend that is necessary to repair or replace the damaged property.

But we will not pay for such damaged property that is obsolete or useless to you.

- (2) If the cost of repairing or replacing a part of "Covered Equipment" is greater than:

- (a) The cost of repairing the entire "Covered Equipment"; or
- (b) The cost of replacing the entire "Covered Equipment";

we will pay only the smallest amount.

- (3) If "Covered Equipment" cannot be repaired or the cost to repair is more than the cost to replace, and the damage to the "Covered Equipment" equals or exceeds 100% of the actual cash value of the "Covered Equipment", you may choose to apply the following provision.

New Generation Coverage - If you want to replace damaged "Covered Equipment" with a newer generation "Covered Equipment" of the same capacity, we will pay up to 25% more than "Covered Equipment" of like kind, quality and capacity would have cost at the time of the "Breakdown".

- (4) Except for New Generation Coverage, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a larger capacity.

- (5) If:

- (a) Any damaged "Covered Property", that is intended for your use, is protected by an **extended warranty, or maintenance or service contract**; and
- (b) That warranty or contract becomes void or unusable due to a "Breakdown";

we will reimburse you for the prorated amount of the unused costs of non-refundable, non-transferable warranties or contracts.

BOILER AND MACHINERY

- (6) Unless we agree otherwise in writing, if you do not repair or replace the damaged property within 24 months following the date of the "Breakdown", then we will pay only the smaller of the:
- (a) Cost it would have taken to repair or replace; or
 - (b) Actual cash value at the time of the "Breakdown".
- (7) If all of the following conditions are met, **property held by you for sale** will be valued at the selling price as if no loss or damage had occurred, less any discounts you offered and expenses you otherwise would have had if:
- (a) The property was manufactured by you; and
 - (b) The selling price of the property is more than the replacement cost of the property; and
 - (c) You are unable to replace the property before its anticipated sale.
- (8) We will pay for loss to damaged "Data" or "Media" as follows:
- (a) Replacement cost for "Data" or "Media" that are mass produced and commercially available; and
 - (b) For all other "Data" or "Media", at the cost of:
 - (i) Blank material for reproducing the records and
 - (ii) Labor to transcribe or copy the records when there is a duplicate.
- (9) We will determine the value of "Covered Property" under **Spoilage Damage Coverage** as follows:
- (a) For raw materials, the replacement cost;
 - (b) For goods in process, the replacement cost of the raw materials, the labor extended and the proper proportion of overhead charges; and
 - (c) For finished goods, the selling price, as if no loss or damage had occurred, less any discounts you offered and expenses you otherwise would have had.
- (10) Any **salvage value** of property obtained for temporary repairs or use following a "Breakdown" which remains after repairs are completed will be taken into consideration in the adjustment of any loss.
- (11) **Pair, Sets or Parts**
- (a) **Pair or Set.** In case of loss caused by a "Covered Cause of Loss" to any part of a pair or set we may:
 - (i) Repair or replace any part to restore the pair or set to its value before the "Breakdown"; or
 - (ii) Pay the difference between the value of the pair or set before and after the "Breakdown".
 - (b) **Parts.** In case of loss caused by a "Covered Cause of Loss" to any part of "Covered Property" consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

m. Business Income Report of Values

You must report to us each year the "business income estimated annual value" for all Covered Premises to which the Coverage Extension - Business Income applies.

n. Business Income Coinsurance

We will not pay the full amount of any "business income" loss if the "business income actual annual value" is greater than the "business income estimated annual value" shown in your latest report. Instead, we will determine the most we will pay using the following steps:

- (1) Divide the "business income estimated annual value" last reported to us by the "business income actual annual value" at the time of the "Breakdown";
- (2) Multiply the total amount of the covered loss of "business income" by the

figure determined in paragraph (1) above;

- (3) Subtract the applicable Deductible from the amount determined in paragraph (2) above;

The resulting amount, or the Business Income Limit, whichever is less, is the most we will pay. We will not pay for the remainder of the loss.

This provision applies separately to each Covered Premises.

o. Conditional Suspension of Coinsurance

The Business Income Coinsurance provision is suspended if we have received from you, prior to the "Breakdown", a Business Income Report of Values as follows:

- (1) The report must provide a "business income estimated annual value" for the Covered Premises affected by the "Breakdown"; and
- (2) The "business income estimated annual value" must apply to an annual period ending no more than 90 days prior to the date of the "Breakdown".

2. General Conditions

a. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve us of an obligation under this Policy.

b. Cancellation

As respects this Policy, part 2 of the "Cancellation" Condition of the Common Policy Condition is replaced by the following:

We may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) The number of days indicated in the Declarations for Notice of Cancellation before the effective date of cancellation for any reason.

c. Concealment, Misrepresentation or Fraud

This Policy is void in any case of fraud, intentional concealment or misrepresentation of a material fact by you or any other Insured, at any time, concerning:

- (1) This Policy; or
- (2) The "Covered Property"; or
- (3) Your Interest in the "Covered Property"; or
- (4) A claim under this Policy.

d. Currency

All amounts used herein are expressed in United States currency and any loss sustained under this policy shall be paid in United States currency.

If, in the event of loss or damage, the amount of such loss or damage is computed in the foreign currency, the amount of such loss or damage will then be converted into United States currency at the rate of exchange as specified in the Wall Street Journal as of the date the "Breakdown" occurred.

e. Liberalization

If we adopt any standard form revision for general use that would broaden coverage under this Policy without additional premium, the broadened coverage will immediately apply to this Policy if the revision is effective within 45 days prior to or during the policy period.

f. No Benefit to Bailee

No person or organization, other than you, having custody of "Covered Property" will benefit from this insurance.

g. Policy Period, Coverage Territory

Under this Policy:

- (1) We cover loss or damage commencing;
 - (a) During the policy period shown in the Declarations; and
 - (b) Within the coverage territory.
- (2) The coverage territory is:
 - (a) The United States of America (including its territories and possessions);

BOILER AND MACHINERY

(b) Puerto Rico; and

(c) Canada

h. Values and Premium Adjustments

You shall report to us 100% of the total insurable values at each Covered Premises every year as of the anniversary date. The values shall be reported separately for each of the coverages provided. Premium for each anniversary will be calculated for the ensuing period on the basis of rates in effect at the anniversary date and for all values at risk.

You agree to keep the applicable records for each policy year of the Policy Period available for inspection by our representatives at all times during business hours, and for a period of twelve months after the end of the Policy year or after cancellation of this Policy.

i. Suspension

Whenever "Covered Equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from a "Breakdown" to that "Covered Equipment". This can be done by delivering or mailing a written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the "Covered Equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "Covered Equipment".

If we suspend your insurance, you will get a pro rata refund of premium for that "Covered Equipment". But the suspension will be effective even if we have not yet made or offered a refund.

3. Joint or Disputed Loss Agreement

a. This condition is intended to facilitate payment of insurance proceeds when:

- (1) Both a commercial property policy and this Policy are in effect; and
- (2) Damage occurs to "Covered Property" that is insured by the commercial property policy(ies) and this Policy; and

(3) There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies.

b. This condition does not apply if:

- (1) Both the commercial property insurer(s) and we do not admit to any liability; and
- (2) Neither the commercial property insurer(s) nor we contend that coverage applies under the other insurer's policy.

c. The provisions of this condition apply only if all of the following requirements are met:

(1) The commercial property policy(ies) carried by the Named Insured, insuring the "Covered Property", contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this condition; and

(2) The damage to the "Covered Property" was caused by a loss for which:

(a) Both the commercial property insurer(s) and we admit to some liability for payment under the respective policies; or

(b) There is disagreement between the insurers with respect to:

i. Whether the damage to the "Covered Property" was caused by a "Covered Cause of Loss" insured under this Policy or by a covered cause of loss insured by the commercial property policy(ies); or

ii. The extent of participation of this Policy and of such commercial property policy(ies) in a loss that is insured against, partially or wholly, by any or all of said policy(ies).

d. If the requirements listed in Paragraph c. above are satisfied, the commercial property insurer(s) and we will make payment per the following:

BOILER AND MACHINERY

- (1) We will pay, after your written request, the entire amount of loss that we have agreed is covered, if any, by this Policy and one-half (1/2) the amount of the loss that is in disagreement.
- (2) The commercial property insurer(s) will pay, after your written request, the entire amount of loss that they have agreed as being covered, if any, by the commercial property policy(ies) and one-half (1/2) the amount of loss that is in disagreement.
- (3) Payments by the insurers of the amounts that are in disagreement, as described in Paragraphs (1) and (2), do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.
- (4) The amount in disagreement to be paid by us under this condition shall not exceed the amount payable under the equivalent Loss Agreement(s) of the commercial property policy(ies).
- (5) The amount to be paid under this condition shall not exceed the amount we would have paid had no commercial property policy(ies) been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations.
- (6) Acceptance by you of sums paid under this condition does not alter, waive or surrender any other rights against us.

e. Arbitration

- (1) The payments by the commercial property insurer(s) and us hereunder and acceptance of those sums by you signify the agreement between the commercial property insurer(s) and us to proceed with arbitration within 90 days of such payment.
- (2) The arbitrators shall be three in number, one of whom shall be appointed by us and one of whom shall be appointed by the commercial property insurer(s) and the third appointed by consent of the other two arbitrators.
- (3) The decision by the arbitrators shall be binding on the commercial property insurer(s) and us and that judgment upon such award may be entered in any court of competent jurisdiction.
- (4) You agree to cooperate in connection with such arbitration but not to intervene therein.

