



March 21, 1984

Jay M. Gutierrez  
Regional Counsel  
Nuclear Regulatory Comm.  
Region I  
631 Park Avenue  
King of Prussia, PA 19406

Dear Jay,

The purpose of this letter is to discuss the four items which you and I talked about on Monday, March 19, 1984.

1. Insurance: I have enclosed a copy of our insurance policy. The key endorsement is entitled "Radioactive Contamination Assumption Endorsement 'B'". This provides for insurance against the "direct loss by sudden and accidental radioactive contamination". When the December spill is considered, I believe it is clear that any contamination that was a result of that spill is covered. I would guess that the insurance would not cover the removal of the 1970 sources. However, we could certainly argue that the release of cobalt 60 into the tank itself is covered.

Assuming that the December spill triggers coverage, then the Business Interruption portion of the policy would take effect. This is significant since not only would the contamination resulting from the December spill be covered, but the business interruption insurance would provide significant additional sums which could be used for all other contamination.

We would welcome any assistance the NRC could provide in convincing the insurer to extend coverage. To this point we have had little success in extracting any statement of their position from them.

2. Corporate Organization. INI is a Delaware Corporation and was organized in 1968. In 1981, INI purchased all of the assets of RSA, Inc. which consisted of the Dover facility. INI also assumed all liabilities including up to \$20,000 in unspecified liabilities. For this INI was to pay either \$119,600 or issue 119,600 shares of INI stock to RSA, Inc. shareholders. This payment was due in August of 1983. Pursuant to the purchase agreement, INI exercised its right not to pay the sum due based on the unspecified liabilities far exceeding the \$20,000 allowance. To our knowledge there is nobody from RSA, Inc. who could be held responsible for the clean up. Nobody from that entity has any significant assets and any attempt to collect would surely result in bankruptcy pro-

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ceedings.

The Dover, New Jersey facility is not a separate entity and is simply a facility owned by INI.

3. Financial Position. I have enclosed copies of the last two Form 10-Q s filed by INI with the SEC. As you can see INI lost \$203,988 for the quarter ending December 31, 1983 and lost \$468,796 for the six months ending on the same date.

INI has financed its operations through the sale of radiation services and through borrowing. During the last quarter (ending December 31, 1983) INI borrowed approximately \$150,000 from various individuals, all shareholders. Since January 1, 1984, INI has borrowed an additional \$225,000, \$100,000 of that sum coming from the Bank of America in settlement of a dispute with the Bank.

In December of 1983, INI took delivery of approximately 600,000 curies of cobalt 60 at our Irvine facility. Of this 600,000 curies, approximately 400,000 curies was the isotope removed from Dover in September. The remaining amount was financed through a leasing arrangement with an existing shareholder. Without this isotope, Irvine was incapable of generating sufficient revenues to meet on-going operating expenses. Irvine is still operating at less than capacity but business is improving.

Last week INI entered into a leasing agreement for an additional 400,000 curies of cobalt 60 for our Irvine facility. The cobalt 60 should be delivered within the next three weeks. The first payment under the lease is not due until January 31, 1985. With this additional isotope, we are predicting that Irvine will begin showing a profit by October of 1984. Positive cash flow should precede that date.

I have detailed these isotope leasing arrangements to show that INI has substantially increased its isotope load at Irvine with a very minor cash outlay. We are not spending money to acquire isotope which could be used to finance the Dover clean up.

We are presently experiencing a negative cash flow of about \$50,000 per month. This sum has to be financed first in order for the corporation to continue to operate. This is the only way we are going to be able to ultimately pay for the clean up of the Dover contamination since our liquidation value is considerably less than the \$436,612 shown on our balance sheet as total capital.

#### 4. Source of Funds for Clean Up:

A. Saudi Arabian receivable. INI is presently owed

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approximately \$440,000 by King Faisal Medical City for the project we completed in Riyadh, Saudi Arabia. It is difficult to predict when this money will be received by INI. We are attempting to secure payment as rapidly as possible and we believe that payment will be received within the next sixty to ninety days. Of this sum, all but \$185,000 is committed to take care of certain obligations at Bank of America. Of the \$185,000, a portion of that will be dedicated to paying for obligations related to Dover. However, we will not be in a position to devote the entire sum to that situation.

B. Insurance: I believe that the insurance policy provides the best promise for securing the sums necessary for the clean up. Unfortunately, we have no way of determining when any funds will be available.

C. Equity Funding: We are continuing to seek additional capital through the private placement of debt or equity securities. This holds some promise with the recent increased interest in food irradiation. However, it is unlikely that this will result in any significant funds within the next sixty to ninety days.

D. Operations: Should none of the above three sources of funds result in any significant cash to INI within the near future, INI will have to depend on cash generated from continuing operations. As stated above, Irvine is improving but is still operating in a negative cash-flow situation. We could reach positive cash flow there as early as May of this year, thus freeing up funds to be devoted to Dover.

We have recently reached an agreement to construct a food irradiator in Hawaii. We have made it clear to our partner that we are in no position to devote any money to this project. However, the successful start-up of this project should go a long way in interesting additional investors in INI. We view this project as being extremely important in generating operating capital.

I realize that this letter does not answer your question as to when INI will be able to devote funds to the Dover clean up. There is nothing I would like more than to be able to answer that question but under present circumstances, that is impossible.

I am sure that you will have questions and I will be happy to discuss this matter with you at any time.

Sincerely,

Gregory A. Parker  
Corporat Counsel

cc: Bruce Thomas  
James G. Parker

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Form 10-Q

Quarterly Report Under Section 13 or 15(d)  
of the Securities Exchange Act of 1934

For the Quarter Ended December 31, 1983  
Commission File Number 0-12256

INTERNATIONAL NUTRONICS, INC.

(Exact Name of Registrant as Specified in its Charter)

DELAWARE

94-1679201

(State or Other Jurisdic-  
tion of Incorporation)

(IRS Employer  
Identification No.)

1237 N. San Antonio Road  
Palo Alto, California

94303

(Address of Principal Executive Offices) (ZIP Code)

(415) 968-5257

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has  
filed all reports required to be filed by Section 13 or 15(d)  
of the Securities Exchange Act of 1934 during the preceding 12  
months (or for such shorter period that the registrant was  
required to file such reports), and (2) has been subject to the  
filing requirements for at least the past 90 days.

Yes X

No       

Number of common shares of the registrant outstanding at  
June 5, 1983 - 4,235,386

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PART I - FINANCIAL INFORMATION

BALANCE SHEET  
INTERNATIONAL NUTRONICS, INC.  
AS OF 12/31/83 (UNAUDITED)

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ASSETS:

CURRENT ASSETS:

CASH	7,012.99
ACCOUNTS RECEIVABLE	132,235.66
SAUDI ARABIAN CONT.	432,807.98
DEPOSITS & PPD. EXPN.	81,524.28

TOTAL CURRENT ASSETS

653,580.91

PLANT & EQUIPMENT:

BUILDING	115,982.62
LEASEHOLD IMPROVEMNT	759,036.83
RADIATION MATERIAL	1,221,384.25
MACHINERY & EQUIPMENT	739,454.56
CONSTRUCTION IN PROG.	59,323.93
EQUIP. UNDER LSE, OB.	32,431.00
ACC. DEPN. & AMTZN.	(422,873.56)

TOTAL PLANT & EQUIPMENT

2,504,739.63

OTHER ASSETS:

7,385.73

TOTAL OTHER ASSETS

7,385.73

TOTAL ASSETS

3,165,706.27

LIABILITIES:

CURRENT LIABILITIES:

NOTE PAYABLE TO BANK	150,000.00
NOTE PAYABLE, RSA CO	110,945.00
ACCOUNTS PAYABLE, TRDE	576,867.37
EQUIP. FOR SAU. ARA.	547.02
OTHER PAYABLES	25,000.00
ACCRUED INTEREST	172,723.00
OTHER ACC. LIAB.	96,553.79
CAPITAL LEASES	8,935.00
L.T. DEBT DUE IN 1 YR.	35,016.73
CONVERTIBLE NOTE	<u>500,000.00</u>

TOTAL CURRENT LIABILITIES

1,676,587.91

LONG TERM LIABILITIES:

LONG TERM DEBT	<u>1,052,505.55</u>
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TOTAL LONG TERM LIABILITIES

1,052,505.55

TOTAL LIABILITIES

2,729,093.46

CAPITAL:

PREFERRED STOCK	300,000.00
COMMON STOCK	431,008.30
CAP. IN EXCESS OF PAR	3,443,381.68
ACCUMULATED DEFICIT	<u>(3,737,777.17)</u>

TOTAL CAPITAL

436,612.81

TOTAL LIABILITIES & CAPITAL

3,165,706.27

# 3 MONTH AND 6 MONTH INCOME STATEMENT

## INTERNATIONAL NUTRONICS, INC.

AS OF 12/31/83 (UNAUDITED)

-----	---QTD---	---3---	---YTD---	---3---
REVENUE				
RADIATION SERVICES	90,267.09	0.00	193,919.39	100.00
	-----		-----	
TOTAL REVENUE	90,267.09	0.00	193,919.39	100.00
	-----		-----	
***** TOTAL REVENUES	90,267.09	0.00	193,919.39	100.00
COSTS & EXPENSES				
RADIATION SERVICES	118,102.65	0.00	238,994.41	123.24
	-----		-----	
TOTAL COSTS & EXPENSES	118,102.65	0.00	238,994.41	123.24
	-----		-----	
***** GROSS LOSS	(27,835.56)	0.00	(45,075.02)	(23.24)
EXPENSES				
SELLING, GEN. & ADM.	167,795.78	0.00	408,342.84	210.57
INTEREST EXPENSE	8,356.68	0.00	15,378.58	7.93
	-----		-----	
TOTAL EXPENSES	176,152.46	0.00	423,721.42	218.50
	-----		-----	
***** OPERATING LOSS	(203,988.02)	0.00	(468,796.44)	(241.74)
	=====		=====	
***** NET LOSS	(203,988.02)	0.00	(468,796.44)	(241.74)
-----	---QTD---	---3---	---YTD---	---3---

# EARNINGS PER SHARE

	3 Months (12/31/83)	6 Months (12/31/83)	Fiscal 1983 (6/30/83)
Revenue	\$ 90,267.09	\$193,919.39	\$ 284,416
Expenses	294,255.11	662,715.83	1,672,499
Net Loss	203,988.09	468,796.44	1,388,083
Net Loss/Share	\$.05	\$.11	\$.42

## Management's Discussion, Results of Operations and Analysis of Financial Conditions

The following discussion is based on the financial statements appearing herein. The condensed financial statements have been prepared by International Nutronics, Inc. without independent audit, pursuant to the rules and regulations of the Securities and Exchange Commission. International Nutronics, Inc. believes that the disclosures are adequate to make the information presented not misleading, although certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. The condensed financial statements should be read in conjunction with the financial statements and notes thereto appearing in Exhibit 28.2 filed with the Company's Form 10-Q for the quarter ending September 30, 1983.

International Nutronics, Inc. filed a Form 10 and became a reporting company on August 4, 1983, the effective date of its Form 10. Therefore, the Company has never filed a Form 10-K and is not required to do so until after the end of the Company's fiscal year ending June 30, 1984. Prior to the quarter ending September 30, 1983, the Company did not maintain quarterly financial records. Therefore, no records of previous quarters are available for comparing the current quarter's financial results.

### 1. Material Changes in Financial Conditions

As a result of a \$203,988.02 net operating loss for the quarter ending December 31, 1983, the Company is presently suffering a cash shortage (see - "Results of Operations"). The Company is currently dependent on securing additional financing in order to meet its recurring obligations. During the quarter ending December 31, 1983, the Company financed its operations through revenues from the sale of radiation services and through borrowing. Presently the Company's ability to borrow additional funds is extremely limited (see - "Other Information").

### 2. Material Changes in Results of Operations

The Company is currently in the process of decommissioning its Dover, New Jersey facility. As a result, that facility generated no revenue during the quarter ending December 31, 1983. It is estimated that the decommissioning will cost a minimum of \$200,000. \$100,000 of that cost was charged against earnings in fiscal 1983.

#### Results of Operations - Three Months Ending December 31, 1983

For the three months ending December 31, 1983, the Company



recognized revenues of \$90,267. No quarterly figures are available for the previous year. For the six months ending December 31, 1983, the Company has recognized revenues of \$193,919. No quarterly figures are available for the previous year. However, in all of fiscal 1983 the Company recognized revenues of \$284,416.

The decrease in revenues from the first quarter to the second quarter is due to a number of factors. The Company's Dover, New Jersey facility generated a small amount of revenue in September of 1983 and none in the second quarter. The Christmas holidays resulted in a decrease in revenues for the month of December. During the month of December the Company's Irvine, California facility was closed down for approximately one week in order to accept delivery and to load an additional 600,000 curies of cobalt 60.

### Expenses

Expenses for the quarter ending December 31, 1983 were \$294,255.11 compared to expenses of \$368,460 for the previous quarter ending September 30, 1983. Decrease in expenses was due to reductions in staff at the Company's Dover, New Jersey facility and to a corporate decision to avoid all unnecessary expenses until revenues increase.

### 3. Projections

For the quarter ending December 31, 1983, the Company's Irvine, California facility was operating at less than 50% of capacity. However, due to anticipated increases in demand for the Company's services, additional cobalt 60 was added to that facility in December of 1983. That facility now has in excess of 1,000,000 curies of cobalt 60.

The Company presently has on order an additional 400,000 curies of cobalt 60 scheduled for delivery at the end of February, 1984. At capacity, the Irvine facility should generate revenues equal to approximately \$1.00 per curie per year. The Company does not anticipate reaching capacity until the second quarter of fiscal year 1985.

The recent controversy over the use of ethylene dibromide in the processing of certain grains, fruits and vegetables has kindled a great deal of interest in the Company's technology. The use of gamma radiation generated by cobalt 60 has the capability of replacing the use of EDB in certain applications such as deinfestation.

EDB may eventually be supplanted, at least in part, by the use of gamma radiation. However, the use of this process is dependent on a number of factors. The Food and Drug Administration has not approved the process for all foods

and general acceptance of the process is dependent on that approval. Furthermore, once approval by the FDA is obtained, acceptance of the process may depend on consumer acceptance of irradiated food.

International Nutronics, Inc. believes that food irradiation will eventually become generally accepted and be a source of a substantial portion of the Company's revenues in the future. It is doubtful, in spite of the high level of present interest on the part of various food processing companies, that any significant revenues will be generated by this process during fiscal year 1984.

PART II - OTHER INFORMATION

Item 3. Defaults Upon Senior Securities

1. The Company currently has issued and outstanding 300,000 shares of Convertible Preferred Stock which it issued for \$1.00 per share. Dividends are payable quarterly at the rate of 12% per annum. As of December 31, 1983, dividends accumulated but unpaid totalled \$33,000.00. The holder of the preferred stock has made no demand for payment.

Item 5. Other Information

1. On January 30, 1984 the Nuclear Regulatory Commission (NRC) issued an order relating to the Company's efforts relating to the decommissioning of the Company's Dover, New Jersey facility. A copy of that order is attached hereto as Exhibit 28.3. The Company does not anticipate being able to comply with all of the terms of the order and intends to request modification of the order.

2. The Company is currently engaged in a dispute with the Bank of America regarding payment by the Bank on a letter of credit issued on the Company's behalf to King Faisal Specialist Hospital in Riyadh, Saudi Arabia. Specifically, the Company disputes the validity of the payment by the Bank of \$300,000. The Company has further claimed that the Bank's payment of this money has resulted in delays in receiving the \$490,000 that is presently due from King Faisal Specialist Hospital to International Nutronics, Inc. This dispute has been tentatively settled by the Bank of America's agreement to issue a letter of credit on the Company's behalf in the sum of \$405,000 to secure the Company's performance under the warranty required in its contract. In addition, the Bank of America has tentatively agreed to advance to the Company \$100,000 pending the receipt by the Company of the receivable due from King Faisal Specialist Hospital. The tentative agreements are subject to additional Bank approval which the Company believes will be forthcoming shortly.

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits (Numerical references correspond to the exhibit numbers assigned to the Exhibit Table contained in Item 601 of SEC Regulation S-K)

2. Plan of acquisition, reorganization, arrangement, liquidation or succession	None
4. Instruments defining the rights of security holders, including indentures	None
11. Statements re computation of per share earnings.	Attached
15. Letter re unaudited interim financial information	Not Applicable
18. Letter re change in accounting principles.	Not Applicable
19. Previously unfiled documents	None
20. Report furnished by security holders	None
23. Published report regarding matters submitted to vote of security holders	None
24. Consent of experts and counsel	Not Applicable
25. Power of Attorney	Not Applicable
28.3. Additional exhibits	NRC Order

b) Reports on Form 8-K

No report on Form 8-K was filed during the quarter for which this Form 10-Q is filed.



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed in its behalf by the undersigned thereunto duly authorized.

International Nutronics, Inc.  
(Registrant)

Date: February 13, 1984

James G. Parker

James G. Parker  
President and Chief  
Executive Officer  
(Principal Executive Officer)

Date: February 13, 1984

Gregory A. Parker

Gregory A. Parker  
Vice President  
(Principal Financial Officer)

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Form 10-Q

Quarterly Report Under Section 13 or 15(d)  
of the Securities Exchange Act of 1934

For the Quarter Ended Sept. 30, 1983  
Commission File Number 0-12256

INTERNATIONAL NUTRONICS, INC.

(Exact Name of Registrant as Specified in its Charter)

DELAWARE

94-1679201

(State or Other Jurisdic-  
tion of Incorporation)

(IRS Employer  
Identification No.)

1237 N. San Antonio Road  
Palo Alto, California

94303

(Address of Principal Executive Offices) (ZIP Code)

(415) 968-5257

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has  
filed all reports required to be filed by Section 13 or 15(d)  
of the Securities Exchange Act of 1934 during the preceding 12  
months (or for such shorter period that the registrant was  
required to file such reports), and (2) has been subject to the  
filing requirements for at least the past 90 days.

Yes X No       

Number of common shares of the registrant outstanding at  
June 5, 1983 - 4,235,386

PART I - FINANCIAL INFORMATION

BALANCE SHEET  
(CONSOLIDATED REPORT)  
INT'L. NUTRONICS INC.  
<< AS OF 09/30/83 >>

PAGE 1

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ASSETS:

CURRENT ASSETS:

+PETTY CASH	3,813.69	
+CHECKING ACCOUNT	<212,728.26>	
CASH IN SAVINGS	300.00	
+ACCOUNTS RECEIVABLE	56,270.12	
+ALLOW. FOR BAD DEBTS	<5,090.00>	
L/T CONTRACTS RECVBL	374,454.35	
+EMPLOYEE ADVANCES	13,434.87	
OFFICER ADVANCES	150.00	
+OTHER A/R	55,254.23	
OFFICER NOTES RECVBL.	15,150.00	
CONSTRUCTN IN PROCESS	1,947.76	
+LICENSES	631.90	
DEPOSITS	6,000.00	
OFF LIFE INS CASH VAL	46,879.50	
+PREPAID TAXES	5,193.06	
+OTHER PREPAID EXPENSES	32,509.41	
	-----	
TOTAL CURRENT ASSETS		394,172.63

FIXED ASSETS:

+RADIATION MATERIAL	1,221,384.25	
+ALLOW. FOR DEPR.R.MAT	<153,883.10>	
+MACHINERY & EQUIP.	679,749.47	
+ALL.FOR DPRN M & E	<71,726.19>	
+FURNITURE & FIXTURES	44,986.93	
FURNITURE & FIXTURES	14,337.00	
+ALL.FOR DEPRN.OFF.FUR	<12,447.83>	
BUILDING	114,953.68	
ALL.FOR DEPRN. BLDG	<68,427.34>	
WAREHOUSE EQUIPMENT	2,246.85	
+BUILDING IMPROVEMENTS	760,065.77	
+ALL FOR DPRN BLDG IMP	<31,670.94>	
+AUTOS & TRUCKS	42,778.08	
+ALL FOR DPRN AUTO ETC	<7,803.64>	
LEASED EQUIPMENT	32,431.00	
+ALL FOR DPRN.LSD.EQUIP	<2,160.57>	
	-----	
TOTAL FIXED ASSETS		2,564,813.47

OTHER ASSETS:

GOODWILL	7,385.73	
COSTS ON L/T CONTRACT	47,823.63	
	-----	
TOTAL OTHER ASSETS		55,209.36

TOTAL ASSETS		-----	3,014,195.46
			=====

LIABILITIES:

CURRENT LIABILITIES:

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BALANCE SHEET  
(CONSOLIDATED REPORT)  
INT'L. NUTRONICS INC.  
<< AS OF 09/30/83 >>

PAGE 2

+ACCOUNTS PAYABLE	439,094.07
A/T SAUDI CONTRACT	58,747.18
SALES TAX PAYABLE	29.25
ACCRUED VACATION	19,007.49
+ACCRUED INTEREST	172,723.00
+OTHER ACCRUED LIAB.	168,187.80
NOTE PAYABLE, C.B.	25,000.00
NOTES PAYABLE, BANKS	150,000.00
CONTRACT, CURRENT POR	26,581.55

TOTAL CURRENT LIABILITIES	1,059,370.34
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LONG TERM LIABILITIES:

+NOTES PAYABLE, OTHER	787,461.29
LEASE OBLIGATION	26,763.00
CONVERTIBLE NOTES	500,000.00

TOTAL LONG TERM LIABILITIES	1,314,224.29
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TOTAL LIABILITIES	2,373,594.63
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CAPITAL:

PREFERRED STOCK	300,000.00
COMMON STOCK	431,008.30
CAPITAL EXCESS	3,443,381.68
RETAINED EARNINGS	<3,268,980.73>
EARNINGS, Y-T-D	<264,808.42>

TOTAL CAPITAL	640,600.83
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TOTAL LIABILITIES & CAPITAL	3,014,195.46
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INCOME STATEMENT  
(CONSOLIDATED REPORT)  
INT'L. NUTRONICS INC.  
<< AS OF 09/30/83 >>

PAGE 1

=====	====MTD====	===%==	====YTD====	===%==
INCOME				
+RADIATION SALES	0.00	0.00	103,652.30	100.00
TOTAL INCOME	0.00	0.00	103,652.30	100.00
***** NET INCOME	0.00	0.00	103,652.30	100.00
COST OF GOODS SOLD				
+DEPRN. RAD. MAT.	0.00	0.00	39,900.00	38.49
+MATERIALS & SUPPLIES	0.00	0.00	11,551.60	11.14
+LABOR. RAD. FAC.	0.00	0.00	65,425.53	63.12
+FREIGHT & PACKAGING	0.00	0.00	658.86	0.63
+OUTSIDE SERVICES	0.00	0.00	709.92	0.68
+MAINT. & REPAIR	0.00	0.00	2,896.71	2.79
TOTAL COST OF GOODS SOLD	0.00	0.00	121,142.62	116.87
***** GROSS PROFIT	0.00	0.00	<17,490.32>	<16.87>
EXPENSES				
EQUIPMET RENT	0.00	0.00	<250.86>	<0.24>
+ADVERTISING	0.00	0.00	1,694.30	1.63
+SALES SALARIES	0.00	0.00	7,906.20	7.62
+SALES TRAVEL & PROM.	0.00	0.00	1,498.95	1.44
COMMISSIONS	0.00	0.00	389.26	0.37
+OTHER SALES COSTS	0.00	0.00	222.87	0.21
+ACCTG. & AUDIT	0.00	0.00	4,995.06	4.81
+BAD DEBT EXPENSE	0.00	0.00	300.00	0.28
+BANK CHARGES	0.00	0.00	7,193.34	6.93
+CONSULTING FEES	0.00	0.00	5,650.41	5.45
+DEPRN..OFFICE & OTHER	0.00	0.00	29,829.00	28.77
+DEPRECIATION	0.00	0.00	5,025.00	4.84
+DONATIONS	0.00	0.00	100.00	0.09
+DUES & SUBSCRIPTIONS	0.00	0.00	818.83	0.78
+EMPLOYEE RELARIONS	0.00	0.00	360.00	0.34
+WORKMEN'S COMP. INS.	0.00	0.00	11.79	0.01
+HEALTH & LIFE INS.	0.00	0.00	23,716.93	22.88
+FACILITY INSURANCE	0.00	0.00	8,231.05	7.94
+OFFICERS INSURANCE	0.00	0.00	4,341.68	4.18
+LEAGL FEES	0.00	0.00	37,365.90	36.04
+OFFICE SUPPLIES	0.00	0.00	1,645.84	1.58
+POSTAGE	0.00	0.00	919.35	0.88
+STOCKHOLDERS' EXPENSE	0.00	0.00	276.13	0.26
+LAND RENT	0.00	0.00	652.00	0.62
+FACILITY RENT	0.00	0.00	21,587.00	20.82
+OTHER RENTALS	0.00	0.00	356.00	0.34
+EXECUTIVE SALARIES	0.00	0.00	26,880.51	25.93
+OFFICE SALARIES	0.00	0.00	13,213.12	12.74
OTHER SALARIES	0.00	0.00	134.00	0.12
+PROPERTY TAX EXPENSE	0.00	0.00	6,856.21	6.61
+DEPT. OF HEALTH	0.00	0.00	253.15	0.24
=====	====MTD====	===%==	====YTD====	===%==

INCOME STATEMENT  
(CONSOLIDATED REPORT)  
INT'L. NUTRONICS INC.  
<< AS OF 09/30/83 >>

PAGE 2

=====	====MTD====	===%==	====YTD====	===%==
+OTHER TAXES & LICENSE	0.00	0.00	38.67	0.03
+TELEPHONE & TELEX	0.00	0.00	11,118.73	10.72
+TOOLS	0.00	0.00	39.78	0.03
+TUITION	0.00	0.00	253.00	0.24
+CORPORATE AUTO EXP.	0.00	0.00	<99.83>	<0.09>
+CORPORATE TRAVEL	0.00	0.00	11,182.57	10.78
+UTILITIES & SECURITY	0.00	0.00	11,397.78	10.99
+MISC. EXPENSE	0.00	0.00	203.18	0.19
INTEREST EXPENSE	0.00	0.00	594.65	0.57
TOTAL EXPENSES	0.00	0.00	246,901.55	238.20
***** OPERATING PROFIT	0.00	0.00	<264,391.87>	<255.07>
OTHER INCOME & EXPENSES				
INTEREST INCOME	0.00	0.00	3.94	0.00
OTHER INCOME	0.00	0.00	7,176.41	6.92
+INTEREST EXPENSE	0.00	0.00	<7,021.90>	<6.77>
CHGS. LETTER CREDIT	0.00	0.00	<575.00>	<0.55>
TOTAL OTHER INCOME & EXPENSES	0.00	0.00	<416.55>	<0.40>
***** NET PROFIT BEFORE TAX	0.00	0.00	<264,808.42>	<255.47>
=====	====MTD====	===%==	====YTD====	===%==

# EARNINGS PER SHARE

	3 Months (September 30, 1983)	Fiscal 1983 (June 30, 1983)
Revenue	\$103,652	\$284,416
Expenses	368,460	1,672,499
Net Loss	264,808	1,388,083
Nwt Loss Per Share	\$.06	\$.42

## Management's Discussion, Results of Operations and Analysis of Financial Conditions

The following discussion is based on the financial statements appearing herein. The condensed financial statements have been prepared by International Nutronics, Inc. without independent audit, pursuant to the rules and regulations of the Securities and Exchange Commission. International Nutronics, Inc. believes that the disclosures are adequate to make the information presented not misleading, although certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. The condensed financial statements should be read in conjunction with the financial statements and notes thereto appearing in Exhibit 28.2, filed herewith.

