CLIENT STEWARDSHIP REPORT

PREPARED FOR XYZ Corp.

ABC Broker, LLC.

Date of Stewardship Report: 10/01/2009
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INTRODUCTION

Purpose

The purpose of this report is fourfold:

1. To report to you, our client, the status of your insurance (risk management) program according to the information you have provided us and that we have gained from our work;
2. To measure and report on the progress we have made on your insurance and risk management programs;
3. To provide a basis and forum for discussing issues that must be addressed in the near future; and
4. To allow Client to judge the effectiveness of their efforts when combined with the BROKER team.

Distribution and Use

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When permitted, this report should be distributed so that all conclusions and recommendations are fully supported.
Background and History

XYZ CORP (XYZ Corp) was created in 1984 following the merger of World Media Inc. and Movie House Corp to meet the challenges of providing high-tech services to West Virginians, thereby pulling together seven hospitals with a history of community service dating back to 1895.

ABC Broker (ABC) has been working with XYZ CORP on Property and Casualty insurance matters since 1972. Initially in a joint capacity with McDonough Caperton, since 1996 ABC has been the sole ABC Broker agency for the. ABC has significant experience and expertise in Media and related areas. We have worked extensively, in an active and consultative capacity, with the Insurance Committee at XYZ CORP comprised of representatives of XYZ CORP’s legal and finance units, and recognize that the hard work of those fulltime insurance committee members (Kim Leonard, Robyn Clinton, William Gates, Chris Finestone) has been a cornerstone of our success.

XYZ CORP Premium Analysis:

Overall, XYZ CORP insurance costs relative to revenue have been on a downward trend during the past three years. In the chart below, the “gap” is widening (for the good) between XYZ CORP revenue and overall insurance program costs which now stand at .572% of revenue for “purchased” coverages. For all years, actual Total Unrestricted Revenue is used except that 2009 to 2010 revenue is estimated at 4% above 2008 to 2009. Note that coverages have also expanded significantly during this time, both in terms of insured limits and new coverages. It’s also important to note that XYZ CORP’s claims-made excess liability was maturing during this time period with no major program cost increases. The line of coverage chart below includes new lines of coverage for Technology/Privacy, Terrorism, Excess Crime and Fiduciary, Plan Purchaser, Environmental Pollution, Excess Workers Compensation as well as expanded D&O coverage (including Side A excess), and coverage for the Daycare Center liability. There have been favorable endorsements to the Technology and Property policies as well. Consider that had program cost stayed at the period high of .641% of revenue, insurance costs for 2009 to 2010 would be projected at $5,020,250 or over $500,000 higher than presently renewed. This is a positive long-term trend and it is a goal of CI’s to continue to improve upon this result.
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</tr>
</thead>
<tbody>
<tr>
<td>Total Cost</td>
<td>3,693,991</td>
<td>3,492,478</td>
<td>3,991,991</td>
<td>4,103,288</td>
<td>4,273,349</td>
<td>4,481,574</td>
<td>21.3%</td>
</tr>
<tr>
<td>Revenue</td>
<td>575,929,000</td>
<td>616,906,000</td>
<td>709,711,000</td>
<td>711,221,000</td>
<td>753,054,000</td>
<td>783,176,160</td>
<td>36.0%</td>
</tr>
<tr>
<td>% of Revenue</td>
<td>0.641%</td>
<td>0.566%</td>
<td>0.562%</td>
<td>0.577%</td>
<td>0.567%</td>
<td>0.572%</td>
<td>-10.8%</td>
</tr>
</tbody>
</table>
Coverage Changes and Enhancements Year by Year

The chart below captures the year-by-year plan changes, changes in conditions, or added coverages and their effect on cost. Given the very significant changes and additions to coverage for XYZ CORP it is a positive result that cost relative to revenue continues to decrease.

<table>
<thead>
<tr>
<th>Year</th>
<th>Coverage</th>
<th>Addition/Change</th>
<th>Cost Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005 to 2006</td>
<td>Plan Purchaser</td>
<td>Added</td>
<td>$14,828</td>
</tr>
<tr>
<td>2006 to 2007</td>
<td>Property</td>
<td>$2.5mm Flood Coverage</td>
<td>$90,000</td>
</tr>
<tr>
<td>2006 to 2007</td>
<td>Excess</td>
<td>Replaced Commission</td>
<td>$270,000</td>
</tr>
<tr>
<td>2007 to 2008</td>
<td>Technology Coverage</td>
<td>Added</td>
<td>$59,979</td>
</tr>
<tr>
<td>2008 to 2009</td>
<td>Directors and Officers</td>
<td>Claim Effect</td>
<td>$230,000</td>
</tr>
<tr>
<td>2008 to 2009</td>
<td>Terror - Property</td>
<td>Added</td>
<td>$30,000</td>
</tr>
<tr>
<td>2008 to 2009</td>
<td>Terror - Liability</td>
<td>Added</td>
<td>$45,000</td>
</tr>
<tr>
<td>2008 to 2009</td>
<td>Technology Coverage</td>
<td>Enhanced Coverage</td>
<td>$45,000</td>
</tr>
<tr>
<td>2009 to 2010</td>
<td>Property</td>
<td>$2.5mm Flood Coverage</td>
<td>$75,000</td>
</tr>
<tr>
<td>2009 to 2010</td>
<td>Directors and Officers</td>
<td>Added</td>
<td>$55,000</td>
</tr>
<tr>
<td>2009 to 2010</td>
<td>Excess Crime</td>
<td>Added</td>
<td>$15,000</td>
</tr>
<tr>
<td>2009 to 2010</td>
<td>Excess Workers Corp</td>
<td>Added</td>
<td>$86,760</td>
</tr>
<tr>
<td>2009 to 2010</td>
<td>Environmental Pollution</td>
<td>Added</td>
<td>$74,500</td>
</tr>
<tr>
<td>2009 to 2010</td>
<td>Plan Purchaser</td>
<td>Inc. Lim and Retention</td>
<td>$5,000</td>
</tr>
<tr>
<td>2009 to 2010</td>
<td>Daycare</td>
<td>Added</td>
<td>$5,000</td>
</tr>
<tr>
<td>2009 to 2010</td>
<td>Volunteer Accident</td>
<td>Added</td>
<td>$1,000</td>
</tr>
<tr>
<td>2009 to 2010</td>
<td>D&amp;O Carrier Changes</td>
<td>Added</td>
<td>NA</td>
</tr>
</tbody>
</table>
Key Accomplishments:

Marketing:

For this year’s renewal, we performed and provided to XYZ CORP a detailed analysis of deductible levels, and determined the value of suggested/proposed plan changes, endorsements, or funding changes for the three major lines of coverage (Property, Excess Liability and Executive Protection) amongst other tasks. As in previous renewals, we looked extensively at excess liability options and actively marketed and analyzed options for decreasing XYZ CORP’s $10MM SIR. We looked closely at excess liability options between a $5MM and $10MM SIR; we looked at several Inner Aggregate options and also analyzed a unique Bermuda market “deductible buy-down” program at various attachments as well. All options were analyzed in conjunction with XYZ CORP’s actuarial consultant. In the end, XYZ CORP chose not to change their program from an excess liability standpoint. We also worked extensively on the Directors and Officers placement, analyzing various options and, ultimately, moved the primary D&O layer to a new carrier and replaced the second and third layer carriers. We actively involved the incumbent carriers as well as opening the marketing to other qualified carriers in a competitive bidding process. During the renewal/marketing period (roughly December 2008 to April 2009), we met with XYZ CORP personnel approximately every other week and communicated regularly by phone and email.

Recent Marketing accomplishments include:

2009 to 2010 program year:

- Kept Property rate increase to 6% after a significant reduction a year earlier. Today’s rates are still below the 2007 to 2008 level.
- Added additional excess Flood coverage. (Now total Excess Flood Limits of $7m over NFIP coverage on many locations).
- Achieved a 3% reduction in the Auto liability rate.
- Introduced new carriers for Primary, Secondary and Third layer D&O program (at a lower overall cost).
- Added new Excess Crime coverage.
- Added new CGL coverage for the Daycare center.
- Added new Volunteer Accident coverage.
- Also added new coverage Endorsements including Broad Named Insured, Notice of Loss, and Unintentional Errors and Omissions on certain policies.
- Increased limits for Emergency Patient Evacuation, Impairment of Computer Services and Hospital Nuclear Aggregate coverage on the Package Policy.
• **Added** Excess Workers Compensation coverage for the first time.
• **Added** Side A Directors & Officers coverage for the first time.
• **Added** significant Environmental Pollution coverage for the first time.

**Policy, Claims, and Advocacy Support**

We typically review every Employment Practices/D&O claim and reservation of rights letters submitted to XYZ CORP with XYZ CORP primary counsel for those D&O matters, Tom Sullivan. CI’s in-house legal resources are often deployed as well to analyze claims and comment on their validity. We work closely with XYZ CORP staff on claims. We are both advisors and advocates. We work with XYZ CORP’s carriers on paying claims in a timely and accurate manner, and we work to resolve disputes in XYZ CORP’s favor.

Each year, we assist XYZ CORP Finance personnel to gather, organize and transmit relevant exposure and claims data required to generate annual actuarial reports for XYZ CORP. In addition to presenting to the finance committee and the Board of Trustees we work intimately with XYZ CORP’s actuary, Jill Cohen of Actuarial World Group (AWG). We review all actuarial projections and, where appropriate, comment on methodology and outcomes. In addition we serve as consultant for various bond issues both for new instruments as well as to maintain compliance with annual bond covenants.

**Risk Control/Training**

We manage the Hartford property/boiler coverages through regular inspections that we help coordinate and attend. The findings from these inspections are incorporated into recommendations to XYZ CORP on actions that can be taken to mitigate risk. In addition, we facilitate site visits by excess liability carriers (example: XL Underwriting in March of 2009 and an upcoming visit by Munich Re later this fall).

**Due Diligence Support**

Over the past several years, ABC has performed due diligence reviews on one acquisition and one divestiture. In 2007, we worked extensively on the acquisition of Texas Media World. This acquisition presented unique insurance challenges due to the significant claims. We worked closely with XYZ CORP’s insurance markets to leverage the relationship for the best possible placement. We were ultimately able to integrate the programs at terms favorable to XYZ CORP and have since reduced costs further.
In 2007, we worked on the divestment of the Golf Channel, calculating liabilities and issues associated with the divestiture. We performed a detailed analysis of the coverage and cost implications to XYZ CORP of the divestiture and made recommendations as to how best to position XYZ CORP after the divestiture. XYZ CORP successfully completed the divestiture with no ill effects on the overall XYZ CORP insurance program.

**Outside Consultant Review:**

During the past 18 months, two separate consultants (one retained by XYZ CORP, Price Waterhouse Coopers (or “PWC”); and one retained by ABC have reviewed the XYZ CORP insurance program and risk management approach and, where possible, made suggestions for improvements. PWC’s review was focused primarily on the overall program and placement/service strategies. Consultant Williams was retained by ABC to specifically advise on policy wording in the applicable policy forms and endorsements for all policies.