F. Definitions

1. "Breakdown"

- a. Means the following direct physical loss, that causes physical damage to "Covered Equipment" and necessitates its repair or replacement:
 - (1) Failure of pressure or vacuum equipment; or
 - (2) Mechanical failure including rupture or bursting caused by centrifugal force; or
 - (3) Electrical failure including arcing;unless such loss or damage is otherwise excluded within this Policy or any Endorsement forming a part of this Policy.
- b. Does not mean or include:
 - (1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification; or
 - (2) Defects, erasures, errors, limitations or viruses in "Computer Equipment", "Data", "Media" and/or programs including the inability to recognize and process any date or time or provide instructions to "Covered Equipment". However, if a "Breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded; or
 - (3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection; or
 - (4) Damage to any vacuum tube, gas tube, or brush; or
 - (5) Damage to any structure or foundation supporting the "Covered Equipment" or any of its parts; or

BOILER AND MACHINERY

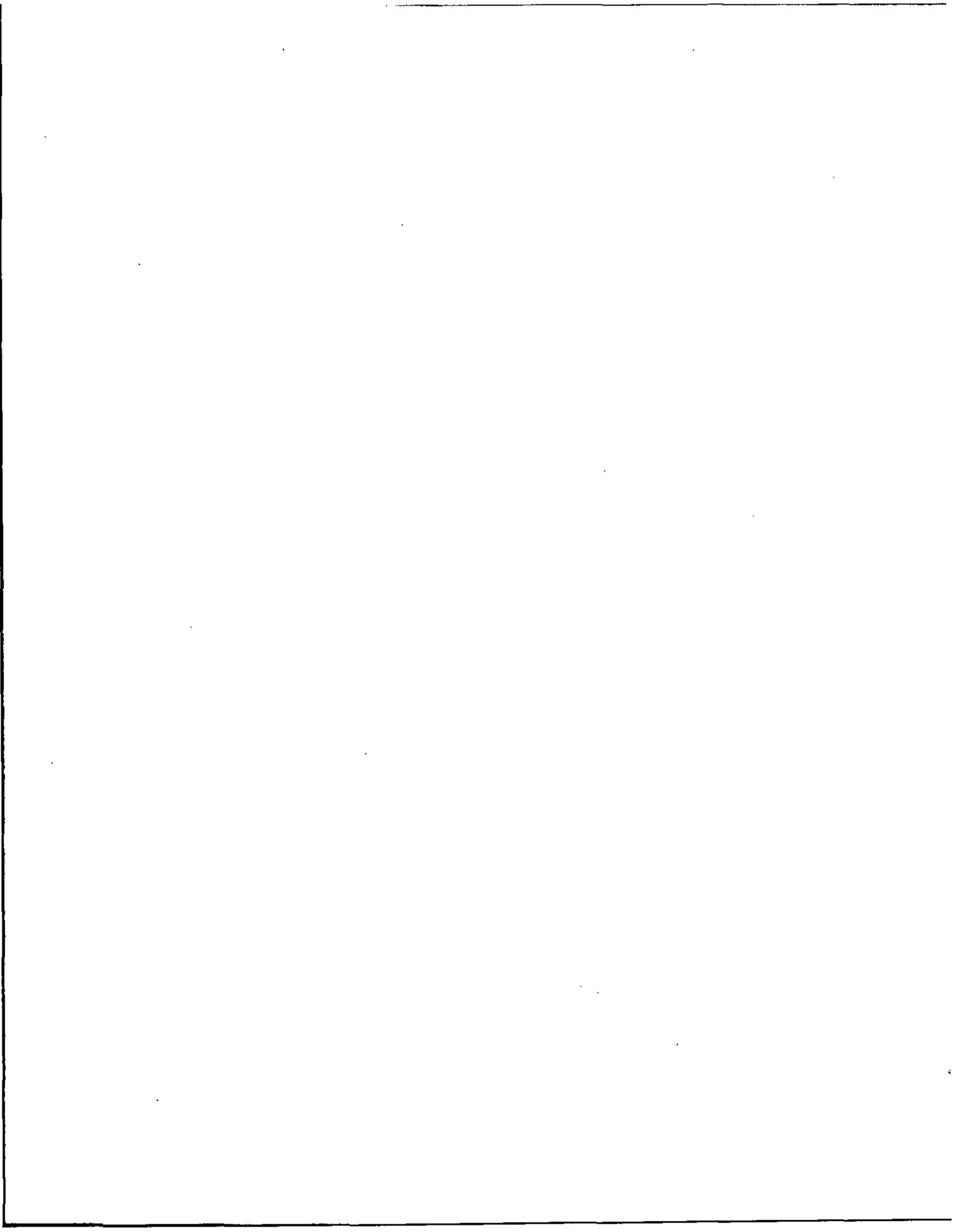
- (6) The functioning of any safety or protective device; or
- (7) The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.
2. **"Business Income"** means the:
- Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
 - Continuing normal operating expenses incurred, including "Ordinary Payroll".
3. **"Business Income Actual Annual Value"** means the "Business Income" for the current fiscal year that would have been earned had no "Breakdown" occurred.
- In calculating the "business income actual annual value", we will take into account the actual experience of your business before the "Breakdown" and the probable experience you would have had without the "Breakdown".
4. **"Business Income Estimated Annual Value"** means the "Business Income" as estimated by in the most recent Business Income Report of Values we have on file.
5. **"Computer Equipment"** means:
- Your programmable electronic equipment that is used to store, retrieve and process data; and
 - Associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission.
- It does not include "Data" or "Media".
6. **"Covered Cause of Loss"** – see Page 1, Paragraph A. 1.
7. **"Covered Equipment"**
- Means and includes any:
 - Equipment designed and built to operate under internal pressure or vacuum other than weight of contents;
For any boiler or fired vessel, the furnace of the "Covered Equipment" and the gas passages from there to the atmosphere will be considered as outside the "Covered Equipment"; or
 - Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy; or
 - Communication equipment and "Computer Equipment"; or
 - Fiber optic cable.
 - "Covered Equipment" does not mean or include any:
 - "Media"; or
 - Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum; or
 - Insulating or refractory material; or
 - Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or a Code that has been accepted by the National Board of Boiler and Pressure Vessel Inspectors; or
 - Catalyst; or
 - Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace; or
 - Structure, foundation, cabinet or compartment supporting or containing the "Covered Equipment" or part of the "Covered Equipment" including penstock, draft tube or well casing; or
 - Vehicle, aircraft, self-propelled equipment or floating vessel, including any "Covered Equipment" mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel; or
 - Dragline, power shovel, excavation or construction equipment including any "Covered Equipment" mounted on or used solely with any dragline, power shovel, excavation or construction equipment; or
 - Elevator or escalator, but not excluding any electrical machine or apparatus mounted on or used with this equipment; or

- (11) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, *non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement; or*
 - (12) Astronomical telescope, cyclotron, nuclear reactor, particle accelerator, satellites and/or spacecraft (including satellite or spacecraft contents and/or their launch sites); or
 - (13) "Diagnostic Equipment" unless shown as INCLUDED in the Declarations; or
 - (14) "Production Machines" unless shown as INCLUDED in the Declarations; or
 - (15) Equipment or any part of equipment manufactured by you for sale.
8. "Covered Property" means any property that:
- a. You own; or
 - b. Is in your care, custody or control and for which you are legally liable;
- while located at the Covered Premises described in the Declarations.
- "Covered Property" does not mean live animals, fish, birds or insects. It also does not mean eggs intended to become live fish, birds or insects.
9. "Data" means:
- a. Programmed and recorded material stored on "Media" and
 - b. Programming records used for electronic data processing, or electronically controlled equipment.
10. "Diagnostic Equipment" means any machine or apparatus (other than astronomical telescopes, cyclotron, nuclear reactor or particle accelerator) used solely for research, diagnosis, medical, surgical, therapeutic, dental or pathological purposes.
11. "Extra Expense" means the additional cost you incur to operate your business during the "Period of Restoration" over and above the cost that you normally would have incurred to operate the business during the same period had no "Breakdown" occurred.
- Any salvage value of property obtained for temporary use during the "Period of Restoration" which remains after the resumption of normal operations will be taken into consideration in the adjustment of any loss.
12. "Hazardous Substance" means any substance, other than ammonia, that has been declared to be hazardous to health by a government agency.
13. "Media" means electronic data processing or storage material such as films, tapes, discs, drums or cells.
14. "One Breakdown" means if an initial "Breakdown" causes other "Breakdowns", all will be considered "One Breakdown". All "Breakdowns" at any one premises that manifest themselves at the same time and are the direct result of the same cause will be considered "One Breakdown".
15. "Ordinary Payroll" means payroll expenses for all your employees except Officers, Executives, Department Managers, and Employees under contract.
- "Ordinary Payroll" expenses include Payroll; Employee benefits, if directly related to payroll; FICA payments; Union dues; and Worker's Compensation premiums.
16. "Period of Restoration" means the period of time that:
- a. Begins at the time of the "Breakdown; and
 - b. Ends the number of consecutive days indicated in the Declarations after the date when the damaged property at the Covered Premises described in the Declarations could have been repaired or replaced with reasonable speed and similar quality.
17. "Production Machines" means any production or process machine or apparatus that processes, forms, cuts, shapes, or grinds raw materials, materials in process or finished products, including all "Covered Equipment" that is used solely with and/or forms an integral part of the production or process or apparatus. But "Production Machines" does not include any:
- a. Pressure vessel or vacuum vessel, other than any cylinder containing a movable plunger or piston; or

BOILER AND MACHINERY

- b. Pump, compressor, fan or blower that conveys raw materials, materials in process or finished products; or
 - c. Separate enclosed gear set connected by a coupling, clutch or belt; or
 - d. Separate driving electrical or mechanical machine connected by a coupling clutch or belt.
- 18. **"Stock"** means merchandise held in storage or for sale, raw materials, property in process, or finished products, including supplies used in their packing or shipping.
 - 19. **"Total Limit per Breakdown"** means the total maximum amount payable for all coverages provided under this Policy as the result of "One Breakdown".

B



LIBERTY MUTUAL

ATTACHMENT B: COST PROPOSAL

TOTAL ANNUAL PREMIUM* July 1, 2012 to July 1, 2013 \$ 58,653

Unfired Pressure Vessels Inspection Fee** \$ _____

Renewal Options: ****

Option Year*** 1:

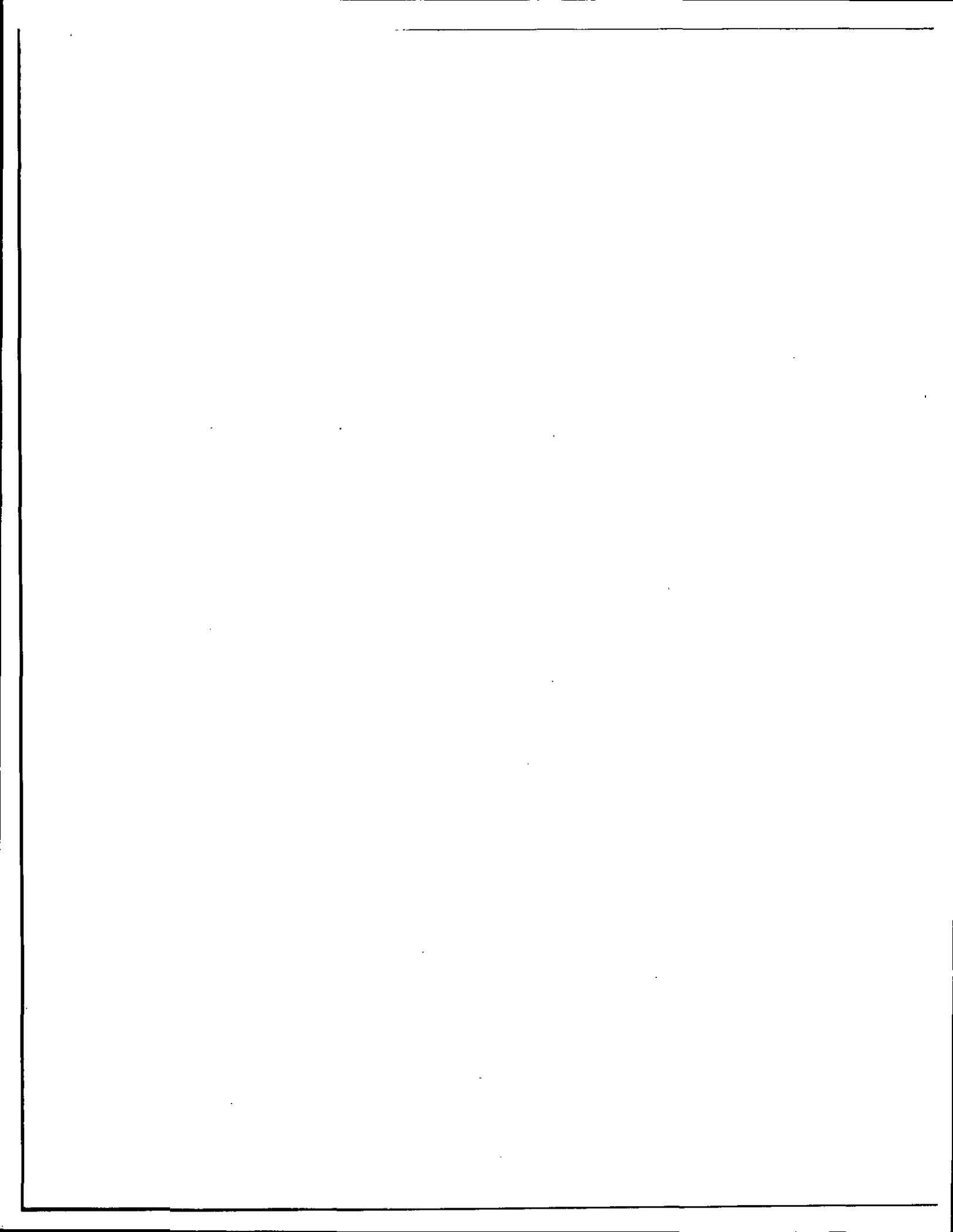
Option Year*** 2:

* Total Annual Premium should EXCLUDE the Unfired Pressure Vessels Inspection Fee, but be inclusive of all other fees, including broker fees.

**Unfired Pressure Vessels Inspection Fee shall be denoted on this Cost Proposal for reference purposes only, and shall not be billed until after the First Option Year is exercised.

***Option Year - One-year option periods will require notice of renewal premium to the Port Authority at least 45 days prior to the expiration of the policy in force. These amounts are not required to be included on this form.

Liberty is willing to offer a 3 year policy with annual installments. They agree to keep the rate flat for the 3 year policy term provided that the loss ratio (paid and reserved) does not exceed 30%.



PowerPro Select™

EQUIPMENT BREAKDOWN
INSURANCE PROPOSAL



**Port Authority Of New York & New
Jersey, The**

225 Park Avenue, 12th Floor
New York, NY 10003

Effective: 7/1/2012 -7/1/2013

Prepared for: E.G. BOWMAN COMPANY, INC.

James Tom
97 WALL STREET
NEW YORK, NY 10005

Prepared by: Jerry Liebers

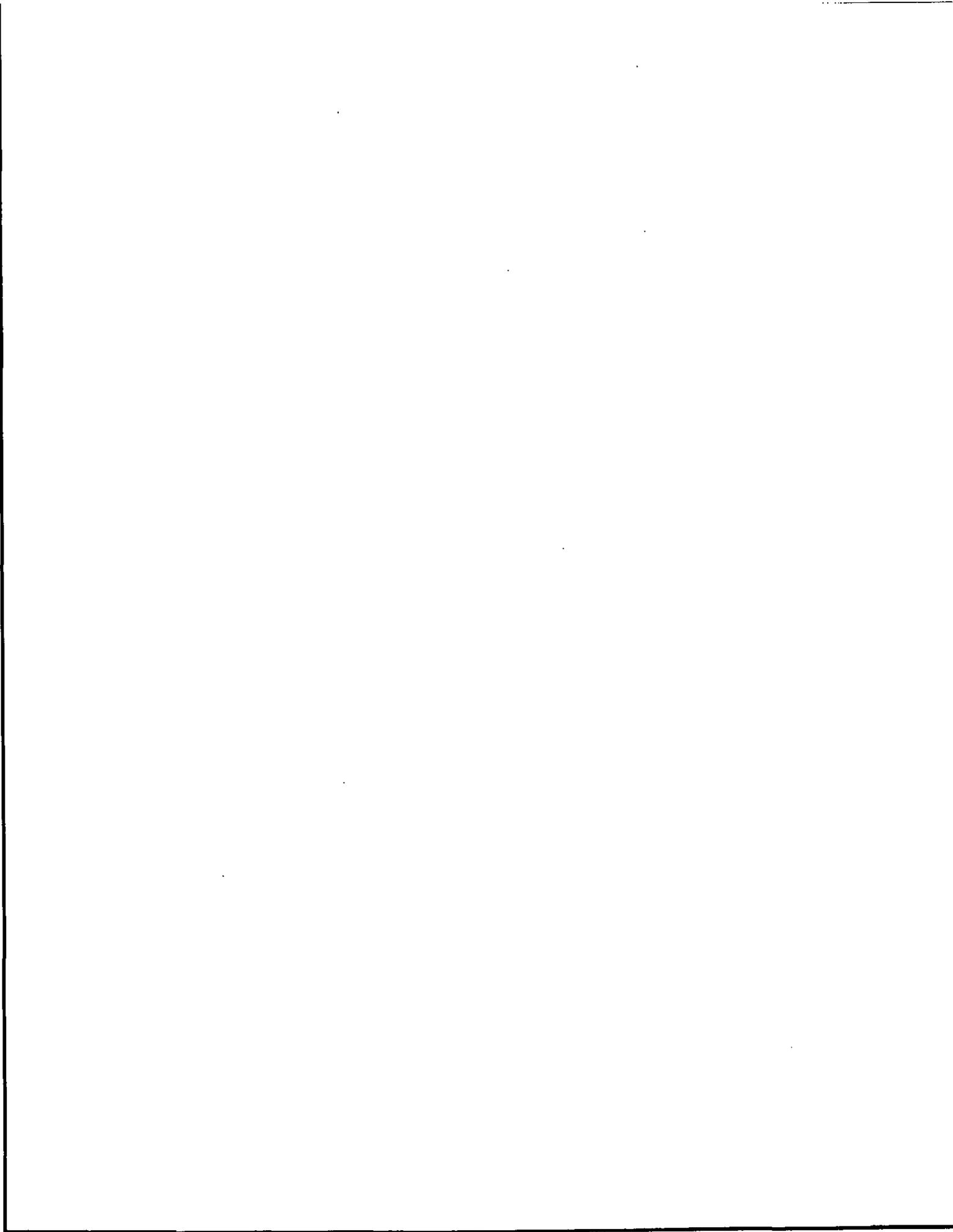
Underwriting Consultant
Weston, MA
732-409-7630
Jerome.liebers@libertymutual.com

This proposal is based on information on file with Liberty Mutual Equipment Breakdown, as of 5/14/2012
it is subject to adjustment should any information on file change. Should you require any changes to
coverages, deductibles or the terms provided or have any questions please contact:

Jerry Liebers

To bind coverage please forward Policy # to Jerome.liebers@libertymutual.com

To request a Jurisdictional Inspection please call 877-526-0020 or email: LMEBInspections@libertymutual.com



PowerPro Select™

EQUIPMENT BREAKDOWN INSURANCE PROPOSAL



Date Issued	5/14/2012	This Proposal EXPIRES on the Effective Date.	
Effective Date	7/1/2012	Expiration Date	7/1/2013
Insured's Name	Port Authority Of New York & New Jersey, The		
Insured's Address	225 Park Avenue, 12th Floor		
City/State/Zip	New York, NY 10003		
Policy Number			

Covered Premises: This proposal applies to the locations listed in the Statement of Values on file with us.

Insurance applies only to a coverage for which a Limit of Insurance, a number of Days/Hours or the word **INCLUDED** is shown. If **INCLUDED** is shown, then the limit for that coverage is part of the Limit Per Breakdown

Coverage	Limit Of Insurance Or Days/Hours
Limit Per Breakdown	\$50,000,000
1. Property Damage	Included
2. Expediting Expenses	\$1,000,000
3. Business Income/Extra Expense	\$1,000,000
a. Extra Expense Only	\$1,000,000
b. Extended Period Of Restoration(# Of Days Of Coverage)	120 Days
c. Data Or Media (\$25,000 Limit Of Insurance) or	Combined with Data and/or Media-PD
4. Spoilage Damage	\$500,000
5. Utility Interruption	\$1,000,000
Coverage applies only if the interruption of services lasts at least:	24 Hours
6. Newly Acquired Premises	INCLUDED
a. (Number Of Days Of Coverage)	90 Days
7. Ordinance Or Law	Included
8. Errors And Omissions	\$1,000,000
9. Brands And Labels	\$1,000,000
10. Contingent BI and/or EE	\$1,000,000
a. Covered Premises:	All Locations
b. Sales, Services Or Materials:	All Material & Services

Unless a higher limit or **INCLUDED** is shown, the most we will pay for direct damage to covered property is \$25,000 for each of the following. These limits are part of, not in addition to, the Property Damage or Limit Per Breakdown.

Coverage Limitations	Limit Of Insurance
Ammonia Contamination	\$1,000,000
Consequential Loss	\$500,000
Data And Media	\$1,000,000
Hazardous Substance	\$1,000,000
Water Damage	\$1,000,000
Conditions And Optional Coverages	
Business Income Report Date	
Business Income Annual Value	
Business Income Coinsurance Percentage	

PowerPro Select™
EQUIPMENT BREAKDOWN
INSURANCE PROPOSAL



Diagnostic Equipment (Included Or Excluded)	Included
Deductibles	
Combined Deductible	\$500,000
Property Damage Coverages	Included in Combined Ded
Business Income	Included in Combined Deductible
Extra Expense	Included in Combined Deductible
Spillage	Included in Combined Deductible
Other:	

Other Conditions/Additional Coverage Extensions/Restrictions:

90 day Notice of Cancellation, except 10 days for Non-Payment
 System Installation Coverage - \$500,000 Limit
 Resultant Damage to Property as a Result of a Breakdown to Covered Equipment while being Tested – Included
 \$10,000,000 PD & BI for Unscheduled Locations - Included

Increased Cost of Loss and Related Expenses for "Green" Upgrades
 Property Damage Limit: \$100,000
 Business Income and/or Extra Expense – Number of Days: 30 days

Limited Coverage for Fungus, Wet Rot and Dry Rot
 Limit: \$15,000
 Business Income and/or Extra Expense – Number of Days: 30 days

Premium/Agency Billed	Quote	Optional Quote
Policy Term Premium	\$58,653	\$
State Fees and Surcharges	0	\$
Total Policy Term Premium with State Fees and Surcharges	\$58,653	\$

Policy Term
 7/1/2012 to 7/1/2013

Commission
 10.00%

TIV as Submitted
 \$35,300,000,000

PowerPro Select™

EQUIPMENT BREAKDOWN
INSURANCE PROPOSAL



POLICYHOLDER DISCLOSURE: TERRORISM INSURANCE

This notice contains important information about the Terrorism Risk Insurance Act and your terrorism insurance coverage. Please read it carefully.