International Nutronics, Inc. filed a Form 10 and became a reporting company on August 4, 1983, the effective date of its Form 10. Therefore, the Company has never filed a Form 10-K and is not required to do so until after the end of the Company's fiscal year ending June 30, 1984. Prior to the quarter ending September 30, 1983, the Company did not maintain quarterly financial records. Therefore, no records of previous quarters are available for comparing the current quarter's financial results.

### 1. Material changes in financial conditions

As a result of a \$264,392 net operating loss, the Company is presently suffering a cash shortage (see - "Results of Operations"). The Company is currently dependent on securing additional financing in order to meet its recurring obligations. During the quarter ending September 30, 1983, the Company financed its operations through revenues from the sale of radiation services and through borrowing. Presently, the Company's ability to borrow additional funds is extremely limited.

### 2. Material changes in Results of Operations

The Company is currently in the process of decommissioning its Dover, New Jersey facility. As a result, that facility generated virtually no revenue during the month of September, 1983. The Company opened its Irvine, California facility in June of 1983. Revenues from the Irvine facility have offset the loss of revenues due to the closing of the Dover, New Jersey facility.

#### Results of Operations - Three Months Ended September 30

##### Revenues

For the three months ended September 30, 1983, the Company recognized revenues of \$103,652. No quarterly figures are available

from the previous year. However, the Company, in all of fiscal year 1983, recognized revenues of only \$284,416. All revenues from the quarter ending September 30, 1983 were from the sale of radiation services.

### Expenses

Expenses for the quarter were \$368,044. For all of fiscal year 1983, expenses were \$1,672,499. The apparent decrease in expenses is due primarily to a decrease in expenses related to the start-up of the Company's Irvine, California facility. In addition, administrative expenses decreased due to the fact that in fiscal 1983 \$151,872 was charged to administrative expense. This sum represents the fair market value in September of 1982 of 316,400 shares of the Company's Common Stock issued to the President and another director in return for certain loan guarantees and other services.

### 3. Projections

Presently, the Company's Palo Alto, California facility is operating at or close to capacity for the amount of isotope which is present there. Consequently, the Company does not anticipate any significant increase in revenues from the operation of this facility in the near future. The Company does plan to replace the Palo Alto facility with a larger facility by November of 1984.

At the present time, the Company's Irvine facility is operating at roughly 50% of its capacity for the amount of isotope which is present there. Therefore, revenues from the Irvine facility could increase up to 100% during the second quarter of the current fiscal year. Of further significance is the fact that the isotope load at the Irvine facility should be doubled during the month of December. This will result in doubling the capacity of the Irvine facility. This additional isotope will probably result in an insignificant increase in revenues for the second quarter of the current fiscal year but could result in significant increases in revenue during the remainder of the current fiscal year.

The Company should receive its completion certificate on its Saudia Arabian contract during the month of November, 1983. It is the Company's experience that it will take from thirty to forty five days to receive payment. The Company expects to receive approximately \$300,000 within that period. This entire sum has previously been recognized as revenue.

Since the Food and Drug Administration (FDA) approved the irradiation processing of certain spices and food products, the Company has experienced substantial interest on the part of food processors in this process. This has not resulted in significant revenue in the past. However, should a spice producer accept the efficacy of this process, revenues in the



second and third quarters could increase significantly. At the present time, the Company is engaged in testing programs with several spice and food product companies. The Company does not believe that it is unreasonable to believe that the process will gain acceptance.

The Company anticipates that the FDA will soon approve the irradiation processing of all foods. The Company does not anticipate that this will have any immediate effect on its revenues but the Company believes that this approval could have a substantial positive effect during fiscal year 1985.

#### 4. Fiscal Year 1983 Financial Statements

The Company has not completed its certified audit for Fiscal Year 1983. However, the financial statements attached hereto as Exhibit 28.2 are believed to fairly represent the financial condition of the Company on June 30, 1983. Certain adjustments may be made before the audit is certified but the Company does not believe that any adjustments will significantly affect results. The Financial Statements should be read in conjunction with the notes thereto.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

1. International Nutronics, Inc. v. Allan Chin, Radiation Sterilizers, Inc., et al., Action No. 424406, Superior Court of Santa Clara County, California. This action was settled at no cost to the Company. No continuing obligation on the part of the Company exists with respect to the settlement.

2. International Nutronics, Inc. v. Martin H. Stein and Precision Materials Corporation, Civil Action No. C-650-83, Superior Court of New Jersey, Chancery Division: Morris County. This action was settled by a payment by the defendants and to the Company of the sum of \$11,000.00. No continuing obligation on the part of the Company exists with respect to the settlement.

3. Arthur E. Rose and Beulah Rose v. International Nutronics, Inc. et al., Action No. P43532, Superior Court of Santa Clara County, California. Plaintiffs have alleged that Lee Ann Ferrin, a former corporate secretary of the Company entered into a subscription agreement with plaintiffs and on the Company's behalf for the purchase by plaintiffs of 6,000 shares of the Company's Common Stock at \$1.00 per share. The alleged agreements, according to plaintiffs' complaint, were entered into in June and September of 1981. Plaintiffs filed this proceeding on September 6, 1983. Plaintiffs are seeking to have 6,000 shares of the Company's Common Stock issued to them and are also seeking an unspecified amount of monetary damages. Management believes plaintiffs' claim is totally without merit and intends to vigorously defend this matter.

Item 3. Defaults Upon Senior Securities

1. The Company currently has issued and outstanding, 300,000 shares of Convertible Preferred Stock which it issued for \$1.00 per share. Dividends are payable quarterly at the rate of 12% per annum. As of September 30, 1983, dividends accumulated but unpaid totalled \$24,000.00. The holder of the preferred stock has made no demand for payment.

Item 5. Other Information.

1. Dover, New Jersey. On September 1, 1983, management made the decision to close the Company's Dover, New Jersey facility. This was due to the fact that the facility was not generating the cash flow that had been previously anticipated and the fact that the clean up of the broken cobalt 60 rod will be more extensive than previously anticipated. The Company previously anticipated spending between \$75,000 and \$200,000 to dispose of the cobalt 60 and to decommission the Dover facility. It now appears that all or part of this cost will be paid according to the terms of the Company's Radio-

active Contamination Insurance policy. The Company has filed a claim with its insurance company.

On November 1, 1983, the Nuclear Regulatory Commission (NRC) issued an Order setting out certain steps which the Company had to follow in order to commence the decommissioning of the Dover facility. Prior to the issuance of the Order, the Company had informed the NRC that it would follow all of the steps which the NRC subsequently incorporated into its Order. Management believes that the Company is in compliance with all NRC rules and regulations.

2. Change in Officers. On September 9, 1983, the Board of Directors elected Gregory A. Parker vice president of administration. Mr. Parker also serves as corporate secretary and corporate counsel. On October 10, 1983, Joseph Simrak's employment was terminated. Mr. Simrak had been a vice president.

Item 6. Exhibits and Reports on Form 10-Q

a) Exhibits (Numerical references correspond to the exhibit numbers assigned to the Exhibit Table contained in Item 601 of SEC Regulation S-K)

2. Plan of acquisition, reorganization, arrangement, liquidation or succession	None
4. Instruments defining the rights of security holders, including indentures	None
11. Statements re computation of per share earnings.	Attached
15. Letter re unaudited interim financial information	Not Applicable
18. Letter re change in accounting Principles	Not Applicable
19. Previously unfiled documents	None
20. Report furnished to security holders	None
23. Published report regarding matters submitted to vote of security holders	None
24. Consent of experts and counsel	Not Applicable
25. Power of Attorney	Not Applicable
28.2 Additional exhibits	Draft of fiscal 1983 financial statements

b) Reports on Form 8-K

A Form 8-K dated August 22, 1983 was filed during the quarter ending September 30, 1983. The information included was the FDA approval of the irradiation of spices, anticipated expenditures for environmental protection (relating to the broken cobalt 60 rod at the Company's Dover, New Jersey facility), information regarding the Company's consideration of a merger, the appointment of a transfer agent for the Company's stock, the anticipated cost of decommissioning the Dover, New Jersey facility, a correction of erroneous information appearing in the Company's Form 10 relating to issuance of Common Stock to Messrs. Parker and Yurkanin and the dismissal of certain legal proceedings. Attached as an exhibit (exhibit 28.1) was an unaudited financial statement for the ten month period ending April 30, 1983.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed in its behalf by the undersigned thereunto duly authorized.

International Nutronics, Inc.  
(Registrant)

Date: November 11, 1983

James G. Parker

James G. Parker  
President and Chief  
Executive Officer  
(Principal Executive Officer)

Date: November 11, 1983

Gregory A. Parker

Gregory A. Parker  
Vice President  
(Principal Financial Officer)



EXHIBIT 11

Earnings per share calculation

Earnings per share were calculated by dividing earnings by the number of shares outstanding at the end of the quarter, or 4,235,086.

INTERNATIONAL NUTRONICS, INC.  
FINANCIAL STATEMENTS  
Years ended June 30, 1983 and 1982  
with  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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The Board of Directors and Stockholders  
International Nutronics, Inc.

We have examined the accompanying balance sheets of International Nutronics, Inc. at June 30, 1983 and 1982, and the related statements of operations, stockholders' equity and changes in financial position for years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As shown in the financial statements, the Company incurred a net loss of \$1,388,083 during the year ended June 30, 1983, and, as of that date, the Company's current liabilities exceeded its current assets by \$943,967. These and other factors, including the Company's ability to achieve a positive cash flow from its operations, to obtain sufficient working capital to finance continuance of operations and to obtain additional funds to meet its other liabilities, may affect the Company's ability to continue in existence as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

As discussed in Note 2 to the financial statements, the Company incurred ongoing warranty costs which have delayed completion of the contract. The collection of the receivable from the Saudi Arabian government contract is dependent on the successful completion of the contract by the Company and obtaining the final clearance on the project from the Saudi Arabian government. The outcome of these matters cannot be determined at this time. The financial statements do not include any adjustments relating to the recoverability and classification of the recorded receivable from Saudi Arabian government contract that might be necessary should the Company be unable to successfully complete the contract and obtain the final clearance on the project from the Saudi Arabian government.

In our opinion, subject to the effects of such adjustments, if any, as might have been required had the outcome of the uncertainty about the recoverability and classification of recorded asset amounts and the amounts and classification of liabilities referred to in the preceding paragraphs been known, the financial statements referred to above present fairly the financial position of International Nutronics, Inc. at June 30, 1983 and 1982, and the results of operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis during the period.

August 5, 1983

## INTERNATIONAL NUTRONICS, INC.

## BALANCE SHEETS

June 30, 1983 and 1982

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<u>ASSETS</u>			
	1983	1982	
Current assets:			
Cash	\$ 6,876	\$ -	
Accounts receivable (Notes 2, 3, 4 and 7):			
Trade and other (net of allowance for doubtful accounts of \$4,790 in 1983 and \$3,800 in 1982)	75,230	92,100	
Saudi Arabian government contract (including \$59,663 unbilled in 1983 and \$80,914 in 1982)	434,137	405,005	
Deposits and prepaid expenses	102,775	98,485	
Total current assets	619,018	595,590	
Plant and equipment, at cost (Notes 2, 4, 5, 7, 9 and 10):			
Building	115,983	114,953	
Leasehold improvements	759,037	75,839	
Radiation material	1,136,784	327,323	
Machinery and equipment	631,409	184,457	
Construction in progress	-	805,156	
Equipment under capital lease obligations	32,431	45,375	
	2,675,644	1,333,103	
Less accumulated depreciation and amortization	(274,608)	(220,692)	
	2,401,036	1,112,411	
Other assets	7,386	11,662	
	<u>\$3,027,440</u>	<u>\$1,719,693</u>	

<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
	1983	1982	
Current liabilities:			
Bank overdraft	\$ -	\$ 58,068	
Note payable to bank (Note 7)	150,000	-	
Note payable to NSA Corporation (Note 8)	110,945	-	
Due to stockholder and officer (Note 4)	-	122,445	
Accounts payable:			
Trade	436,453	124,244	
Equipment for Saudi Arabian government contract, construction and equipment for new facility (Notes 2, 3 and 4)	75,580	115,205	
Other	31,926	49,416	
Accrued interest	64,624	11,398	
Other accrued liabilities	144,420	92,678	
Current obligations under capital leases (Note 5)	8,935	6,243	
Long-term debt due within one year (Note 10)	60,000	-	
Convertible note payable (Note 8)	500,000	-	
Total current liabilities	1,582,983	579,695	
Noncurrent obligations under capital leases (Note 5)	22,598	31,826	
Note payable to NSA Corporation (Note 8)	-	95,613	
Long-term debt (Note 10)	540,000	-	
Convertible notes payable (Note 8)	-	500,000	
Commitments (Note 9)			
Stockholders' equity (Notes 4, 8, 10 and 11):			
12% convertible preferred stock, no par value; 300,000 shares authorized, issued and outstanding	300,000	-	
Common stock, \$.10 par value; 10,000,000 shares authorized, 4,227,086 shares issued and outstanding; (2,465,400 in 1982)	422,708	246,540	
Common stock subscribed	-	139,644	
Capital in excess of par value	3,443,382	2,022,393	
Accumulated deficit	(3,268,981)	(1,880,898)	
	897,109	527,679	
Less notes receivable from stockholders	(15,150)	(15,150)	
Total stockholders' equity	881,959	612,529	
	<u>\$3,027,440</u>	<u>\$1,719,693</u>	

See accompanying notes.

INTERNATIONAL NUTRONICS, INC.  
STATEMENT OF OPERATIONS  
Years ended June 30, 1983 and 1982

	<u>1983</u>	<u>1982</u>
Revenues:		
Radiation service	\$ 254,616	\$ 357,474
Saudi Arabian government contract (Notes 2, 3 and 4)	<u>29,800</u>	<u>33,033</u>
Total revenues	284,416	390,507
Costs and expenses (Notes 2, 3, 4, 9 and 13):		
Radiation service	473,296	289,485
Saudi Arabian government contract	<u>114,517</u>	<u>48,513</u>
Total cost of revenues	587,813	337,998
Selling, general and administrative	754,288	417,673
Start-up costs for a new facility	172,533	160,830
Interest expense, net	<u>157,865</u>	<u>39,552</u>
Total costs and expenses	1,672,499	956,053
Net loss (Note 12)	<u>\$(1,388,083)</u>	<u>\$(565,546)</u>
Net loss per share (Note 2)	<u>\$(-.42)</u>	<u>\$(-.23)</u>
Shares used in calculation of net loss per share (Note 2)	<u>3,305,081</u>	<u>2,480,399</u>

See accompanying notes.



INTERNATIONAL NUTRONICS, INC.  
STATEMENT OF STOCKHOLDERS' EQUITY  
Years ended June 30, 1983 and 1982

	Preferred Stock		Common Stock		Common Stock Subscribed	Capital in Excess of Par Value	Accumulated Deficit	Notes Receivable From Stockholders and Officers	Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance at June 30, 1981	-	\$ -	1,970,400	\$197,040	\$ 287,000	\$1,576,893	\$(1,315,352)	\$(15,150)	\$ 730,431
Issuance of common stock to investors for cash (Note 10)	-	-	208,000	20,800	-	187,200	-	-	208,000
Issuance of subscribed stock (Note 10)	-	-	287,000	28,700	(287,000)	258,300	-	-	-
Subscription of common stock (Note 10)	-	-	-	-	139,644	-	-	-	139,644
Net loss	-	-	-	-	-	-	(585,546)	-	(585,546)
Balance at June 30, 1982	-	-	2,465,400	246,540	139,644	2,022,393	(1,880,898)	(15,150)	512,529
Issuance of subscribed stock	-	-	139,644	13,964	(139,644)	125,680	-	-	-
Issuance of common stock to investors for cash	-	-	1,017,642	101,764	-	915,677	-	-	1,017,641
Issuance of preferred stock (Note 10)	300,000	300,000	-	-	-	-	-	-	300,000
Issuance of common stock to the President and a director in exchange for services (Note 4)	-	-	318,400	31,840	-	120,232	-	-	151,872
Issuance of common stock in exchange for cancellation of payables to President and director (Note 4)	-	-	288,000	28,800	-	259,200	-	-	288,000
Net loss	-	-	-	-	-	-	(1,368,083)	-	(1,368,083)
Balance at June 30, 1983	<u>300,000</u>	<u>\$300,000</u>	<u>4,227,086</u>	<u>\$422,708</u>	<u>\$ -</u>	<u>\$3,442,382</u>	<u>\$(3,268,981)</u>	<u>\$(15,150)</u>	<u>\$ 881,959</u>

See accompanying notes.

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INTERNATIONAL NUTRONICS, INC.  
 STATEMENT OF CHANGES IN FINANCIAL POSITION  
 Years ended June 30, 1983 and 1982

	<u>1983</u>	<u>1982</u>
Application of working capital:		
Operations:		
Net loss	\$1,388,083	\$ 565,546
Less charges to operations not involving the current use of working capital:		
Depreciation and amortization	111,199	81,535
Net book value of retirements of property and equipment	88,554	6,000
Issuance of common stock in exchange for services	<u>151,872</u>	<u>-</u>
Working capital used in operations	1,036,458	478,011
Additions to equipment	1,484,102	189,769
Acquisition of RSA Corporation:		
Plant and equipment	-	237,284
Net long-term liabilities assumed	-	(98,857)
Issuance of note payable	-	(82,846)
Advances to RSA Corporation	-	10,000
Decrease in noncurrent obligations under capital leases	9,228	-
Reduction in note and convertible notes payable	<u>595,613</u>	<u>-</u>
Total application of working capital	3,125,401	733,361
Sources of working capital:		
Increase in noncurrent obligations under capital leases	-	31,826
Increase in long-term debt, net	540,000	-
Issuance of common stock in exchange for cash/cancellation of indebtedness	1,305,641	208,000
Cash received from common stock subscription	-	139,644
Proceeds from issuance of 12% convertible preferred stock	<u>300,000</u>	<u>-</u>
Total sources of working capital	<u>2,145,641</u>	<u>379,470</u>
Decrease in working capital	<u>\$ 979,760</u>	<u>\$ 353,891</u>

See accompanying notes.

INTERNATIONAL NUTRONICS, INC.

STATEMENT OF CHANGES IN  
FINANCIAL POSITION (CONTINUED)

Years ended June 30, 1983 and 1982

	<u>1983</u>	<u>1982</u>
Changes in components of working capital:		
Increase (decrease) in current assets:		
Cash	\$ 6,876	\$ (35,158)
Accounts receivable:		
Trade and other	(16,870)	62,730
Saudi Arabian government contract	29,132	(75,091)
Deposits and prepaid expenses	<u>4,290</u>	<u>22,228</u>
	23,428	(25,291)
Increase (decrease) in current liabilities:		
Bank overdraft	(58,068)	58,068
Notes payable to bank	150,000	-
Note payable to RSA Corporation	110,945	-
Due to stockholder and officer	(122,445)	122,445
Accounts payable:		
Trade	312,209	57,690
Equipment for Saudi Arabian government contract, construction and equipment for new facility	(39,625)	(58,222)
Other	(17,490)	49,416
Accrued interest	53,226	11,398
Other accrued liabilities	51,744	81,562
Capital lease obligations due within one year	2,692	6,243
Long-term debt due within one year	60,000	-
Convertible notes payable	<u>500,000</u>	<u>-</u>
	<u>1,003,188</u>	<u>328,600</u>
Decrease in working capital	<u>\$ 979,760</u>	<u>\$ 353,891</u>

See accompanying notes.

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INTERNATIONAL NUTRONICS, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1983 and 1982

1. Description of business and basis of presentation

The Company's business is the sterilization by irradiation of disposable medical supplies in its facilities in Palo Alto and Irvine, California, and Dover, New Jersey. The Company has also designed and installed an irradiation facility for the government of Saudi Arabia (Notes 2 and 3).

The accompanying financial statements have been prepared on the going concern basis which assumes the realization of assets and payment of liabilities in the normal course of business. As shown in the financial statements, the Company incurred a net loss of \$1,388,083 during the year ended June 30, 1983, and, as of that date, the Company's current liabilities exceeded its current assets by \$943,967. These and other factors, including the need to (a) achieve a positive cash flow from its operations, (b) obtain sufficient working capital to finance continuance of operations and (c) obtain additional funds to meet its other liabilities, may affect the Company's ability to continue in existence as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The outcome of these matters cannot be determined at this time.

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INTERNATIONAL NUTRONICS, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1983 and 1982

2. Accounting policies

Revenue recognition

The Company used the completed contract method of accounting for its Saudi Arabian government contract (Note 3). Revenue from radiation services is recognized when the service is provided.

Plant and equipment

Plant and equipment is depreciated on a straight-line basis over the following estimated useful lives of the assets:

Building	25 years
Radiation material	7 years
Machinery and equipment	5-15 years
Equipment under capital lease obligations (lease term)	3-5 years
Leasehold improvements	Life of Lease

Per share data

Net loss per share is based on the weighted average number of common shares outstanding and fully paid common shares subscribed during each of the periods. Common shares issuable upon conversion of convertible notes payable and convertible preferred stock and common share equivalents from the stock option plan were not included in the loss per share calculations since their inclusion would have been antidilutive.

INTERNATIONAL NUTRONICS, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1983 and 1982

3. Saudi Arabian government contract

The Saudi Arabian government contract, which has a total contract price of \$2,714,000, was considered substantially complete at June 30, 1981 and, as such, substantially all related contract revenue and costs were recognized in 1981. The Company incurred ongoing warranty costs which have delayed completion of the contract. The collection of the receivable from the Saudi Arabian government contract is dependent on the successful completion of the contract by the Company and obtaining the final clearance on the project from the Saudi Arabian government. The outcome of these matters cannot be determined at this time. The financial statements do not include any adjustments relating to the recoverability and classification of the recorded receivable from Saudi Arabian government contract that might be necessary should the Company be unable to successfully complete the contract and obtain the final clearance on the project from the Saudi Arabian government.