Overall, both consultants found the current program to be well structured. PWC said specifically in their report: “...the System's property and liability insurance and self-insurance program is very comprehensive covering all reasonably identified known risks and providing extended coverage for unknown risks. Overall limits of coverage are reasonable as well are retention levels, although an effort should be made at next renewal to reduce the professional liability self-insured retention…. The overall program is very good.”

Both PWC and Williams identified a few areas of weakness or concern that needed to be addressed. PWC focused mainly on administrative, procedural and contractual issues. Consultant Williams reported primarily on policy language and coverage issues. Combining the work of both reports in a later section, we have identified the critical areas of future focus, in general, and delineated critical issues by line of coverage.
Forward Looking Activities and Goals:

**Marketing:**

We have already begun laying the groundwork for the May 2010 renewal. As we always do, we will aggressively market your account with incumbent insurers and other select and qualified insurance carriers. This year, our primary focus will continue to be the Excess Placement; D&O coverage; and the Package as well as continuing to look for coverage enhancements as well as considering new and emerging risks and coverage forms. As we have in the past, we will perform a detailed analysis of deductible levels and determine the value of any suggested plan or funding changes prior to the May 1, 2010 renewal.

**Policy, Claims and Advocacy Support**

ABC will continue to perform quarterly claims reviews. We will aggressively pursue alternative methods of dealing with claims with a goal of reducing claims costs to XYZ CORP.

ABC will continue aggressive auditing of carrier reports. Our trained and experienced personnel have the ability to spot problems, or over payments, quickly, efficiently, and effectively.

**Risk Control/Training**

We recommend an Employment Practices Liability refresher course for the next 12 to 24 months as a way of reinforcing the seriousness of this issue as well as having provable and tangible training that underwriters may use in their review of the XYZ CORP programs.

Total Cost of Risk – TCOR – is detailed in a later section. As credible claims data is accumulated, ABC will lay the groundwork for performing a TCOR analysis for XYZ CORP. ABC will work with XYZ CORP and its carriers to get the data collated, analyzed and presented to XYZ CORP.

**Consultant Review**

This Stewardship Report is, in part, a direct result of the recommendations and will be an integral part of our relationship going forward. We will use it to scorecard our past
accomplishments relative to goals and to set targets for the future betterment of the XYZ CORP insurance program. We are targeting a 24-month cycle for future stewardship reports.

**Due Diligence Support**

ABC will continue to provide due diligence support for any XYZ CORP related acquisition or divestiture. These services will include (but are not necessarily limited to) program and cost analysis, deductible and risk analysis, program recommendations, and transition assistance.

**Insurance Program Benchmarking:**

Benchmarking insurance programs is a way of measuring cost and coverage against similar peers. We utilize the Advisen Ltd. ABC Broker Benchmarking database for this purpose. Advisen administers the annual Risk Insurance Managers Society (RIMS) Benchmark Survey and collects data from wholesale and retail insurance agents and brokers nationwide. This creates the world’s largest independent insurance benchmarking database.

The benchmarks can be used to set baselines for measurement of our future effectiveness. It will always be our goal to reduce cost and/or increase coverage at every negotiation, and long-term benchmarking will give us direction on where we have done well and where improvement is needed.

**ABC’s Service Capabilities and Commitment**

Our capabilities are reflected in our service commitment. We have dedicated practices in all areas of risk management and insurance staffed by recognized experts in their professions. The ABC team is dedicated to understanding your industry, strategic and tactical needs, wants, and values. Our continuous observation, measurement and testing of trends will provide precise and relevant negotiations on:

- Coverage
- Terms
- Placement
- Emerging issues
Our respect, integrity, and clout with insurance carriers yields favorable terms, conditions and rates to address XYZ CORP’s unique requirements. We have found that our services have been relevant and valuable in the following disciplines:

- Risk Management and Coverage Analysis Review
- Contractual review
- Traditional Brokerage Services
- Marketing
- Consultative Claims Services
- Risk Control Services
2. Broker Account
Background and History
Background and History

Client is a privately held media corporation that owns Publications, XYZ Publications, XYZ Publications, Business Journals. Client also has extensive interests in Movies, as well as internet sites.

Major Entities:

1) **Movie Company Publications /Sports Magazine Publishers.** The major publications include: The LA Times, TV Guide, etc.

2) **Client.** Owns over 10 Newspapers across the country.

3) **Movie House Networks, LLC** provides cable service to over 1 million subscribers. In addition to 300 channels of cable programming, the company provides movies-on-demand, high-definition TV services, high-speed Internet and digital phone access through its Movie House Networks video-on-demand service as well as other holdings. Approximately (55%) of their customer base are residential and the remaining (45%) are commercial. The company has operations in selected markets in Idaho, New Mexico and Michigan. They also own Central Phoenix News 13, a cable news channel.

**Broker LLC (BROKER)** has grown from a small, family-owned insurance brokerage firm based in Chicago into one of the large private held brokerage firms in the United States. We provide a comprehensive range of innovative insurance products, risk management services and benefit programs for a diverse and distinguished clientele across the country and around the world. Known throughout the insurance industry as the worldwide leader in media and entertainment insurance, Broker has also achieved international recognition for its expertise and capabilities in commercial and personal lines, individual and employee benefits, financial planning, consulting, program administration and claims services.

In 2004 we were appointed the broker for client’s insurance programs after an intense review process conducted by an outside consultant. We are committed to providing Client with the highest level of individualized service. Client has access to anyone on our staff, including John Rugby, the Managing Partner for the account, on a 24/7 basis. Our professional staff is comprised of insurance experts, including those with legal and business backgrounds. Our ongoing recruitment and staff development programs
ensure that our employees have the education, training and experience necessary to provide you with superior service.

CLIENT’s insurance requirements extend beyond the borders of the United States. We maintain a commitment to providing the same high quality of professional service and level of expertise in international markets as we have demonstrated across the country. Drawing upon the strength and of our ongoing relationships with insurance companies, underwriters and other industry professionals, we are consistently able to bring the most effective risk management strategies to Client with national and international exposures.

Whenever and wherever Client may need us, BROKER's key executives and team leaders travel from our headquarters in New York to provide on-the-spot assessment and support. In doing so, we are able to ensure the continuity and maintain the close, personal involvement that Client can expect when working with BROKER - anywhere in the world.
CLIENT PROPERTY/CASUALTY INSURANCE ADVISORY TEAM

BROKER’s Risk Management operations are centralized at our headquarters on Rochester, New York. John Rugby, a principal of Broker, serves as lead client relationship manager and external contact for the Client account. John heads our Commercial Lines and related services, including the Risk Management Department. The Risk Management Department is organized into Property and Casualty Units and they are supported by various specialists throughout the commercial lines operation who collectively organize into the Client client service team. The team is comprised of:

- Property & Casualty Risk Management
- Actuarial
- Management Liability
- Technical Services (Legal)
- Claims
- Loss Control

**Service Team Qualifications and Responsibilities**— BROKER’s service team for Client is both extensive and well qualified. By virtue of our organizational structure and service team deployment design, and by making available several points of technical and management staff contact, we can assure ready access to the needed experts and decision-makers. Our technical resources attend seminars throughout the year and pursue independent studies to broaden their knowledge to keep pace with the current status of trends, coverage terms and product development. The technical specialists assigned to Client are not lost in a long chain of command, but rather work in close concert with their department managers in a flat organizational design. The chart herewith summarizes the professional staff’s qualifications, roles and responsibilities. A complete contact list can be found under Team Contact List.
<table>
<thead>
<tr>
<th>CREDENTIALS</th>
<th>ROLE AND RESPONSIBILITIES</th>
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</thead>
</table>
| **John Rugby, CPCU**  
- 30 years experience as second generation owner of BROKER  
- BS - Albany University  
- Chartered Property and Casualty Underwriter (CPCU) designation | **Principal**  
- Senior Executive in charge of supervising property and casualty operations |
| **Richard Jones**  
- 11 years with BROKER as a Senior Manager  
- 12 years as underwriter at various leading firms in the insurance industry  
- 25 years of industry experience  
- B.B.A. - Rochester University | **Senior Vice President of Insurance Operations**  
- Manages Property and Casualty staff, along with Claims and Actuarial Services  
- Participates in final carrier negotiations with insurance carriers. |
| **Frank Lewis, CPCU**  
- 5 years with BROKER as Casualty Risk Manager  
- 25 years of insurance experience, with last 15 years in large casualty and loss sensitive programs  
- Chartered Property and Casualty Underwriter (CPCU) designation  
- Associate in Risk Management (ARM)  
- BS - St. John’s College | **Vice President/Casualty Risk Manager**  
- Design & Implementation of Casualty Programs including analysis of risk  
- Principal point of contact for the Casualty Service Team  
- Manages Large Casualty Unit by providing expertise on large loss sensitive programs and alternative risk transfer mechanisms  
- Ensures that appropriate timetable and action plans are established and implemented |
| **Ken Munson**  
- 9 months at BROKER as Property Risk Manager  
- 23 years of insurance experience; 21 years with property accounts, both from a primary and reinsurance perspective  
- B.S. – Notre Dame University | **Vice President/Property Risk Manager**  
- Design & Implementation of Property Programs including analysis of risk  
- Principal point of contact for the Property Service Team  
- Manages Property Unit by providing expertise on large loss sensitive programs and alternative risk transfer mechanisms  
- Ensures that appropriate timetable and action plans are established and implemented |
| **Robert Cole**  
- 29 years of experience in the Insurance Industry.  
- 25+ years managing casualty/property accounts &/or risk management accounts  
- 8 years with BROKER/5 years managing Risk Management Department Service Team  
- Brokers License  
- Certificate in General Insurance | **Assistant Vice President of Risk Management Services**  
- Manage RM Services Team Members specializing in Agency Management Systems as well as various aspects of Casualty, Property, Surety, Travel Accident & AD&D.  
- Implement and develop client services standards |
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Responsibilities</th>
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<tbody>
<tr>
<td>Tom Prince</td>
<td>Account Analyst</td>
<td>Executes the “day to day” operations including certificates of insurance, ID cards, schedules of insurance, posting notices, binders and host of other risk management transactions.</td>
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<tr>
<td>Jenn King</td>
<td>Vice President of Actuarial Services</td>
<td>Provides actual work product; loss estimates, collateral calculations and risk retention analysis used in negotiations with our carriers</td>
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<tr>
<td>Amit Singh, Esq.</td>
<td>Vice President &amp; General Counsel</td>
<td>Manages the Technical Service Department; Provides support on coverage and litigation issues</td>
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<tr>
<td>Ken, Esq., CPCU</td>
<td>Assistant Vice President of Legal Compliance</td>
<td>Provides legal insight into insurance related issues; Performs contract reviews and assists client the client with contractual risk transfer; Provides coverage interpretation and advocates for coverage on client’s behalf; Supports the litigation efforts of internal and external risk management client counsel</td>
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<tr>
<td>George Bush</td>
<td>Vice President of Management Liability</td>
<td>Oversees and manages the Management Liability Team; Senior resource for all program structure; Ensures broad coverage terms, marketing efforts and program strategies are implemented</td>
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<tr>
<td>Gary Mitnik</td>
<td>Senior Account Specialist</td>
<td>Responsible for the day to day account management; Responsible for account marketing and servicing of the account; Technical coverage resource</td>
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<tr>
<td>Homer Sato</td>
<td>Vice President of Claims</td>
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<tr>
<td>Olsen Carlton</td>
<td>Loss Control Account Manager</td>
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</tbody>
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| ▪ 9 years with BROKER  
▪ 19 years experience in claims management  
▪ Extensive experience with third party administrators  
▪ M.B.A. Corporate Finance - Dowling College  
▪ B.A. Economics - SUNY Fredonia | ▪ Manages Claims and Loss Control Department  
▪ Liaison with insurance carriers(s)/TPA’s  
▪ Oversees highly sensitive and large reserve claims  
▪ Facilitates and implement the TPA selection process  
▪ Performs the duties of a claims account manager |