THE TERRORISM RISK INSURANCE ACT

The Terrorism Risk Insurance Act, including all amendments ("TRIA" or the "Act") establishes a program to spread the risk of catastrophic losses from certain acts of terrorism between insurers and the federal government. If an individual insurer's losses from a "certified act of terrorism" exceed a specified deductible amount, the government will reimburse the insurer for 85% of losses paid in excess of the deductible, but only if aggregate industry losses from such an act exceed \$100 million. An insurer that has met its insurer deductible is not liable for any portion of losses in excess of \$100 billion per year. Similarly, the federal government is not liable for any losses covered by the Act that exceed this amount. If aggregate insured losses exceed \$100 billion, losses up to that amount may be pro-rated, as determined by the Secretary of the Treasury.

MANDATORY OFFER OF COVERAGE FOR "CERTIFIED ACTS OF TERRORISM" AND DISCLOSURE OF PREMIUM

TRIA requires insurers to offer coverage for losses resulting from "certified acts of terrorism" that could otherwise be excluded and to specify the premium for this coverage. You have the option to accept or reject this coverage.

A "certified act of terrorism" means:

[A]ny act that is certified by the Secretary [of the Treasury], in concurrence with the Secretary of State, and the Attorney General of the United States

(i) to be an act of terrorism;

(ii) to be a violent act or an act that is dangerous to –

PowerPro Select™

EQUIPMENT BREAKDOWN INSURANCE PROPOSAL



- (I) human life;
- (II) property; or
- (III) infrastructure;

(iii) to have resulted in damage within the United States, or outside of the United States in the case of –

(I) an air carrier (as defined in section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States); or

(II) the premises of a United States mission; and

(iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

How the act affects your policy and what you must do

TERRORISM INSURANCE COVERAGE

This proposal includes coverage for losses resulting from "certified acts of terrorism." Coverage for losses from "certified acts of terrorism" is still subject to, and may be limited by, all other terms, conditions and exclusions contained in your policy.

The premium charge for this coverage for this policy period is \$0.

Please sign and return the Policyholder Acknowledgement below.

POLICYHOLDER ACKNOWLEDGEMENT

I hereby acknowledge that I have received notice of TRIA, the federal share of compensation for "certified acts of terrorism," the premium charge for losses covered by TRIA, and the Company's limit of liability should losses covered by TRIA exceed \$100 billion.

Policyholder/Applicant Signature

Date

Print Name

The summary of the Act and the coverage under your policy contained in this notice is necessarily general in nature. Your policy contains specific terms, definitions, exclusions and conditions. In case of any conflict, your policy language will control the resolution of all coverage questions. Please read your policy carefully.

If you have any questions regarding this notice, please contact your sales representative.



OUR EQUIPMENT BREAKDOWN INSURANCE EXPERTISE

As part of the Liberty Mutual Group, our focus is on partnering with you to help keep your business in business. We do this by providing broad equipment breakdown insurance coverage, financial stability, and expert loss prevention and claims services.

We operate with an eye toward delivering a customer experience that sets us apart from our competitors. It is the combination of our people, their experience, and our commitment to *knowing our business and understanding yours that helps us deliver smart solutions in a responsive manner.*

Some of the services that Liberty Mutual is capable of providing include, but are not limited to:

Underwriting

Quantifying Your Exposures & Costs

Policies issued in a timely basis
Endorsements issued in a timely basis
Welcome Kits For New Customers
Comprehensive Stewardship Reports
Calls returned within 48 hours

Loss Prevention

Identifying & Reducing Your Exposures

Risk Engineering Surveys
Jurisdictional Boiler and Pressure Vessel
Inspections (as required)
Boiler and Machinery Loss Prevention Visits
Account Engineering and Stewardship
Infrared testing, vibration analysis, and
dielectric fluid testing through an alliance
with vendors who can expertly provide
those services (available upon request)

Claims

Indemnifying you Promptly & Fairly

24 Hour Contact From Loss Notice
Prompt Site Visit
Prompt Advance Payments
Payment Within 7 Days of Settlement
Aggressive Subrogation Pursuit
Pre-Loss Visits
Claims Satisfaction Surveys
Written Acknowledgement of Claim Within 10
Business Days of Loss Notice

PowerPro Select™

EQUIPMENT BREAKDOWN
INSURANCE PROPOSAL



OUR FINANCIAL STABILITY

When you have a loss you need a partner that will be there – that partner is Liberty Mutual.

As a customer, you also benefit from the financial stability and strong reputation of Liberty Mutual Group. Boston-based Liberty Mutual Group is a diversified global insurer and fifth largest property and casualty insurer in the U.S. based on 2009 direct written premium. The Company also ranks 71st on the Fortune 500 list of largest corporations in the U.S. based on 2009 revenue. As of December 31, 2009, Liberty Mutual Group had \$109.5 billion in consolidated assets, \$95.0 billion in consolidated liabilities, and \$31.1 billion in annual consolidated revenue.

Liberty Mutual Group offers a wide range of insurance products and services, including personal automobile, homeowners, workers compensation, commercial multiple peril, commercial automobile, general liability, global specialty, group disability, assumed reinsurance, fire, and surety. Liberty Mutual Group (www.libertymutualgroup.com) employs over 45,000 people in more than 900 offices throughout the world.

PowerPro Select™

EQUIPMENT BREAKDOWN
INSURANCE PROPOSAL



OUR FLEXIBLE COVERAGE DESIGN

This proposal features the Liberty Mutual PowerPro Select™ policy. PowerPro Select™ combines equipment breakdown coverage for property damage, spoilage and contamination, business interruption, extra expense and utility interruption into one form, making it easier for you to create an insurance program customized to fit your particular business needs.

We are providing you with a specimen form in an effort to better assist you in making an informed decision regarding your commercial property insurance needs.

Our commitment to smart risk management solutions that fit your business needs goes beyond the policy of insurance we will issue to you if you elect us as your equipment breakdown insurer for your upcoming policy period. We understand, though, that the policy itself is the cornerstone of our business relationship, therefore we wanted to give you a chance to see how that policy may look.

This draft policy, however, is for informational purposes only, and does not alter, amend, modify, replace or supersede in anyway any of our dealings, agreements or arrangements to date, including any binders or policies of insurance that have been issued (or may be issued in the future).

In addition, this draft policy may not include all of the endorsements that would be part of the actual policy, including various state amendatory endorsements.

Please consult any actual binder(s) or policy(ies) of insurance with respect to your coverage.

Thanks for considering Liberty Mutual for your equipment breakdown insurance needs.

Sincerely,

Liberty Mutual

PowerPro Select™

EQUIPMENT BREAKDOWN INSURANCE PROPOSAL



PROPOSAL STIPULATIONS

Liberty Mutual Fire Insurance Company reserves the right, but is not required, to inspect any equipment insured hereunder. This proposal is subject to favorable inspections and compliance with any recommendations made as a result of such inspections. We stress that inspections are not made for life safety, but for the sole purpose of our equipment breakdown underwriting. Not all hazards and conditions are evaluated. It is not to be inferred from any visit or inspection that all hazards and conditions are under control, nor that the properties and operations are safe or healthful or are in compliance with laws, rules, or regulations.

All policy coverages, term, and conditions are subject to applicable State Amendatory Endorsements.

Liberty Mutual Fire Insurance Company is willing to provide only the coverage described by this document. This document is a proposal to provide coverage based solely on these specifications. Liberty Mutual Fire Insurance Company will not be bound or obligated by proposals, specifications, or requests prepared by any other party. Further, this coverage is not bound until expressly accepted, in writing, by a Liberty Mutual Equipment Breakdown employee who is authorized to bind these coverages for Liberty Mutual Fire Insurance Company at these values and on these terms. Finally, this document is not a policy of insurance. Coverage will be determined by the terms and conditions of the policy or policies issued by us. This document was created and distributed to you solely for information purposes only. You must look to and rely upon the full terms and conditions of the policy to determine the nature and extent of coverage.

PowerPro Select™

EQUIPMENT BREAKDOWN
INSURANCE PROPOSAL



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

Policy number

IL 09 52 03 08

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART STANDARD
PROPERTY POLICY

A. Cap on Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury; in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1 The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

2 The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO

PowerPro Select™

EQUIPMENT BREAKDOWN INSURANCE PROPOSAL



THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

This endorsement is effective and will terminate with the policy. It is issued by the company designated in the Declarations. All other provisions of the policy remain unchanged.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

Terrorism Premium (Certified Acts) \$ 0 This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(s): Equipment Breakdown Protection Coverage Form Additional information, if any, concerning the terrorism premium: N/A