4. Related party transactions

A principal source of financing for the Company since 1978 has been the President and two stockholders of the Company.

The President has made a personal guarantee to a bank on a letter of credit of \$300,000 securing performance on the Saudi Arabian government contract. In addition, the letter of credit is secured by receivables and equipment of the Company. As consideration for the guarantee and other services rendered by the President and a director of



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INTERNATIONAL NUTRONICS, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1983 and 1982

4. Related party transactions (continued)

the Company, 316,400 shares of common stock were issued in September 1982 to these individuals. As a result, \$151,872 (based upon a fair value of \$.48 per share determined in connection with the preferred stock issuance - see Note 10) was charged as selling, general and administrative expense in fiscal 1983.

In fiscal 1982 and 1983, the President and director had loaned the Company approximately \$272,000 (\$172,445 in 1982). Subsequently, the loans, including accrued interest, were cancelled in exchange for 288,000 shares of common stock.

See Note 9 for a description of the building lease between the Company and the President.

5. Obligations under capital lease

The Company leases certain equipment under capital lease agreements over lease periods of three to five years. The Company has an option to purchase the leased assets at the end of the lease payment period at 10% of the original costs.

Following is a schedule by year of future minimum lease payments under the capital lease obligations together with the present value of the net minimum lease payments as of June 30, 1983:

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INTERNATIONAL NUTRONICS, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1983 and 1982

5. Obligations under capital lease (continued)

<u>Fiscal Year</u> <u>Ending June 30,</u>	
1984	\$19,080
1985	13,349
1986	12,828
1987	<u>5,345</u>
Total minimum lease payments	50,602
Less amount representing interest	<u>19,069</u>
Present value of minimum lease payments	31,533
Less current portion	<u>8,935</u>
Long-term portion	<u>\$22,598</u>

6. Acquisition of RSA Corporation

In August 1981, the Company purchased all the assets and assumed the liabilities of RSA Corporation (RSA), which operates an irradiation facility in New Jersey to provide sterilization services to medical suppliers and other manufacturers, for a \$119,600 non-interest bearing note payable due August 1983. Under the terms of the purchase agreement, if the Company files a registration statement under the Securities Act of 1933 which is effective by August 31, 1983, the holder must convert the note to 119,600 shares of common stock. The cost of the acquisition, which has been accounted for by the purchase method, was \$82,846 (\$119,600 less interest imputed at 18-1/2%).

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INTERNATIONAL NUTRONICS, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1983 and 1982

7. Note payable to bank

During fiscal 1983, the Company obtained a \$150,000 short-term loan from a bank. The note bears interest at prime plus 3% (13-1/2% at June 30, 1983). Interest payments are due monthly. The principal is due August 31, 1983 and is guaranteed by the President of the Company and a stockholder. The loan is also secured by all accounts receivables and equipment and contains various requirements pertaining to working capital and certain financial ratios. At June 30, 1983, the Company did not meet the above requirements.

8. Convertible note payable

In April 1981, the Company entered into an agreement whereby the Company received \$500,000 in cash in exchange for a convertible non-interest bearing note due April 1, 1984, the proceeds of which were primarily used to satisfy the Company's liability for construction and equipment for a new facility, repay other creditors and add to working capital. The note is convertible into common stock at the option of the holder at \$0.5582 per share (895,736 shares reserved) which represented the then determined fair value. The price per share at which the note can be converted into common stock is subject to change if additional stock is issued at a price which is at least \$.25 lower than the conversion price.

In the event the Company issues additional common shares, the President, a director and the convertible note holder (on an if-converted basis) shall have the preemptive right to purchase additional shares at a price determined by the Board of Directors.

INTERNATIONAL NUTRONICS, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1983 and 1982

9. Commitments

The Company has been leasing a building in Southern California owned by the President. The agreement calls for the Company to make payments of \$8,000 per month for a five-year period. Upon expiration of the initial term, the Company has the option to renew the lease for a five-year term at the same rent, adjusted for increases in the Consumer Price Index, or to purchase the property at its fair market value. The Company agreed to install and pay for all leasehold improvements and other equipment necessary to convert the facility to an irradiation facility. The lease is accounted for as an operating lease.

The Company also leases its facility in Dover, New Jersey. The lease expires in January 1984 and has a three-year renewal option at the same rent (\$3,000 per month), adjusted for increases in the Consumer Price Index.

Lease payments charged to rent expense on the above facilities amounted to \$127,500 in 1982 and \$132,000 in 1983.

The Company leases land for its Palo Alto facility at \$326 per month. The Company has three five-year renewal options with rent for each option period at fair market value to be determined at the beginning of each period.

Aggregate future minimum lease commitments as of June 30, 1983 are as follows:

2007

INTERNATIONAL NUTRONICS, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1983 and 1982

9. Commitments (continued)

Fiscal Year  
Ending  
June 30,

1984	\$73,000
1985	4,000
1986	<u>4,000</u>
	<u>\$81,000</u>

10. Preferred stock and long-term debt

In January 1983, the Company sold to the convertible note holder and an affiliated partnership 300,000 shares of 12% convertible preferred stock at \$1 per share. In addition, the Company issued for cash promissory notes to the same investors for \$600,000. The notes bear interest at prime plus 2% (12-1/2% at June 30, 1983) subject to a maximum rate of 15% and a minimum rate of 12%. Principal and interest are payable over 20 quarterly installments. The notes are secured by the equipment of the Company.

Future payments of principal required at June 30, 1983 are as follows:

Fiscal Year  
Ending June 30,

1984	\$ 60,000
1985	90,000
1986	120,000
1987	150,000
1988	<u>180,000</u>
	<u>\$600,000</u>

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INTERNATIONAL NUTRONICS, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1983 and 1982

10. Preferred stock and long-term debt (continued)

Dividends on the preferred stock are cumulative from the date of issue (\$18,000 at June 30, 1983). Beginning July 2, 1989, the Company may redeem the preferred stock in whole or in part for \$1 per share plus any accrued but unpaid dividends.

In the event of liquidation, the preferred stockholders are entitled to receive a preferential amount of \$1 per share plus any accrued but unpaid dividends. In addition, the preferred stock is convertible into common stock at the rate of 2.083 shares of common for each share of preferred stock subject to antidilutive adjustments. Conversion is mandatory, concurrent with the closing of a firm underwritten public offering of the Company's common stock with an aggregate price of at least \$5,000,000 and an offering price of not less than \$10 per share. Preferred stockholders have voting rights equal to the common stock voting rights they would have received upon conversion of their preferred stock. The Company has reserved 625,000 shares of common stock for conversion of preferred shares.

11. Employee stock option plan

The Company, under the stock option plan, has granted options to key employees to purchase 300,000 shares of common stock at the fair value of the stock at the grant date. No further options are available for future grants under the plan. At June 30, 1983, 100,000 options and 200,000 options were outstanding at \$1.10 and \$1.00 per



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INTERNATIONAL NUTRONICS, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1983 and 1982

11. Employee stock option plan (continued)

share, respectively. No options had been exercised and 183,333 options were exercisable at an aggregate price of \$193,333.

In August 1982, the Company granted options to purchase 80,000 shares of common stock, outside the plan, to directors and certain consultants at \$1.00 per share. These options are fully exercisable at June 30, 1983 and no options had been exercised at that date.

12. Income taxes

At June 30, 1983, the Company has available for federal income tax purposes net operating loss carryforwards of approximately \$2,971,000 expiring in 1993 through 1998.

The amount of net operating loss carryforwards differs from the Company's accumulated deficit due primarily to the expiration of tax losses incurred prior to 1976. At June 30, 1983, the Company also has approximately \$180,000 of unused investment tax credits expiring in 1989 through 1998.

13. Damaged radiation materials and equipment

During fiscal 1983, the Company discovered that the radiation materials and certain radiation equipment in the Dover, New Jersey facility were damaged. The Company estimated that the total costs to dispose of the radiation materials and contaminated equipment would be approximately \$100,000, which has been included with selling, general and administrative expenses in fiscal 1983.

A333

EMISSION RATES				
U	COMPANY BRANCH	PRODUCER	PRODUCER'S CITY	PRODUCER'S NUMBER
82	90	JOHNSON & HIGGINS	SAN FRANCISCO	00475
11				

MP 863 10 50

'863 1756  
Serial of Number

DECLARATIONS  
MULTI-PERIL POLICY

LEXINGTON  
INSURANCE COMPANY  
WILMINGTON, DELAWARE

A stock insurance company  
(Herein called the company)

ADMINISTRATIVE OFFICES

100 Summer Street  
Boston, Massachusetts 02110

1. Mailed Insured and Mailing Address (No., Street, Town, County, State, Zip)

INTERNATIONAL NUTRONICS, INC.  
1237 N. SAN ANTONIO ROAD  
PALO ALTO, CALIF.

2. Policy Period:                      Year(s)  
From 5-7-83                      To 5-7-84

12:01 A.M. Standard Time at location of designated premises.

3. The Named Insured is:

☐ Individual    ☐ Partnership    ☒ Corporation    ☐ Joint Venture    ☐ Other:

Occupancy of Premises

4. Designated Premises (ENTER BELOW)

MEDICAL PRODUCTS STERILIZATION

No. 1 1237 N. SAN ANTONIO RD., PALO ALTO, CA  
No. 2 1962 BARANCA, IRVINE, CA  
No. 3 U.S. HIGHWAY 46 AND SCHLEY ST. DOVER, N.J. 07801

☐ Additional buildings or premises as designated on Supplemental Declarations attached.

5. INSURANCE IS PROVIDED WITH RESPECT TO THE DESIGNATED PREMISES AND WITH RESPECT TO THOSE COVERAGES AND KINDS OF PROPERTY FOR WHICH A SPECIFIC LIMIT OF LIABILITY IS SHOWN SUBJECT TO ALL OF THE TERMS OF THIS POLICY INCLUDING FORMS AND ENDORSEMENTS MADE A PART HEREOF.

SECTION I PROPERTY COVERAGE		Building(s)	Personal Property of the Insured	Personal Property of Others	DEDUCTIBLE	
Coinsurance Percentage Applicable		%	%	%	each occurrence	aggregate each occurrence
Limit of Liability					\$ 1,000.	\$
Additional Cov. (Specify)					\$10,000. RADIOACTIVE CONTAMINATION	
SECTION II LIABILITY COVERAGE		Bodily Injury and Property Damage Liability Combined Single Limit		Premises Medical Payments		Bodily Injury Liability    Property Damage Liability    Premises Medical Payments
Limit of Liability		each occurrence	aggregate	each person	each accident	IF NO LIMIT SHOWN REFER TO COVERAGE PART OR ENDORSEMENT
Additional Cov. (Specify)		\$ PER L202	\$	\$	\$	
SECTION I - Reporting form		<input type="checkbox"/> Yes <input type="checkbox"/> No		SECTION II - Auditable		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> SECTION III - CRIME COVERAGE - As stated in the endorsement, made part of this Policy, if indicated by <input checked="" type="checkbox"/>						

6. Forms and Endorsements made part of this policy at time of issue:

General Conditions  
LEX-105 LEX-160

List all those forms and endorsements which apply to both Section I and Section II including the General Conditions:

Section I—List only those forms and endorsements applying to Section I:

Section II—List only those forms and endorsements applying to Section II: L202, L9001, L108, L6395a,  
SEEPAGE AND CONTAMINATION EXCLUSION CLAUSE, 460-B

Section III—List only those forms and endorsements applying to Section III:

7. Mortgage:

(NAME AND ADDRESS)

8. The Total Advance Premium is: (ENTER BELOW)

\$ 19,535. and is payable \$

at inception, and \$

at each anniversary.

☐ NOT APPLICABLE

UNLESS INDICATED BY AN X IN THE BOX AS "NOT APPLICABLE", THE PREMIUM FOR INSTALLMENTS SUBSEQUENT TO THE INITIAL INSTALLMENT SHALL BE SUBJECT TO ADJUSTMENT ON THE BASIS OF THE RATES IN EFFECT AT EACH ANNIVERSARY DATE.

Countersignature Date  
At

JUNE 14TH, 1983 ENH  
BOSTON, MASSACHUSETTS

Gen O. Hansen  
Authorized Representative

IN CONSIDERATION OF THE PREMIUM, INSURANCE IS PROVIDED THE NAMED INSURED WITH RESPECT TO THE DESIGNATED PREMISES SHOWN IN ITEM 4 ABOVE AND WITH RESPECT TO THOSE COVERAGES AND KINDS OF PROPERTY FOR WHICH A SPECIFIC LIMIT OF LIABILITY IS SHOWN, SUBJECT TO ALL OF THE TERMS OF THIS POLICY INCLUDING FORMS AND ENDORSEMENTS MADE A PART HEREOF

JDL193(1)-X  
(Ed. 5-77)

THIS DECLARATIONS PAGE WITH MULTI-PERIL CONDITIONS AND DEFINITIONS OF POLICY JACKET AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THE ABOVE NUMBERED POLICY

29193 (5/80)

A333

This endorsement, effective 12:01

A. M 5-7-83

forms a part of

policy No

MP 863 1050

issued to

INTERNATIONAL NUTRONICS, INC.

by

LEXINGTON INSURANCE COMPANY

SCHEDULED FORMS AND ENDORSEMENTS

LEX-160	SURPLUS LINES ENDORSEMENT
LEX-105	SERVICE OF SUIT CLAUSE
MP-0013	SPECIAL MULTI-PERIL POLICY SPECIAL BUILDING FORM
MP-0014	SPECIAL MULTI-PERIL POLICY SPECIAL PROPERTY FORM
CF-1503	BUSINESS INTERRUPTION
MLB-175	ACCOUNTS RECEIVABLE ENDORSEMENT
MLB-140	GROSS EARNINGS ENDORSEMENT
MP-1511	LOSS OF RENTS ENDORSEMENT
CF-0420	REPLACEMENT COST ENDORSEMENT
3715	TRANSPORTATION FORM
460-B	RADIOACTIVE CONTAMINATION ASSUMPTION ENDORSEMENT B
CF-0405	CONTINGENT LIABILITY
CF-0406	DEMOLITION COST
CF0415	INCREASED COST OF CONSTRUCTION
1803	ADDITIONAL INSURED
438 BFU	LENDER'S LOSS PAYABLE ENDORSEMENT

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

6-14-83 enh

Gerd O. Haeboren

Authorized Representative

SURPLUS LINES ENDORSEMENT

PREMIUM : \$19,535.00

3% CALIF. TAX : \$ 427.83

(.2% ) FILING FEE : \$ 28.52

TOTAL : \$19,991.35

ATTACHED TO AND FORMING PART OF POLICY NO. MP 863 1050

ISSUED TO INTERNATIONAL NUTRONICS, INC.

EFFECTIVE 5-7-83

BY LEXINGTON INSURANCE COMPANY

LEX-160

ENDORSEMENT

This endorsement, effective 12:01 AM,

forms a part of

Policy No. MP 863 1050

issued to: INTERNATIONAL NUTRONICS, INC.

By: LEXINGTON INSURANCE COMPANY

SERVICE OF SUIT CLAUSE

It is agreed that in the event of the failure of the Lexington Insurance Company (herein called the Company) to pay any amount claimed to be due hereunder, the Company hereon at the request of the Insured will submit to the jurisdiction of any Court of competent jurisdiction within the State of California and will comply with all requirements necessary to give such court jurisdiction and service of process in such suit may be made upon Western Risk Specialists, Inc., Los Angeles, California, and that any suit instituted against the Company upon this Contract, the Company will abide by the final decision of such Court or of any Appellate court in the event of an Appeal.

The above named are authorized and directed to accept service of process on behalf of the Company in any such suit and/or upon the request of the insured to give a written undertaking to the insured that they will enter a general appearance upon the Company's behalf in the event such a suit shall be instituted. Further, pursuant to any statute of the state of California which makes provisions therefor, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the Statute, or his successors in office, as its true and lawful attorney upon whom may be served any lawful process in action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of this contract of insurance and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

END. LEX- 105





# SPECIAL MULTI-PERIL POLICY SECTION I—SPECIAL BUILDING FORM

MP 00 13  
(Ed. 12 79)

## I. PROPERTY COVERED

**BUILDING(S):** Building(s) or structure(s) shall include attached additions and extensions; fixtures, machinery and equipment constituting a permanent part of and pertaining to the service of the building(s); materials and supplies intended for use in construction, alteration or repair of the building(s) or structure(s); yard fixtures; personal property of the insured used for the maintenance or service of the building(s), including

fire extinguishing apparatus, outdoor furniture, floor coverings and appliances for refrigerating, ventilating, cooking, dishwashing and laundering (but not including other personal property in apartments or rooms furnished by the named insured as landlord); all while at the designated premises.

## II. PROPERTY NOT COVERED

This policy does not cover:

A. Outdoor swimming pools; fences; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls not constituting a part of a building; walks, roadways and other paved surfaces.

B. The cost of excavations, grading or filling; foundations of buildings, machinery, boilers or engines whose foundations are below the undersurface of the lowest basement floor, or where there is no basement, below the surface of the ground; pilings, piers, pipes, flues and drains which are underground; pilings which are below the low water mark.

C. Outdoor signs, whether or not attached to a building or structure.

D. Lawns; outdoor trees, shrubs and plants, except as provided in the Extensions of Coverage.

E. Property which is more specifically covered in whole or in part by this or any other contract of insurance, except for the amount of loss which is in excess of the amount due from such more specific insurance.

## III. PROPERTY SUBJECT TO LIMITATIONS

The following property is subject to these additional limitations:

A. Plumbing, heating, air conditioning or other equipment or appliances (except fire protective systems) are not covered against loss caused by or resulting from freezing while the designated buildings are vacant or unoccupied, unless the insured shall have exercised due diligence with respect to maintaining heat in the buildings or unless such equipment and appliances had been drained and the water supply shut off during such vacancy or unoccupancy.

B. Steam boilers, steam pipes, steam turbines or steam engines are not covered against loss caused by any condition or occurrence within such boilers, pipes, turbines or engines (except direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox, or combustion chamber, of any fired vessel or within the flues or passages which conduct the gases of combustion therefrom).

C. Hot water boilers or other equipment for heating water are not covered against loss caused by any condition or occurrence within such boilers or equipment, other than an explosion.

D. Glass is not covered against loss for more than \$50 per plate, pane, multiple plate, insulating unit, radiant heating panel, jalousie, louver or shutter, nor for more than \$250 in any one occurrence, unless caused by fire, lightning, windstorm, hail, aircraft, vehicles, discharge from fire protection or building service equipment, explosion, riot or civil commotion, and then the Company shall be liable only to the extent that such perils are insured against in this policy.

E. Fences, pavements, outdoor swimming pools and related equipment, retaining walls, bulkheads, piers, wharves or docks, when covered under this policy, are not covered against loss caused by freezing or thawing,

impact of watercraft, or by the pressure or weight of ice or water whether driven by wind or not.

F. Metal smokestacks and, when outside of buildings, (1) awnings of fabric or slat construction, canopies of fabric or slat construction, including their supports, and (2) radio or television antennas, including their lead-in wiring, masts or towers are not covered against loss caused by ice, snow or sleet, nor by windstorm or hail.

G. The interior of buildings is not covered against loss caused by rain, snow, sand or dust, whether driven by wind or not, unless (1) the buildings shall first sustain an actual damage to roof or walls by the direct action of wind or hail, and then the Company shall be liable for loss to the interior of the buildings as may be caused by rain, snow, sand or dust entering the buildings through openings in the roof or walls made by direct action of wind or hail, or (2) such loss results from fire, lightning, aircraft, vehicles, explosion, riot or civil commotion, vandalism or malicious mischief, weight of ice, snow or sleet, to the extent that such perils are insured against in this policy.

H. Buildings or structures in process of construction, including materials and supplies therefor, when covered under this policy, are not covered against loss unless caused by fire, lightning, windstorm, hail, aircraft, vehicles, smoke, explosion, riot or civil commotion, vandalism or malicious mischief, and then the Company shall be liable only to the extent that such perils are insured against in this policy.

I. Property undergoing alterations, repairs, installations or servicing is not covered against loss if such loss is directly attributable to the operations or work being performed thereon, unless a peril not excluded by this policy ensues, and then the Company shall be liable for only loss caused by such ensuing peril.

## IV. EXTENSIONS OF COVERAGE

Except with respect to Extension D. Replacement Cost:

(A) Each of the limits of liability specified for the following Extensions of Coverage applies as an additional amount of insurance.

(B) The Coinsurance Clause shall not apply to loss under the Extensions of Coverage.

The total amount recoverable under the Extensions of Coverage in this form and Extensions of Coverage in any other form made a part of this policy are not cumulative and shall not exceed the largest amount recoverable under any single form made a part of this policy.

When, in accordance with the Other Insurance condition, there is Contributing Insurance, the Company shall not be liable for more than its pro rata share of the limits set forth in the following Extensions of Coverage.

A. **Newly Acquired Property:** The insured may apply up to 25% of the limit of liability specified for Building(s), but not exceeding \$100,000, to cover direct loss in any one occurrence by a peril not otherwise excluded to the following described property:

1. New buildings and new structures being constructed on the designated premises and intended for similar occupancy when not otherwise covered by insurance. This coverage shall cease 30 days from the date construction begins or on the date the values of

new construction are reported to the Company, or on the expiration date of the policy, whichever occurs first.

2. Buildings acquired by the insured at any location, elsewhere than at the designated premises, within the territorial limits of this policy and used for similar occupancies or warehouse purposes. This coverage shall cease 30 days from the date of such acquisition or on the date values of the buildings are reported to the Company, or on the expiration date of the policy, whichever occurs first.

Additional premium shall be due and payable for values so reported from the date construction begins or the property is acquired.

**B. Off-Premises:** The insured may apply up to 2% of the limits of liability specified for Building(s), but not exceeding \$5,000, at a described location to cover direct loss in any one occurrence by a peril not otherwise excluded to property covered under Building(s) while removed from designated premises for purposes of cleaning, repairing, reconstruction or restoration. This Extension of Coverage shall not apply to property in transit, nor to property on any premises owned, leased, operated or controlled by the insured.

**C. Outdoor Trees, Shrubs and Plants:** The insured may apply up to \$1,000 to cover outdoor trees, shrubs and plants at the designated premises against direct loss in any one occurrence by the perils of fire, lightning, explosion, riot, civil commotion or aircraft, but only to the extent such perils are insured against herein. The Company shall not be liable for more than \$250 on any one tree, shrub or plant, including expense incurred for removing debris thereof.

**D. Replacement Cost:** In the event of loss to a building structure covered under this policy, when the full cost of repair or replacement is less than \$1,000, the coverage of this policy is extended to cover the full cost of repair or replacement (without deduction for depreciation). Coverage shall be applicable only to a building structure covered hereunder, but excluding outdoor furniture, outdoor equipment, floor coverings, awnings, and appliances for refrigerating, ventilating, cooking, dishwashing and laundering, all whether permanently attached to the building structure or not.

The Company shall not be liable under this Extension of Coverage unless the whole amount of insurance applicable to the building structure for which claim is made is equal to or in excess of the amount produced by multiplying the co-insurance percentage applicable (specified in the Declarations) by the actual cash value of such property at the time of the loss.

## V. PERILS INSURED AGAINST

This policy insures against all risks of direct physical loss subject to the provisions and stipulations herein and in the policy of which this form is made a part.

## VI. EXCLUSIONS

This policy does not insure under this form against:

**A.** Loss occasioned directly or indirectly by enforcement of any ordinance or law regulating the use, construction, repair, or demolition of buildings or structures including debris removal expense.

**B.** Loss occasioned directly or indirectly by any electrical injury or disturbance to electrical appliances, devices, fixtures or wiring caused by electrical currents artificially generated unless fire as insured against ensues, and then this Company shall be liable for only loss caused by the ensuing fire.

**C.** Loss caused directly or indirectly by the interruption of power or other utility service furnished to the designated premises if the interruption takes place away from the designated premises. If a peril insured against ensues on the designated premises, this Company will pay only for loss caused by the ensuing peril.

**D.** Loss caused by, resulting from, contributed to or aggravated by any of the following:

1. earth movement, including but not limited to earthquake, landslide, mudflow, earth sinking, earth rising or shifting;
2. flood, surface water, waves, tidal water or tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not;
3. water which backs up through sewers or drains; or
4. water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other openings in such sidewalks, driveways, foundations, walls or floors;

unless fire or explosion as insured against ensues, and then this Company shall be liable for only loss caused by the ensuing fire or explosion; but these exclusions shall not apply to loss arising from theft.