<table>
<thead>
<tr>
<th>Olsen Carlton</th>
<th>Olsen Carlton</th>
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| ▪ 27 years of experience in loss control in the insurance industry.  
▪ Has been responsible for managing large risk management accounts with BROKER and prior employers  
▪ B.S. - Lowell University  
▪ Holds a Workplace Safety and Loss Prevention Certificate under NYS Industrial Code Rule 59  
▪ Holds a NEBOSH certificate in the United Kingdom | ▪ Analyzes exposure to loss, causes of loss and safety practices. Processes are assessed and benchmarked to provide foundation for loss control improvement plan  
▪ Develops and directs loss prevention strategies in concert with insurance carriers and other third party experts  
▪ Provides due diligence support activities for client acquisitions of new operations  
▪ Engages special projects on an as-needed-basis |

<table>
<thead>
<tr>
<th>George Benson</th>
<th>Vice President Advisory and Special Risk Services</th>
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</table>
| ▪ 25 years with BROKER  
▪ 29 years experience in the insurance industry  
▪ A.A. Liberal Arts – Staten Island borough Community College  
▪ Chartered Property and Casualty Underwriter (CPCU) designation  
▪ Associate in Marine Insurance Management (AMIM) | ▪ Responsible for specialty practices in environmental liability, aviation, marine and contingency risks  
▪ Consults as special needs arise to provide critical review and analysis of standard and proprietary coverages for VIP clients in a senior technical advisory capacity |
CLIENT ACCOUNT TEAM PHONE LIST

BROKER PRINCIPAL
.................................................................................................................................999-9740
.................................................................................................................................999-9730

INSURANCE SERVICES MANAGEMENT
Senior VP of Insurance Operations ......................................................................................719-0001

ACTUARIAL SERVICES:
VP/Manager, Actuarial Services .......................................................................................999-9711

RISK MANAGEMENT - CASUALTY
VP/Large Casualty Manager .............................................................................................999-9710
Assistant VP/Risk Management Services ........................................................................999-9855
Account Analyst ..............................................................................................................999-9815
Assistant Account Executive ............................................................................................999-9734
Clerical Assistant .........................................................................................................999-9765

RISK MANAGEMENT - PROPERTY
VP/Property Manager, Risk Management .........................................................................719-0010
Assistant VP/Risk Management Services ........................................................................999-9855
Assistant Account Executive ............................................................................................999-9803
Assistant Account Executive ............................................................................................999-9781
Assistant Account Executive ............................................................................................999-9769

TECHNICAL SERVICES
General Counsel ..............................................................................................................999-9763
Assistant VP/Legal Compliance .......................................................................................999-9732
Assistant VP/Legal Compliance .......................................................................................999-9768

MANAGEMENT LIABILITY
VP/Manager ......................................................................................................................999-9808
Senior Account Specialist ...............................................................................................999-9874
Associate Account Analyst ..............................................................................................999-9774

CLAIMS AND LOSS CONTROL SERVICES
VP/Manager ......................................................................................................................999-9875
Workers’ Compensation Consultant ................................................................................999-9782
Loss Control Account Manager .......................................................................................999-9766
Management Liability Specialist ...................................................................................999-9847
Assistant .............................................................................................................................999-9780
Automobile Specialist ....................................................................................................999-9848

ADVISORY & SPECIAL RISK SERVICES ........................................................................999-9812
3. Account Overview
Premium and Renewal Overview:

**CLIENT Exposure Analysis**

Insurance costs for a particular line of coverage are often a function of rate multiplied by exposure. While rates have seen decreases negotiated by BROKER, exposures for Client have fluctuated across lines of coverage. Exposures are shown by division – Newspaper, Magazine, and Cable. Note that total insured property values are up almost 30% in the three-year period from the 2004 to 2005 policy year.

<table>
<thead>
<tr>
<th></th>
<th>1/1/2007</th>
<th>1/1/2008</th>
<th>1/1/2009</th>
<th>3 Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AP Newspaper</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property - TIV</td>
<td>$2,280,211,932</td>
<td>$2,387,277,608</td>
<td>$2,440,605,412</td>
<td>7.0%</td>
</tr>
<tr>
<td>Work Comp - Payroll</td>
<td>$660,855,384</td>
<td>$672,717,406</td>
<td>$606,560,769</td>
<td>-8.2%</td>
</tr>
<tr>
<td>Auto - Vehicles</td>
<td>841</td>
<td>799</td>
<td>722</td>
<td>-14.1%</td>
</tr>
</tbody>
</table>

Client Exposure Analysis

- Property - TIV
- Work Comp - Payroll
- Auto - Vehicles
<table>
<thead>
<tr>
<th>Bright House Networks</th>
<th>1/1/2007</th>
<th>1/1/2008</th>
<th>1/1/2009</th>
<th>3 Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property - TIV</td>
<td>$1,955,120,989</td>
<td>$2,653,103,929</td>
<td>$2,712,454,486</td>
<td>38.7%</td>
</tr>
<tr>
<td>Work Comp - Payroll</td>
<td>$346,313,736</td>
<td>$367,346,990</td>
<td>$386,515,850</td>
<td>11.6%</td>
</tr>
<tr>
<td>Auto - Vehicles</td>
<td>3,444</td>
<td>3,513</td>
<td>3,568</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

**Exposure Analysis**

- Property - TIV: 2007 $1,955,120,989, 2008 $2,653,103,929, 2009 $2,712,454,486, change 38.7%
- Work Comp - Payroll: 2007 $346,313,736, 2008 $367,346,990, 2009 $386,515,850, change 11.6%
- Auto - Vehicles: 2007 $3,444, 2008 $3,513, 2009 $3,568, change 3.6%
### Advance Magazines

<table>
<thead>
<tr>
<th></th>
<th>1/1/2007</th>
<th>1/1/2008</th>
<th>1/1/2009</th>
<th>3 Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property - TIV</td>
<td>$1,809,514,933</td>
<td>$2,336,101,700</td>
<td>$2,458,687,949</td>
<td>35.9%</td>
</tr>
<tr>
<td>Auto - Vehicles</td>
<td>242</td>
<td>207</td>
<td>177</td>
<td>-26.9%</td>
</tr>
<tr>
<td>Work Comp - Payroll</td>
<td>$640,804,561</td>
<td>$651,668,510</td>
<td>$749,237,800</td>
<td>16.9%</td>
</tr>
</tbody>
</table>

### Exposure Analysis

- **Property - TIV**
- **Auto - Vehicles**
- **Work Comp - Payroll**
CLIENT Insurance Cost Analysis:

Overall, Client insurance costs relative to payroll have been on a downward trend. In the normalized chart below the “gap” is widening (for the good) between Client payroll and insurance program cost. Payroll is used to normalize the results, as revenue is not available. Note that coverage has also expanded during this time. Consider that had program cost stayed at the period high of 1.23% of payroll, insurance costs for 2009 would be projected at $18.6m or almost $2,900,000 higher than presently renewed! This is a very positive trend and it is a goal of BROKER’s to continue to improve upon this result.

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>3 Yr Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Casualty</td>
<td>$11,971,185</td>
<td>$11,501,014</td>
<td>$10,810,772</td>
<td>-9.7%</td>
</tr>
<tr>
<td>Total Property</td>
<td>$5,017,044</td>
<td>$5,151,912</td>
<td>$5,134,084</td>
<td>2.3%</td>
</tr>
<tr>
<td>Total Management Liability</td>
<td>$1,577,541</td>
<td>$1,630,845</td>
<td>$1,666,482</td>
<td>5.6%</td>
</tr>
<tr>
<td>Total All Coverage</td>
<td>$18,565,770</td>
<td>$18,283,771</td>
<td>$17,611,338</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Payroll</td>
<td>$1,647,973,681</td>
<td>$1,691,732,906</td>
<td>$1,742,314,419</td>
<td>5.7%</td>
</tr>
<tr>
<td>Cost as % of Payroll</td>
<td>1.13%</td>
<td>1.08%</td>
<td>1.01%</td>
<td>-10.3%</td>
</tr>
</tbody>
</table>
Line-by-Line Cost Analysis

Line by line most coverages have seen decreases or modest increases during the past three years. As a base comparison note Client payroll increased almost 6% during the period. Comments:

- Casualty administration costs down 9.3%
- Excess Workers Comp down 14.8%
- CGL down 20.5%
- Property costs have increased 2.3% at a time when total insured values are up over 25%. This is a terrific result!