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

DISCLOSURE TO CALIFORNIA

PowerPro Select™

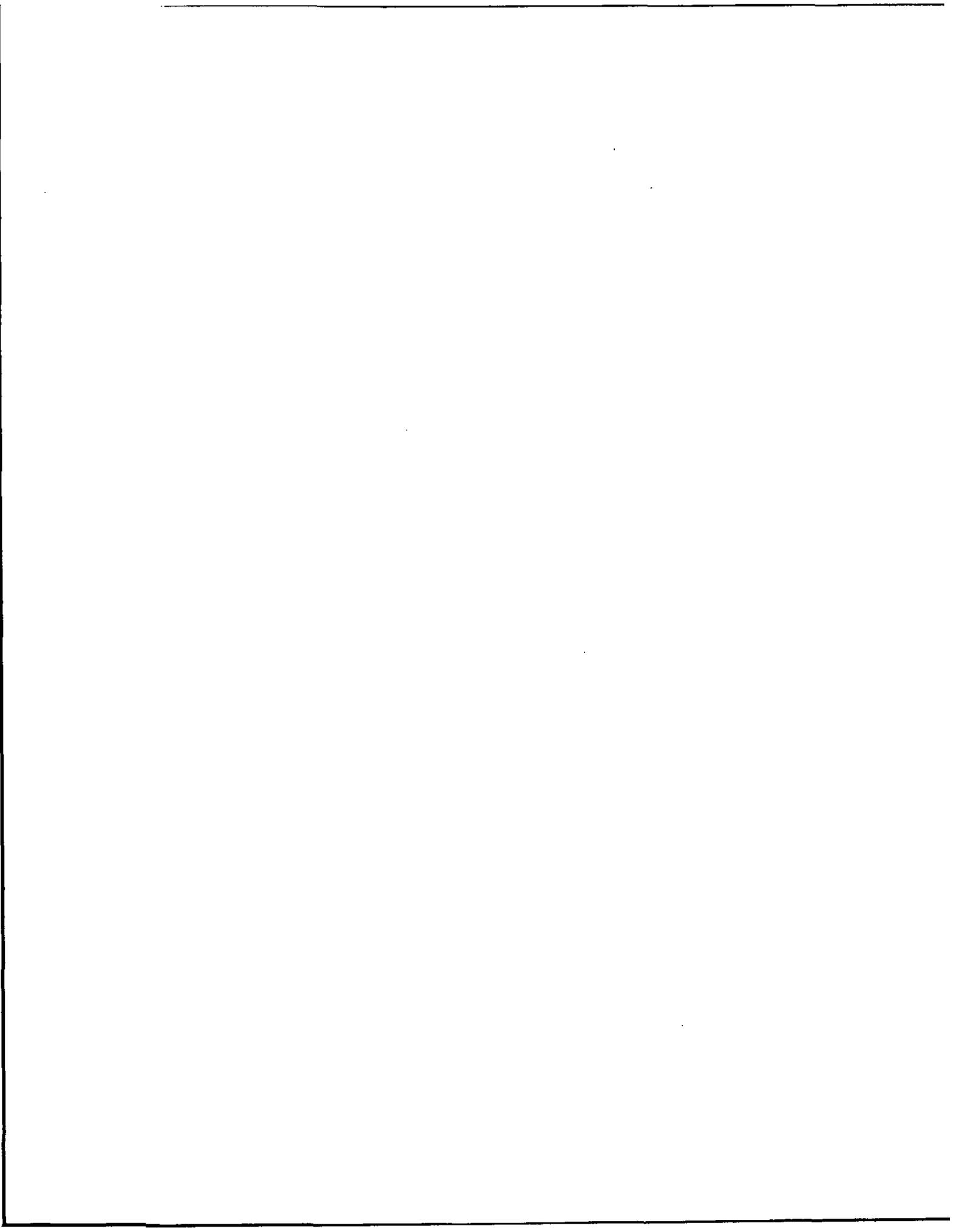
EQUIPMENT BREAKDOWN
INSURANCE PROPOSAL



POLICYHOLDERS

Calculation of Premium Refund When Policy Cancelled by Policyholder

If you cancel your policy prior to its expiration, final premium will be more than pro rata in accordance with the terms of your policy. The final premium will be calculated based on the premium earned for the days the policy was in force, increased by the applicable factor shown on the attached short rate cancellation table for Workers Compensation. For all other lines of business, return premium is 90% of pro rata. The final premium will not be less than the minimum premium shown on the Information Page, if any.



EQUIPMENT BREAKDOWN PROTECTION COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F - Definitions.

A. Coverage

1. Covered Cause Of Loss

Covered Cause of Loss is a "Breakdown" to "Covered Equipment".

2. Coverages Provided

Each of the following coverages is provided if either a limit or the word INCLUDED is shown for that coverage in the Declarations. If neither a limit nor the word INCLUDED is shown, then that coverage is not provided.

These coverages apply only to that portion of the loss or damage that is a direct result of a Covered Cause of Loss.

a. Property Damage

We will pay for direct damage to "Covered Property" located at the premises described in the Declarations.

b. Expediting Expenses

With respect to direct damage to "Covered Property" we will pay for the extra cost you necessarily incur to:

- (1) Make temporary repairs and
- (2) Expedite the permanent repairs or replacement of the damaged property.

Business Income And Extra Expense Or Extra Expense Only

- (1) We will pay:
 - (a) your actual loss of "Business Income" during the "Period of Restoration"; and

The "Extra Expense" you necessarily incur to operate your business during the "Period of Restoration".

However, if coverage for "Extra Expense" only is indicated in the Declarations, then coverage for "Business Income" is not provided.

We will consider the experience of your business before the "Breakdown" and the probable experience you would have had without the "Breakdown" in determining the amount of our payment.

- (2) If you have coverage for "Business Income" and "Extra Expense" or "Extra Expense" only, and:

- (a) If the number of days shown in the Declarations for Extended Period of Restoration Coverage, it will replace the five consecutive days in the definition of "Period of Restoration".

- (b) If you have coverage for Ordinance or Law, then the "Period of Restoration" is extended to include the additional period of time required for demolition, removal, repair, remodeling or reconstruction.

- (c) If "Media" is damaged or "Data" is lost or corrupted, we will pay your actual loss of "Business Income" and/or "Extra Expense" during the time necessary to:

- (i) Research, replace or restore the damaged "Media" or lost or corrupted "Data"; and
 - (ii) Reprogram instructions used in any covered "Computer Equipment".

There shall be no coverage for any "Media" or "Data" that we determine is not or cannot be replaced or restored.

Unless a higher limit is shown in the Declarations, we will pay the lesser of your actual loss of "Business Income" and/or "Extra Expense" up to 30 days after the "Period of Restoration" or \$25,000.

d. Spoilage Damage

- (1) We will pay for the spoilage damage to raw materials, property in process or finished products, provided all of the following conditions are met:
 - (a) The raw materials, property in process or finished products must be in storage or in the course of being manufactured;
 - (b) You must own or be legally liable under written contract for the raw materials, property in process or finished products; and
 - (c) The spoilage damage must be due to the lack or excess of power, light, heat, steam or refrigeration.
- (2) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Form.

e. Utility Interruption

If you have coverage for "Business Income" and "Extra Expense", "Extra Expense Only" or Spoilage Damage, that coverage is extended to include loss resulting from the interruption of utility services provided all of the following conditions are met:

- (1) The interruption is the direct result of a "Breakdown" of Covered Equipment owned, operated or controlled by the local private or public utility or distributor that directly generates, transmits, distributes or provides utility services which you receive;
- (2) The "Covered Equipment" is used to supply electric power, communication services, air conditioning, heating, gas, sewer, water or steam to your premises; and
- (3) The interruption of utility service to your premises lasts at least the consecutive period of time shown in the Declaration. Once this waiting period is met, coverage will commence at the initial time of the interruption and will be subject to all applicable deductibles.

f. Newly Acquired Premises

We will automatically provide coverage at newly acquired premises you have purchased or leased. This coverage begins at the time you acquire the property and continues for a period not exceeding the number of days indicated in the Declarations for Newly Acquired Premises, under the following conditions:

- (1) You must inform us in writing, if the newly acquired premises is as practicable;
- (2) You agree to pay an additional premium as determined by us;
- (3) The coverage for these premises will be subject to the same terms, conditions, exclusions and limitations as other insured premises; and
- (4) If the coverages and deductibles vary for existing premises, then the coverage for the newly acquired premises will be the broadest coverage and highest limit and deductible applicable to the existing premises.

g. Ordinance Or Law Coverage

The following applies despite the Ordinance or Law Exclusion and provided these increases in loss are necessitated by the enforcement of any laws or ordinances that are in force at the time of the "Breakdown", which regulate the demolition, construction, repair or use of the building or structure. With respect to the building or structure that was damaged as a result of a "Breakdown":

- (1) We will pay for:
 - (a) The loss in value of the undamaged portion of the building or structure as a consequence of enforcement of an ordinance or law that requires the demolition of undamaged parts of the same building or structure;
 - (b) Your actual cost to demolish and clear the site of the undamaged parts of the same building or structure as a consequence of enforcement of an ordinance or law that requires the demolition of such undamaged property; and
 - (c) The increased cost actually and necessarily expended to:
 - (i) Repair or reconstruct the damaged or destroyed portions of the building or structure; and

(ii) Reconstruct or remodel the undamaged portion of that building or structure with buildings or structures of like materials, height, floor area, and style for like occupancy, whether or not demolition is required on:

- I. The same premises or on another premises if you so elect. However if you rebuild at another premises, the most we will pay is the increased cost of construction that we would have paid to rebuild at the same premises; or
- ii. Another premises if the relocation is required by the ordinance or law. The most we will pay is the increased cost of construction at the new premises.

(2) We will not pay for any:

- (a) Demolition or site clearing until the undamaged portions of the buildings or structures are actually demolished;
- (b) Increase in loss until the damaged or destroyed buildings or structures are actually rebuilt or replaced and approved by the regulating government agency;
- (c) Loss due to any ordinance or law that:

(i) You are required to comply with before the loss, even if the building was undamaged; and

(ii) You failed to comply with;

(b) Increase in the loss in excess of the amount required to meet the minimum requirement of any ordinance or law enforcement at the time of the "Breakdown";

(c) Increase in loss resulting from a substance declared to be hazardous to health or environment by any government agency;

Loss or expense sustained due to the enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "Fungus", wet or dry rot; or

(g) Costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Fungus", wet or dry rot.

(3) If:

(a) The building or structure is damaged by a "Breakdown" that is covered under this policy;

(b) There is other physical damage that is not covered under this policy; and

(c) The building damage is its entirety results in enforcement of ordinance or law;

then we will not pay the full amount of the loss under this coverage. Instead, we will pay only that proportion of such loss, meaning the proportion that the covered "breakdown" loss bears to the total physical damage.

If the building or structure sustains direct physical damage that is not covered under this policy and such damage is the subject of the ordinance or law, then there is no Ordinance Or Law coverage under this Coverage Part even if the building has also sustained damage by a covered "Breakdown".

h. Errors And Omissions

We will pay for any loss or damage, which is not otherwise payable under this Coverage Part solely because of the items listed below:

- (1) Any error or unintentional omission in the description or location of property as insured under this Coverage Part or in any subsequent amendments;
- (2) Any failure through error to include any premises owned or occupied by you at the inception date of this Coverage Part; or
- (3) Any error or unintentional omission by you that results in cancellation of any premises insured under this policy.

No coverage is provided as a result of any error or unintentional omission by you in the reporting of values or the coverage you requested.

It is a condition of this coverage that such errors or unintentional omissions shall be reported and corrected when discovered. The policy premium will be adjusted accordingly to reflect the date the premises should have been added had no error or omission occurred.

i. Brands And Labels

(1) If branded or labeled merchandise that is "Covered Property" is damaged by a "Breakdown", we may take all or any part of the property at an agreed or appraised value. If so, you may:

(a) Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or

(b) Remove the brands or labels if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with any law.

(2) We will pay reasonable costs you incur to perform the activity described in Paragraphs (1)(a) and (1)(b), but the total we pay for these costs and the value of the damaged property will not exceed the applicable Limit of Insurance on such property.

j. Contingent Business Income and Extra Expense Or Extra Expense Only Coverage

(1) Subject to the same terms and conditions, the "Business Income" and "Extra Expense" or "Extra Expense Only" coverage provided by this Coverage Part is extended to cover your loss of any, resulting from a "Breakdown" to "Covered Equipment" on a premises shown in the Declarations, that is not owned or operated by you which:

(a) Wholly or partially prevents the delivery of services or materials shown in the Declarations, to you or from you to others for your account; or

(b) Results in the loss of sales at your premises shown in the Declarations.