**E.** Loss caused by:

1. wear and tear, deterioration, rust or corrosion, mould, wet or dry rot; inherent or latent defect; smog; smoke, vapor or gas from agricultural or industrial operations; mechanical breakdown, including rupture or bursting caused by centrifugal force; settling, cracking, shrinkage, bulging or expansion of pavements, foundations, walls, floors, roofs or ceilings; animals, birds, vermin, termites or other insects; unless loss by a peril not otherwise excluded ensues and then the Company shall be liable for only such ensuing loss;

If loss by water not otherwise excluded ensues, this policy shall also cover the cost of tearing out and replacing of any part of the building covered required to effect repairs to the plumbing, heating or air-conditioning system or domestic appliance from which the water escapes, but excluding loss to the system or appliance from which the water escapes;

2. explosion of steam boilers, steam pipes, steam turbines or steam engines (except direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox, or combustion chamber, of any fired vessel or within the flues or passages which conduct the gases of combustion therefrom) if owned by, leased by or operated under the control of the insured, or for any ensuing loss except by fire or explosion not otherwise excluded, and then the Company shall be liable for only such ensuing loss;

3. vandalism, malicious mischief, theft or attempted theft, if the building had been vacant or unoccupied beyond a period of 30 consecutive days immediately preceding the loss, unless loss by a peril not excluded in this policy ensues, and then the Company shall be liable for only such ensuing loss;

4. leakage or overflow from plumbing, heating, air conditioning or other equipment or appliances (except fire protective systems) caused by or resulting from freezing while the building is vacant or unoccupied, unless the insured shall have exercised due diligence with respect to maintaining heat in the buildings or unless such equipment and appliances had been drained and the water supply shut off during such vacancy or unoccupancy;

5. theft (including but not limited to burglary and robbery) of any property which at the time of loss is not installed or attached to and made a part of a building or structure (except direct loss by pillage and looting occurring during and at the immediate place of a riot or civil commotion), unless loss by a peril not excluded in this policy ensues from theft or attempted theft, and then the Company shall be liable for only such ensuing loss;

6. unexplained or mysterious disappearance of any property, or shortage disclosed on taking inventory, or caused by any willful or dishonest act or omission of the insured or any associate, employee or agent of any insured; or

7. continuous or repeated seepage or leakage of water or steam from within a plumbing, heating or air conditioning system or from within a domestic appliance which occurs over a period of weeks, months or years.

## VII. VALUATION

The following bases are established for valuation of property:

All property at actual cash value at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material

of like kind and quality within a reasonable time after such loss, nor in any event for more than the interest of the named insured.





**SPECIAL MULTI-PERIL POLICY  
SECTION I—SPECIAL PERSONAL PROPERTY FORM**

**MP 00 14**  
(Ed. 05 81)

**I. PROPERTY COVERED**

**PERSONAL PROPERTY OF THE INSURED:** Business personal property owned by the insured and usual to the occupancy of the insured, including the insured's interest in personal property owned by others to the extent of the value of labor, materials and charges furnished, performed or incurred by the insured; all while (1) in or on the building(s), or (2) in the open (including within vehicles) on or within 100 feet of the designated premises.

This coverage shall also include Tenant's Improvements and Betterments, meaning the insured's use interest in fixtures, alterations, installations or additions constituting a part of the building(s) occupied but not owned by the insured and made or acquired at the expense of the insured exclusive of rent paid by the insured, but which are not legally subject to a removal by the insured.

**PERSONAL PROPERTY OF OTHERS:** This insurance shall cover for the account of the owner(s) (other than the named insured) personal property belonging to others in the care, custody or control of the insured, while (1) in or on the building(s), or (2) in the open (including within vehicles) on or within 100 feet of the designated premises.

Loss shall be adjusted with the named insured for the account of the owners of the property, except that the right to adjust any loss with the owners is reserved to the Company and the receipts of the owners in satisfaction thereof shall be in full satisfaction of any claim by the named insured for which payments have been made.

**II. PROPERTY NOT COVERED**

This policy does not cover:

A. Property sold by the insured under conditional sale, trust agreement, installment payment or other deferred payment plan, after delivery to customers.

B. Aircraft, watercraft, including motors, equipment and accessories (except rowboats and canoes, while out of water and on the designated premises); and automobiles, trailers, semi-trailers or any self-propelled vehicles or machines, except such property not licensed for use on public thoroughfares and operated principally on the premises of the insured.

This provision does not apply to the following types of property when held for sale or sold but not delivered:

1. Watercraft (including motors, equipment and accessories) while not afloat;
2. Motorcycles, motorscooters and snowmobiles; or
3. Trailers designed for use with private passenger vehicles for general utility purposes or carrying boats.

This provision does not apply to the following types of property when manufactured, processed or warehoused by the insured:

1. Aircraft;
2. Watercraft, including motors, equipment and accessories, while not afloat; or
3. Automobiles, trailers, semi-trailers or any self-propelled vehicles or machines.

C. Personal property while waterborne.

D. Household and personal effects contained in living quarters occupied by the insured, any officer, director, stockholder or partner of the insured or relatives of any of the foregoing, except as provided in the Extensions of Coverage.

E. Accounts, bills, currency, deeds, evidences of debt, money and securities.

F. Outdoor signs, whether or not attached to a building or structure.

G. Growing crops and lawns.

H. Property which is more specifically covered in whole or in part by this or any other contract of insurance, except for the amount of loss which is in excess of the amount due from such more specific insurance.

**III. PROPERTY SUBJECT TO LIMITATIONS**

The following property is subject to these additional limitations:

1. Except for loss caused by the "specified perils":

(a) Fur and fur garments are covered for not exceeding loss in the aggregate of \$1,000 in any one occurrence for all contributing insurance.

(b) Jewelry and watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals are covered for not exceeding loss in the aggregate of \$1,000 in any one occurrence for all contributing insurance. This limitation shall not apply to jewelry and watches valued at \$25 or less per item.

(c) Patterns, dies, molds, models and forms are covered for not exceeding loss in the aggregate of \$1,000 in any one occurrence for all contributing insurance.

(d) Stamps, tickets and letters of credit are covered for not exceeding loss in aggregate of \$250 in any one occurrence for all contributing insurance.

2. Valuable papers and records meaning books of account, manuscripts, abstracts, drawings, card index systems and other records including film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing, are covered only against loss caused by the "specified perils".

3. Animals and pets are not covered, except when held for sale or sold but not delivered, and then only against death or destruction directly resulting from or made necessary by the "specified perils".

4. Outdoor trees, shrubs and plants are not covered, except: (a) when held for sale or sold but not delivered, and then only against direct loss by the "specified perils", or (b) as provided in the Extensions of Coverage.

5. Glass, glassware, statuary, marbles, bric-a-brac, porcelains and other articles of a fragile or brittle nature are covered against loss by breakage only if directly caused by the "specified perils". This limitation shall not apply to bottles or similar containers of property for sale, or sold but not delivered, nor to lenses of photographic or scientific instruments.

6. Steam boilers, steam pipes, steam turbines and steam engines are not covered against loss caused by bursting, rupture, cracking or explosion originating therein (other than explosion of accumulated gases or unconsumed fuel within a fire box or combustion chamber).

7. Machines and machinery are not covered against loss caused by rupture, bursting or disintegration of their rotating or moving parts resulting from centrifugal or reciprocating force.

The term "specified perils" shall mean direct loss by fire, lightning, aircraft, explosion, riot, civil commotion, smoke, vehicles, windstorm or hail to property contained in any building, vandalism and malicious mischief, leakage or accidental discharge from automatic fire protective systems.

#### IV. EXTENSIONS OF COVERAGE

Each of the limits of liability specified for the following Extensions of Coverage applies as an additional amount of insurance. The Coinsurance Clause shall not apply to loss under the Extensions of Coverage.

The total amount recoverable under the Extensions of Coverage in this form and Extensions of Coverage in any other form made a part of this policy are not cumulative and shall not exceed the largest amount recoverable under any single form made a part of this policy.

When, in accordance with the Other Insurance condition, there is Contributing Insurance, the Company shall not be liable for more than its pro rata share of the limits set forth in the following Extensions of Coverage.

**A. Property at Newly Acquired Locations:** The insured may apply up to 10% of the limit of liability specified for Personal Property of the Insured, but not exceeding \$10,000, to cover direct loss in any one occurrence by a peril not otherwise excluded to such property at any location (except fairs and exhibitions) acquired by the insured for similar occupancies or warehousing purposes, elsewhere than at the designated premises within the territorial limits of this policy. This coverage shall cease 30 days from the date of such acquisition or on the date values at such locations are reported to the Company, or on the expiration date of the policy, whichever occurs first. Additional premium shall be due and payable for values so reported from the date the property is acquired.

**B. Personal Effects:** The insured may apply up to \$500 to cover direct loss in any one occurrence by the perils not otherwise excluded to personal effects while located on the designated premises, belonging to the insured, officers, partners or employees thereof, and limited to \$100 on personal effects owned by any one individual. This Extension of Coverage does not apply if the loss is covered by any other insurance, whether collectible or not, or which would have been covered by such other insurance in the absence of this policy. At the option of the Company, loss under this Extension of Coverage may be adjusted with and payable to the insured.

**C. Valuable Papers and Records:** The insured may apply up to \$500 to cover direct loss in any one occurrence by a peril not otherwise excluded to valuable papers and records consisting of books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing, and other records, all the property of the insured at designated premises. This Extension of Coverage covers only the cost of research and other expense necessarily incurred by the insured to reproduce, replace or restore such valuable papers and records. The total amount payable in any one occurrence under this Extension of Coverage shall not exceed the limit specified above, regardless of the number of premises designated in the Declarations.

**D. Outdoor Trees, Shrubs and Plants:** The insured may apply up to \$1,000 to cover outdoor trees, shrubs and plants at the designated premises against direct loss in any one occurrence by the perils of fire, lightning, explosion, riot, civil commotion or aircraft, but only to the extent such perils are insured against herein. The Company shall not be liable for more than \$250 on any one tree, shrub or plant, including expense incurred for removing debris thereof.

**E. Extra Expense:** The insured may apply up to \$1,000 to cover the necessary extra expense incurred by the insured in order to continue as nearly as practicable the normal operations of the insured's business immediately following damage by a peril not otherwise excluded under this form to the buildings or personal property situated at the designated premises.

"Extra expense" means the excess of the total cost incurred during the period of restoration chargeable to the operations of the insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

"Period of restoration" means that period of time, commencing with the date of damage and not limited by the date of expiration of this policy, as would be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of said buildings or personal property as have been damaged.

The Company shall not be liable under this Extension of Coverage for:

1. loss of income;
2. the cost of repairing or replacing any of the described property, or the cost of research or other expense necessary to replace or

restore books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing, and other records that have been damaged by a peril not otherwise excluded, except cost in excess of the normal cost of such repair, replacement or restoration necessarily incurred for the purpose of reducing the total amount of extra expense. In no event shall such excess exceed the amount by which the total extra expense otherwise payable under this Extension of Coverage is reduced; or

3. any other consequential or remote loss.

**F. Damage to Buildings from Theft, Burglary or Robbery:** This policy includes loss (except by fires or explosion) to that part of the building occupied by the insured and containing property covered, and to equipment therein pertaining to the service of the building but not building property or equipment removed from premises, directly resulting from theft, burglary or robbery (including attempt thereof), provided the insured is the owner of such building or equipment or is liable for such damage, but in no event shall this coverage apply to glass (other than glass building blocks) or to any lettering or ornamentation thereon.

**G. Transportation:** The insured may apply up to \$1,000 to cover insured personal property (other than property in the care, custody or control of salesmen) during transportation by motor vehicles owned, leased or operated by the insured for loss in any one occurrence caused by:

1. fire, lightning, windstorm and hail, explosion, smoke, riot, riot attending a strike and civil commotion, vandalism and malicious mischief; or
2. collision, overturning or upset of the vehicle; meaning thereby the violent and accidental contact of the vehicle conveying the property described herein with any other vehicle or object excluding any loss or damage done by coming in contact with any portion of the road bed or by means other than as expressly indicated; or
3. theft of an entire shipping bale, case or package from a vehicle while such property is contained in a fully enclosed and securely locked body or compartment and theft results from forcible entry, evidenced by visible marks upon such body or compartment.

**H. Non-Owned Personal Property:** The insured may apply at each location up to 2% of the limit of liability specified for Personal Property of the Insured at such location, but not exceeding \$2,000, as an additional amount of insurance, to cover for the account of the owners thereof (other than the named insured) direct loss by a peril insured against to personal property, similar to that covered by this policy, belonging to others while in the care, custody or control of the named insured and all while (1) in or on the building(s), or (2) in the open (including within vehicles) on or within 100 feet of the designated premises.

Loss shall be adjusted with the named insured for the account of the owners of the property, except that the right to adjust any loss with the owners is reserved to the Company and the receipts of the owners in satisfaction thereof shall be in full satisfaction of any claim by the named insured for which payments have been made. As respects personal property belonging to others, this provision shall replace any loss payable provision of this policy.

**I. Off-Premises:** The insured may apply up to 2% of the limit of liability specified for Personal Property of the Insured, but not exceeding \$5,000 nor less than \$1,000, at a described location to cover direct loss in any one occurrence by a peril not otherwise excluded to the property covered under Personal Property of the Insured (other than merchandise or stock) while removed from designated premises. This Extension of Coverage shall not apply: (a) to loss by theft, (b) to property in transit nor (c) to property on any premises owned, leased, operated or controlled by the insured.

#### V. PERILS INSURED AGAINST

This policy insures against all risks of direct physical loss subject to the provisions and stipulations herein and in the policy of which this form is made a part.

## VI. EXCLUSIONS

### A. This policy does not insure under this form against loss caused by:

1. enforcement of any ordinance or law regulating the use, construction, repair, or demolition of property, including debris removal expense;
2. unexplained or mysterious disappearance of property, or shortage of property disclosed on taking inventory;
3. actual work upon, installation or testing of property covered, failure, breakdown or derangement of machines or machinery, error, omission or deficiency in design, specifications, workmanship or materials; unless loss by fire or explosion not otherwise excluded ensues and then the Company shall be liable for only such ensuing loss;
4. any electrical injury or disturbance to electrical appliances, devices, fixtures or wiring caused by electrical currents artificially generated unless fire as insured against ensues, and then this Company shall be liable for only loss caused by the ensuing fire;
5. leakage or overflow from plumbing, heating, air conditioning or other equipment or appliances (except fire protective systems) caused by or resulting from freezing while the described building is vacant or unoccupied, unless the insured shall have exercised due diligence with respect to maintaining heat in the buildings or unless such equipment and appliances had been drained and the water supply shut off during such vacancy or unoccupancy;
6. delay, loss of market, interruption of business, nor consequential loss of any nature;
7.
  - (a) wear and tear, marring or scratching;
  - (b) deterioration, inherent vice, latent defect;
  - (c) rust, mold, wet or dry rot, contamination;
  - (d) dampness or dryness of atmosphere, changes in or extremes of temperature;
  - (e) smog, smoke from agricultural smudging or industrial operations; or
  - (f) birds, vermin, rodents, insects or animals;

unless loss by fire, smoke (other than smoke from agricultural smudging or industrial operations), explosion, collapse of a building, glass breakage or water not otherwise excluded ensues, then this policy shall cover only such ensuing loss.

If loss by water not otherwise excluded ensues, this policy shall also cover the cost of tearing out and replacing of any part of the building covered required to effect repairs to the plumbing, heating or air conditioning system or domestic appliance but excluding loss to the system or appliance from which the water escapes;

8. explosion of steam boilers, steam pipes, steam turbines or steam engines (except direct loss resulting from the explosion of

accumulated gases or unconsumed fuel within the firebox, or combustion chamber, of any fired vessel or within the flues or passages which conduct the gases of combustion therefrom) if owned by, leased by or operated under the control of the insured, or for any ensuing loss except by fire or explosion not otherwise excluded, and then the Company shall be liable for only such ensuing loss;

9. voluntary parting with title or possession of any property by the insured or others to whom the property may be entrusted if induced to do so by any fraudulent scheme, trick, device or false pretense;

10. any fraudulent, dishonest or criminal act done by or at the instigation of any insured, partner or joint adventurer in or of any insured, an officer, director or trustee of any insured; pilferage, appropriation or concealment of any property covered due to any fraudulent, dishonest or criminal act of any employee while working or otherwise, or agent of any insured, or any person to whom the property covered may be entrusted;

11. continuous or repeated seepage or leakage of water or steam from within a plumbing, heating or air conditioning system or from within a domestic appliance which occurs over a period of weeks, months or years; or

12. rain, snow or sleet to property in the open.

B. This policy does not insure under this form against loss caused directly or indirectly by the interruption of power or other utility service furnished to the designated premises if the interruption takes place away from the designated premises. If a peril insured against ensues on the designated premises, this Company will pay only for loss caused by the ensuing peril.

C. This policy does not insure under this form against loss caused by, resulting from, contributed to or aggravated by any of the following:

1. earth movement, including but not limited to earthquake, landslide, mudflow, earth sinking, earth rising or shifting;
2. flood, surface water, waves, tidal water or tidal waves, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not;
3. water which backs up through sewers or drains; or
4. water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other openings in such sidewalks, driveways, foundations, walls or floors;

unless fire or explosion as insured against ensues, and then this Company shall be liable for only loss caused by the ensuing fire or explosion; but these exclusions shall not apply to loss arising from theft.

## VII. VALUATION

The following bases are established for valuation of property:

A. The value of all stock actually sold but not delivered shall be the price at which it was sold, less all discounts and unincurred expenses.

B. Tenants' Improvements and Betterments:

1. If repaired or replaced at the expense of the named insured within a reasonable time after loss, the actual cash value of the damaged or destroyed improvements and betterments.
2. If not repaired or replaced within a reasonable time after loss, that proportion of the original cost at time of installation of the damaged or destroyed property which the unexpired term of the lease or rental agreement, whether written or oral, in effect at the time of loss bears to the periods from the dates such improvements or betterments were made to the expiration date of the lease.
3. If repaired or replaced at the expense of others for the use of the named insured, there shall be no liability hereunder.

C. Valuable Papers and Records:

1. Books of account, manuscripts, abstracts, drawings, card index systems and other records (except film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing) for not exceeding the cost of blank books, cards or other blank material plus the cost of labor incurred by the named insured for transcribing or copying such records.
2. Film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing for not exceeding the cost of such media in unexposed or blank form.

D. All other property at actual cash value at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, nor in any event for more than the interest of the named insured.



Insurance applies to this item(s) only when "Business Interruption", a specific amount and a coinsurance percentage are specified therefor in this policy, and, unless otherwise provided, all provisions and stipulations of this form and policy shall apply separately to each such item.

## SECTION I—DESCRIPTION OF COVERAGE

1. This policy insures against loss resulting directly from necessary interruption of business caused by damage to or destruction of real or personal property by the peril(s) insured against, during the term of this policy, on premises occupied by the insured and situated as herein described.

2. In the event of such damage or destruction this Company shall be liable for the ACTUAL LOSS SUSTAINED by the insured resulting directly from such interruption of business, BUT NOT EXCEEDING THE REDUCTION IN GROSS EARNINGS LESS CHARGES AND EXPENSES WHICH DO NOT NECESSARILY CONTINUE DURING THE INTERRUPTION OF BUSINESS, FOR ONLY SUCH LENGTH OF TIME AS WOULD BE REQUIRED WITH THE EXERCISE OF DUE DILIGENCE AND DISPATCH TO REBUILD, REPAIR OR REPLACE SUCH PART OF THE PROPERTY HEREIN DESCRIBED AS HAS BEEN DAMAGED OR DESTROYED, COMMENCING WITH THE DATE OF SUCH DAMAGE OR DESTRUCTION AND NOT LIMITED BY THE DATE OF EXPIRATION OF THIS POLICY. Due consideration shall be given to the continuation of normal charges and expenses, including payroll expense, to the extent necessary to resume operations of the insured with the same quality of service which existed immediately preceding the loss.

3. RESUMPTION OF OPERATIONS: IT IS A CONDITION OF THIS INSURANCE THAT IF THE INSURED COULD REDUCE THE LOSS RESULTING FROM THE INTERRUPTION OF BUSINESS,

A. BY COMPLETE OR PARTIAL RESUMPTION OF OPERATION OF THE PROPERTY HEREIN DESCRIBED, WHETHER DAMAGED OR NOT, OR

B. BY MAKING USE OF MERCHANDISE OR OTHER PROPERTY, AT THE LOCATION(S) DESCRIBED HEREIN OR ELSEWHERE,

SUCH REDUCTION SHALL BE TAKEN INTO ACCOUNT IN ARRIVING AT THE AMOUNT OF LOSS HEREUNDER.

4. Gross Earnings: For the purposes of this insurance "Gross Earnings" are defined as the sum of:

- A. Total net sales, and
- B. Other earnings derived from operations of the business,

less the cost of:

- C. Merchandise sold, including packaging material therefor,
- D. Materials and supplies consumed directly in supplying the service(s) sold by the insured, and
- E. Service(s) purchased from outsiders (not employees of the insured) for resale which do not continue under contract.

No other costs shall be deducted in determining Gross Earnings.

In determining Gross Earnings due consideration shall be given to the experience of the business before the date of damage or destruction and the probable experience thereafter had no loss occurred.

5. Definition of "Normal": The condition that would have existed had no loss occurred.

## SECTION II—EXTENSIONS OF COVERAGE

1. Alterations and New Buildings: Permission granted to make alterations in or to construct additions to any building described herein and to construct new buildings on the described premises. This policy is extended to cover, subject to all its provisions and stipulations, loss resulting from damage to or destruction of such alterations, additions or new buildings while in course of construction and when completed or occupied, provided that, in the event of damage to or destruction of such property (including building materials, supplies, machinery or equipment incident to such construction or occupancy while on the described premises or within 100 feet thereof) so as to delay commencement of business operations of the insured, the length of time for which this Company shall be liable shall be determined as otherwise provided herein BUT SUCH DETERMINED LENGTH OF TIME SHALL BE APPLIED AND THE LOSS HEREUNDER CALCULATED FROM THE DATE THAT BUSINESS OPERATIONS WOULD HAVE BEGUN HAD NO DAMAGE OR DESTRUCTION OCCURRED.

This clause does not waive or modify any of the conditions of the Automatic Sprinkler Clause, if any, attached to this policy.

2. Expenses to Reduce Loss: This policy also covers such expenses as are necessarily incurred for the purpose of reducing loss under this policy (EXCEPT EXPENSE INCURRED TO EXTINGUISH A FIRE), BUT IN NO EVENT SHALL THE AGGREGATE OF SUCH EXPENSES EXCEED THE AMOUNT BY WHICH THE LOSS OTHERWISE PAYABLE UNDER THIS POLICY IS THEREBY REDUCED. Such expenses shall not be subject to the application of the Coinsurance Clause.

3. Interruption by Civil Authority: This policy is extended to include the actual loss sustained by the insured, resulting directly from an interruption of business as covered hereunder, during the length of time, NOT EXCEEDING 2 CONSECUTIVE WEEKS, when, as a direct result of damage to or destruction of property adjacent to the premises herein described by the peril(s) insured against, access to such described premises is specifically prohibited by order of civil authority.

## SECTION III—COINSURANCE

THIS COMPANY SHALL NOT BE LIABLE FOR A GREATER PROPORTION OF ANY LOSS THAN THE AMOUNT OF INSURANCE SPECIFIED FOR THIS ITEM BEARS TO THE AMOUNT PRODUCED BY MULTIPLYING THE GROSS EARNINGS THAT WOULD HAVE BEEN EARNED (HAD NO LOSS OCCURRED) DURING THE 12

MONTHS IMMEDIATELY FOLLOWING THE DATE OF DAMAGE TO OR DESTRUCTION OF THE DESCRIBED PROPERTY BY THE COINSURANCE PERCENTAGE APPLICABLE (SPECIFIED ON THE FIRST PAGE OF THIS POLICY, OR BY ENDORSEMENT).

## SECTION IV—LIMITATIONS AND EXCLUSIONS

1. ELECTRICAL APPARATUS CLAUSE: THIS COMPANY SHALL NOT BE LIABLE FOR ANY LOSS RESULTING FROM ANY ELECTRICAL INJURY OR DISTURBANCE TO ELECTRICAL APPLIANCES, DEVICES, FIXTURES OR WIRING CAUSED BY ELECTRICAL CURRENTS ARTIFICIALLY GENERATED UNLESS FIRE AS INSURED AGAINST ENSUES, AND THEN THIS COMPANY SHALL BE LIABLE FOR ONLY ITS PROPORTION OF LOSS CAUSED BY THE ENSUING FIRE.