New coverages, or those that experienced significant change, are highlighted in yellow. The total cost of this additional and/or enhanced coverage is $119,000, yet insurance costs are decreasing versus payroll. This is a very positive achievement and our goal is to continue this downward trend in cost on both an absolute basis and relative to Client revenue.
<table>
<thead>
<tr>
<th>Carrier</th>
<th>Line(s)</th>
<th>AM BEST Financial Size</th>
<th>BEST Financial Strength</th>
<th>S&amp;P Bond Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>American International Life Assurance NY</td>
<td>Travel Accident</td>
<td>XV</td>
<td>A</td>
<td>B-</td>
</tr>
<tr>
<td>AI Specialty</td>
<td>Pollution</td>
<td>XV</td>
<td>A</td>
<td>B-</td>
</tr>
<tr>
<td>American Bankers Insurance Company of FL</td>
<td>Flood</td>
<td>XIII</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>American Home Assurance Company</td>
<td>Aviation</td>
<td>XV</td>
<td>A</td>
<td>B-</td>
</tr>
<tr>
<td>Chubb Insurance Group</td>
<td>Fiduciary, Crime,</td>
<td>XV</td>
<td>A++</td>
<td>A+</td>
</tr>
<tr>
<td>Commerce &amp; Industry Insurance Company</td>
<td>Special</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>GL</td>
<td>VV</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Umb, Spec, Crime,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pension</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Insurance Company</td>
<td>Property</td>
<td>XV</td>
<td>A</td>
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<tr>
<td>Hartford Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Umbrella</td>
<td>XIII</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Great American Casualty Insurance Co</td>
<td>Foreign Casualty</td>
<td>XV</td>
<td>A++</td>
<td></td>
</tr>
<tr>
<td>Great Northern Insurance Company</td>
<td>WC</td>
<td>XV</td>
<td>A</td>
<td>B-</td>
</tr>
<tr>
<td>Illinois National Insurance Company</td>
<td>Prof Liability</td>
<td>XV</td>
<td>A</td>
<td>B-</td>
</tr>
</tbody>
</table>

Total Insurance Cost

<table>
<thead>
<tr>
<th>Year</th>
<th>Casualty Admin</th>
<th>Casualty Claims Handling</th>
<th>Excess WC</th>
<th>Excess GL</th>
<th>Excess AL</th>
<th>Excess Crime</th>
<th>Total Casualty</th>
<th>Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$819,439</td>
<td>$749,346</td>
<td>$4,331,611</td>
<td>$1,236,056</td>
<td>$2,845,733</td>
<td>$52,500</td>
<td>$9,982,185</td>
<td>$5,017,044</td>
</tr>
<tr>
<td>2008</td>
<td>$842,651</td>
<td>$734,254</td>
<td>$4,243,013</td>
<td>$1,032,008</td>
<td>$2,685,088</td>
<td></td>
<td>$9,537,014</td>
<td>$5,151,912</td>
</tr>
<tr>
<td>2009</td>
<td>$743,034</td>
<td>$762,210</td>
<td>$3,691,005</td>
<td>$982,187</td>
<td>$2,665,836</td>
<td></td>
<td>$8,896,772</td>
<td>$5,134,084</td>
</tr>
</tbody>
</table>

3 Yr Change %

<table>
<thead>
<tr>
<th>Casualty Admin</th>
<th>Casualty Claims Handling</th>
<th>Excess WC</th>
<th>Excess GL</th>
<th>Excess AL</th>
<th>Excess Crime</th>
<th>Total Casualty</th>
<th>Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>-9.3%</td>
<td>1.7%</td>
<td>-14.8%</td>
<td>-20.5%</td>
<td>-6.3%</td>
<td></td>
<td>-10.9%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

Total Management Liability

<table>
<thead>
<tr>
<th>Year</th>
<th>Casualty Admin</th>
<th>Casualty Claims Handling</th>
<th>Excess WC</th>
<th>Excess GL</th>
<th>Excess AL</th>
<th>Excess Crime</th>
<th>Total Casualty</th>
<th>Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$43,600</td>
<td>$17,900</td>
<td>$9,375</td>
<td>$1,333,333</td>
<td>$52,500</td>
<td>$29,970</td>
<td>$1,577,541</td>
<td>$43,600</td>
</tr>
<tr>
<td>2008</td>
<td>$43,600</td>
<td>$17,900</td>
<td>$9,375</td>
<td>$1,375,000</td>
<td>$55,000</td>
<td>$29,970</td>
<td>$1,630,845</td>
<td>$43,600</td>
</tr>
<tr>
<td>2009</td>
<td>$47,900</td>
<td>$17,900</td>
<td>$9,000</td>
<td>$1,375,000</td>
<td>$155,000</td>
<td>$29,970</td>
<td>$1,666,482</td>
<td>$47,900</td>
</tr>
</tbody>
</table>

3 Yr Change %

<table>
<thead>
<tr>
<th>Casualty Admin</th>
<th>Casualty Claims Handling</th>
<th>Excess WC</th>
<th>Excess GL</th>
<th>Excess AL</th>
<th>Excess Crime</th>
<th>Total Casualty</th>
<th>Property</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.9%</td>
<td>0.0%</td>
<td>-4.0%</td>
<td>3.1%</td>
<td>-10.6%</td>
<td></td>
<td>-6.4%</td>
<td>2.3%</td>
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<tr>
<td>Company</td>
<td>Line of Business</td>
<td>Rating Level</td>
<td>Category</td>
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</tr>
<tr>
<td>-------------------------------------</td>
<td>------------------------</td>
<td>--------------</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liberty International Insurance Company</td>
<td>Umbrella</td>
<td>XV</td>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lloyds of London</td>
<td>Publisher's liability</td>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midwest Employers Casualty Company</td>
<td>WC</td>
<td>XV</td>
<td>A+</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual Insurance Company Limited (Bermuda)</td>
<td>Publisher's liability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance Company of New York</td>
<td>GL, Auto</td>
<td>XV</td>
<td>A</td>
<td>B-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Surety Corporation</td>
<td>Umbrella</td>
<td>XV</td>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nautilus Insurance Company</td>
<td>GL</td>
<td>X</td>
<td>A+</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Hampshire Insurance Company</td>
<td>WC</td>
<td>VV</td>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RSUI Indemnity Company</td>
<td>Umbrella</td>
<td>XII</td>
<td>A</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>St. Paul Fire &amp; Marine Insurance Company</td>
<td>Umbrella, Marine</td>
<td>XV</td>
<td>A+</td>
<td>A-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ace Casualty &amp; Surety Co of America</td>
<td>Excess Crime</td>
<td>XV</td>
<td>A+</td>
<td>A-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vigilant Insurance Company</td>
<td>Exhibition Floater</td>
<td>XV</td>
<td>A++</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Westchester Fire Insurance Company</td>
<td>Umbrella</td>
<td>XI</td>
<td>A+</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zurich American Insurance Company</td>
<td>Umbrella</td>
<td>XV</td>
<td>A</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

* As of September 1, 2009

### GUIDE TO BEST RATINGS

<table>
<thead>
<tr>
<th>Rating Levels and Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>A++, A+ Superior</td>
</tr>
<tr>
<td>A, A- Excellent</td>
</tr>
<tr>
<td>B++, B+ Very Good</td>
</tr>
<tr>
<td>C++, C+ Marginal</td>
</tr>
<tr>
<td>C, C- Weak</td>
</tr>
<tr>
<td>D Poor</td>
</tr>
<tr>
<td>E Under Reg Supervision</td>
</tr>
<tr>
<td>F In Liquidation</td>
</tr>
<tr>
<td>S Rating Suspension</td>
</tr>
</tbody>
</table>

Best’s Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best’s Rating which attempts to measure the comparative position of the company or association against industry averages.

Copies of Best Ratings reports are available upon request.
STATE OF THE INSURANCE MARKET:

After falling steadily for five years, ABC Broker rates are expected to reach the bottom of the pricing cycle in 2009, and perhaps begin to rise slightly in some lines by the beginning of 2010. However, lower demand for insurance coverage, a consequence of the current recession, could prolong soft market conditions.

Key conclusions:

- Rates continue to fall, though at a slower pace, for most lines of ABC Broker.
- Rates are likely to bottom out by the end of the year, but in the absence of a major catastrophe, it is unlikely there will be material rate increases except in certain distressed segments.
- The credit crisis and recession are contributing to declining policyholders' surplus (insurance "supply"), which ordinarily would hasten the shift to a hard market, but insurance demand also is falling as the result of lower payrolls, revenues, and other insurance exposure bases.
- Financial institution Directors & Officers Liability (D&O) and Errors & Omissions Liability (E&O) insurers are experiencing sharply higher losses as a result of the subprime meltdown/credit crisis. Claims related to the credit crisis and recession are likely to increase in other lines, especially property and employment practices liability.
- The average Workers' Compensation premium has fallen sharply since 2005 as a result of reform measures in several large states. The pendulum is beginning to swing the other way with large rate increases in California proposed for mid-2009.
- When the market begins to harden, rate increases will occur gradually, not sharply as in 2001-2003, unless there are very large catastrophe losses.
Catastrophe losses in 2008, as well as billions of dollars of insured losses resulting from the subprime mortgage market meltdown and its aftermath, occurred against a backdrop of depressed ABC Broker rate levels, the legacy of a five-year ride down the soft side of the insurance pricing cycle. The exhibit above shows Advisen’s ADVx™ commercial lines composite premium change index. Since the first quarter of 2004, the commercial lines insurance industry has surrendered about 60 percent of the gains from the 2001-2003 hard market. The U.S. property & casualty insurance industry posted a $21 billion underwriting loss in 2008, according to ISO and the Property Casualty Insurers Association of America (PBROKER).

**2009 By Line of Business**

With a few narrow exceptions, the entire commercial lines insurance market remained in the soft phase of the insurance pricing cycle through the fourth quarter of 2008. Erosion of policyholders’ surplus will impact all lines in 2009, leading eventually to an overall reversal of the market cycle. However, some lines are likely to bottom out and begin to firm up sooner than others.

**Property**

The average countrywide property premium rose in 2006 and 2007. This was a result of sharply higher rates in hurricane-exposed regions in the wake of Hurricanes Katrina, Rita, and Wilma in 2005, which cost the insurance industry $66 billion dollars. Premiums in earthquake-exposed regions also rose as lessons learned from Hurricane Katrina about claims costs following a massive catastrophe were incorporated into earthquake pricing models. Property premiums in regions without significant catastrophe exposures continued to fall.

Thanks to relatively benign natural catastrophe activity in 2006 and 2007, property owners in catastrophe-exposed regions began to get some relief in 2008. Average countrywide premium decreases were greater through the first three quarters of 2008.
than at any time since the third quarter of 2005. However, 2008 was a hyperactive year for natural catastrophes, and property underwriters now are pushing for higher premiums in some segments of the market.

The drive for higher premiums may prove unsustainable. Capacity remains abundant and competition is keen. Especially in regions with lower catastrophe exposures, the property market should remain competitive through 2009. Even some segments of catastrophe-exposed regions, which saw skyrocketing premiums for some insureds following Hurricane Katrina, may see some further relief.

**Excess Liability**

Except for a short-lived rally on the back of the 2005 catastrophe losses, general liability premiums, on average, have steadily tumbled downhill since the fourth quarter of 2003. As of the fourth quarter of 2008, rates had eroded to 2001 levels. Further rate level deterioration is likely in 2009.

From a loss perspective, general liability has been one of the more stable lines of business, remaining comparatively unscathed by large exogenous events and the global recession. An uptick in loss activity is likely as corporate cost-cutting measures negatively impact loss control and safety activities.

**Directors & Officers Liability**

D&O rates rose more sharply than any other line tracked by Advisen between 2001 and 2003, with the average premium doubling during that period. Since the beginning of 2004, insurers have surrendered more than 60 percent of those increases.