(2) You shall use your influence to induce the contributing or recipient premises to make use of any other machinery, equipment, supplies or premises available in order to resume operations and delivery of services or materials to you, or the acceptance of products or services from you. You shall cooperate with the contributing or recipient premises to this effect in every way, but not financially unless advised otherwise.

B. Exclusions

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

The exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Ordinance Or Law

Increase in loss from the enforcement of any ordinance, law, rule, regulation or ruling which restricts or regulates the repair, replacement, alteration, use, operation, construction, installation, clean-up or disposal of "Covered Property".

However the words use and operation shall be eliminated as respects a covered "Breakdown" to electrical supply and emergency generating equipment located on the premises of a Hospital.

2. Earth Movement

Earth movement, including but not limited to earthquake, landslide, land subsidence, mine subsidence or volcanic action.

3. Water

a. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);

b. Mudslide or mudflow;

c. Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

- d. Water damage caused by the discharge or leakage of a sprinkler system or domestic water piping;
- e. Water under the ground surface pressing on, or flowing or seeping through:
 - (1) Foundations, walls, floors or paved surfaces;
 - (2) Basements, whether paved or not;
 - (3) Doors, windows or other openings; or
- f. Waterborne material carried or otherwise moved by any of the water referred to in Paragraph a., c. or e., or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs a. through f., is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

4. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

5. War Or Military Action

- a. War, including undeclared or civil war;
 - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by a government, sovereign or other authority, using military personnel or other agents; or
 - c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.
6. An explosion. However, we will pay for loss or damage caused by an explosion of "Covered Equipment" of a kind specified in a. through g. below, if not otherwise excluded in this Section

- a. Steam boiler;
- b. Electric steam generator;
- c. Steam piping;
- d. Steam turbine;
- e. Steam engine;
- f. Gas turbine; or
- g. Moving or rotating machinery when such explosion is caused by centrifugal force or mechanical breakdown.

7. Fire or combustion explosion including those that:

- a. Result in a "Breakdown";
- b. Occur at the same time as a "Breakdown"; or
- c. Ensur from a "Breakdown".

8. "Fungus", Wet Rot And Dry Rot

Presence, growth, proliferation, spread or activity of "Fungus", wet rot or dry rot. However, if a "Breakdown" occurs, we will pay the resulting loss or damage.

This exclusion does not apply to the extent that coverage for "Fungus", wet rot or dry rot is provided elsewhere in this Coverage Form and then only to that portion of any loss or damage resulting from the presence, growth, proliferation, spread or activity of "Fungus", wet or dry rot as a result of a "Breakdown".

9. Any Virus, Bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease. However:

- a. If a "Breakdown" occurs, we will pay the resulting loss or damage;
- b. This exclusion does not apply to loss or damage caused by or resulting from "Fungus", wet rot or dry rot. Such loss or damage is addressed in Exclusion B.8.;
- c. Regardless of the application of this exclusion to any particular loss, the provisions of this Exclusion 9. do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Form.

- 10. Explosion within the furnace of a chemical recovery type boiler or within the passage from the furnace to the atmosphere.
- 11. Damage to "Covered Equipment" undergoing a pressure or electrical test.
- 12. Water or other means used to extinguish a fire, even when the attempt is unsuccessful.
- 13. Depletion, deterioration, corrosion, erosion, or wear and tear. However, if a "Breakdown" occurs, we will pay the resulting loss or damage.
- 14. A "Breakdown" that is caused by any of the following causes of loss if coverage for that cause of loss is provided by another policy of insurance you have, whether collectible or not:
 - a. Aircraft or vehicles;
 - b. Freezing caused by cold weather;
 - c. Lightning;

- d. Sinkhole collapse;
 - e. Smoke;
 - f. Riot, civil commotion or vandalism; or
 - g. Weight of snow, ice or sleet.
15. A "Breakdown" that is caused by Windstorm or Hail.
16. A delay in, or an interruption of any business, manufacturing or processing activity except as provided by the "Business Income" and "Extra Expense", "Extra Expense" only and Utility Interruption coverages.
17. With respect to "Business Income" and "Extra Expense", "Extra Expense" only and Utility Interruption coverages, the following additional exclusions shall apply:
- a. The business that would not or could not have been carried on if the "Breakdown" had not occurred;
 - b. Your failure to use due diligence and dispatch and all reasonable means to operate your business as nearly normal as practicable at the premises shown in the Declarations; or
 - c. The suspension, lapse or cancellation of a contract following a "Breakdown" occurring beyond the time business could have resumed if the contract had not lapsed, been suspended or canceled.
18. Any indirect loss following a "Breakdown" to "Covered Equipment" that results from the lack or excess of power, light, heat, steam or refrigeration except as provided by the "Business Income" and "Extra Expense", "Extra Expense" only, Spoilage Damage and Utility Interruption coverages.
19. With respect to Utility Interruption Coverage, any loss resulting from the following additional causes of loss whether or not coverage for that cause of loss is provided by another policy you have:
- a. Acts of sabotage;
 - b. Careless operation of a utility;
 - c. Deliberate act(s) of load shedding by the supplying utility;
 - d. Freezing caused by cold weather;
 - e. Impact of aircraft, missile or vehicle;
 - f. Impact of objects falling from an aircraft or missile;
 - g. Lightning;
 - h. Riot, civil commotion or vandalism;
 - i. Sinkhole collapse;

j. Smoke; or

k. Weight of snow, ice or sleet.

20. Any indirect result of a "Breakdown" to "Covered Equipment" except as provided by the "Business Income" and "Extra Expense", "Extra Expense" only, Spoilage Damage and Utility Interruption coverages.

21. Neglect by you to use all reasonable means to save and preserve "Covered Property" from further damage at any time after the loss.

C. Limits Of Insurance

1. The most we will pay for any and all coverages for loss or damage from any "Breakdown" is the applicable Limit of Insurance shown in the Declarations.

2. Any Limit of Insurance will not be increased if more than one insured is shown in the Declarations.

3. For each coverage in Paragraph A.2. if:

a. INCLUDED is shown in the Declarations, the Limit for such coverage is part of, not in addition to, the Limit per Breakdown.

b. A Limit is shown in the Declarations, we will not pay more than the Limit of Insurance for each such coverage.

4. For any "Covered Equipment" that is:

- a. Used solely to supply utility services to your premises;
- b. Owned by a public or private utility;
- c. Not in your care, custody or control and for which you are legally liable; and
- d. Covered under this Coverage Form;

the Limit of Insurance for Property Damage stated in the Declarations is deleted and replaced by the sum of one dollar.

If you are a public or private utility, 4.b. is deleted and replaced by the following:

- b. Owned by a public or private utility other than you.

5. Unless a higher limit or INCLUDED is shown in the Declarations, the most we will pay for direct damage as a direct result of a "Breakdown" to "Covered Equipment" is \$25,000 for each of the following. The limits are part of, not in addition to, the Limit of Insurance for Property Damage or Limit per Breakdown.

a. Ammonia Contamination

The spoilage to "Covered Property" contaminated by ammonia, including any salvage expense.

b. Consequential Loss

The reduction in the value of undamaged "Stock" parts of a product which becomes unmarketable. The reduction in value must be caused by a physical loss or damage to another part of the product.

c. Data And Media

Your cost to research, replace or restore damaged "Data" or "Media" including the cost to reprogram instructions used in any "Computer Equipment".

d. Hazardous Substance

Any additional expenses incurred by you for the clean-up, repair or replacement or disposal of "Covered Property" that is damaged, contaminated or polluted by a "Hazardous Substance".

As used here, additional expenses mean the additional cost incurred over and above the amount that we would have paid had no "Hazardous Substance" been involved with the loss.

Ammonia is not considered to be a "Hazardous Substance" as respects this limitation.

This coverage applies despite the operation of the Ordinance or Law Exclusion.

e. Water Damage

The damage to "Covered Property" by water including any salvage expense.

If "Fungus", wet or dry rot results from damage by water as limited in this paragraph, loss or damage attributable to "Fungus", wet or dry rot will be:

- (1) Limited as described in Paragraphs C.b.a.(1) through C.c.(5); and
- (2) Part of the Water Damage limit, not in addition to it.

6. Limited Coverage For "Fungus", Wet Rot And Dry Rot

a. Property Damage

We will pay for loss or damage by "Fungus", wet or dry rot only when the "Fungus", wet or dry rot is the direct result of a "Breakdown" to "Covered Equipment" that occurs during the policy period. As used in this Limited Coverage, the term loss or damage means:

- (1) Direct physical loss or damage to "Covered Property" caused by "Fungus", wet or dry rot including the cost of removal of the "Fungus", wet or dry rot;

- (a) The cost to tear out and replace any "Covered Property" as needed to gain access to the "Fungus", wet or dry rot; and

- (b) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "Fungus", wet or dry rot are present.

- (2) The coverage described in Paragraph 6.a of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "Breakdown" to "Covered Equipment" which will place within the 12-month period starting with the beginning of the present annual policy period. With respect to a particular occurrence of loss which results in "Fungus", wet or dry rot, we will not pay more than a total of \$15,000 even if the "Fungus", wet or dry rot continues to be present or active or recurs in a later policy period.

- (3) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any "Covered Property". If a particular occurrence results in loss or damage by "Fungus", wet or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected "Covered Property".

If there is covered loss or damage to "Covered Property" not caused by "Fungus", wet or dry rot, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "Fungus", wet or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

- (4) If a Revised Limit is shown in the Declarations, the amount of \$15,000 in Paragraph 6.a.(2) is deleted and replaced by the amount indicated in the Declarations.

(5) If the Declarations indicates that the Separate Premises Option applies, then the amount of coverage (\$15,000, unless a higher amount is shown in the Declarations) is made applicable to separate premises as described in the Declarations. For each premises so described, the amount of coverage is an annual aggregate limit, subject to the terms set forth in Paragraph 6.a.(2).

b. Business Income And Extra Expense Or Extra Expense Only

(1) If you have coverage for "Business Income" and "Extra Expense" or "Extra Expense" only, then Paragraph b.(1)(a) or b.(1)(b) applies provided that the incurred loss or expense satisfies the terms and conditions applicable to the "Business Income" and "Extra Expense" or "Extra Expense" only coverage.

(a) If:

(i) The "Breakdown"; or

(ii) Any damage from water resulting from the "Breakdown"

which resulted in "Fungus", wet or dry rot, does not in itself constitute a loss of "Business Income" or an "Extra Expense" but the loss of "Business Income" or "Extra Expense" is solely due to loss or damage to property caused by "Fungus", wet or dry rot, then your payment under "Business Income" and "Extra Expense" or "Extra Expense" only is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

If a covered loss of "Business Income" or an "Extra Expense" was caused by loss or damage other than "Fungus", wet or dry rot but remediation for "Fungus", wet or dry rot prolongs the "Period of Restoration", we will pay for loss and/or expense sustained during the delay (regardless when such a delay occurs during the "Period of Restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

(2) If a Revised Number Of Days is shown in the Declarations, the number of days (30) in Paragraph b.(1)(a) or b.(1)(b) is deleted and replaced by the number of days indicated in the Declarations.

c. If you have coverage for Ordinance Or Law then with respect to Property Damage, "Business Income" and "Extra Expense" or "Extra Expense" only, we will not pay under the Ordinance Or Law coverage for:

(1) Loss or expense sustained due to the enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "Fungus", wet or dry rot; or

(2) The costs associated with the enforcement of any ordinance or law which requires you insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Fungus", wet or dry rot.