2. LIMITATION—MEDIA FOR ELECTRONIC DATA PROCESSING: WITH RESPECT TO LOSS RESULTING FROM DAMAGE TO OR DESTRUCTION OF MEDIA FOR, OR PROGRAMMING RECORDS PERTAINING TO, ELECTRONIC DATA PROCESSING OR ELECTRONICALLY CONTROLLED EQUIPMENT, INCLUDING DATA THEREON, BY THE PERIL(S) INSURED AGAINST, THE LENGTH OF TIME FOR WHICH THIS COMPANY SHALL BE LIABLE HEREUNDER SHALL NOT EXCEED—

A. 30 CONSECUTIVE CALENDAR DAYS; OR

B. THE LENGTH OF TIME THAT WOULD BE REQUIRED TO REBUILD, REPAIR OR REPLACE SUCH OTHER PROPERTY HEREIN DESCRIBED AS HAS BEEN DAMAGED OR DESTROYED;

WHICHEVER IS THE GREATER LENGTH OF TIME.

3. NUCLEAR CLAUSE (NOT APPLICABLE IN NEW YORK): THE WORD "FIRE" IN THIS POLICY OR ENDORSEMENTS ATTACHED HERETO IS NOT INTENDED TO

AND DOES NOT EMBRACE NUCLEAR REACTION OR NUCLEAR RADIATION OR RADIOACTIVE CONTAMINATION, ALL WHETHER CONTROLLED OR UNCONTROLLED, AND LOSS BY NUCLEAR REACTION OR NUCLEAR RADIATION OR RADIOACTIVE CONTAMINATION IS NOT INTENDED TO BE AND IS NOT INSURED AGAINST BY THIS POLICY OR SAID ENDORSEMENTS, WHETHER SUCH LOSS BE DIRECT OR INDIRECT, PROXIMATE OR REMOTE, OR BE IN WHOLE OR IN PART CAUSED BY, CONTRIBUTED TO, OR AGGRAVATED BY "FIRE" OR ANY OTHER PERILS INSURED AGAINST BY THIS POLICY OR SAID ENDORSEMENTS; HOWEVER, SUBJECT TO THE FOREGOING AND ALL PROVISIONS OF THIS POLICY, LOSS BY "FIRE" RESULTING FROM NUCLEAR REACTION OR NUCLEAR RADIATION OR RADIOACTIVE CONTAMINATION IS INSURED AGAINST BY THIS POLICY.

4. Nuclear Clause (Applicable in New York): This policy does not cover loss or damage caused by nuclear reaction or nuclear radiation or radioactive contamination, all whether directly or indirectly resulting from an insured peril under this policy.

5. SPECIAL EXCLUSIONS: THIS COMPANY SHALL NOT BE LIABLE FOR ANY INCREASE OF LOSS RESULTING FROM:

A. ENFORCEMENT OF ANY ORDINANCE OR LAW REGULATING THE USE, CONSTRUCTION, REPAIR OR DEMOLITION OF PROPERTY; OR

B. INTERFERENCE AT THE DESCRIBED PREMISES, BY STRIKERS OR OTHER PERSONS, WITH REBUILDING, REPAIRING OR REPLACING THE PROPERTY OR WITH THE RESUMPTION OR CONTINUATION OF BUSINESS; OR

C. THE SUSPENSION, LAPSE OR CANCELLATION OF ANY LEASE, LICENSE, CONTRACT OR ORDER UNLESS SUCH SUSPENSION, LAPSE OR

CANCELLATION RESULTS DIRECTLY FROM THE INTERRUPTION OF BUSINESS, AND THEN THIS COMPANY SHALL BE LIABLE FOR ONLY SUCH LOSS AS AFFECTS THE INSURED'S EARNINGS DURING, AND LIMITED TO, THE PERIOD OF INDEMNITY COVERED UNDER THIS POLICY;

NOR SHALL THIS COMPANY BE LIABLE FOR ANY OTHER CONSEQUENTIAL OR REMOTE LOSS.

## SECTION V—OTHER PROVISIONS

1. **Control of Property:** This insurance shall not be prejudiced by an act or neglect of any person (other than the insured), when such act or neglect is not within the control of the insured.

2. **Divisible Contract Clause:** If this policy covers two or more buildings or the contents of two or more buildings, the breach of any condition or warranty of the policy in any one or more of the buildings covered or containing the property covered shall not prejudice the right to recover for loss occurring in any building covered or containing the property covered, where at the time of loss a breach of condition or warranty does not exist.

3. **Inspection of Property and Operations:** This Company and any person or organization making inspections on this Company's behalf shall be permitted but not obligated to inspect the insured's property and operations at any time. Neither the right of this Company and any person or organization to make such inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

4. **Liberalization Clause:** If during the period that insurance is in force under this policy, or within 45 days prior to the inception date thereof, on behalf of this Company there be adopted, or filed with and approved or accepted by the insurance supervisory authorities, all in conformity with law, any changes in the form attached to this policy by which this form of insurance could be extended or broadened without increased premium charge by endorsement or substitution of form, then such extended or broadened insurance shall insure to the benefit of the insured hereunder as though such endorsement or substitution of form had been made.

5. **Loss Clause:** Any loss hereunder shall not reduce the amount of this policy.

6. **PER RATA CLAUSE:** THE LIABILITY UNDER THIS POLICY SHALL NOT EXCEED THAT PROPORTION OF ANY LOSS WHICH THE AMOUNT OF INSURANCE HEREUNDER BEARS TO ALL INSURANCE, WHETHER COLLECTIBLE OR NOT, COVERING IN ANY MANNER THE LOSS INSURED AGAINST BY THIS POLICY.

7. **PROTECTIVE SAFEGUARDS:** IT IS A CONDITION OF THIS INSURANCE THAT THE INSURED SHALL MAINTAIN SO FAR AS IS WITHIN HIS CONTROL SUCH PROTECTIVE SAFEGUARDS AS ARE SET FORTH BY ENDORSEMENT HERETO.

FAILURE TO MAINTAIN SUCH PROTECTIVE SAFEGUARDS SHALL SUSPEND THIS INSURANCE, ONLY AS RESPECTS THE LOCATION OR SITUATION AFFECTED, FOR THE TIME OF SUCH DISCONTINUANCE.

8. **REQUIREMENTS IN CASE LOSS OCCURS:** THE INSURED SHALL GIVE IMMEDIATE WRITTEN NOTICE TO THIS COMPANY OF ANY BUSINESS INTERRUPTION LOSS AND PROTECT THE PROPERTY FROM FURTHER DAMAGE THAT MIGHT RESULT IN EXTENSION OF THE PERIOD OF INTERRUPTION; AND WITHIN 60 DAYS FOLLOWING THE DATE OF DAMAGE TO OR DESTRUCTION OF THE REAL OR PERSONAL PROPERTY DESCRIBED, UNLESS SUCH TIME IS EXTENDED IN WRITING BY THIS COMPANY, THE INSURED SHALL RENDER TO THIS COMPANY A PROOF OF LOSS, SIGNED AND SWORN TO BY THE INSURED, STATING THE KNOWLEDGE AND BELIEF OF THE INSURED AS TO THE FOLLOWING:

A. THE TIME AND ORIGIN OF THE PROPERTY DAMAGE OR DESTRUCTION CAUSING THE INTERRUPTION OF BUSINESS,

B. THE INTEREST OF THE INSURED AND OF ALL OTHERS IN THE BUSINESS,

C. ALL OTHER CONTRACTS OF INSURANCE, WHETHER VALID OR NOT, COVERING IN ANY MANNER THE LOSS INSURED AGAINST BY THIS POLICY,

D. ANY CHANGES IN THE TITLE, NATURE, LOCATION, ENCUMBRANCE OR POSSESSION OF SAID BUSINESS SINCE THE ISSUING OF THIS POLICY, AND

E. BY WHOM AND FOR WHAT PURPOSE ANY BUILDING HEREIN DESCRIBED AND THE SEVERAL PARTS THEREOF WERE OCCUPIED AT THE TIME OF DAMAGE OR DESTRUCTION,

AND SHALL FURNISH A COPY OF ALL THE DESCRIPTIONS AND SCHEDULES IN ALL POLICIES, AND THE ACTUAL AMOUNT OF BUSINESS INTERRUPTION VALUE AND LOSS CLAIMED, ACCOMPANIED BY DETAILED EXHIBITS OF ALL VALUES, COSTS AND ESTIMATES UPON WHICH SUCH AMOUNTS ARE BASED.

THE INSURED, AS OFTEN AS MAY BE REASONABLY REQUIRED, SHALL EXHIBIT TO ANY PERSON DESIGNATED BY THIS COMPANY ALL THAT REMAINS OF ANY PROPERTY HEREIN DESCRIBED, AND SUBMIT TO EXAMINATIONS UNDER OATH BY ANY PERSON NAMED BY THIS COMPANY, AND SUBSCRIBE THE SAME; AND, AS OFTEN AS MAY BE REASONABLY REQUIRED, SHALL PRODUCE FOR EXAMINATION ALL BOOKS OF ACCOUNT, BILLS, INVOICES AND OTHER VOUCHERS, OR CERTIFIED COPIES THEREOF IF ORIGINALS BE LOST, AT SUCH REASONABLE TIME AND PLACE AS MAY BE DESIGNATED BY THIS COMPANY OR ITS REPRESENTATIVE, AND SHALL PERMIT EXTRACTS AND COPIES THEREOF TO BE MADE.

9. **Subrogation Clause:** This insurance shall not be invalidated should the insured waive in writing prior to a loss any or all right of recovery against any party for loss occurring to the property described.

## EXTENDED COVERAGE ENDORSEMENT

(PERILS OF WINDSTORM, HAIL, SMOKE, EXPLOSION, RIOT, RIOT ATTENDING A STRIKE, CIVIL COMMOOTION, AIRCRAFT AND VEHICLES)

This policy is extended to insure against direct loss by Windstorm, Hail, Smoke, Explosion, Riot, Riot Attending A Strike, Civil Commotion, Aircraft and Vehicles as hereinafter provided, ONLY WHEN PREMIUM FOR EXTENDED COVERAGE IS SHOWN ON THE FIRST PAGE OF THIS POLICY OR BY ENDORSEMENT.

## SECTION I—PERILS INSURED AGAINST

1. **Windstorm or Hail,** EXCLUDING LOSS CAUSED DIRECTLY OR INDIRECTLY BY FROST OR COLD WEATHER, OR ICE (OTHER THAN HAIL), SNOW OR SLEET, WHETHER DRIVEN BY WIND OR NOT.

A. THIS COMPANY SHALL NOT BE LIABLE FOR LOSS TO THE INTERIOR OF THE BUILDING(S) OR THE PROPERTY COVERED THEREIN CAUSED:

(1) BY RAIN, SNOW, SAND OR DUST, WHETHER DRIVEN BY WIND OR NOT, UNLESS THE BUILDING(S) COVERED OR CONTAINING THE PROPERTY COVERED SHALL FIRST SUSTAIN AN ACTUAL DAMAGE TO ROOF OR WALLS BY THE DIRECT ACTION OF WIND OR HAIL AND THEN SHALL BE LIABLE FOR LOSS TO THE INTERIOR OF THE BUILDING(S) OR THE PROPERTY COVERED THEREIN AS MAY BE CAUSED BY RAIN, SNOW, SAND OR DUST ENTERING THE BUILDING(S) THROUGH OPENINGS IN THE ROOF OR WALLS MADE BY DIRECT ACTION OF WIND OR HAIL; OR

(2) BY WATER FROM SPRINKLER EQUIPMENT OR FROM OTHER PIPING, UNLESS SUCH EQUIPMENT OR PIPING BE DAMAGED AS A DIRECT RESULT OF WIND OR HAIL.

B. THIS COMPANY SHALL NOT BE LIABLE FOR WINDSTORM OR HAIL DAMAGE TO THE FOLLOWING PROPERTY:

(1) WINDMILLS, WIND PUMPS OR THEIR TOWERS;

(2) CROP SILOS OR THEIR CONTENTS;

(3) METAL SMOKESTACKS; OR

(4) WHEN OUTSIDE OF BUILDINGS,

(A) GRAIN, HAY, STRAW OR OTHER CROPS,

(B) LAWNS, TREES, SHRUBS OR PLANTS,

(C) AWNINGS OF FABRIC OR SLAT CONSTRUCTION, CANOPIES OF FABRIC OR SLAT CONSTRUCTION, INCLUDING THEIR SUPPORTS,

(D) SIGNS OR RADIO OR TELEVISION ANTENNAS, INCLUDING THEIR LEAD-IN WIRING, MASTS OR TOWERS.

2. **Smoke,** meaning sudden and accidental damage from smoke, OTHER THAN SMOKE FROM AGRICULTURAL SMOUDGING OR INDUSTRIAL OPERATIONS.

3. **Explosion,** including direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox (or combustion chamber) of any fired vessel or within the flues or passages which conduct the gases of combustion therefrom.

THIS COMPANY SHALL NOT BE LIABLE FOR LOSS BY EXPLOSION OF STEAM BOILERS, STEAM PIPES, STEAM TURBINES OR STEAM ENGINES, IF OWNED BY, LEASED BY OR OPERATED UNDER THE CONTROL OF THE INSURED.

B. THE FOLLOWING ARE NOT EXPLOSIONS WITHIN THE INTENT OR MEANING OF THESE PROVISIONS:

- (1) SHOCK WAVES CAUSED BY AIRCRAFT, GENERALLY KNOWN AS "SONIC BOOM";
- (2) ELECTRIC ARCING;
- (3) RUPTURE OR BURSTING OF ROTATING OR MOVING PARTS OF MACHINERY CAUSED BY CENTRIFUGAL FORCE OR MECHANICAL BREAKDOWN;
- (4) WATER HAMMER;
- (5) RUPTURE OR BURSTING OF WATER PIPES;
- (6) RUPTURE OR BURSTING DUE TO EXPANSION OR SWELLING OF THE CONTENTS OF ANY BUILDING OR STRUCTURE, CAUSED BY OR RESULTING FROM WATER;
- (7) RUPTURE, BURSTING OR OPERATION OF PRESSURE RELIEF DEVICES.

4. Riot, Riot Attending a Strike or Civil Commotion, including direct loss by acts of striking employees of the owner or tenant(s) of the described building(s) while occupied by said striking employees and shall also

include direct loss from pillage and looting occurring during and at the immediate place of a riot, riot attending a strike or civil commotion. THIS COMPANY SHALL NOT BE LIABLE FOR LOSS RESULTING FROM DAMAGE TO OR DESTRUCTION OF PROPERTY DUE TO CHANGE IN TEMPERATURE OR HUMIDITY OR INTERRUPTION OF OPERATIONS WHETHER OR NOT SUCH LOSS IS COVERED BY THIS POLICY AS TO OTHER PERILS.

5. Aircraft or Vehicles, meaning only direct loss resulting from actual physical contact of an aircraft or a vehicle with the property covered or with the building(s) containing the property covered, except that loss by aircraft includes direct loss by objects falling therefrom.

THIS COMPANY SHALL NOT BE LIABLE FOR LOSS:

A. BY ANY VEHICLE OWNED OR OPERATED BY AN INSURED OR BY ANY TENANT OF THE DESCRIBED PREMISES;

B. BY ANY VEHICLE TO FENCES, DRIVEWAYS, WALKS, OR WHEN OUTSIDE OF BUILDINGS, TO LAWNS, TREES, SHRUBS OR PLANTS;

C. TO ANY AIRCRAFT OR VEHICLE INCLUDING ITS CONTENTS OTHER THAN STOCKS OF AIRCRAFT OR VEHICLES IN PROCESS OF MANUFACTURE OR FOR SALE.

The word "vehicles" means vehicles running on land or tracks but not aircraft. The word "aircraft" shall include self-propelled missiles and spacecraft.

## SECTION II—GENERAL EXCLUSIONS—OTHER PROVISIONS

1. NUCLEAR EXCLUSION (NOT APPLICABLE IN NEW YORK): (THIS CLAUSE APPLIES TO ALL PERILS INSURED AGAINST HEREUNDER EXCEPT THE PERILS OF FIRE AND LIGHTNING, WHICH ARE OTHERWISE PROVIDED FOR IN THIS POLICY): LOSS BY NUCLEAR REACTION OR NUCLEAR RADIATION OR RADIOACTIVE CONTAMINATION, ALL WHETHER CONTROLLED OR UNCONTROLLED, OR DUE TO ANY ACT OR CONDITION INCIDENT TO ANY OF THE FOREGOING, IS NOT INSURED AGAINST BY THIS POLICY, WHETHER SUCH LOSS BE DIRECT OR INDIRECT, PROXIMATE OR REMOTE, OR BE IN WHOLE OR IN PART CAUSED BY, CONTRIBUTED TO, OR AGGRAVATED BY ANY OF THE PERILS INSURED AGAINST BY THIS ENDORSEMENT; AND NUCLEAR REACTION OR NUCLEAR RADIATION OR RADIOACTIVE CONTAMINATION, ALL WHETHER CONTROLLED OR UNCONTROLLED, IS NOT "EXPLOSION" OR "SMOKE".

2. WATER EXCLUSION: THIS COMPANY SHALL NOT BE LIABLE FOR LOSS CAUSED BY, RESULTING FROM, CONTRIBUTED TO OR AGGRAVATED BY ANY OF THE FOLLOWING:

A. FLOOD, SURFACE WATER, WAVES, TIDAL WATER OR TIDAL WAVE, OVERFLOW OF STREAMS OR OTHER BODIES OF WATER, OR SPRAY FROM ANY OF THE FOREGOING, ALL WHETHER DRIVEN BY WIND OR NOT;

B. WATER WHICH BACKS UP THROUGH SEWERS OR DRAINS;

C. WATER BELOW THE SURFACE OF THE GROUND INCLUDING THAT WHICH EXERTS PRESSURE ON OR FLOWS, SEEPS OR LEAKS THROUGH SIDEWALKS, DRIVEWAYS, FOUNDATIONS, WALLS, BASEMENT OR OTHER FLOORS, OR THROUGH DOORS, WINDOWS, OR ANY OTHER OPENING IN SUCH SIDEWALKS, DRIVEWAYS, FOUNDATIONS, WALLS OR FLOORS;

UNLESS FIRE OR EXPLOSION AS INSURED AGAINST ENSUES, AND THEN THIS COMPANY SHALL BE LIABLE FOR ONLY ITS PROPORTION OF LOSS CAUSED BY THE ENSUING FIRE OR EXPLOSION.

3. WAR RISK: (THIS CLAUSE APPLIES TO ALL PERILS INSURED AGAINST HEREUNDER EXCEPT THE PERILS OF FIRE, LIGHTNING AND REMOVAL WHICH ARE OTHERWISE PROVIDED FOR IN THIS POLICY): THIS COMPANY SHALL NOT BE LIABLE FOR LOSS CAUSED DIRECTLY OR INDIRECTLY BY:

A. HOSTILE OR WARLIKE ACTION IN TIME OF PEACE OR WAR, INCLUDING ACTION IN HINDERING, COMBATING OR DEFENDING AGAINST AN ACTUAL, IMPENDING OR EXPECTED ATTACK,

(1) BY ANY GOVERNMENT OR SOVEREIGN POWER (DE JURE OR DE FACTO), OR BY ANY AUTHORITY MAINTAINING OR USING MILITARY, NAVAL OR AIR FORCES; OR

(2) BY MILITARY, NAVAL OR AIR FORCES; OR

(3) BY AN AGENT OF ANY SUCH GOVERNMENT, POWER, AUTHORITY OR FORCES, IT BEING UNDERSTOOD THAT ANY DISCHARGE, EXPLOSION OR USE OF ANY WEAPON OF WAR EMPLOYING NUCLEAR FISSION OR FUSION SHALL BE CONCLUSIVELY PRESUMED TO BE SUCH A HOSTILE OR WARLIKE ACTION BY SUCH A GOVERNMENT, POWER, AUTHORITY OR FORCES;

B. INSURRECTION, REBELLION, REVOLUTION, CIVIL WAR, USURPED POWER, OR ACTION TAKEN BY GOVERNMENTAL AUTHORITY IN HINDERING, COMBATING OR DEFENDING AGAINST SUCH AN OCCURRENCE.

4. OTHER PROVISIONS: THIS ENDORSEMENT DOES NOT INCREASE THE AMOUNT(S) OF INSURANCE PROVIDED IN THIS POLICY.

If this policy covers on two or more items, the provisions of this endorsement shall apply to each item separately.

5. APPORTIONMENT: THIS COMPANY SHALL NOT BE LIABLE FOR A GREATER PROPORTION OF ANY LOSS LESS THE AMOUNT OF THE DEDUCTIBLE, IF ANY, FROM ANY PERIL OR PERILS INCLUDED IN THIS POLICY THAN:

A. THE AMOUNT OF INSURANCE UNDER THE POLICY BEARS TO THE WHOLE AMOUNT OF FIRE INSURANCE COVERING THE PROPERTY, OR WHICH WOULD HAVE COVERED THE PROPERTY EXCEPT FOR THE EXISTENCE OF THIS INSURANCE, WHETHER COLLECTIBLE OR NOT, AND WHETHER OR NOT SUCH OTHER FIRE INSURANCE COVERS AGAINST THE ADDITIONAL PERIL OR PERILS INSURED AGAINST HEREUNDER, NOR

B. FOR A GREATER PROPORTION OF ANY LOSS LESS THE AMOUNT OF THE DEDUCTIBLE, IF ANY, THAN THE AMOUNT HEREBY INSURED BEARS TO ALL INSURANCE, WHETHER COLLECTIBLE OR NOT, COVERING IN ANY MANNER SUCH LOSS, OR WHICH WOULD HAVE COVERED SUCH LOSS EXCEPT FOR THE EXISTENCE OF THIS INSURANCE; EXCEPT IF ANY TYPE OF INSURANCE OTHER THAN FIRE EXTENDED TO COVER ADDITIONAL PERILS OR WINDSTORM INSURANCE APPLIES TO ANY LOSS TO WHICH THIS INSURANCE ALSO APPLIES, OR WOULD HAVE APPLIED TO ANY SUCH LOSS EXCEPT FOR THE EXISTENCE OF THIS INSURANCE, THE LIMIT OF LIABILITY OF EACH TYPE OF INSURANCE FOR SUCH LOSS, HEREBY DESIGNATED AS "JOINT LOSS", SHALL FIRST BE DETERMINED AS IF IT WERE THE ONLY INSURANCE, AND THIS TYPE OF INSURANCE SHALL BE LIABLE FOR NO GREATER PROPORTION OF JOINT LOSS THAN THE LIMIT OF ITS LIABILITY FOR SUCH LOSS BEARS TO THE SUM OF ALL SUCH LIMITS. THE LIABILITY OF THIS COMPANY (UNDER THIS POLICY) FOR SUCH JOINT LOSS SHALL BE LIMITED TO ITS PROPORTIONATE PART OF THE AGGREGATE LIMIT OF THIS AND ALL OTHER INSURANCE OF THE SAME TYPE. THE WORDS "JOINT LOSS", AS USED IN THE FOREGOING, MEAN THAT PORTION OF THE LOSS IN EXCESS OF THE HIGHEST DEDUCTIBLE, IF ANY, TO WHICH THIS POLICY AND OTHER TYPES OF INSURANCE ABOVE REFERRED TO BOTH APPLY.

6. PROVISIONS APPLICABLE ONLY WHEN THIS POLICY COVERS BUSINESS INTERRUPTION, TITHEM FEES, EXTRA EXPENSE, RENT OR RENTAL VALUE, LEASEHOLD INTEREST OR OTHER CONSEQUENTIAL LOSS: THE TERM "DIRECT", AS APPLIED TO LOSS, MEANS LOSS, AS LIMITED AND CONDITIONED IN THIS POLICY, RESULTING FROM DIRECT LOSS TO DESCRIBED PROPERTY FROM THE PERIL(S) INSURED AGAINST. IF THE BUSINESS OF THE OWNER OR TENANT(S) OF THE DESCRIBED BUILDING(S) IS INTERRUPTED BY A STRIKE AT THE DESCRIBED LOCATION, THIS COMPANY SHALL NOT BE LIABLE FOR ANY LOSS DUE TO INTERFERENCE BY ANY PERSON(S) WITH REBUILDING, REPAIRING OR REPLACING THE PROPERTY DAMAGED OR DESTROYED OR WITH THE RESUMPTION OR CONTINUATION OF BUSINESS.