D&O has been adversely impacted by the meltdown of the subprime mortgage market and the ensuing credit crisis. Advisen forecasts $5.9 billion insured subprime and credit crisis D&O losses over the 2007-9009 policy years. However, those losses are largely borne by a small number of financial institution D&O specialists, leaving most other D&O insurers relatively untouched. Additionally, though there was a surge in subprime and credit crisis claims in 2007 and 2008, fewer securities class action suits – the major source of losses under public company D&O policies – were filed in those years than were filed, on average, for the 2002-9005 period.

The damage to D&O insurers caused by the global financial crisis could spread beyond the financial sector in 2009 and 2010. As companies falter, some will be sued – accused of not disclosing to shareholders the true depths of their distress. Defaults on corporate debt are expected to hit levels unknown since 1933, which could lead to D&O suits against private companies, as well as public corporations. Some companies may be sued as a result of the failure of a key supplier, a major customer, a joint venture partner or a company in which there is minority ownership.
**Workers’ Compensation**

Workers’ Compensation is the most regulated of all ABC Broker lines. As a result, workers compensation rate levels are, to a degree, decoupled from the broader ABC Broker pricing cycle. Averaged across the U.S., Workers Compensation premiums have fallen further and faster than almost every other commercial line since 2004, but substantially for reasons other than overcapacity. Plummeting premiums were driven by reform measures in several large states, especially California. As a result of legislation passed in 2003 and 2004, California Workers’ Compensation rates were slashed in half. Other large states passing significant reform legislation include Florida (2003), Texas (2005), and New York (2007).

The impact of the reform measures has now been largely recognized, and premium levels have stabilized. The pendulum is now beginning to swing in the opposite direction, with a number of states announcing rate increases. Even California, which led the reform charge that drove down premiums over the past several years, will likely see higher premiums. The California Workers’ Compensation Insurance Rating Bureau has recommended a 24.4 percent increase in overall pure premium level effective July 1, 2009.

Workers’ Compensation loss experience is likely to worsen as the economy further deteriorates. Employees who fear for their jobs are more likely to file claims and to attempt to extend benefits for as long as possible. Additionally, cost-cutting measures by financially strapped companies may result in more dangerous workplaces.

**Employment Practices Liability Insurance**

EPLI will be adversely affected by the economic downturn. According to the U.S. Bureau of Labor Statistics, payroll employment has declined by 5.7 million since the start of the recession in December 2007. When companies lay off employees, lawsuits alleging discrimination rise. EEOC claims reached a record high of 95,402 in fiscal year 2008, according to the annual EEOC Performance and Accountability Report.
SPECIFIC MARKET CONDITIONS FOR Client

CLIENT has certain important lines of coverage that are subject to market conditions. Below are our thoughts on the effects on CLIENT.

Property:

- Coming off of the second worst year on record in US catastrophe losses, and the global economic downturn, insurers were encouraged that they could achieve significant rate increases in 2009. Hartford for instance was looking for rate increases of 5-10% on their entire portfolio.
- Rates, however, have remained stable throughout 2009 particularly in light of a quiet hurricane season and rather uneventful 7/1/09 Treaty Reinsurance renewals.
- Larger property accounts with good experience have actually achieved rate decreases as noted in Advance Publication’s 7/1/09 renewal with Hartford.
- Competition in the property arena remains and BROKER will look to leverage this with Hartford to assure that Client is being provided with the most competitive property insurance program going forward.

Casualty:

- The troubles with AIG and other financial institutions from the mortgage back securities will continue to have an impact on the market and create opportunities for their competitors.
- For the larger accounts individual risk characteristics and loss experience remain the driving force in determining pricing and program parameters. There are more pricing disciplines for the larger risk management programs.
- In the Umbrella and Excess arena, there is more pricing discipline among excess liability underwriters with a comparatively limited market for very large casualty programs supply and demand presently are in balance.

Executive Risk:

- Cyber network risk are ever increasing to date
- CLIENT does not have an insurance solution in place to address this exposure
• CLIENT ’s longstanding relationship and historically favorable loss experience has proven beneficial to Client to date and has helped to offset dramatic swings or structural adjustments in their insurance programs.
4. INSURANCE PROGRAM BENCHMARKING
Benchmarking insurance programs is a way of measuring cost and coverage against similar peers. BROKER has utilized the Advisen Ltd. ABC Broker Benchmarking database for this purpose. Advisen administers the annual RIMS BenchMark Survey and collects data from Wholesale and Retail brokers. This creates the world’s largest independent insurance benchmarking database. Because data is drawn from brokers who may specialize, certain coverages are more highly represented than others.

Benchmarkable lines of existing coverage include Professional Liability, Umbrella, and Fiduciary Liability.

Benchmarking also gives us an opportunity to look at pricing and limits for coverage Client is considering purchasing. These lines are Directors and Officers, Employment Practices Liability, and Cyber Liability Coverage.

**Professional Liability Benchmarking:**

The peer group is Media and related organizations with over $500 million in revenue. There are 42 entities in the peer group (peer group size will vary from coverage to coverage). The first charts are histograms. Each blue bar tells you what percentage of the peer group has that level of premium or limit. The red line is Client. These histogram charts the absolute value of the premium and limit versus the peer group.

There are 25 companies in the peer group. On a premium basis Client is at the higher end of the chart. A little over 8% of the group has premium of $1m to $2m. Just 4% are above that, the rest are below.
On a limits basis client’s $65 million puts them at the higher end of the peer group though, interestingly, 11% of the group carries limit of $150m to $250m. The rest of the group has limits lower than CLIENT.

The next charts are quartile graphs. They give an indication of the relative value of the program versus the peer group, and in the case of Professional Liability, it shows very positive results for the Client program. The blue bar shows the middle 50% of respondents. 25% of the group is lower (to the left) of the blue bar, and 25% is higher (to the right of) the blue bar. The black line bisecting the blue bar is the median, half the respondents are above that, half are a below. The red line is CLIENT.

The first quartile graph is Rate per Million, and it gives a picture of the efficiency of insurance purchasing. The further to the left the red line is, the better the result. In this case Client pays approximately...
**Fiduciary Liability**

The premium and limits charts for Fiduciary are below. The primary layer premium is calculated as 66% of the crime/fiduciary package.

Limits as a percentage of revenues is again high versus the peer group though as noted on the chart of absolute values some media company providers carry significantly higher limits than CLIENT:

---

**Proposed Coverage Benchmarking:**
As noted above, benchmarking gives us an opportunity to take a look at the purchasing and pricing for proposed coverage. Also, Advisen maintains a database of large claims and events. Cited below are extracts from that database.

Directors and Officer Coverage:

There is significant data available for Directors and Officers coverage benchmarking. There are 25 entities in the peer group.

The premium chart above shows most prevalent premium of $250k to $500k. There are some media companies with D&O premiums of as much as $3 million or more. From a limits perspective there is a somewhat similar result, the most prevalent limit being at the lower end of the group at $10m to $20m,
The quartile graphs below give additional insight on this coverage. On a rate per million basis the middle 50% runs from $7166/million to $24,585/million.

Directors and Officer Coverage have another measure available, limit as a percentage of revenue (were Client publicly traded we would also measure the coverage against Market Capitalization). The median company insures 1.57% of revenue. The middle 50% runs from .94% to 4.16%. To assist in comparison, 1.57% of $7.8b is roughly $12m.
Employment Practices Liability Coverage:

EPLI is benchmarked similarly to D&O. There are 17 companies in this peer group.

The most prevalent peer premium grouping is $150k to $250k. The most prevalent limit range is $5m to $10m.

The quartile graphs below give additional insight on this coverage. On a rate per million basis the median cost is $12,512/million. The middle 50% runs from $7985/million to $18,000/million. On the limits side the median amount of revenue insured is .685% of revenue. The middle 50% runs from .317% to 1.092%. As a point of reference, .685% of $7.8b is roughly $5m.
EPLI Claims and Events:

Cases Filtered For:

**Analysis ID:** 34211

**Cases Filters**

**Coverage:** Management Liability

**Line of Business:** Employment Practices

**Location of:** Either

**Company Filters**

**Company Type:** Private

**Industry Filters**

**Industries:** 254010 - Media

**Graph Filters**

**Compare to:** None

**Based on:** Accident/Filing Date

---

**Number of Cases Chart**

![Number of Cases Chart](chart.png)
Listed Cases:

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<th>Company ID</th>
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<td>1,176</td>
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</tbody>
</table>

Select Detail:

1. The plaintiff, a former advertising executive with multiple sclerosis, alleged that she had been terminated after having been subjected to ridicule and hostile comments, including being called a "cripple" for needing to walk with a cane because of the physical degeneration from her multiple sclerosis. The plaintiff walked with a cane when she was hired, but she chose to conceal her condition by saying that she had been injured skiing. The plaintiff claimed that she was refused support staff, excluded from key meetings, denied a promotion, removed from the athletic shoe chain's account, and her office was converted into a storage room. In March 2006, the trial judge upheld the jury verdict finding that the jury's award was well supported by the evidence presented at trial.

2. A female editor-in-chief of a hip-hop magazine filed a lawsuit against her employer alleging sexual harassment, gender discrimination, retaliatory discharge and defamation of character. Plaintiff alleged she was repeatedly subjected to sexual propositions and physical threats by her male bosses. She also alleged that male colleagues were given preferential treatment despite her key role at the magazine. Plaintiff alleged when she complained to human resources about the harassment, no action was taken. She was
ultimately fired in retaliation for complaining and later defamed in an interview by one of the magazine's founders. The jury found for plaintiff on her retaliation and defamation claims only. Initial reports put the overall award to $15.5m; however, a federal judge issued a final judgment of $7.9m. The magazine has appealed.

3. Man said he was fired because he filed for sexual harassment: In February 2002, plaintiff a pressroom operator at the Star Telegram in Ft. Worth, filed a sexual harassment complaint against his manager. He claimed that sexually explicit comments about him had been written on one of several sheets of paper called "greensheets" and that his manager repeated the comments and made lewd gestures. According to plaintiff, the manager walked up to He, grabbed his own crotch, repeated the explicit phrase and laughed. Plaintiff, who had worked for the paper for 14 years and 8 months, made complaints in February, March and April and eventually was fired in September 2002. He claimed that he was fired for filing the complaint, and he sued the Star Telegram for wrongful termination. His attorneys alleged that their client was mistreated during his final months at the newspaper and was fired in retaliation for filing the sexual harassment complaint. Also, there was a witness who testified that the comment was made. Star Telegram's counsel denied that the newspaper fired He for filing the complaint. According to the defense, He was fired in an unrelated event for disclosing confidential employee information regarding a performance review. He denied any such disclosure. The defense further contended that the paper conducted an investigation into the incident and found no evidence that the manager, who continues to work for the Star Telegram, harassed He. He started his own lawn care business eight months after his termination and makes less than the $47,914 he was making at the Star Telegram at the time of his termination.
Cyber Liability Benchmarking:

The premium and limits charts for Cyber Liability are below. In this case the peer group is all Media related companies with Cyber coverage. There are 14 companies in the peer group. There is no one most prevalent grouping and premiums are widespread. The most prevalent limit is range is $750k to $1m though there are some as high as $30m to $50m.