Deductibles

Application Of Deductibles

We will not pay for loss or damage resulting from any "One Breakdown" until the amount of covered loss or damage exceeds the deductible shown in the Declarations for each applicable coverage. We will then pay the amount of covered loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

Deductibles apply separately for each applicable coverage except if:

a. A deductible is shown as COMBINED for any of the coverages in the Declarations, then we will first subtract the combined deductible amount from the aggregate amount of any loss to which the combined deductible applies; or

b. More than one "Covered Equipment" is involved in "One Breakdown", then only one deductible, the highest, shall apply for each of the applicable coverages.

2. Determination Of Deductibles

a. Dollar Deductible

If a dollar deductible is shown in the Declarations, we will first subtract the deductible amount from any loss we would otherwise pay.

b. Time Deductible

If a time deductible is shown in the Declarations, we will not be liable for any loss under that coverage that occurs during that specified time period immediately following a "Breakdown". If a time deductible is shown in days, each day shall mean twenty-four consecutive hours.

c. Multiple Of Daily Value Deductible

If a multiple of daily value is shown in the Declarations, this deductible will be calculated as follows:

- (1) For the entire premises where the loss occurred, determine the total amount of "Business Income" that would have been earned during the "Period of Restoration" had no "Breakdown" taken place.
- (2) Divide the result in Paragraph (1) by the number of days the business would have been open during the "Period of Restoration". The result is the daily value.
- (3) Multiply the daily value in Paragraph (2) by the number of days shown in the Declarations. We will first subtract the deductible amount from any loss we would otherwise pay. We will then pay the amount of loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

d. Percentage Of Loss Deductible

If a deductible is expressed as a percentage of loss in the Declarations, we will not be liable for the indicated percentage of gross amount of loss or damage (prior to applicable deductible or coinsurance) insured under the applicable coverage.

e. Minimum Or Maximum Deductibles

- (1) If:
 - (a) A minimum dollar amount deductible is shown in the Declarations; and

- (b) The dollar amount of the Multiple of Daily Value or the Percentage of Loss Deductible is less than the Minimum Deductible;

then the Minimum Deductible amount shown in the Declarations will be the applicable deductible.

(2) If:

- (a) A maximum dollar amount deductible is shown in the Declarations; and
- (b) The dollar amount of the Multiple of Daily Value or the Percentage of Loss Deductible is greater than the Maximum Deductible;

then the Maximum Deductible amount shown in the Declarations will be the applicable deductible.

E. Equipment Breakdown Protection Conditions

The following conditions apply in addition to the Common Policy Conditions:

a. Abandonment

There can be no abandonment of any property to us.

b. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that the selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding.

Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

c. Defense

We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

d. Duties In The Event Of Loss Or Damage

(1) You must see that the following are done in the event of loss or damage to "Covered Property":

(a) Give us a prompt notice of the loss or damage. Include a description of the property involved.

(b) As soon as possible, give us a description of how, when and where the loss or damage occurred.

(c) Allow us a reasonable time and opportunity to examine the property and premises before repairs are undertaken or physical evidence of the "Breakdown" is removed. But you must take whatever measures are necessary to protect the property and premises from further damage.

(d) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(e) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days of our request. We will supply you with the necessary forms.

(f) Cooperate with us in the investigation and settlement of the claim.

(2) We may examine you or insured under oath, while not in the presence of any other insurer and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, the insured's answers must be signed.

Insurance Under Two Or More Coverages

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

f. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

(1) There has been full compliance with all the terms of this Coverage Part; and

(2) The action is brought within 2 years after the date of the "Breakdown"; or

(3) We agree in writing that you have an obligation to pay for damage to "Covered Property" and the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this policy to bring a lawsuit to determine your liability.

g. Loss Payment Clause

We will pay you as the loss payee shown in the Declarations for loss due to a "Breakdown" to "Covered Equipment", if no interests may appear. The insurance covers the interest of the loss payee unless the loss results from concealment, secretion or embezzlement on your part.

We may cancel the policy as allowed by the Cancellation Condition. Cancellation ends this agreement as to the loss payee's interest. If we cancel we will mail you and the loss payee the same advance notice.

(3) If we make any payment to the loss payee, we will obtain their rights against any other party.

h. Other Insurance

(1) You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.

(2) If there is other insurance covering the same loss or damage, other than that described in Paragraph (1), we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

i. Privilege To Adjust With Owner

In the event of loss or damage involving property of others in your care, custody or control, we have the right to settle the loss or damage with the owner of the property. A receipt for payment from the owner of that property will satisfy any claim of yours against us.

j. Reducing Your Loss

As soon as possible after a "Breakdown" you must:

- (1) Resume business, partially or completely;
- (2) Make up for lost business within a reasonable period of time. This reasonable period does not necessarily end when operations are resumed; and
- (3) Make use of every reasonable means to reduce or avert loss including:
 - (a) Working extra time or overtime at the premises or at another premises you own or acquire to carry on the same operations;
 - (b) Utilizing the property and/or services of other concerns;
 - (c) Using merchandise or other property, such as surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock you own, control or can obtain; or
 - (d) Salvaging the damaged "Covered Property"

k. Transfer Of Right Of Recovery Against Others To Us

If any person or organization to whom we make payment under this Coverage Policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment.

That person or organization must do everything necessary to secure our rights and must give notice after loss to impair them. You may waive your rights against another party in writing:

- (1) Prior to a loss to your "Covered Property" or covered income.
- (2) After a loss to your "Covered Property" or covered income only if, at time of loss, that party is one of the following:
 - (a) Someone insured by this insurance;
 - (b) A business firm:
 - (i) Owned or controlled by you; or

(ii) That owns or controls you; or

(c) Your tenant.

This will not restrict your insurance.

l. Valuation

(1) We will determine the value of "Covered Property" in the event of loss or damage as follows:

(a) The cost to repair, rebuild or replace the damaged property with property of same kind, capacity, quality or quantity on the same site or another site whichever is the less costly; or

(b) The cost actually and necessarily expended in repairing, rebuilding, or replacing on the same site or another site whichever is the less costly;

Except we will not pay for such damaged property that is obsolete and useless to you.

(2) If you elect or we require that the repair or replacement of the damaged "Covered Equipment" be done in a manner that:

- (a) Improves the environment;
- (b) Increases efficiency; or
- (c) Enhances safety;

while maintaining the existing function, then we will pay, subject to the limit of insurance, up to an additional 25% of the property damage amount for the "Covered Equipment" otherwise recoverable.

(3) If:

(a) Any damaged "Covered Property" is protected by an extended warranty, or maintenance or service contract; and

(b) That warranty or contract becomes void or unusable due to a "Breakdown";

we will reimburse you for the unused costs of non-refundable, non-transferable warranties or contracts.

(4) Unless we agree otherwise in writing, if you do not repair or replace the damaged property within 24 months following the date of the "Breakdown", then we will pay only the smaller of the:

(a) Cost it would have taken to repair or replace; or

- (b) Actual cash value at the time of the "Breakdown".
- (5) If all of the following conditions are met, property held by you for sale will be valued at the selling price as if no loss or damage had occurred, less any discounts you offered and expenses you otherwise would have had:
 - (a) The property was manufactured by you;
 - (b) The selling price of the property is more than the replacement cost of the property; and
 - (c) You are unable to replace the property before its anticipated sale.
- (6) We will pay for loss to damaged "Data" or "Media" as follows:
 - (a) Replacement cost for "Data" or "Media" that are mass produced and commercially available; and
 - (b) The cost you actually spend to reproduce the records on blank material for all other "Data" or "Media" including the cost of gathering or assembling information for such reproduction.

However, we will not pay for "Data" or "Media" that we determine cannot be replaced with "Data" or "Media" of like kind and quality or property of similar functional use.

- (7) We will determine the value of "Covered Property" under Spoilage Damage Coverage as follows:
 - (a) For raw materials, the replacement cost;
 - (i) For property in process, the replacement cost of the raw materials, the labor expended and the proper proportion of overhead charges; and
 - (c) For finished products, the selling price, as if no loss or damage had occurred, less any discounts you offered and expenses you otherwise would have had.
 - (8) The salvage value of property obtained or temporary repairs or use following a "Breakdown" which remains after repairs are completed will be taken into consideration in the adjustment of any loss.

m. The following additional conditions apply to the "Business Income" and "Extra Expense" coverage:

(1) Annual Reports

You must complete an Annual Report of Values Form approved by us once each year. Your reports must reach us within three months of the annual report date shown in the Declarations and each anniversary of the date.

(2) Adjustment Of Premium

Upon receipt of the annual reports of values you furnish us, we will determine the amount of premium earned for the past year. If the amount determined is more than the premium we have already charged for the coverage, you must pay the difference. If the amount determined is less than the premium originally charged, we will refund the difference; however, the amount we return will not exceed 75% of the premium we originally charged.

(3) Coinsurance

This Coinsurance condition applies only if we did not receive your Annual Report of Values Form within three months of the due date as outlined in Paragraph (1).

- (a) We will not pay the full amount of any loss if:
 - (i) The "Business Income Actual Annual Value" at the time of loss is greater than the "Business Income Estimated Annual Value" shown in your latest report; or
 - (ii) Your report was received by us more than three months after the due date, or your report is overdue.
- (b) Instead we will determine the most we will pay using the following steps:
 - (i) Divide the "Business Income Estimated Annual Value" by the "Business Income Actual Annual Value" at the time of the "Breakdown";
 - (ii) Multiply the total amount of the covered loss of "Business Income" by the figure determined in Step (i); and

- (iii) Subtract any applicable deductible from the amount determined in Step (ii).

We will pay the amount determined in Step (iii) or the "Business Income" and "Extra Expense" limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

If coverage is provided for more than one premises, then this Coinsurance Condition applies separately to each premises.

2. General Conditions

a. Additional Insured

If a person or organization is designated in this Coverage Part as an additional insured, we will consider them to be an insured under this Coverage Part to the extent of their interest.

b. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve us of our obligation under this Coverage Part.

c. Concealment, Misrepresentation, or Fraud

This Coverage Part is void in any case of fraud, intentional concealment, or misrepresentation of a material fact by you or any other insured, at any time, concerning:

- (1) This Coverage Part;
- (2) The "Covered Property";
- (3) Your interest in the "Covered Property"; or
- (4) A claim under this Coverage Part.

d. Liberalization

If we adopt any standard form revision for general use that would broaden coverage in this Coverage Part without additional premium, the broadened coverage will immediately apply to this Coverage Part if the revision is effective within 45 days prior to or during the policy period.

e. Mortgageholder

- (1) The term - mortgageholder - includes trustee.