### CAUTION

WHEN THIS ENDORSEMENT IS ATTACHED TO ONE FIRE POLICY, THE INSURED SHOULD SECURE LIKE COVERAGE ON ALL FIRE POLICIES COVERING THE SAME PROPERTY.





# ACCOUNTS RECEIVABLE ENDORSEMENT

Form MLB-175

(Ed. 4-74)

In consideration of the stipulations herein named, the Company does insure the insured named in the policy of which this endorsement is made a part.

Provisional Amount \$ incl.

Rate \$ VRS.

Provisional Premium \$ incl. Minimum Premium \$ incl.

## 1. Subject of Insurance.

- (a) All sums due the insured from customers, provided the insured is unable to effect collection thereof as the direct result of loss of or damage to records of accounts receivable;
- (b) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage;
- (c) Collection expense in excess of normal collection cost and made necessary because of such loss or damage;
- (d) Other expenses, when reasonably incurred by the insured in re-establishing records of accounts receivable following such loss or damage.

The provisions and stipulations of this endorsement shall apply only to the Subject of Insurance hereunder and none of the provisions and stipulations of this policy, including any other endorsement made a part thereof, except the Cancellation provision, shall apply to the insurance hereunder.

If any of the Subject of Insurance covered by this endorsement is also covered under any other provisions of the policy of which this endorsement is made a part, those provisions are hereby amended to exclude such Subject of Insurance, the intent being that the coverage under this endorsement is the sole coverage on such Subject of Insurance.

## 2. Perils Insured. All risks of loss of or damage to the insured's records of accounts receivable, occurring during the policy period, except as hereinafter provided.

## 3. Location and Occupancy of Premises. The insured occupies the following part: That part actually occupied of the building located at: 1237 N. San Antonio Road, Palo Alto, Calif. 94301 conducts therein the following business: Medical Products Sterilization and

## 4. Protection of Records of Accounts Receivable. Insurance under this endorsement shall apply only while records of accounts receivable are contained in the premises described above, it being a condition precedent to any right of recovery hereunder that such records shall be kept in the following described receptacles at all times when the premises are not open for business, except while such records are in actual use or as stated in paragraph 5 below:

Kind

Name of Maker

"Class" or "Hour  
Exposure" of Label

Name of Issuer  
of Label

Kept in Class D  
Metal File Cabinets

## 5. Removal. Such insurance as is afforded by this endorsement applies while the records of accounts receivable are being removed to and while at place of safety because of imminent danger of loss or damage and while being returned from such place, provided the insured gives written notice to the Company of such removal within ten days thereafter.

## 6. Limit of Insurance. The Company shall not be liable hereunder for an amount to exceed Dollars (\$ 275,000.)

This endorsement is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this endorsement, together with such other provisions, stipulations, and agreements as may be added hereto, as provided in this endorsement.

## EXCLUSIONS

This endorsement does not apply:

(a) to loss due to any fraudulent, dishonest or criminal act by any insured, a partner therein, or an officer, director or trustee thereof, while working or otherwise and whether acting alone or in collusion with others;

(b) to loss due to bookkeeping, accounting or billing errors or omissions;

(c) to loss, the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support of claim for loss which the insured can prove, through evidence wholly apart therefrom, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder;

(d) to loss due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property but only to the extent of such wrongful giving, taking, obtaining or withholding;

(e) to loss due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning;

(f) to loss due to nuclear reaction, nuclear radiation or radioactive contamination, or to any act or condition incident to any of the foregoing;

(g) to loss caused by or resulting from:

(1) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack, (a) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (b) by military, naval or air forces; or (c) by an agent of any such government, power, authority or forces;

(2) any weapon of war employing atomic fission or radioactive force whether in time of peace or war;

(3) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

This Endorsement must be attached to Change Endorsement MLB-20 when issued after the Policy is written.



1. **Definition:** "Premises" means the interior of that portion of the building at the location designated in paragraph 3. "Location and Occupancy of Premises" which is occupied by the insured for the business purposes stated therein.

2. **Premium:** The insured shall, within twenty days after the end of each fiscal month during the policy period, furnish the Company with a written statement of the total amount of accounts receivable, with deferred payments and charge accounts segregated, as of the last day of each such month.

The premium stated in this endorsement is provisional only. Upon each anniversary and upon termination of this endorsement, the sum of the monthly amounts of accounts receivable for the preceding twelve months shall be averaged and the earned premium shall be computed on such average at the rate stated in this endorsement, whether or not such average exceeds the applicable limit of insurance under this endorsement. If the earned premium thus computed exceeds the provisional premium paid, the insured shall pay the excess to the Company; if less, the Company shall return to the insured the unearned portion paid by the insured, but such premium shall not be less than any minimum premium stated in this endorsement. If this endorsement is issued for a period of three years, each such computation and adjustment shall be based on one-third of the rate, provisional premium and minimum premium.

3. **Joint Insured:** If more than one insured is named in the policy, the insured first named shall act for every insured for all purposes of this endorsement. Knowledge possessed or discovery made by any insured shall constitute knowledge possessed or discovery made by every insured.

4. **Inspection and Audit:** The Company shall be permitted to inspect the premises and the receptacles in which the records of accounts receivable are kept by the insured, and to examine and audit the insured's books and records at any time during the policy period and any extension thereof and within three years after the final termination of this endorsement, as far as they relate to the premium basis or the subject matter of this insurance, and to verify the statements of any outstanding record of accounts receivable submitted by the insured and the amount of recoveries of accounts receivable on which the Company has made any settlement.

5. **Recoveries:** After payment of loss all amounts recovered by the insured on accounts receivable for which the insured has been indemnified shall belong and be paid to the Company by the insured up to the total amount of loss paid by the Company; but all recoveries in excess of such amounts shall belong to the insured.

6. **Insured's Duties When Loss Occurs:** Upon the occurrence of any loss which may result in a claim hereunder, the insured shall:

(a) give notice thereof as soon as practicable to the Company or any of its authorized agents and, if the loss is due to a violation of law, also the police;

(b) file detailed proof of loss, duly sworn to, with the Company promptly on expiration of ninety days from the date on which the records of accounts receivable were lost or damaged.

Upon the Company's request, the insured shall submit to examination by the Company, subscribe the same, under oath if required, and produce for the Company's examination all pertinent records, all at such reasonable times and places as the Company shall designate, and shall cooperate with the Company in all matters pertaining to loss or claims with respect thereto, including rendering of all possible assistance to effect collection of outstanding accounts receivable.

7. **Determination of Receivables; Deductions:** When there is proof that a loss covered by this endorsement has occurred but the insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the insured's monthly statements and shall be computed as follows:

(a) determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;

(b) calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve months immediately preceding the month in which the loss occurs, or such part thereof for which the insured has furnished monthly statements to the Company, as compared with such average for the same months of the preceding year;

(c) the amount determined under (a) above, increased or decreased by the percentage calculated under (b) above, shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;

(d) the amount determined under (c) above shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which statement has been rendered.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the insured. All unearned interest and service charges shall be deducted.

8. **Other Insurance:** If at the time of loss or damage there is available to a named or unnamed insured or any other interested party any other insurance which would apply in the absence of this endorsement, the insurance under this endorsement shall apply only as excess insurance over such other insurance.

9. **Appraisal:** If the insured and the Company fail to agree as to the amount of loss, each shall, on the written demand of either, made within sixty days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen days to agree upon such umpire, then, on the request of the insured or the Company, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then appraise the loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The insured and the Company shall each pay his or its chosen appraiser and shall bear equally the expenses of the umpire and the other expenses of appraisal.

The Company shall not be held to have waived any of its rights by any act relating to appraisal.

10. **Settlement of Claims:** All adjusted claims shall be paid or made good to the insured within 30 days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the insured has collected the same from others.

11. **Action Against Company:** No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this endorsement, nor at all unless commenced within two years after the discovery by the insured of the occurrence which gives rise to the loss. If this limitation of time is shorter than that prescribed by any statute controlling the construction of this endorsement, the shortest permissible statutory limitation in time shall govern and shall supersede the time limitation herein stated.

12. **Misrepresentation and Fraud:** This entire endorsement shall be void if, whether before or after a loss, the insured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

13. **Subrogation:** In the event of any payment under this endorsement, the Company shall be subrogated to all the insured's rights of recovery therefor against any person or organization and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.

14. **Changes:** Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this endorsement or estop the Company from asserting any right under the terms of this endorsement; nor shall the terms of this endorsement be waived or changed, except by endorsement issued to form a part of this endorsement.

15. **Terms of Endorsement Conformed to Statute:** Terms of this endorsement which are in conflict with the statutes of the state wherein this endorsement is issued are hereby amended to conform to such statutes.



# GROSS EARNINGS ENDORSEMENT

Form MLB-140  
(Ed. 5-69)

LOCATION OF PREMISES		SECTION I FORMS AND ENDORSEMENTS APPLICABLE	CONTRIBUTION CLAUSE PERCENTAGE	LIMIT OF LIABILITY
Loc. No.	Bldg. No.			
1	1	MP 0013, MP 0014	50%	300,000.
2	1	" "	50%	500,000.
3	1	" "	50%	300,000.

1. Subject to all the provisions and stipulations otherwise applicable to Section I of this policy, except the Coinsurance Clause and the Loss Deductible Clauses, this policy is extended to insure against loss resulting directly from necessary interruption of business caused by the perils insured against damaging or destroying, during the policy period, real or personal property (except finished stock) at the premises described in this endorsement, subject to the limit of liability specified above for the premises at which the damage or destruction occurs. For the purposes of this insurance, "perils insured against" shall mean the perils, as defined and limited in the forms and endorsements listed above, for each premises specified and also subject to the provisions of this endorsement.

2. The Company shall be liable for:

- the actual loss sustained by the insured resulting directly from necessary interruption of business, but not exceeding the reduction in gross earnings less charges and expenses which do not necessarily continue during the interruption of business, for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property herein described as has been damaged or destroyed commencing with the date of such damage or destruction and not limited by the date of expiration of this policy. Due consideration shall be given to the continuation of normal charges and expenses, including payroll expense, to the extent necessary to resume operations of the insured with the same quality of service which existed immediately preceding the loss; and
- the actual loss sustained by the insured, resulting directly from an interruption of business as covered hereunder, during the length of time, not exceeding two consecutive weeks, when, as a direct result of damage to or destruction of property adjacent to the premises herein described by the peril(s) insured against, access to such described premises is specifically prohibited by order of civil authority; and
- loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against. The length of time for which this Company shall be liable hereunder shall not exceed—
  - 30 consecutive calendar days; or
  - the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed;whichever is the greater length of time.
- such expenses as are necessarily incurred for the purpose of reducing loss under this endorsement (except expense incurred to extinguish a fire), and such expenses, in excess of normal, as would necessarily be incurred in replacing any finished stock used by the insured to reduce loss but in no event shall the aggregate of such expenses exceed the amount by which the loss under this endorsement is thereby reduced. Such expenses shall not be subject to the application of the Contribution Clause.

3. **Resumption of Operations:** It is a condition of this insurance that if the insured could reduce the loss resulting from the interruption of business:

- by complete or partial resumption of operation of the property herein described, whether damaged or not, or
  - by making use of merchandise or other property at the locations described herein or elsewhere, or
  - by making use of stock (raw, in process or finished) at the locations described herein or elsewhere,
- such reduction shall be taken into account in arriving at the amount of loss hereunder.

4. **Contribution Clause:** The Company shall not be liable for a greater proportion of any loss than the limit of liability specified above bears to the amount produced by multiplying the Contribution Clause Percentage specified above by the Gross Earnings that would have been earned (had no loss occurred) during the 12 months immediately following the date of damage to or destruction of the described property.

5. **Definitions:**

- For the purposes of this insurance, "gross earnings" are defined as the sum of:
  - total net sales value of production, and
  - total net sales of merchandise, and
  - other earnings derived from operations of the business,

This Endorsement must be attached to Change Endorsement MLB-20 when issued after the Policy is written.

less the cost of:

- (4) raw stock from which such production is derived, and
- (5) supplies consisting of materials consumed directly in the conversion of such raw stock into finished stock or in supplying the services sold by the insured, and
- (6) merchandise sold, including packaging materials therefor, and
- (7) services purchased from outsiders (not employees of the insured) for resale which do not continue under contract.

No other costs shall be deducted in determining gross earnings.

In determining gross earnings, due consideration shall be given to the experience of the business before the date of damage or destruction and the probable experience thereafter had no loss occurred.

- b. The term "directly," as applied to loss under this endorsement, means loss, as limited and conditioned in this policy, resulting from direct loss to described property from the perils insured against.
- c. "Normal": the condition that would have existed had no loss occurred.
- d. "Raw stock": material in the state in which the insured receives it for conversion by the insured into finished stock.
- e. "Stock in process": raw stock which has undergone any aging, seasoning, mechanical or other process of manufacture at the locations herein described but which has not become finished stock.
- f. "Finished stock": stock manufactured by the insured which in the ordinary course of the insured's business is ready for packing, shipment or sale.
- g. "Merchandise": goods kept for sale by the insured which are not the product of manufacturing operations conducted by the insured.

6. **Alterations and New Buildings:** Permission granted to make alterations in or to construct additions to any building described herein and to construct new buildings on the described premises. This endorsement is extended to cover, subject to all its provisions and stipulations, loss resulting from damage to or destruction of such alterations, additions or new buildings while in course of construction and when completed or occupied, provided that, in the event of damage to or destruction of such property (including building materials, supplies, machinery or equipment incident to such construction or occupancy while on the described premises or within 100 feet thereof) so as to delay commencement of business operations of the insured, the length of time for which the Company shall be liable shall be determined as otherwise provided herein but such determined length of time shall be applied and the loss hereunder calculated from the date that business operations would have begun had no damage or destruction occurred.

7. **Additional Exclusions and Limitations:**

- a. The Company shall not be liable for any increase of loss which may be occasioned by:
  - (1) enforcement of any local or state ordinance or law regulating construction, repair or demolition of buildings or structures,
  - (2) interference at the described premises by strikers or other persons with rebuilding, repairing or replacing the property or with the resumption or continuation of business,
  - (3) the suspension, lapse or cancellation of any lease, license, contract or order unless such suspension, lapse or cancellation results directly from the interruption of business, and then the Company shall be liable for only such loss as affects the insured's earnings during, and limited to, the period of indemnity covered under this policy.
- b. The Company shall not be liable for:
  - (1) more than the limit of liability set forth above for each premises,
  - (2) any other consequential or remote loss.
- c. The Company shall not be liable for loss resulting from:
  - (1) damage to or destruction of finished stock, nor for the time required to reproduce said finished stock,
  - (2) theft of any property which at the time of loss is not an integral part of a building or structure (except direct loss by pillage and looting occurring during and at the immediate place of a riot or civil commotion), unless loss by a peril not excluded in this policy ensues from theft or attempted theft, and then this Company shall be liable for only such ensuing loss.

8. **Requirements in Case Loss Occurs:** The insured shall give immediate written notice to the Company of any business interruption loss as covered by this policy and protect the property from further damage that might result in extension of the period of interruption; and within 60 days following the date of damage to or destruction of the real or personal property described, unless such time is extended in writing by the Company, the insured shall render to the Company a proof of loss, signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following:

- a. the time and origin of the property damage or destruction causing the interruption of business,
- b. the interest of the insured and of all others in the business,
- c. all other contracts of insurance, whether valid or not, covering in any manner the loss insured against by this policy,
- d. any changes in the title, nature, location, encumbrance or possession of said business since the issuing of this policy, and
- e. by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of damage or destruction,

and shall furnish a copy of all the descriptions and schedules in all policies, and the actual amount of business interruption value and loss claimed, accompanied by detailed exhibits of all values, costs and estimates upon which such amounts are based.

The insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and submit to examinations under oath by any person named by the Company, and subscribe the same; and, as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representative, and shall permit extracts and copies thereof to be made.





LOSS OF RENTS ENDORSEMENT  
(Contribution Form)

MP 15 11  
(Ed. 07 77)

LOCATION OF PREMISES		SECTION I FORMS AND ENDORSEMENTS APPLICABLE	CONTRIBUTION CLAUSE PERCENTAGE	LIMIT OF LIABILITY
Loc. No.	Blg. No.			
2	1	MP 0013, MP 0014	50%	48,000.
3	1	" "	50%	18,000.

- Subject to all the provisions applicable to Section I of this policy, except the Coinsurance Clause and the Deductible Clause, this policy is extended to insure against loss of rents caused by the perils insured against damaging or destroying, during the policy period, real or personal property (except finished stock) at the premises described in this endorsement, subject to the limit of liability specified above for the premises at which the damage or destruction occurs. For the purposes of this insurance, "perils insured against" shall mean the perils, as defined and limited in the forms and endorsements listed above, for each premises specified and also subject to the provisions of this endorsement.
- The Company shall be liable for:
  - the actual loss sustained by the insured resulting directly from necessary untenantability, but not exceeding the reduction in rents less charges and expenses which do not necessarily continue during the period of untenantability for only such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace such part of the property herein described as has been damaged or destroyed, commencing with the date of such damage or destruction and not limited by the date of expiration of this policy; and
  - the actual loss sustained by the insured, resulting directly from an interruption of business as covered hereunder, during the length of time, not exceeding two consecutive weeks, when, as a direct result of damage to or destruction of property adjacent to the premises herein described by the peril(s) insured against, access to such described premises is specifically prohibited by order of civil authority; and
  - loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against. The length of time for which this Company shall be liable hereunder shall not exceed—
    - 30 consecutive calendar days; or
    - the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed; whichever is the greater length of time.
  - such expenses as are necessarily incurred for the purpose of reducing loss under this endorsement (except expense incurred to extinguish a fire), but in no event shall the aggregate of such expenses exceed the amount by which the loss otherwise payable under this endorsement is thereby reduced. Such expenses shall not be subject to the application of the Contribution Clause.
- Contribution Clause:** The Company shall not be liable for a greater proportion of any loss than the limit of liability specified above bears to the amount produced by multiplying the Contribution Clause Percentage specified above by the rents of the insured locations that would have been earned by the insured (had no loss occurred) during the 12 months immediately following the date of damage or destruction of the described property.
- Definitions:**
  - For the purposes of this insurance, "rents" includes rental value and is defined as the sum of:
    - the total anticipated gross rental income from tenant occupancy of the described property as furnished and equipped by the insured, and
    - the amount of all charges which are the legal obligation of the tenants and which would otherwise be obligations of the insured, and
    - the fair rental value of any portion of said property which is occupied by the insured.In determining rents, due consideration shall be given to the rental experience before the date of damage or destruction and the probable experience thereafter had no loss occurred.
  - The term "directly," as applied to loss under this endorsement, means loss, as limited and conditioned in this policy, resulting from direct loss to described property from the perils insured against.
- Alterations and New Buildings:** Permission granted to make alterations in or to construct additions to any building described herein and to construct new buildings on the described premises. This endorsement is extended to cover, subject to all its provisions, loss of rents resulting from damage to or destruction of such alterations, additions or new buildings while in course of construction and when completed or occupied, provided that, in the event of damage to or destruction of such property (including building materials, supplies, machinery or equipment incident to such construction or occupancy while on the described premises or within 100 feet thereof) so as to delay restoration to a tenantable condition, the length of time for which the Company shall be liable shall be determined as otherwise provided herein but such determined length of time shall be applied and the loss hereunder calculated from the date that the property would have been tenantable had no damage or destruction occurred.

**6. Additional Exclusions and Limitations:**

a. The Company shall not be liable for any increase of loss which may be occasioned by:

- (1) any local or state ordinance or law regulating construction, repair or demolition of buildings or structures,
- (2) interference at the described premises by strikers or other persons with rebuilding, repairing or replacing the property or with the reoccupancy of the premises,
- (3) the suspension, lapse or cancellation of any lease, contract or order unless such suspension, lapse or cancellation results directly from the unavailability of the premises, and then the Company shall be liable for only such loss as affects the rents of the premises during, and limited to, the period of indemnity under this policy.

b. The Company shall not be liable for:

- (1) more than the amount set forth in the limits of liability above for each premises,
- (2) loss resulting from theft of any property which at the time of loss is not an integral part of a building or structure (except direct loss by pilferage and larceny occurring during and at the immediate place of a riot or civil commotion), unless loss by a peril not included in this policy ensues from theft or attempted theft, and then this Company shall be liable for only such ensuing loss,
- (3) any other consequential or remote loss.

**7. Requirements in Case Loss Occurs:** The insured shall give immediate written notice to the Company of any loss of rents or rental value as covered by this policy and protect the property from further damage that might result in extension of the period of interruption; and within 60 days following the date of damage to or destruction of the real or personal property described, unless such time is extended in writing by the Company, the insured shall render to the Company a proof of loss, signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following:

- a. the time and origin of the property damage or destruction causing the loss of rents or rental value,
- b. the interest of the insured and of all others in the business,
- c. all other contracts of insurance, whether valid or not, covering in any manner the loss insured against by this policy,
- d. any changes in the title, nature, location, encumbrance or possession of said business since the issuing of this policy, and
- e. by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of damage or destruction,

and shall furnish a copy of all the descriptions and schedules in all policies, and the actual amount of rent or rental value and loss claimed, accompanied by detailed exhibits of all values, costs and estimates upon which such amounts are based.

The insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and submit to examinations under oath by any person named by the Company, and subscribe the same; and, as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representative, and shall permit extracts and copies thereof to be made.

This Endorsement must be attached to Change Endorsement when issued after the Policy is written.



## REPLACEMENT COST ENDORSEMENT

CF 04 20

(Ed. 04 77)

This endorsement applies only to item(s) of insurance specified on the first page of this policy or by endorsement as being subject to this Replacement Cost Endorsement.

1. In consideration of \$1 and the following Coinsurance Clause being made a part of this policy to apply only to the item(s) to which this endorsement applies, which Coinsurance Clause supersedes and replaces the Coinsurance Clause, if any, otherwise applicable to such item(s), the provisions of this policy applicable only to such item(s) are amended to substitute the term "replacement cost" (without deduction for depreciation) for the term "actual cash value" wherever it appears in this policy, subject, however, in all other respects to the provisions of this endorsement and of the policy to which this endorsement is attached.

2. THIS ENDORSEMENT SHALL NOT APPLY TO STOCK (RAW, IN PROCESS OR FINISHED) OR MERCHANDISE, INCLUDING MATERIALS AND SUPPLIES IN CONNECTION THEREWITH, PROPERTY OF OTHERS, HOUSEHOLD FURNITURE OR RESIDENTIAL CONTENTS, OR TO MANUSCRIPTS, OR TO PAINTINGS, ETCHINGS, PICTURES, TAPESTRIES, STATUARY, MARBLES, BRONZES, ANTIQUE FURNITURE, RARE BOOKS, ANTIQUE SILVER, PORCELAINS, RARE GLASSWARE AND BRIC-A-BRAC, OR OTHER ARTICLES OF ART, RARITY OR ANTIQUITY.

3. THIS COMPANY SHALL NOT BE LIABLE UNDER THIS ENDORSEMENT FOR ANY LOSS—

- A. OCCASIONED DIRECTLY OR INDIRECTLY BY ENFORCEMENT OF ANY ORDINANCE OR LAW REGULATING THE USE, CONSTRUCTION, REPAIR OR DEMOLITION OF PROPERTY UNLESS SUCH LIABILITY HAS BEEN SPECIFICALLY ASSUMED UNDER THIS POLICY;
- B. UNLESS AND UNTIL THE DAMAGED OR DESTROYED PROPERTY IS ACTUALLY REPAIRED OR REPLACED BY THE INSURED WITH DUE DILIGENCE AND DISPATCH.

4. COINSURANCE CLAUSE: THIS COMPANY SHALL NOT BE LIABLE FOR A GREATER PROPORTION OF ANY LOSS TO THE PROPERTY COVERED THAN THE AMOUNT OF INSURANCE UNDER THIS POLICY FOR SUCH PROPERTY BEARS TO THE AMOUNT PRODUCED BY MULTIPLYING THE REPLACEMENT COST (WITHOUT DEDUCTION FOR DEPRECIATION) OF SUCH PROPERTY AT THE TIME OF THE LOSS BY THE COINSURANCE PERCENTAGE APPLICABLE (SPECIFIED ON THE FIRST PAGE OF THIS POLICY, OR BY ENDORSEMENT), NOR FOR MORE THAN THE PROPORTION WHICH THIS POLICY BEARS TO THE TOTAL INSURANCE THEREON.