The quartile graphs below give additional insight on this coverage. On a rate per million basis the median cost is $9597/million. The middle 50% runs from $6935/million to $16,230/million. On the limits side the median amount of revenue insured is .72% of revenue. The middle 50% runs from .15% to 1.65%. As a point of reference, .72% of $7.8b is roughly $5m.
Claims and Events:

Cases Filtered For:

Cases Filters
Category: Cyber/Identity Risks
Location of: Either

Industry Filters
Industries: 254010 - Media

Graph Filters
Compare to: None
Based on: Accident/Filing Date
?Are description/details available?

Case List:
Select Detail:

1. Computer technician pleads guilty in ID theft: New York - A computer technician who prosecutors said made possible the largest identity theft in U.S. history, surpassing $50 million, pleaded guilty Tuesday to conspiracy in a scheme that poached personal information from tens of thousands of people. Philip Cummings said he didn't realize his accomplices would do so much damage with the information he sold. "I didn't know the magnification," Cummings, 35, told U.S. District Judge George B. Daniels, who set sentencing for Jan. 11. However, he acknowledged that he knew his actions were wrong and illegal. Cummings worked from mid-1999 through August 2000 as a help-desk worker at Teledata Communications Inc., a Rochester computer software company that provides banks with computerized access to credit information databases. Under a plea agreement, Cummings may be sentenced to at least 14 years in prison for conspiracy, fraud and wire fraud. (September 16, 2004 - Larry Neumester, Associated Press)

2. This cause of action arises out of software created by Alexa and distributed by Amazon.com. Apparently the Alexa software is designed to allow more efficient navigation of the World Wide Web. The software provides statistics on the websites visited by its users, and provides a continuous stream of related links as the user surfs the web. Plaintiffs claim that the Alexa software enables Alexa and Amazon to intercept and access users' personal information in violation of their rights to privacy. Supnick seeks injunctive relief, declaratory judgment, and damages for defendants' alleged

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<tr>
<th>Case ID</th>
<th>Company Name</th>
<th>Company ID</th>
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</table>
violations of the Electronic Communications Privacy Act (18 U.S.C. 2510 et seq.), violations of the Stored Wire and Electronic Communications and Transactional Records Access Act (18 U.S.C. 2701 et seq.), and violations of the common law rights against trespass to property and invasion of privacy. The parties agreed to settle the actions subject to court approval and other terms and conditions. On April 19, 2001, the U.S. District Court for the Western District of Washington preliminarily approved the terms of the following proposed settlement of the consolidated class action lawsuits:
Alexa will destroy certain previously collected personal information so as to minimize, if not eliminate, the possibility of defendants linking such information to an individual consumer's personally identifiable information; Alexa will modify certain aspects of its notifications to users about its data use and collection practices and communication of choice to participate in such a process.; Defendants will administer a claim process whereby defendants will investigate whether, for each person who submits a timely claim, Alexa obtained through that person's use of Alexa's Web Browsing Software information about such class member that matches information provided in that person's claim, and pay each class member from whom such information was collected the lesser of forty dollars or their pro rata share of $1.9 million and delete certain matched data upon request.; Defendants will pay $100,000, plus the difference between what it pays in claims to individual class members and $1.9 million to a fund that will be used to make grants to university-based programs concerned with Internet public policy issues or other non-profit consumer organizations.; Defendants will pay the attorneys representing the class $1.9 million for legal fees and reimbursement of expenses. On July 27, 2001, a hearing was held to approve the settlement and dismissed the action.

3. Milford, Ohio Man Pleads Guilty to Hacking: Intrusion and Theft of Data Cost Company $5.8 Million. CINCINNATI -- Daniel Jeremy Baas, age 25, of 308 Valley Brook Apartments in Milford pled guilty in United States District Court here today to a one-count information charging him with exceeding authorized access to a protected computer and obtaining information, conduct that is commonly referred to as "hacking." Gregory G. Lockhart, United States Attorney for the Southern District of Ohio; Hamilton County Sheriff Simon Leis; James Emery, Special Agent in Charge, United States Secret Service; and Kevin Brock, Special Agent in Charge, Federal Bureau of Investigation, announced the plea entered today before United States District Judge Susan J. Dlott. Baas was charged in August with illegally accessing, or "hacking" into a protected computer and stealing customer databases from Acxiom, a Little Rock, Arkansas-based company that manages customer information for credit card issuers, banks, automotive manufacturers, retailers and others. The total cost to Acxiom of Baas's intrusion and theft of data is more than $5.8 million. Baas faces a maximum penalty of five years in prison, a fine of $250,000 or twice the amount of gain or loss, and three years of supervised release. According to a statement of facts filed with the guilty plea, Baas was the computer systems administrator for a Cincinnati company that did business with Acxiom. Baas was allowed to download files set aside for his employer on Acxiom computers. Baas committed a crime when he exceeded his
authorized access, looked for and downloaded an encrypted password file, and ran a password cracking program against the file. Baas stole files that belonged to other Acxiom customers, and these files contained personal identification information. The statement of facts says Baas illegally obtained about 300 passwords, including one that acted like a "master key" and allowed him to download files that belonged to other Acxiom customers. The downloaded files contained personal identification information. The data stolen by Baas was not used for criminal or commercial purposes. The cost to Acxiom includes employee time, travel expenses, and payments for security audits and encryption software in addition to the value of the information he stole. Baas is in state custody on other charges. Judge Dlott ordered him to remain in custody, pending sentencing. Judge Dlott will set a date for sentencing. "Cybercrimes pose a significant threat to our privacy, our safety, our financial soundness, and even our national security," Lockhart said. "Cases involving cybercrimes will be prosecuted to the fullest." Lockhart commended the cooperative investigation of the Hamilton County Sheriff's Office, the Secret Service, the FBI and Assistant U.S. Attorney Robert A. Behlen, Jr., who prosecuted the case. Baas pled guilty to violating 18 U.S.C. 1030(a) (2) and (c) (2) (B) (iii). (December 18, 2003 - US Department of Justice)
4. Property Insurance Coverage
The Property department has been able to generate significant positive results for CLIENT, from a coverage and cost standpoint. As noted in the financial analysis, insurance cost has increased just 2.3% at a time when insured values have increased by over 25%. As will be seen below, there have also been significant improvements to the coverage.

We are in constant (daily) contact with members of the Client staff, both in headquarters and the field, as well as the carrier to discuss property related issues, present solutions, and implement them.

We work with Hartford on “what if” analysis on coverage to expose weaknesses or hidden problems and deal with them proactively. We also provide coverage interpretations based on scenarios surfaced by Client staff; ie; our Technical Services Group provided an analysis of overhead transmission line coverage.

Through select marketing we have been able to keep Hartford “honest” achieving rate reductions each year while also negotiating coverage enhancements.

Recent accomplishments are –

**2009:**

- Increased the underlying California EQ sublimit from $5,000,000 to $25,000,000 resulting in a 20% savings in premium.

- Civil Authority – increased distance limit from 1,000 ft. to 5 miles.

- Transportation Coverage – Property damage for shipments now includes shipments made by a contract service provider to client’s location or their customer’s location or shipments made by client’s customer to client’s location or contract service provider’s location.

- Logistics Extra Cost Coverage added.

Looking forward we will strive to continue to improve on these results. We will continue to analyze the market competitiveness of the Hartford program and, if necessary, market to leverage cost and contract terms.
2008:

- Deletion of PD limitation @ 999 E. 99th Street, NY @ $290MM; full limits apply @ $4BB
- Deletion of PD limitation @ 99 Times Square, NY @ $390MM; full limits apply @ $4BB
- Deletion of limitation PD for Movie House @ $150MM; full limits apply @ $4BB.
- 1% post TRIA terrorism deductibles have been removed.
- Exclusion for overhead transmission and distribution lines as respects Movie House for Service Interruption Property Damage and Time Element has been removed.
- Sublimit of $10MM on Gross Earnings/Gross Profits for Movie House amended to $100,000,000.
- Sublimit of $25MM on Deferred payment for Movie House amended to $100,000,000.
- Amendment in Time Element Extended Period of Indemnity to 365 days in lieu of 90 as respects Movie House.
- Sublimit of $10MM for service interruption time element and property damage for Movie House has been deleted; limit of $25,000,000 now applies.
- Business Interruption quotes were provided for the Newspapers; however, declined.
- Electronic Data Processing Equipment was increased from $25MM sublimit to $81 MM for 801 Pencader Drive, Newark, DE.
- Electronic Data Processing Equipment was increased from $25MM sublimit to $58MM for 1201 Market Street, Wilmington, DE.
- Professional Fees increased to $250,000 from $100,000.
- Mobile Equipment Coverage was added @ $10MM.
• Earthquake for Alabama was increased to $250,000,000 from $100MM.

• Earth movement increased to $250,000,000 from $100,000,000 for Movie House.

• Flood increased to $250,000,000 from $25MM for Movie House Networks, LLC.

• Flood increased to full $250MM limit from $5MM for unnamed locations.

• Data, Programs or Software & Computer Systems - Non Physical Damage Combined /Limited increased to $25MM from $10MM.

• Hartford presented two options as a result of suggested risk improvements efforts at Movie.com and Rochester News. Movie.com; $150,000 annual premium reduction retro back to 7/1/08 as well as 7/1/09 (Dade County Windows). Rochester News; $75,000 installation pump in Rochester.
5. CASUALTY INSURANCE PROGRAM
2009 Accomplishments:

- Due to the initial concern over AIG financial condition, it was agreed to market the primary program with several carriers, including:
  - AIG (Incumbent)
  - Hartford
  - Ace/Discover Re
  - Zurich
  - ACE
  - XL Insurance

- ACE provided a competitive program overall, however their collateral requirement did not offset the reduction in fixed cost. It did allow us to negotiate with AIG for better terms including, but not limited to;
  - A rate reduction of 5% for Client at the same deductible amounts
  - A rate reduction of 10% for Movie House Networks at the same deductible amounts
  - A rate reduction of 19% for Sports Magazine at the same deductible amounts
  - No additional collateral requirement for Client and Sports Magazine
  - Two year rate guarantee to lock in rates for the 2010 policy year
  - Predetermined Loss Development Factors (LDF) and methodology for calculating the collateral. This agreement along with the LDF factors takes some of the subjectivity out of the collateral calculation.
  - Clash deductible for the Workers’ Compensation and Automobile Liability of $250,000 for Client and Movie House Networks

- To reduce the exposure to the AIG companies and limit the exposure to any one carrier to $50MM in the Umbrella and Excess tower, the Umbrella program was marketed and several layers were replaced from AIG. The overall result was a reduction in the Umbrella premium by over $50,000 and the replacement of $125MM from the AIG companies.
2008 Accomplishments:

- A rate reduction of 1.25% for Client at the same deductible amounts
- A rate reduction of 9.5% for Movie House Networks at the same deductible amounts
- A rate reduction of 10.5% for Sports Magazine at the same deductible amounts
- No additional collateral requirement for Client and Sports Magazine
- Added a minimum earned premium of 90% across all primary lines with AIG for the excess/deductible premium and administration charges
- Explored the option of experience rating allocation for the captive premiums with PACMAN

2007 Accomplishments:

- A rate reduction of 2% for Client at the same deductible amounts
- A rate reduction of 5% for Movie House Networks at the same deductible amounts
- Explored options to increase deductibles on the Workers' Compensation and Automobile Liability for Movie House
- Assisted in the development of a detailed premium budgetary program for each of the properties

Looking Forward:

- Discuss with Client the possibility of the captive providing a dividend back to the properties
- Explore alternative forms of collateral including a Trust Fund and or using a portion of the funds held in PACMAN as collateral against the AIG program
• Work with the captive manager to consider a possible loan back from PACMAN to Client

• Review the options for higher deductibles for the Movie House Workers Compensation and Automobile Liability programs
6. BOND AND TRAVEL ACCIDENT COVERAGE
The Bond department serves the very unique needs of each the Client portfolio properties.