- (2) We will pay for direct damage to "Covered Property" due to a "Breakdown" to "Covered Equipment" to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

- (3) The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the "Covered Property".

- (4) If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

(a) Pays any premium due under this Coverage Part at our request if you have failed to do so;

(b) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

(c) Has notified us of any change in ownership or material change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- (5) If we pay the mortgageholder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

(a) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(b) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

(6) If we cancel this policy, we will give written notice to the mortgageholder at least:

(a) 10 days before the effective date of cancellation if we cancel for non-payment of premium; or

(b) 30 days before the effective date of cancellation if we cancel for any other reason.

(7) If we do not renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

(8) If we suspend coverage, it will also be suspended as respects the mortgageholder. We will give written notice of the suspension to the mortgageholder.

f. No Benefit To Ballee

No person or organization, other than you, having custody of "Covered Property" will benefit from this insurance.

g. Policy Period, Coverage Territory

Under this Coverage Part:

(1) We cover loss or damage commencing:

(a) During the policy period shown in the Declarations; and

(b) Within the coverage territory.

(2) The coverage territory is:

(a) The United States of America (including its territories and possessions);

(b) Puerto Rico; and

(c) Canada.

h. Premium And Adjustments

You shall report to us 100% of the total insurable value at each premises every year as of the anniversary date. The values shall be reported separately for each of the coverages provided. Premium for each anniversary will be promulgated for the ensuing year on the basis of rates in effect at the anniversary date and for all values at risk.

You agree to keep the applicable records for each policy year available for inspection by our representatives at all times during business hours, during the respective policy year, and for a period of twelve months after the end of the respective policy year or after cancellation of this Coverage Part.

i. Suspension

Whenever "Covered Equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from a "Breakdown" to that "Covered Equipment". This can be done by delivering or mailing a written notice of suspension to:

(1) Your last known address; or

(2) The address where the "Covered Equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "Covered Equipment".

If we suspend your insurance, you will get a pro rata refund of premium for that "Covered Equipment". But the suspension will be effective even if you have not yet made or offered a refund.

3. Joint or Disputed Loss Agreement

This condition is intended to facilitate payment of insurance proceeds when:

(1) Both a commercial property policy and this equipment breakdown protection policy are in effect;

(2) Damage occurs to Covered Property that is insured by the commercial property policy and this equipment breakdown protection policy; and

(3) There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies.

b. This condition does not apply if:

(1) Both the commercial property insurer(s) and we do not admit to any liability; and

(2) Neither the commercial property insurer(s) nor we contend that coverage applies under the other insurer's policy.

c. The provisions of this condition apply only if all of the following requirements are met:

(1) The commercial property policy carried by the Named Insured, insuring the Covered Property, contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this condition;

(2) The damage to the Covered Property was caused by a loss for which:

(a) Both the commercial property insurer(s) and we admit to some liability for payment under the respective policies; or

(b) Either:

(i) The commercial property insurer(s) does not admit to any liability for payment, while we contend that:

- i. All liability exists under the commercial property policy; or
- ii. Some liability exists under both the commercial property policy and this equipment breakdown protection policy;

(ii) We do not admit to any liability for payment, while the commercial property insurer(s) contends that:

- i. All liability exists under this equipment breakdown protection coverage policy; or
- ii. Some liability exists under both the commercial property policy and this equipment breakdown protection policy; or

(iii) Both the commercial property insurer(s) and we:

- i. Do not admit to any liability for payment; and
- ii. Contend that some or all liability exists under the other insurer's policy; and

The total amount of the loss is agreed to by you, the commercial property insurer(s) and us.

If the requirements listed in Paragraph c. above are satisfied, we and the commercial property insurer(s) will make payments to the extent, and in the manner, described as follows:

(1) We will pay, after your written request, the entire amount of loss that we have agreed as being covered, if any, by this equipment breakdown protection policy and one-half (1/2) the amount of the loss that is in disagreement.

(2) The commercial property insurer(s) will pay, after your written request, the entire amount of loss that they have agreed as being covered, if any, by the commercial property policy and one-half (1/2) the amount of loss that is in disagreement.

(3) Payments by the insurers of the amounts that are in disagreement, as described in Paragraphs (1) and (2), do not alter, waive or surrender any rights of any insurer and we, with regard to the portion of the loss for which each insurer is liable.

(4) The amount in disagreement to be paid by us under this condition shall not exceed the amount payable under the equipment breakdown protection policy of the commercial property policy.

(5) The amount to be paid under this condition shall not exceed the amount we would have paid had no commercial property policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations.

Acceptance by you of sums paid under this condition does not alter, waive or surrender any other rights against us.

e. Arbitration

(1) If the circumstances described in Paragraph c.(2)(a) exist and the commercial property insurer(s) and we agree to submit our differences to arbitration, the commercial property insurer(s) and we will determine the amount each will pay and will pay the insured within 90 days. Arbitration will then take place within 90 days after payment of the loss under the terms of this condition.

(2) If any of the circumstances described in Paragraph c.(2)(b) exist, then the commercial property insurer(s) and we agree to submit our differences to arbitration within 90 days after payment of the loss under the terms of this condition.

- (3) You agree to cooperate with any arbitration procedures. There will be three arbitrators: one will be appointed by us, and another will be appointed by the commercial property insurer(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

f. Final Settlement Between Insurers

The insurer(s) found responsible for the greater percentage of the ultimate loss must return the excess contribution to the other insurer(s). In addition, the insurer(s) found responsible for the greater portion of the loss must pay Liquidated Damages to the other insurer(s) on the amount of the excess contribution of the other insurer(s). Liquidated Damages are defined as interest from the date the insured invokes this Agreement to the date the insurer(s) that contributed the excess amount is reimbursed. The interest is calculated at 15 times the highest prime rate from the Money Rates column of the Wall Street Journal during the period of the Liquidated Damages. Arbitration expenses are a part of the excess contribution for which Liquidated Damages are calculated. Arbitration expenses will be apportioned between insurers on the same basis that the ultimate loss is apportioned.

F. Definitions

1. "Breakdown"

a. Means the following direct physical loss, the causes damage to Covered Equipment and necessitates its repair or replacement:

(1) Failure of pressure or vacuum equipment;

(2) Mechanical failure including rupture or bursting caused by centrifugal force; or

(3) Electrical failure including arcing;

such loss or damage is otherwise excluded within this Coverage Form.

b. Does not mean or include:

(1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;

(2) Defects, erasures, errors, limitations or viruses in computer equipment and programs including the inability to recognize and process any date or time or provide instructions to "Covered Equipment";

(3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;

(4) Damage to any vacuum tube, gas tube, or brush;

(5) Damage to any structure or component supporting the "Covered Equipment" or any of its parts;

(6) The malfunctioning of any safety or protective device; or

(7) The sparking of any part on an internal combustion gas turbine exposed to the products of combustion.

2. "Business Income" means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned had the Breakdown not occurred; and

Continuing normal operating expenses incurred, including payroll.

"Business Income Actual Annual Value" means the sum of the Net Income and continuing normal operating expenses incurred, including payroll that would have been earned had the "Breakdown" not occurred.

4. "Business Income Estimated Annual Value" means the sum of the Net Income and continuing normal operating expenses incurred, including payroll as estimated by you in the most recent Annual Report Of Values Form on file with us.

5. "Computer Equipment" means:

a. Your programmable electronic equipment that is used to store, retrieve and process data; and

b. Associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission.

It does not include "Data" or "Media".

6. "Covered Equipment":

a. Means and includes any:

(1) Equipment built to operate under internal pressure or vacuum other than weight of contents;

(2) Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy;

- (3) Communication equipment, and "Computer Equipment"; and
- (4) Equipment in Paragraphs (1), (2) and (3) that is owned by a public or private utility and used solely to supply utility services to your premises.

However, if Coverage A.2.e. Utility Interruption is provided, then Paragraph 6.a.(4) does not apply.

Except for Paragraph 6.a.(4), Utility Interruption and Contingent "Business Income" and "Extra Expense" or "Extra Expense" only coverages, the "Covered Equipment" must be located at a premises described in the Declarations and be owned, leased, or operated under your control.

b. Does not mean or include any:

- (1) "Media";
- (2) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- (3) Insulating or refractory material, but not excluding the glass lining of any "Covered Equipment";
- (4) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or another appropriate and approved code;
- (5) Catalyst;
- (6) Vessels, pipes and other equipment that is buried below ground and requires the excavation of materials to inspect, remove or repair or replace;
- (7) Structure, foundation, cabinet or compartment supporting or containing the "Covered Equipment" or part of the "Covered Equipment" including penstock, shaft tube or well casing;
- (8) Vehicle, aircraft, self-propelled equipment or floating vessel including any "Covered Equipment" that is mounted upon or used solely with any one or more vehicle(s), aircraft, self-propelled equipment or floating vessel;
- (9) Dragline, excavation, or construction equipment including any "Covered Equipment" that is mounted upon or used solely with any one or more dragline(s), excavation, or construction equipment;

- (10) Felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;

- (11) Machine or apparatus used solely for research, diagnosis, medication, surgical, therapeutic, dental or pathological purposes including any "Covered Equipment" that is used for or used solely with any one or more machine(s) or apparatus unless Diagnostic Equipment is shown as INCLUDED in the Declarations or

- (12) Equipment or any part of such equipment manufactured by you for sale.

7. "Covered Property" means any property that:

- a. You own; or
- b. Is in your care, custody or control and for which you are legally liable.

8. "Programmed Material" means:

- a. Programmed and recorded material stored on "Media"; and
- b. Programming records used for electronic data processing, or electronically controlled equipment.

- 9. "Extra Expense" means the additional cost you incur to operate your business during the "Period of Restoration" over and above the cost that you normally would have incurred to operate the business during the same period had no "Breakdown" occurred.
- 10. "Fungus" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 11. "Hazardous Substance" means any substance other than ammonia that has been declared to be hazardous to health by a government agency.
- 12. "Media" means electronic data processing or storage media such as films, tapes, discs, drums or cells.
- 13. "One Breakdown" means if an initial "Breakdown" causes other "Breakdowns", all will be considered "One Breakdown". All "Breakdowns" at any one premises that manifest themselves at the same time and are the direct result of the same cause will be considered "One Breakdown".

14. "Period of Restoration" means the period of time that:
- a. Begins at the time of the "Breakdown" or 24 hours before we receive notice of "Breakdown" whichever is later; and
 - b. Ends 5 consecutive days after the date when the damaged property at the premises described in the Declarations is repaired or replaced with reasonable speed and similar quality.
15. "Stock" means merchandise held in storage or for sale, raw materials, property in process or finished products including supplies used in their packing or shipping.

SPECIMEN