IN THE EVENT THAT THE AGGREGATE CLAIM FOR ANY LOSS IS BOTH LESS THAN \$10,000 AND LESS THAN 5% OF THE TOTAL AMOUNT OF INSURANCE APPLICABLE TO THE PROPERTY INVOLVED AT THE TIME SUCH LOSS OCCURS, NO SPECIAL INVENTORY OR APPRAISEMENT OF THE UNDAMAGED PROPERTY SHALL BE REQUIRED, PROVIDING, THAT NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE APPLICATION OF THE FIRST PARAGRAPH OF THIS CLAUSE.

If the coverage under this policy be divided into two or more items, the foregoing shall apply separately to each item to which this endorsement applies.

5. THE INSURED MAY ELECT TO MAKE CLAIM UNDER THIS POLICY IN ACCORDANCE WITH ITS PROVISIONS, DISREGARDING THIS ENDORSEMENT, EXCEPT THAT THE FOREGOING COINSURANCE CLAUSE APPLICABLE TO THE REPLACEMENT COST OF SAID PROPERTY SHALL APPLY, AND THE INSURED MAY MAKE FURTHER CLAIM FOR ANY ADDITIONAL LIABILITY BROUGHT ABOUT BY THIS ENDORSEMENT IN ACCORDANCE WITH ITS PROVISIONS, PROVIDED THIS COMPANY IS NOTIFIED IN WRITING WITHIN 180 DAYS AFTER LOSS OF THE INSURED'S INTENT TO MAKE SUCH FURTHER CLAIM.

6. THIS COMPANY'S LIABILITY FOR LOSS ON A REPLACEMENT COST BASIS SHALL NOT EXCEED THE SMALLEST OF THE FOLLOWING AMOUNTS

- A. THE AMOUNT OF THIS POLICY APPLICABLE TO THE DAMAGED OR DESTROYED PROPERTY;
- B. THE REPLACEMENT COST OF THE PROPERTY OR ANY PART THEREOF IDENTICAL WITH SUCH PROPERTY ON THE SAME PREMISES AND INTENDED FOR THE SAME OCCUPANCY AND USE; OR
- C. THE AMOUNT ACTUALLY AND NECESSARILY EXPENDED IN REPAIRING OR REPLACING SAID PROPERTY OR ANY PART THEREOF.

7. APPORTIONMENT CLAUSE: THIS COMPANY SHALL NOT BE LIABLE UNDER THIS POLICY INCLUDING THIS ENDORSEMENT FOR A GREATER PROPORTION OF ANY LOSS THAN THE AMOUNT OF THIS POLICY APPLYING TO THE PROPERTY TO WHICH THIS ENDORSEMENT APPLIES BEARS TO THE TOTAL AMOUNT OF INSURANCE ON SUCH PROPERTY AGAINST THE PERIL INVOLVED, WHETHER OR NOT SUCH OTHER INSURANCE INCLUDES THE EXTENSION OF COVERAGE PROVIDED UNDER THIS ENDORSEMENT, AND WHETHER SUCH OTHER INSURANCE IS COLLECTIBLE OR NOT.

8. If the coverage on property under this policy be divided into two or more items, all of the foregoing shall apply separately to each item to which this endorsement applies.

This Endorsement must be attached to Change Endorsement when issued after the Policy is written.

CF 04 20 (Ed. 04 77)

Attached to and forming part of Policy No. MP 863 1050 Exp. date 5-7-84  
 issued to INTERNATIONAL NUTRONICS, INC.

1. This Policy covers on lawful goods and merchandise consisting principally of MEDICAL PRODUCTS

- including materials, supplies and containers therefor, hereinafter referred to as property, the property of the insured or held by them in trust or on commission or on consignment or property of others for which the insured may be liable or on which they have made advances.
2. This Policy covers the property insured while in due course of transit only at risk of the insured within and between the States of the United States, the District of Columbia and Canada, excluding Alaska and Hawaii, from the time the property leaves the store, warehouse or factory at initial point of shipment and continuously thereafter, including while on docks, wharves, piers, bulkheads, depots, stations or platforms, until delivered at the store, warehouse or factory at destination.
3. This Company's liability under this policy shall not exceed:
- (a) \$ 35,000. while in the custody of any Truckman or Trucking Company;
  - (b) \$ 35,000. while in the custody of any Railroad or the Railway Express Agency (including while on ferries and/or in railroad cars on transfers or lighters);
  - (c) \$ 35,000. while in the custody of a Scheduled Air Transportation Carrier;
  - (d) \$ 35,000. while in trucks, trailers or semi-trailers owned, leased or operated by or for the insured;
  - (e) \$ 35,000. while in the custody of messengers or while contained in or on hand carts, hand trucks or taxicabs.

In no event shall this Company be liable for more than \$ 35,000. in any one casualty, either in case of partial or total loss, or salvage charges, or any other charges, or expenses, or all combined.

4. THIS POLICY INSURES:

Against all risks of direct physical loss of or damage to the insured property from any external cause (including General Average and/or salvage charges and expenses), except as herein excluded.

5. THIS POLICY DOES NOT INSURE:

- (a) Accounts, bills, bullion, coins, currency, deeds, evidences of debt, money, notes, securities, stamps, precious stones, fine arts or jewelry;
- (b) Against loss or damage resulting from inadequate packing or improper preparation for shipment or from insecure stowage when not stowed by the carrier;
- (c) Against loss or damage by insects, vermin, moths, rodents, worms and other buglike creatures including larvae or pupae thereof, leakage, evaporation, shrinkage, wetness or dampness, contamination, change in color, odor, texture or finish, extremes or changes of temperature including freezing, breakage, marring, chipping, denting, scratching, or by being scanted, molded, rusted, rotted, soured or changed in flavor unless caused by fire, lightning, windstorm, vandalism and malicious mischief, flood, explosion or collision, derailment or overturning of vehicle while on land, or collision or crashing of aircraft while in flight, or by the vessel, craft or lighter being stranded, sunk, burned or in collision while waterborne;
- (d) Against loss, damage or expense caused by or resulting from delay, loss of market, loss of use, inherent vice or gradual deterioration;
- (e) Against loss, damage or expense caused by or resulting from strikes, lockouts, labor disturbances, riots, civil commotions, or the acts of any persons taking part in any such occurrence or disorder;
- (f) Import shipments except only after Marine Insurance has ceased to cover, nor export shipments after laden on board export conveyance or under the protection of Marine Insurance, whichever first occurs;
- (g) Shipments by mail or parcel post;
- (h) Animals, unless specifically named herein, and then only against death or destruction resulting from or made necessary as consequence of a peril insured against;
- (i) Against loss caused by neglect of the insured to use all reasonable means to save and preserve the property at and after any disaster insured against;
- (j) Against loss, damage or expense caused by or resulting from infidelity and dishonesty either or both of any person or persons in the employment or service of the insured, whether during regular hours of employment or not (carriers for hire excepted);
- (k) Against loss or damage caused by or resulting from (1) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending, or expected attack, (a) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (b) by military, naval or air forces; or (c) by an agent of any such government, power, authority or forces; (2) any weapon of war employing atomic fission or radioactive force whether in time of peace or war; (3) insurrection, rebellion, revolution, civil war, usurped power; or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or Customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
- (l) Against loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the perils insured against in this policy; however, subject to the foregoing and all provisions of this policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy;

6. VALUATION:

The property shall be valued at actual invoice cost, including prepaid or advanced freight, if any, together with such costs and charges (including the commission of the insured as selling agent, but excluding duty) as may have accrued and become legally due thereon. In the event of there being no invoice, the valuation of the merchandise insured hereunder shall be the actual cash market value of the property insured at point of destination on the date of disaster.

7. PREMIUM READJUSTMENT AND REPORT OF SHIPMENTS:

The premium charged under this policy is based on an estimate of \$ INCL. value of shipments made during the period insured, and the insured warrants to report to this Company at the end of                      the actual (policy year, unless otherwise specified)

value of all shipments (in accordance with the valuation clause contained in this policy) covered hereunder during the period for which such report is required, and upon the total of all reported shipments exceeding in the aggregate the said estimated value the insured agrees to pay this Company additional premium at the rate of INCL. per \$100.00, such additional premium to become due and payable to this Company immediately upon the furnishing of the insured report or reports; but in the event of the actual shipments falling short of the said estimated value then this Company will return premium at the same rate on the deficiency, but no return premium shall become due or payable until the expiration of this policy.

8. CLAIM AGAINST CARRIER:

In the event of any loss or damage to the goods and/or merchandise insured hereunder the insured shall immediately make claim in writing against the carrier or carriers involved.

9. DEDUCTIBLE:

Each claim for loss or damage (separately occurring), shall be adjusted separately and from the amount of each adjusted claim or the applicable limit of liability, whichever is less, the sum of \$ 1,000. shall be deducted. In the event of any recovery or salvage on a loss which has been or is being or is about to be paid hereunder, such recovery or salvage shall accrue entirely to the benefit of the Company under this policy until the sum paid by them has been made up.

CONDITIONS

10. OTHER INSURANCE:

If at the time of loss or damage there is available to a named or unnamed insured or any other interested party any other insurance which would apply in the absence of this policy, the insurance under this policy shall apply only as excess insurance over such other insurance.

11. IMPAIRMENT OF RECOVERY RIGHTS:

Any act or agreement by the insured before or after loss or damage whereby any right of the insured to recover in whole or in part for loss or damage to property covered hereunder against any carrier, bailee or other party liable therefor, is released, impaired or lost, shall render this policy null and void, but the insurer's right to retain or recover the premium shall not be affected. The Company is not liable for any loss or damage which, without its written consent, has been settled or compromised by the insured. It shall, however, be permissible for the insured without prejudice to this insurance, to accept the ordinary Bills of Lading or Shipping Receipts issued by carriers limiting their liability to less than the actual value.

Gerard O. Hansen  
 Authorized Representative



12. **NO BENEFIT TO BAILEE:**  
This insurance shall in no wise insure directly or indirectly to the benefit of any carrier or other bailee.
13. **NOTICE OF LOSS:**  
The insured shall as soon as practicable report in writing to the Company or its agent every loss, damage or occurrence which may give rise to a claim under this policy and shall also file with the Company or its agent within ninety (90) days from date of discovery of such loss, damage or occurrence, a detailed sworn proof of loss.
14. **SETTLEMENT OF LOSS:**  
All adjusted claims shall be paid or made good to the insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the insured has collected the same from others.
15. **COMPANY'S OPTIONS:**  
It shall be optional with the Company to take all, or any part, of the property at the agreed or appraised value, or to repair, rebuild or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention so to do within sixty (60) days after the receipt of the proof of loss herein required.
16. **SUE & LABOR:**  
In the event of loss of or damage to the property covered hereunder, it shall be lawful and necessary for the insured or his or their factors, servants or assigns to sue, labor and travel for, in and about the defense, safeguard and recovery of the said property or any part thereof without prejudice to this insurance or waiver of the insured's rights hereunder.
17. **SEPARATION OF DAMAGED GOODS:**  
It shall be the duty of the insured or of the agents, factors or consignees of the insured to separate, in case of loss the sound from the damaged merchandise and/or goods. The liability of this Company hereunder being limited to the loss, by the risks and perils hereby insured against, on the damaged portion only.
18. **CLAIMS AGAINST THIRD PARTIES:**  
In the event of any loss of or damage to the property covered hereunder the insured shall immediately make claim in writing against the carrier(s), bailee(s) or others involved.
19. **APPRAISAL:**  
If the insured and the Company fail to agree as to the amount of loss, each shall, on the written demand of either, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then, on the request of the insured or the Company, such umpire shall be selected by a judge of a court of record in the State in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the actual cash value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The insured and the Company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Company shall not be held to have waived any of its rights by any act relating to appraisal.
20. **EXAMINATION UNDER OATH:**  
The insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and shall submit, and in so far as is within his or their power cause his or their employees, members of the household and others to submit to examinations under oath by any person named by the Company and subscribe the same; and, as often as may be reasonably required, shall produce for examination all writings, books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representative, and shall permit extracts and copies thereof to be made. No such examination under oath or examination of books or documents, nor any other act of the Company or any of its employees or representatives in connection with the investigation of any loss or claim hereunder, shall be deemed a waiver of any defense which the Company might otherwise have with respect to any loss or claim, but all such examinations and acts shall be deemed to have been made or done without prejudice to the Company's liability.
21. **SUIT:**  
No suit, action or proceeding for the recovery of any claim under this policy shall be sustainable in any court of law or equity unless the same be commenced within twelve (12) months next after discovery by the insured of the occurrence which gives rise to the claim, provided however, that if by the laws of the State within which this policy is issued such limitation is invalid, then any such claims shall be void unless such actions, suit or proceeding be commenced within the shortest limit of time permitted by the laws of such State.
22. **MACHINERY:**  
In the event of loss of or damage to machinery consisting, when complete for sale or use, of several parts, the Company shall only be liable for the value of the part(s) lost or damaged, including the cost of installation.
23. **LABELS:**  
In the event of loss of or damage to labels, capsules or wrappers, the loss shall be adjusted on the basis of an amount sufficient to pay the cost of new labels, capsules or wrappers.
24. **SUBROGATION OR LOAN:**  
If in the event of loss or damage, the insured shall acquire any right of action against any individual, firm or corporation for loss of, or damage to, property covered hereunder, the insured will, if requested by the Company, assign and transfer such claim or right of action to the Company, or at the Company's option, execute and deliver to the Company the customary form of loan receipt upon receiving an advance of funds in respect of the loss or damage, and will subrogate the Company to, or will hold in trust for the Company, all such rights of action to the extent of the amount paid or advanced, and will permit suit to be brought in the insured's name under the direction of and at the expense of the Company.
25. **MISREPRESENTATION AND FRAUD:**  
This entire policy shall be void if, whether before or after a loss, the insured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.
26. **EXAMINATION OF RECORDS:**  
The insured shall, as often as may be reasonably required during the term of this policy and for one (1) year thereafter, produce for examination by the Company or its duly authorized representative all the books and records, inventories and accounts relating to the property covered hereunder.
27. **ABANDONMENT:**  
There can be no abandonment to the Company of any property.
28. **CANCELLATION:**  
This policy may be canceled by the insured by surrender thereof to the Company or any of its authorized agents or by mailing to the Company written notice stating when thereafter such cancellation shall be effective. This policy may be canceled by the Company by mailing to the insured at the address shown in this policy or last known address written notice stating when, not less than fifteen (15) days thereafter, such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date of the cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the insured or by the Company shall be equivalent to mailing.  
In the event of cancellation by either the insured or the Company, the insured agrees to furnish this Insurance Company with an accurate statement showing the total value of all shipments, covered by this policy between the date of its attachment up to and including the date of cancellation, and further agrees to pay premium on this amount at the rate stated in the above adjustment clause; if the premium thus determined exceeds the actual premium paid, the amount of such excess shall immediately become payable to the Insurance Company, and per contra, any unearned premium (being the amount by which the initial premium exceeds the premium due), shall be returned to the insured.  
If the insured cancels, earned premiums shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premium shall be computed pro-rata. Premium adjustment may be made at the time cancellation is effected, and, if not then made, shall be made as soon as practicable after cancellation becomes effective. The Company's check or the check of its representative mailed or delivered as aforesaid shall be sufficient tender of any refund of premium due to the insured.
29. **ASSIGNMENT OF POLICY:**  
This policy shall be void if assigned or transferred without the written consent of this Company.
30. **CONFORMITY TO STATUTE:**  
Terms of this policy which are in conflict with the statutes of the State wherein this policy is issued are hereby amended to conform to such statutes.
31. **CHANGES:**  
Notice to any agent or knowledge possessed by any agent or by any other persons shall not effect a waiver or a change in any part of this policy, or stop the Company from asserting any right under the terms of this policy, nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.

# RADIOACTIVE CONTAMINATION ASSUMPTION ENDORSEMENT "B"

(BROAD COVERAGE)

Attached to and forming part of Policy No. MP863 1050 of the LEXINGTON INSURANCE CO.  
 Issued to INTERNATIONAL NUTRONICS, INC. NAME OF INSURANCE COMPANY  
1237 N. SAN ANTONIO RD., PHILADELPHIA, PA. NAME AND MAILING ADDRESS  
 Dated 5-7-83  
 Agency at SAN FRANCISCO, CA CITY OR TOWN AND STATE, Agent JOHNSON & HIGGINS  
 Effective Date of this Endorsement 5-7-83 AGENT'S SIGNATURE

## PARAGRAPH NO.

1. In consideration of the premium for this coverage, and subject to the provisions herein and in the policy to which this endorsement is attached including endorsements thereon, the provisions of this policy, including other endorsements, are hereby modified and this policy is extended to insure against direct loss by sudden and accidental radioactive contamination, including resultant radiation damage to the property covered, PROVIDED SUCH RADIOACTIVE CONTAMINATION ARISES OUT OF MATERIAL ON THE INSURED'S PREMISES AT THE LOCATION(S) DESCRIBED IN THIS POLICY, AND PROVIDED, AT THE TIME OF SUCH LOSS, THERE IS NEITHER A NUCLEAR REACTOR CAPABLE OF SUSTAINING NUCLEAR FISSION IN A SELF-SUPPORTING CHAIN REACTION, NOR ANY NEW OR USED NUCLEAR FUEL WHICH IS INTENDED FOR OR WHICH HAS BEEN USED IN SUCH A NUCLEAR REACTOR, ON THE INSURED'S PREMISES AT THE LOCATION(S) DESCRIBED.

2. THIS ENDORSEMENT DOES NOT INCREASE THE AMOUNT(S) OF INSURANCE PROVIDED IN THE POLICY TO WHICH IT IS ATTACHED.

3. If this policy covers on two or more items, the provisions of this endorsement shall apply separately to each item to which this endorsement applies.

4. APPORTIONMENT: THIS COMPANY SHALL NOT BE LIABLE FOR A GREATER PROPORTION OF ANY LOSS LESS THE AMOUNT OF DEDUCTIBLE, IF ANY, FROM RADIOACTIVE CONTAMINATION INSURED AGAINST IN THIS ENDORSEMENT THAN (1) THE AMOUNT OF INSURANCE UNDER THIS POLICY BEARS TO THE WHOLE AMOUNT OF FIRE INSURANCE COVERING THE PROPERTY, OR WHICH WOULD HAVE COVERED THE PROPERTY EXCEPT FOR THE EXISTENCE OF THIS INSURANCE, WHETHER COLLECTIBLE OR NOT, AND WHETHER OR NOT SUCH OTHER FIRE INSURANCE COVERS AGAINST RADIOACTIVE CONTAMINATION, NOR (2) FOR A GREATER PROPORTION OF ANY LOSS LESS THE AMOUNT OF DEDUCTIBLE, IF ANY, THAN THE AMOUNT HEREBY INSURED BEARS TO ALL INSURANCE WHETHER COLLECTIBLE OR NOT, COVERING IN ANY MANNER SUCH LOSS, OR WHICH WOULD HAVE COVERED SUCH LOSS EXCEPT FOR THE EXISTENCE OF THIS INSURANCE; EXCEPT IF ANY TYPE OF INSURANCE OTHER THAN FIRE APPLIES TO ANY LOSS TO WHICH THIS INSURANCE ALSO APPLIES, OR WOULD HAVE APPLIED TO ANY SUCH LOSS EXCEPT FOR THE EXISTENCE OF THIS INSURANCE, THE LIMIT OF LIABILITY OF EACH TYPE OF INSURANCE FOR SUCH LOSS, HEREBY DESIGNATED AS "JOINT LOSS," SHALL FIRST BE DETERMINED AS IF IT WERE THE ONLY INSURANCE, AND THIS TYPE OF INSURANCE SHALL BE LIABLE FOR NO GREATER PROPORTION OF JOINT LOSS THAN THE LIMIT OF ITS LIABILITY FOR SUCH LOSS BEARS TO THE SUM OF ALL SUCH LIMITS. THE LIABILITY OF THIS COMPANY (UNDER THIS ENDORSEMENT) FOR SUCH JOINT LOSS SHALL BE LIMITED TO ITS PROPORTIONATE PART OF THE AGGREGATE LIMIT OF THIS AND ALL OTHER INSURANCE OF THE SAME TYPE. THE WORDS "JOINT LOSS," AS USED IN THE FOREGOING, MEAN THAT PORTION OF THE LOSS IN EXCESS OF THE HIGHEST DEDUCTIBLE, IF ANY, TO WHICH THIS ENDORSEMENT AND OTHER TYPES OF INSURANCE ABOVE REFERRED TO BOTH APPLY.

5. PROVISIONS APPLICABLE ONLY WHEN THIS ENDORSEMENT IS ATTACHED TO A POLICY COVERING BUSINESS INTERRUPTION, TUITION FEES, EXTRA EXPENSE, ADDITIONAL LIVING EXPENSE OR RENTS: WHEN THIS ENDORSEMENT IS ATTACHED TO A POLICY COVERING BUSINESS INTERRUPTION, TUITION FEES, EXTRA EXPENSE, ADDITIONAL LIVING EXPENSE OR RENTS, THE TERM "DIRECT LOSS" IN THIS ENDORSEMENT MEANS LOSS, AS LIMITED AND CONDITIONED IN SUCH POLICY, RESULTING FROM DIRECT DAMAGE TO DESCRIBED PROPERTY FROM THE PERIL INSURED AGAINST; AND, WHILE THE BUSINESS OF THE OWNER OR TENANT(S) OF THE DESCRIBED BUILDING(S) IS INTERRUPTED BY A STRIKE AT THE DESCRIBED LOCATION, THIS COMPANY SHALL NOT BE LIABLE FOR ANY LOSS OWING TO INTERFERENCE BY ANY PERSON(S) WITH REBUILDING, REPAIRING, REPLACING OR DECONTAMINATING THE PROPERTY DAMAGED OR DESTROYED OR WITH THE RESUMPTION OR CONTINUATION OF BUSINESS.

CAUTION: WHEN THIS ENDORSEMENT IS ATTACHED TO ONE POLICY, THE INSURED SHOULD SECURE LIKE COVERAGE ON ALL POLICIES COVERING THE SAME PROPERTY.

STANDARD 460-B  
Jan. 1961

It is hereby agreed that as respects this endorsement paragraph #1, line #3 is amended to read "is extended to insure against direct loss by sudden and accidental radioactive contamination damage to the....."

It is further agreed that as respects this endorsement coverage does not apply to property of others in the insured's care, custody and control which may sustain loss due to contamination caused by excess radiation



**CONTINGENT LIABILITY FROM OPERATION OF  
BUILDING LAWS ENDORSEMENT**

**CF 04 05**

**(Ed. 04 77)**

**(For use with Property Damage Building Items Only)**

1. In consideration of the additional premium for this coverage and subject to stipulations, limitations and conditions herein and in the policy to which this endorsement is attached, including endorsements thereon, this Company under this policy and this endorsement shall, in the case of loss to a building(s) covered by this endorsement by fire or other peril insured against, be liable also for the loss occasioned by the enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings and in force at the time such loss occurs, which necessitates the demolition of any portion of the insured building(s) not damaged by the peril(s) insured against, SUBJECT TO THE FOLLOWING LIMITS OF LIABILITY.

2. LIMITS OF LIABILITY: THIS COMPANY SHALL NOT BE LIABLE UNDER THIS POLICY AND THIS ENDORSEMENT FOR:

- A. ANY COST OF DEMOLISHING OR CLEARING THE SITE OF UNDAMAGED PORTIONS OF THE BUILDING(S) UNLESS SUCH LIABILITY IS OTHERWISE SPECIFICALLY ASSUMED BY ENDORSEMENT HEREON AND AN AMOUNT OF INSURANCE SPECIFIED THEREFOR.
- B. ANY GREATER COST OF REPAIR, CONSTRUCTION OR RECONSTRUCTION DUE TO THE ENFORCEMENT OF ANY STATE OR MUNICIPAL LAW OR ORDINANCE UNLESS SUCH LIABILITY IS OTHERWISE SPECIFICALLY ASSUMED BY ENDORSEMENT HEREON AND AN AMOUNT OF INSURANCE SPECIFIED THEREFOR.
- C. MORE THAN THE AMOUNT INSURED UNDER THE POLICY TO WHICH THIS ENDORSEMENT IS ATTACHED.
- D. MORE THAN THE ACTUAL CASH VALUE AT THE TIME OF THE LOSS OF THE BUILDING(S), OR ANY PART THEREOF, DAMAGED BY PERILS INSURED AGAINST OR DEMOLISHED DUE TO THE ENFORCEMENT OF ANY STATE OR MUNICIPAL LAW OR ORDINANCE.
- E. ANY GREATER PROPORTION OF ANY LOSS THAN THE AMOUNT INSURED UNDER THIS POLICY ON SAID BUILDING(S) BEARS TO THE TOTAL INSURANCE ON SUCH BUILDING(S), WHETHER ALL SUCH INSURANCE CONTAINS THIS ENDORSEMENT OR NOT.