Surety bonds guarantee the fulfillment of contract obligations. For the Magazine Group our primary focus is on sweepstakes bonds, we place approximately 250 each year.

As respects the Newspapers our focus is notary, sales tax, vendor box, and other small bonds.

For Movie House the emphasis is on pole attachment, license bonds and various performance bonds. We have power of attorney with Ace which allows us to execute on a minute by minute basis all riders and new business.

As respects Travel Accident policies we were successful in negotiating war-risk coverage that is not readily available.

We will continue to monitor the Chubb LOC limit and look to continue to reduce requirements with the intent to eventually alleviate the need.
5. MANAGEMENT LIABILITY COVERAGE
The Management Liability specialists provide some insurance brokerage services to Client but more importantly we act as a consultant on the purchase of insurance from the Mutual Insurance Company of Bermuda, an industry owned carrier.

We conduct extensive marketing of coverage with select carriers. We review all coverage and interact with Client and Technical Services on new contract requirements. We review possible scenarios and determine if they are covered.

We work with the actuarial group to allocate Publishers Liability premiums to the affected portfolio entities based on a unique measure, circulation. We constantly monitor the allocations for fairness and determine where there may be an opportunity to improve on the formula.

We are on call 24/7 to answer any questions or work with Client on specific claims, coverage and administrative issues.

We will continue to present new coverage and coverage alternatives as the need arises and/or as the market identifies appropriate products and risk.

We have and will continue to explore the traditional media market in an effort to demonstrate the benefits and strength of the Mutual of Bermuda program.

We will continue to analyze client’s unique operational exposures and recommend coverages that are geared to mitigate the applicable self-insured exposures.
6. ACTUARIAL SERVICES
Loss forecasting based on the size and frequency of losses is invaluable in determining program design, setting appropriate retentions, limits and aggregates which makes the most sense for your organization from a risk management standpoint. BROKER has provided loss projections for Workers’ Compensation, General Liability and Automobile Liability for Client, Movie House Networks, LLC and Sports Magazine Publishers, Inc. as used for negotiating loss picks and collateral with the current and previous carrier.

In the last 3 years BROKER’s actuary has provided studies including but not limited to the following;

- Experience rating analysis for each “property” to assist in the proper allocation of premium.
- Premium allocation for Crime and Slander/Libel coverage for each “property”.
- Facilitated the issuance of monthly loss runs with ESIS as respects PACMAN Insurance Companies financial statement
- Reviewed and provided opinion on Milliman independent actuary report
- Provided Milliman with data for use in promulgating reserve analysis on behalf of Client Inc.
- Provided reports for use by accounting in deductible billing process
- Assisted claims department in providing newspaper specific loss information developed and trended to an ultimate basis
- Provided accrual payout for The Rochester News AIG claims

**Dividend Allocation Methodology:**

In the event a dividend is declared for the captive we will offer an allocation methodology. This methodology will employ both an experience and exposure rating process to determine an evenhanded allocation to the entities.

The experience portion of the process will use 3 to 5 years of losses developed to an ultimate. The losses will be capped at a fair level that will prevent an entity from being penalized too harshly from bad claims.
The exposure part of the analysis will rely on payroll. The 2 methodologies will be weighted to provide a reasonable allocation for each entity.

Losses are used in the methodology to reward or penalize an entity based on its own loss experience. Exposure (payroll) is used to reflect each entity’s exposure to future loss and to temper its loss experience.
7. LOSS CONTROL
The BROKER Loss Control department is instrumental in keeping overall cost of risk down by preventing claims. Our Loss Control unit works in conjunction with the carrier XL Insurance to actively seek ways to reduce risk and cost. We meet regularly with Client personnel to share ideas, make suggestions, implement new programs, monitor results, and then start the process over again. We actively track current claim trends against past trends and measure the quality of ongoing operations against best practices. Below is a re-cap of accomplishments and then a list of future goals.

2009 Advance Service Objectives as presented in August 2008 Stewardship Meeting:

- We need to pay attention to fleet losses, which are getting expensive.
- GAP Reports for smaller newspaper locations to supplement carrier services to the larger locations.
- Pilot a Behavior Based Safety process at Movie House Networks location
- Complete two GAP studies at BHN locations
- Implement a Hostility Management Training Program at Movie House Networks to train staff on the fine points of aggression diffusion tactics.

2008-909 Service Accomplishments - Client – Newspapers:

- In September 2008- BROKER completed forklift certification training at the Staten Island Advance. One person was certified as a trainer to teach others.
- BROKER assisted with planning and executing of the 2009 service plan for the newspapers. We completed a loss analysis to prioritize which properties should be targeted and suggested the nature of service activity that would best serve their needs.
• XL Risk Control will service or has provided service to 7 Client properties. A service report card was provided to Advance Risk to update service status.

• Service accomplishments included at the newspapers included the annual site evaluation, fleet training, fleet loss assessments, coaching to improve safety performance, and accident investigation training with root cause analysis.

• In January 2009, BROKER requested loss control budget information from XL and determined the amount of service budget spent was on par with the amount in plan for the 2008 policy year. This exercise helped determine how client’s service budget is being effectively utilized.

• BROKER researched and screened a variety of fleet safety training programs of which two programs were selected to target fleet losses at the newspapers.

• BROKER researched DOT requirements in the States that the newspapers did business in to determine which properties would need to comply with DOT commercial drivers licensing requirements to meet federal recordkeeping requirements.

• BROKER marshaled the various resources from ESIS and XL Insurance and spearheaded the plant closing action plan for the Ann Arbor, MI facilities and personally supervised the collection of environmental samples.

2008-9009 Service Accomplishments - Movie House Networks

• Met with Homer Smyth in September 2008 to plan out 2009 service objectives and activities.

• Marshalling the resources of XL Insurance, we piloted a Behavior Based Safety Training Program at Bakersfield, CA. that was designed to support the field observations made by field supervisors.

• Completed a GAP analysis study at Pinellas, FL and provided management with suggestions to improve operations. Two GAP studies are projected for the third and fourth quarter of 2009.
• Assisted with implementation of the Hostility Management Train-The-Trainer Program and six BHN systems. This was in response to several incidents of violence and bodily harm to Movie House employees while engaged in fieldwork activities.

• Engaged XL Loss Control to respond to the need for a Ladder Ergonomics Training Program to reduce the impact of ladder related losses. Plans are underway for this project to be converted into a video to provide a consistent means of training on a company-wide basis.

• BROKER worked with XL Loss Control to produce a custom video featuring Movie House Network vehicles and employees that will be used for driver training. This strategy was in response to rising vehicle accidents, vehicle damage, and costs to repair third party vehicles.

• BROKER participated in the annual Movie House Networks Safety Conference and presented a thirty minutes session on the GAP analysis process and why they can benefit BHN.

• BROKER arranged for a workstation ergonomics study at the Orlando Region. This was in response to an employee complaint of discomfort and the result was an adjusted workstation that was more comfortable for the employee.

Looking Forward-Movie House Networks

• Falls from ladders is the second highest single loss category. XL has agreed to convert their Ladder Training Program that was created for Movie House into a video so that training on this topic can be rolled out in a consistent manner.

• BROKER will continue to support Movie House Networks by completing two GAP assessments per calendar year.

• XL will conduct at two locations to be determined, an evaluation of Movie House Networks Incident Response Team activities and provide training to management on completing effective accident investigations and getting to the root causal factors. The service objective is to improve the investigation reports that have shown a need to improve.

Looking Forward-Client (Newspapers)
Meeting to determine this agenda was held on September 22\textsuperscript{nd} in New York City. Refer to separate documentation concerning discussion and agreement.

8. CLAIMS SERVICES
In the area of claims handling management, BROKER’s claims service professionals provide several services for Client.

BROKER works closely with Client’ (i.e. Risk Manager, Sabin, Bermant & Gould LLP, Controllers and Human Resource) personnel at the various entities with regards to their Workers’ Compensation, Property, General Liability and Automobile Liability claims.

BROKER’s claims staff reviews all new claims that are reported to the TPA/insurance carriers. The claims staff monitors and direct the adjusters in the handling of claims to ensure losses are appropriately reserved and closed in a timely fashion. When there is a controverted claim, our staff intervenes and assists in formulating a plan of action to bring the claim to resolution.

BROKER’s claims staff reviews all summonses and complaints and notifies all appropriate carriers of the loss. In an effort to control litigation costs, BROKER’s claims staff discusses litigation strategies with Client, Sabin, Bermant & Gould LLP, defense counsel, TPA and the insurance carriers.

BROKER’s claims staff reviews and monitors the loss experience of Client utilizing ESIS and Liberty Mutual on-line claims system i.e. claim details (frequency, claim totals, incurred amounts by location and line of business exposures) and compile various loss reports (newly reported claims, claim payments, open claims).

Claim summaries are completed on open claims with reserves $50,000 or greater and discussed in a round table format at BROKER’s monthly claims meetings.

BROKER’s claims staff monitors all claims for subrogation and handles 1st party subrogation claims for Movie House Networks. BROKER’s claims staff negotiates with the adverse carrier and Movie House Networks to reach an amicable disposition.

BROKER’s claims staff has successfully recovered damages for Movie House Networks in excess of $300,000 regarding uninsured losses.

All potential property claims are evaluated to determine if they meet the reporting threshold requirements (i.e. coverage, deductible, etc.). Open claims are reviewed with the insurance carriers in order to expedite adjustment/settlement of losses. Negotiate settlements on behalf of Client.
BROKER’s claims staff is also instrumental in organizing and participating in 9 Claims Reviews.

BROKER’s claims staff prepared and presented Claims Stewardship Reports to The Rochester News and The Republican.

BROKER’s claims staff works with the ESIS to ensure proper location coding and have the codes corrected promptly when errors are discovered.

BROKER’s claim staff researched changes to the New Jersey Statutes with defense counsel that resulted in changing the way Independent Contractor claims are handled in New Jersey. Independent Contractor claims are now being reported to ESIS, subsequently denied, and referred to one selected attorney for defense.

BROKER has provided custom reports upon request to the entities. Some Movie House Network examples are:

- Deductible Billing Analysis – Mark Wallace
- Top 25 Incurred Claims with Summary and Action Plans – Homer Smyth
- Lag Time Report Summary – Jami Lorah

BROKER claims staff also supports the loss control efforts. These include pre-formatted reports, as well as, those that require extensive manipulation in Excel to achieve the desired goal. The claims staff has created an interactive spreadsheet for benchmarking purposes.

BROKER claims and loss control staff attended and provided presentations at Movie House Networks Annual Safety Conference on April 23, 2009. Topics included Automobile Claims Subrogation, Safety Jeopardy and Understanding and Preparing for a GAP Analysis.

### New Claims Serviced in 2008

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### Future Claim Service Goals
• Perform a Broker Claim Audit of ESIS

• Complete and Present a Detailed Claim Stewardship Report to The Star Ledger

• Complete and Present a Detailed Claim Stewardship Report to Movie House Networks

• Review, Analyze and Propose Recommendations for Improvement with the Medical Management Program

• Perform a Claims Review on the remaining open Liberty Mutual and Ace Claims
9. TECHNICAL SERVICES
Generally speaking, in any given year, Technical Services reviews and provides recommendations relating to the insurance and indemnification provisions of over 150 contracts for Client. Some of these projects include multiple conference calls and reviews. A sample of the types of services provided to Client includes the following:

- Reviewed and assisted with the negotiations of the terms of an agreement between The Republican Company and Accraply for the purchase of $99,000 of labeling machines;

- Reviewed and recommended changes to the contract and certificate of insurance for All South Contracting relating to the re-roofing project of the Bergen News;

- Reviewed agreement and assisted with the negotiations of the insurance and indemnification provisions relating for a $1,135,250 Web Width Reduction project between Bergen News and JCP International;

- Reviewed and recommended changes to the insurance and indemnification provisions of an agreement between Walt Disney World Co. and Movie House Networks for broadcasting and branding rights to a College Football Team;

- Consulted with Berment & Gold and local counsel regarding the insurance and indemnification provisions of a professional services agreement between The Plain Dealer and URS for Phase I, environmental remediation work at the Garage Facility;

- Reviewed agreement and assisted with negotiations relating to the insurance and indemnification provisions of an agreement between The Dealership for the purchase of $430,000 in labeling equipment;

- Review Staten Island Advance violation order and provide comments to Jerry Weaver;

- Reviewed and recommended changes to proposed release agreement to be signed by employee in connection with dangerous literary assignment;
Technical Services also acts as an adjunct to the Risk Management Department by dealing with issues that may not technically be part of the Client insurance program. For example:

- Included within our fee for brokerage services we have provided support as an outside consultant with the respect the insurance charge backs from the Owner of the Rochester Times Square;

- We are serving as an expert witness in the arbitration of Katrina losses suffered by the Rochester News.
10. SERVICE AND ADVOCACY
BROKER’s Service Capabilities and Commitment

Our capabilities are reflected in our service commitment. We have dedicated practices in all areas of risk management and insurance staffed by recognized experts in their professions. Our expertise and capabilities are provided to Client.

- Property and Casualty Risks (Domestic & International)
- Professional Liability
- Executive Risk
- Directors and Officers
- Bonding
- Environmental Liabilities
- Risk Control
- Claims Control and Mitigation

BROKER’s commitment to marketing and negotiation in client’s best interest do include a dedicated and comprehensive team of specific experts accountable in protecting Client publications global assets and earnings.

The “Team” is dedicated to understanding client’s industry, strategic and tactical needs, wants, and values. BROKER together with the Advance Risk Manager work continuously to observe, measure and test trends in order to provide precise and relevant negotiations on:

- Coverage
- Terms
- Placement
- Emerging issues

Our respect, integrity, and clout with insurance carriers yields favorable terms, conditions and rates to address Client unique requirements.
The BROKER Service Team has been relevant and valuable in the following disciplines:

**Risk Management and Coverage Analysis Review**

1. Analyze Client current insurance program, with emphasis on named insured provisions, contractual liability, coverage terms, risk transfer levels, executive liability, property, and other related assets, intellectual property, professional and business interruption features.
2. Measure risk profile and tolerances to ensure your insurance program optimizes cost and coverage.
3. Integrating and enhancing risk management practices and policies within the optimal program structure, balancing resources and needs.

**Contractual Review**

1. Provide a comprehensive review of any and all contracts in place to measure the extent of assumed liability to Client and transference of risk to others.
2. Expanded contract review to include consultation on lender and vendor requirements.
3. Provide feedback regarding strengths, deficiencies and variances along with recommended solutions.

**Marketing**

1. Notify Client of market conditions and developing trends that may affect the media industry.
2. Meet with Risk Manager approximately 90 days prior to program renewal in order to develop a mutually agreed upon marketing strategy.
3. Work with Risk Manager to design a streamlined insurance program that optimizes client’s purchasing leverage, provide ease of administration, and ensures consistency and adequacy of coverage while minimizing the total cost of risk.

**Consultative Claims Services**

1. Provide consistent claims advocacy on Client behalf to the insurance marketplace.
2. Coordinate and attend regular claim review meetings with you and insurers.
3. Provide regular monitoring of all open claims over a determined threshold and provide consistent status reports of those claims.
4. Case management strategy and execution of large, sensitive claims.
Risk Control Services

1. Provide regular location visits as needed or requested and report any safety or loss control findings to you in writing.
2. Provide resources to supplement Advance Safety and Risk Management Programs.
3. Coordinate and supplement the Client carrier’s loss control services to maximize the ultimate usage of available resources.
4. Assist in communication of principles and expectations regarding safety and ergonomics.
11. POST PLACEMENT SERVICES
With today’s complexity of risk the Client account requires an integrated risk management team who can provide innovative solutions as well as possess the intellectual knowledge to design an insurance program which will protect the organization while reducing the ultimate costs. Just as important as what we offer is how we handle it! In today’s complexity of risk the Client organization requires a support team who has the resources and agency management systems and technology to execute the post placement services in a timely, efficient, accurate and cost effective way. The implementation of “best practices” and strategy execution at the highest level allows us to be successful in providing a level of service unmatched by many others in the Industry.

In meeting the needs of the Client Account, BROKER has the resources and management systems to provide our clients with a high level of individual customer attention that separates us from other brokers. These “day to day” services include but not are limited to binders, invoices, change requests, certificates of insurance (Casualty), evidence of property (Property), posting notices, automobile identification cards and a host of other risk management transactions.

During the past five (7) years BROKER has maintained its commitment to excellence executing high level customer service as an adjunct to the Advance Risk Management Department. BROKER’s cross-functional departmentalized communication standards compliment and create a partnership with Advance, which allows cost effective-efficient solutions to manage the “day to day” operations. It is that partnership that allows us to execute the highest level of service. The following are some of the post placement services provided:

- **Policy Administration**
  - Policy checking
  - Endorsements
  - Audits
  - Retro Adjustments/allocations
- **Certificate of Insurance (Property & Casualty)**
  - 3500 (Approximately)
  - Template preparation including various parameters
  - “Specialty” certificates
- **Automobile Id Card execution**
  - Magazines – 200
  - Movie – 3800
- **Facilitate and/or execution posting notices**
  - Magazines – 120
  - Movie – 125
- **Non-Compliance Notices**
  - Automobile
- Workers Compensation
- Disability Benefits
- Bailee Coverage – photo shoot value tracking/reporting
- Surety/Bonding placement/analysis
  - 600+ bonds – various types including sweepstake/cable/license
  - Collateral review/negotiation
  - New business execution
- Quarterly Service Fee Analysis
- Coverage comparison
- Coverage recommendations
- Schedules/Summaries of Insurance
- Year End Statements
- Management Assignment List
- Delivery Letters
- Flood determinations /Flood Coverage thru the “Plan”
- Travel Accident Coverage Enhancements /pricing options
- Special Event Liability/Property Coverage placement
- Dealer Program execution (6 Programs)
- Budget Analysis
- Premium Allocation
- Workers Compensation Assessment Breakdown
- Premium Allocation
- Captive allocation

Future Developments:

BROKER Connect is a client access portal that provides Risk Managers desktop access to their organization’s insurance and risk information along with a broad range of risk and insurance market intelligence, research tools and interactive utilities. BROKER Connect is available to all risk management clients as well as selected personnel 24 hours a day, seven days a week from any computer with an internet connection providing convenience and efficiency. Access can be granted by user, location, coverage or any combination thereof. BROKER’s infrastructure and business protocols are designed to safeguard client data and privacy. This global portal enables BROKER and its clients to share information, collaborate and transact business online through a comprehensive set of features as follows:

Claims Reporting/Handling: Property and Casualty claims/incidents reporting is available 24/7 as follows including access to workers compensation state forms. Notification is provided to BROKER claims manager and specialists in accordance with policy reporting provisions. Claims handling instructions may be customized based on individual client needs.
- Business Auto (MV104)
- General Liability
- Property
- Other
- Claims Handling Instructions

**Policy Services/Client Documents:** Reference library providing easy convenient access to client-specific documents including scanned policies, submission documents, proposals and summaries/schedules of insurance.

**Manage Certificates and Memorandum of Insurance:** Risk Managers and select personnel may request, obtain and manage certificates of insurance online.

- Memorandum of Insurance
- Manage Certificate Holders
- Special Wording Certificates

**Commercial Vehicle & Fleet Management:** Risk Managers and select personnel can maintain vehicle information and schedules as follows:

- Automobile ID Cards
- Add/Edit/Remove Vehicles
- Maintain master vehicle spreadsheet

**Research Tools/Resources:** BROKER Connect will provide client access to AM Best Ratings, OSHA, State Insurance Dept (50 States), NAICA (North American Industry Classification System), Dept of Motor Vehicles (50 States), Motor Vehicle Laws of the 50 States, Workers’ Compensation Agencies and Law as well as glossary & risk management terms.

**Service Team Contacts:** Important contact names and information is readily available including phone numbers, e-mail addresses and information about each team member’s role and responsibilities.
12. SCHEDULES OF INSURANCE
## POLICY SUMMARY LOG
### CLIENT INC.

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### POLICY SUMMARY LOG
CLIENT, INC. (DEALERS)

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## POLICY SUMMARY LOG
### SPORTS MAGAZINE PUBLISHERS, INC.

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## POLICY SUMMARY LOG
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<td>Notary Bonds</td>
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<td>Performance Bonds</td>
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<td>License &amp;/or Permit Bonds</td>
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