3. If this policy is divided into two or more items, the foregoing shall apply separately to each item to which this endorsement applies.

**This Endorsement must be attached to Change Endorsement when issued after the Policy is written.**

**CF 04 05 (Ed. 04 77)**



# DEMOLITION COST ENDORSEMENT

(For use only with Contingent Liability from Operation of  
Building Laws Endorsement)

CF 04 06

(Ed 04 77)

COMPANY	POLICY NO.	AGENCY
LEXINGTON INSURANCE COMPANY	MP863 1050	JOHNSON & HIGGINS

1. In consideration of an additional premium of \$ INCLUDED, the amount of insurance under this policy is increased by NOT EXCEEDING \$ INCLUDED APPLICABLE ONLY TO THE COST OF DEMOLISHING ANY UNDAMAGED PORTION OF THE BUILDING(S) COVERED UNDER THIS POLICY AND THIS ENDORSEMENT INCLUDING THE COST OF CLEARING THE SITE THEREOF, caused by loss from any peril insured against under this policy and resulting from enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings and in force at the time of loss which necessitates such demolition.
2. THIS COMPANY SHALL NOT BE LIABLE UNDER THIS ENDORSEMENT FOR:
- A. ANY GREATER PROPORTION OF ANY LOSS THAN THE AMOUNT INSURED UNDER THIS ENDORSEMENT FOR DEMOLITION AND CLEARING SITE BEARS TO THE TOTAL INSURANCE COVERING EXPENSE OF DEMOLITION AND CLEARING SITE.
  - B. MORE THAN THE AMOUNT SPECIFIED ABOVE.

This Endorsement must be attached to Change Endorsement when issued after the Policy is written.

CF 04 06 (Ed 04 77)



# INCREASED COST OF CONSTRUCTION

(Excess of Replacement Cost)

CF 04 15

(Ed. 04 77)

COMPANY LEXINGTON INSURANCE COMPANY	POLICY NO. MP863 1050	AGENCY JOHNSON & HIGGINS
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SEE FILE

This endorsement applies only to Building Item(s) No(s) \_\_\_\_\_ of this Policy.

1. In consideration of an additional premium of \$ INCL the amount of insurance under this policy is increased by not exceeding \$ SEE FILE PROVIDED, HOWEVER, THAT THE AMOUNT OF SUCH INCREASE SHALL APPLY ONLY TO THE INCREASED COST OF REPAIR, REBUILDING OR CONSTRUCTION OF THE BUILDING(S), ON THE SAME PREMISES, OF LIKE HEIGHT, FLOOR AREA, AND STYLE AND FOR LIKE OCCUPANCY, CAUSED BY LOSS FROM ANY PERIL INSURED AGAINST UNDER THIS POLICY AND RESULTING FROM THE ENFORCEMENT OF AND LIMITED TO THE MINIMUM REQUIREMENTS OF ANY STATE OR MUNICIPAL LAW OR ORDINANCE REGULATING THE CONSTRUCTION OR REPAIR OF DAMAGED BUILDING(S).

## 2. LIMITS OF LIABILITY UNDER THIS ENDORSEMENT.

THIS COMPANY SHALL NOT BE LIABLE FOR:

A. COST OF THE DEMOLITION OF ANY PORTION OF THE BUILDING(S).

B. ANY LOSS UNLESS AND UNTIL THE DAMAGED OR DESTROYED BUILDING(S) IS ACTUALLY REBUILT OR REPLACED ON THE SAME PREMISES WITH DUE DILIGENCE AND DISPATCH, AND, IN NO EVENT, UNLESS REPAIR OR REPLACEMENT IS COMPLETED WITHIN TWO (2) YEARS AFTER THE DESTRUCTION OR DAMAGE, OR WITHIN SUCH FURTHER TIME AS THE COMPANY MAY ALLOW, IN WRITING, DURING THE TWO YEARS.

C. MORE THAN THE AMOUNT ACTUALLY AND NECESSARILY EXPENDED TO REPAIR OR REPLACE AS ABOVE PROVIDED, IN EXCESS OF THE AMOUNT RECOVERABLE UNDER THIS POLICY HAD THIS ENDORSEMENT NOT BEEN ATTACHED THERETO.

D. MORE THAN THE AMOUNT INSURED UNDER THIS ENDORSEMENT IN EXCESS OF THE REPLACEMENT COST OF THE BUILDING(S) WITHOUT DEDUCTION FOR DEPRECIATION HOWEVER CAUSED.

E. ANY GREATER PROPORTION OF ANY LOSS THAN THE AMOUNT COVERED UNDER THIS ENDORSEMENT BEARS TO 80% OR HIGHER % OF THE DIFFERENCE

BETWEEN THE REPLACEMENT VALUE OF THE BUILDING(S) AT THE TIME OF LOSS, WITHOUT DEDUCTION FOR DEPRECIATION AND THE COST OF ERECTING THE BUILDING(S) ON THE SAME PREMISES OF LIKE HEIGHT, FLOOR AREA, AND STYLE AND FOR LIKE OCCUPANCY AND WITHIN THE MINIMUM REQUIREMENTS OF SAID STATE OR MUNICIPAL LAW OR ORDINANCE REGULATING THE CONSTRUCTION OR REPAIR OF DAMAGED BUILDING(S) AT THE TIME THE LOSS OCCURS, NOR FOR MORE THAN THE PROPORTION WHICH THIS INSURANCE BEARS TO THE TOTAL INSURANCE COVERING INCREASED COST OF REPAIR, REBUILDING OR CONSTRUCTION OF THE BUILDING(S).

3. If this policy is divided into two or more items, the foregoing shall apply separately to each item to which this endorsement applies.

This Endorsement must be attached to Change Endorsement when issued after the Policy is written.

CF 04 15 (Ed. 04 77)



## ENDORSEMENT

This endorsement, effective 12:01 A. M. 5-7-83

forms a part of

policy No

MP 863 1050

issued to INTERNATIONAL NUTRONICS, INC.

by

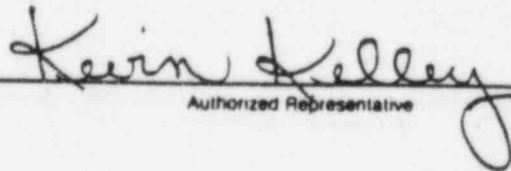
LEXINGTON INSURANCE COMPANY

### ADDITIONAL INSURED'S ENDORSEMENT

1. DONALD INVESTMENT COMPANY
2. CITY OF PALO ALTO, ITS OFFICERS, AGENTS, AND EMPLOYEES
3. CITY OF LOS ALTOS, CALIFORNIA
4. SAM BOSS, U.S. HIGHWAY 46 AND SCHLEY ST. DOVER, N.J. 07801 (LANDLORD)
5. MDANA LEASING COMPANY, P.O. BOX 2431, NAPA, CALIF. 94558

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

6-14-83 enh

  
Authorized Representative

## LENDER'S LOSS PAYABLE ENDORSEMENT

1. Loss or damage, if any, under this policy shall be paid to BANK OF AMERICA  
1700 1ST STREET  
NAPA, CALIF.

its successors and assigns, hereinafter referred to as "the Lender," in whatever form or capacity its interests may appear and whether said interest be vested in said Lender in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Lender.

2. The insurance under this policy, or any rider or endorsement attached thereto, as to the interest only of the Lender, its successors and assigns, shall not be invalidated nor suspended: (a) by any error, omission, or change respecting the ownership, description, possession, or location of the subject of the insurance or the interest therein, or the title thereto; (b) by the commencement of foreclosure proceedings or the giving of notice of sale of any of the property covered by this policy by virtue of any mortgage or trust deed; (c) by any breach of warranty, act, omission, neglect, or non-compliance with any of the provisions of this policy, including any and all riders now or hereafter attached thereto, by the named insured, the borrower, mortgagor, trustor, vendee, owner, tenant, warehouseman, custodian, occupant, or by the agents of either or any of them or by the happening of any event permitted by them or either of them, or their agents, or which they failed to prevent, whether occurring before or after the attachment of this endorsement, or whether before or after a loss, which under the provisions of this policy of insurance or of any rider or endorsement attached thereto would invalidate or suspend the insurance as to the named insured, excluding herefrom, however, any acts or omissions of the lender while exercising active control and management of the property.

3. In the event of failure of the insured to pay any premium or additional premium which shall be or become due under the terms of this policy or on account of any change in occupancy or increase in hazard not permitted by this policy, this Company agrees to give written notice to the Lender of such non-payment of premium after sixty (60) days from and within one hundred and twenty (120) days after due date of such premium and it is a condition of the continuance of the rights of the Lender hereunder that the Lender when so notified in writing by this Company of the failure of the insured to pay such premium shall pay or cause to be paid the premium due within ten (10) days following receipt of the Company's demand in writing therefor. If the Lender shall decline to pay said premium or additional premium, the rights of the Lender under this Lender's Loss Payable Endorsement shall not be terminated before ten (10) days after receipt of said written notice by the Lender.

4. Whenever this Company shall pay to the Lender any sum for loss or damage under this policy and shall claim that as to the insured no liability therefor exists, this Company, at its option, may pay to the Lender the whole principal sum and interest and other indebtedness due or to become due from the insured, whether secured or unsecured, (with refund of all interest not accrued), and this Company, to the extent of such payment, shall thereupon receive a full assignment and transfer, without recourse, of the debt and all rights and securities held as collateral thereto.

5. If there be any other insurance upon the within described property, this Company shall be liable under this policy as to the Lender for the proportion of such loss or damage that the sum hereby insured bears to the entire insurance of similar character on said property under policies held by, payable to and expressly consented to by the Lender. Any Contribution Clause included in any Fallen Building Clause Waiver or any Extended Coverage Endorsement attached to this contract of insurance is hereby nullified, and also any Contribution Clause in any other endorsement or rider attached to this contract of insurance is hereby nullified except Contribution Clauses for the compliance with which the insured has received reduction in the rate charged or has received extension of the coverage to include hazards other than fire and compliance with such Contribution Clause is made a part of the consideration for insuring such other hazards. The Lender upon the payment to it of the full amount of its claim, will subrogate this Company (pro rata with all other insurers contributing to said payment) to all of the Lender's rights of contribution under said other insurance.

6. This Company reserves the right to cancel this policy at any time, as provided by its terms, but in such case this policy shall continue in force for the benefit of the Lender for ten (10) days after written notice of such cancellation is received by the Lender and shall then cease.

7. This policy shall remain in full force and effect as to the interest of the Lender for a period of ten (10) days after its expiration unless an acceptable policy in renewal thereof with loss thereunder payable to the Lender in accordance with the terms of this Lender's Loss Payable Endorsement, shall have been issued by some insurance company and accepted by the Lender.

8. Should legal title to and beneficial ownership of any of the property covered under this policy become vested in the Lender or its agents, insurance under this policy shall continue for the term thereof for the benefit of the Lender but, in such event, any privileges granted by this Lender's Loss Payable Endorsement which are not also granted the insured under the terms and conditions of this policy and/or under other riders or endorsements attached thereto shall not apply to the insurance hereunder as respects such property.

9. All notices herein provided to be given by the Company to the Lender in connection with this policy and this Lender's Loss Payable Endorsement shall be mailed to or delivered to the Lender at its office or branch at

or, if none be specified, at its head office at SAN FRANCISCO, CALIFORNIA

Attached to Policy No. MP863 1050 of LEXINGTON INSURANCE COMPANY

Issued to INTERNATIONAL NUTRONICS, INC

Agency at BOSTON, MASSACHUSETTS

Date 5-7-83

Approved:

Board of Fire Underwriters of the Pacific,  
 California Bankers' Association,  
 Committee on Insurance.

*Gerard O. Hasbener*

Agent.



## COMPREHENSIVE GENERAL LIABILITY INSURANCE

or attachment to Policy No. MP 863 1050 to complete said policy.

## ADDITIONAL DECLARATIONS

Location of all premises owned by, rented to or controlled by the named insured: (ENTER "SAME" IF SAME LOCATION AS ADDRESS SHOWN IN ITEM 1 OF DECLARATIONS)

Interest of named insured in such premises (CHECK BELOW):

☐ Owner ☐ General Lessee ☐ Tenant ☐ Other \_\_\_\_\_

Part occupied by named insured (ENTER BELOW):

The following discloses all hazards insured hereunder known to exist at the effective date of this policy, unless otherwise stated herein.

## SCHEDULE

The insurance afforded is only with respect to such of the following Coverages as are indicated by specific premium charge or charges. The limit of the company's liability against each such Coverage shall be as stated herein, subject to all the terms of this policy having reference thereto.

Coverages	Limits of Liability		Advance Premiums
	each occurrence	aggregate	
A—Bodily Injury Liability	\$ PER 1202	\$	\$ 10,035
B—Property Damage Liability	\$	\$	\$ INCL.
Form numbers of endorsements attached at issue			\$
PER DECLARATIONS			Total Advance Premium \$ 10,035.

## General Liability Hazards

Description of Hazards	Code No.	Premium Bases	Rates		Advance Premiums	
			B.I.	P.D.	Bodily Injury	Property Damage
Premises - Operations						
MEDICAL PRODUCTS STERILIZATION		c) 550,000.	.12	INCL.	660.	INCL.
		(a) Area (Sq. Ft.) (b) Frontage (c) Remuneration (d) Receipts (e) Units (f) Admissions	(a) Per 100 Sq. Ft. of Area (b) Per Linear Foot (c) Per \$100 of Remuneration (d) Per \$100 of Receipts (e) Per Unit (f) Per 100 Admissions			
Escalators (Number at Premises)		Number insured	Per Landing			
N/A						
Independent Contractors		Cost	Per \$100 of Cost			
N/A						
Completed Operations		(a) Receipts	(a) Per \$1,000 of Receipts			
INCL.		INCL.	INCL.	INCL.	INCL.	INCL.
Products		(b) Sales	(b) Per \$1,000 of Sales			
MEDICAL PRODUCTS STERILIZATION		1,500,000.	6.25	INCL.	9375	INCL.
Total Advance B.I. and P.D. Premiums					\$ 10,035.	\$ INCL.

When used as a premium basis:

- "admissions" means the total number of persons, other than employees of the named insured, admitted to the event insured or to events conducted on the premises whether on paid admission tickets, complimentary tickets or passes;
- "cost" means the total cost to the named insured with respect to operations performed for the named insured during the policy period by independent contractors of all work let or sub-let in connection with each specific project, including the cost of all labor, materials and equipment furnished, used or delivered for use in the execution of such work, whether furnished by the owner, contractor or subcontractor, including all fees, allowances, bonuses or commissions made, paid or due;
- "receipts" means the gross amount of money charged by the named insured for such operations by the named insured or by others during the policy period as are rated on a receipts basis other than receipts from telecasting, broadcasting or motion pictures, and includes taxes, other than taxes which the named insured collects as a separate item and remits directly to a governmental division;
- "remuneration" means the entire remuneration earned during the policy period by proprietors and by all employees of the named insured, other than chauffeurs (except operators of mobile equipment) and aircraft pilots and co-pilots, subject to any overtime earnings or limitation of remuneration rule applicable in accordance with the manuals in use by the company;
- "sales" means the gross amount of money charged by the named insured or by others trading under his name for all goods and products sold or distributed during the policy period and charged during the policy period for installation, servicing or repair, and includes taxes, other than taxes which the named insured and such others collect as a separate item and remit directly to a governmental division.

(ISO-Adv. 3003)

**AMENDMENT—LIMITS OF LIABILITY**

(Single Limit)

(Policy Aggregate Limit)

**SCHEDULE**

Coverages	Limits of Liability	
Bodily Injury Liability and Property Damage Liability	\$ 500	.000 each occurrence
	\$ 500	.000 aggregate

It is agreed that the provisions of the policy captioned "LIMITS OF LIABILITY" relating to Bodily Injury Liability and Property Damage Liability are amended to read as follows:

**LIMITS OF LIABILITY**

Regardless of the number of (1) insureds under this policy, (2) persons or organizations who sustain bodily injury or property damage, (3) claims made or suits brought on account of bodily injury or property damage or (4) automobiles or units of mobile equipment to which this policy applies, the company's liability is limited as follows:

**Bodily Injury Liability and Property Damage Liability:**

(a) The limit of liability stated in the Schedule of this endorsement as applicable to "each occurrence" is the total limit of the company's liability for all damages because of bodily injury or property damage as a result of any one occurrence, provided that with respect to any occurrence for which notice of this policy is given in lieu of security or when this policy is certified as proof of financial responsibility under the provisions of the Motor Vehicle Financial Responsibility Law of any state or province such limit

of liability shall be applied to provide the separate limits required by such law for Bodily Injury Liability and Property Damage Liability to the extent of the coverage required by such law, but the separate application of such limit shall not increase the total limit of the company's liability.

(b) If an aggregate amount is stated in the Schedule then subject to the above provision respecting "each occurrence", the total liability of the company for all damages because of all bodily injury and property damage which occurs during each annual period while this policy is in force commencing from its effective date shall not exceed the limit of liability stated in the Schedule of this endorsement as "aggregate".

(c) For the purpose of determining the limit of the company's liability, all bodily injury and property damage arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one occurrence.

This endorsement must be attached to the Change Endorsement when issued after the policy is written.

**OWNERS' AND CONTRACTORS' PROTECTIVE LIABILITY INSURANCE  
COVERAGE FOR OPERATIONS OF DESIGNATED CONTRACTOR**

For attachment to Policy No. MP863 1050, to complete said policy.

**ADDITIONAL DECLARATIONS**

Designation of Contractor (ENTER BELOW)

Mailing Address (ENTER BELOW)

Location of Covered Operations (ENTER BELOW)

☐ Check here if the following provision is applicable:

The person or organization designated above as the Contractor has undertaken to pay the premium for this policy and shall be entitled to receive any return premiums, if any, which may become payable under the terms of this policy.

**SCHEDULE**

The insurance afforded is only with respect to such of the following Coverages as are indicated by specific premium charge or charges. The limit of the company's liability against each such Coverage shall be as stated herein, subject to all the terms of this policy having reference thereto.

Coverages	Limits of Liability		Premium Bases	Rates	Advance Premiums
			Cost	\$100 of cost	
A—Bodily Injury Liability	\$ PER 1202	each occurrence	\$ IF ANY	\$	\$ INCL.
B—Property Damage Liability	\$	each occurrence \$ aggregate	\$	\$	\$ INCL.
Firm numbers of endorsements attached at issue					\$
PER DECLARATIONS					Total Advance Premium \$ INCL.

When used as a premium basis:

"cost" means the total cost to the named insured with respect to operations performed for the named insured during the policy period by independent contractors of all work let or sub-let in connection with each specific project, including the cost of all labor, materials and equipment furnished, used or delivered for use in the execution of such work, whether furnished by the owner, contractor or subcontractor, including all fees, allowances, bonuses or commissions made, paid or due.

**I. COVERAGE A—BODILY INJURY LIABILITY****COVERAGE B—PROPERTY DAMAGE LIABILITY**

The company will pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of

- A. bodily injury or
- B. property damage

to which this policy applies, caused by an occurrence and arising out of (1) operations performed for the named insured by the contractor designated in the declarations at the location designated therein or (2) acts or omissions of the named insured in connection with his general supervision of such operations, and the company shall have the right and duty to defend any suit against the insured seeking damages on account of such bodily injury or property damage, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

**Exclusions**

This policy does not apply:

- (a) to liability assumed by the insured under any contract or agreement except an incidental contract; but this exclusion does not apply to a warranty that work performed by the designated contractor will be done in a workmanlike manner;
- (b) to bodily injury or property damage occurring after
  - (1) all work on the project (other than service, maintenance or repairs) to be performed by or on behalf of the named insured at the site of the covered operations has been completed or
  - (2) that portion of the designated contractor's work out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project;
- (c) to bodily injury or property damage arising out of any act or omission of the named insured or any of his employees, other than general supervision of work performed for the named insured by the designated contractor;
- (d) to any obligation for which the insured or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;
- (e) to bodily injury to any employee of the insured arising out of and in the course of his employment by the insured or to any obligation of the insured to indemnify another because of damages arising out of such injury; but this exclusion does not apply to liability assumed by the insured under an incidental contract;
- (f) to property damage to
  - (1) property owned or occupied by or rented to the insured,
  - (2) property used by the insured,
  - (3) property in the care, custody or control of the insured or as to which the insured is for any purpose exercising physical control, or
  - (4) work performed for the insured by the designated contractor;
- (g) to bodily injury or property damage due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing, with respect to (1) liability assumed by the insured under an incidental contract, or (2) expenses for first aid under the Supplementary Payments provision of the policy;
- (h) to bodily injury or property damage arising out of (1) the ownership, maintenance, operation, use, loading or unloading of any mobile equipment while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity or (2) the operation or use of any snowmobile or trailer designed for use therewith;
- (i) to bodily injury or property damage arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any water course or body of water; but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental;
- (j) to loss of use of tangible property which has not been physically injured or destroyed resulting from
  - (1) a delay in or lack of performance by or on behalf of the named insured of any contract or agreement, or
  - (2) the failure of the named insured's products or work performed by or on

## BROAD FORM COMPREHENSIVE GENERAL LIABILITY ENDORSEMENT

This endorsement modifies such insurance as is afforded by the provisions of the policy relating to the following designated insurance:  
COMPREHENSIVE GENERAL LIABILITY INSURANCE

This endorsement, effective

(12:01 A. M., standard time)

, forms a part of policy No. MP863 1050

issued to INTERNATIONAL NUTRONICS, INC.

by LEXINGTON INSURANCE COMPANY

*Kevin Kelly*  
Authorized Representative

## SCHEDULE

## Personal Injury and Advertising Injury Liability

Aggregate Limit shall be the per occurrence bodily injury liability limit unless otherwise indicated herein.

Limit of Liability \$ \_\_\_\_\_ Aggregate

## Limit of Liability—Premises Medical Payments Coverage:

\$1,000 each Person unless otherwise indicated herein \$ \_\_\_\_\_ each person.

## Limit of Liability—Fire Legal Liability Coverage:

\$50,000 per occurrence unless otherwise indicated herein: \$ \_\_\_\_\_ per occurrence.

Advance Premium	Premium Basis
\$ INCL.	INCL. % OF THE TOTAL COMPREHENSIVE GENERAL LIABILITY BODILY INJURY AND PROPERTY DAMAGE PREMIUM AS OTHERWISE DETERMINED
\$ INCL.	MINIMUM PREMIUM
\$ INCL.	Additional Premium

## I. CONTRACTUAL LIABILITY COVERAGE

(A) The definition of incidental contract is extended to include any contract or agreement relating to the conduct of the named insured's business.

(B) The insurance afforded with respect to liability assumed under an incidental contract is subject to the following additional exclusions:

(1) to bodily injury or property damage for which the insured has assumed liability under any incidental contract, if such injury or damage occurred prior to the execution of the incidental contract;

(2) if the insured is an architect, engineer or surveyor, to bodily injury or property damage arising out of the rendering or failure to render professional services by such insured, including

(a) the preparation or approval of maps, drawings, opinions, reports, surveys, change orders, designs or specifications, and

(b) supervisory, inspection or engineering services;

(3) if the indemnitee of the insured is an architect, engineer or surveyor, to the liability of the indemnitee, his agents or employees, arising out of

(a) the preparation or approval or the failure to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications, or

(b) the giving of or the failure to give directions or instructions by the indemnitee, his agents or employees, provided such giving or failure to give is the primary cause of the bodily injury or property damage;

(4) to any obligation for which the insured may be held liable in an action on a contract by a third party beneficiary for bodily injury or property damage arising out of a project for a public authority, but this exclusion does not apply to an action by the public authority or any other person or organization engaged in the project;

(5) to bodily injury or property damage arising out of operations, within 50 feet of any railroad property, affecting any railroad bridge or trestle, tracks, road beds, tunnel, underpass or crossing; but this exclusion does not apply to sidetrack agreements.

(C) The following exclusions applicable to Coverages A (Bodily Injury) and B (Property Damage) do not apply to this Contractual Liability Coverage: (b), (c) (2), (d) and (e).

(D) The following additional condition applies:

## Arbitration

The company shall be entitled to exercise all of the insured's rights in the choice of arbitrators and in the conduct of any arbitration proceeding.

## II. PERSONAL INJURY AND ADVERTISING INJURY LIABILITY COVERAGE

(A) The company will pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of personal injury or advertising injury to which this insurance applies, sustained by any person or organization and arising out of the conduct of the named insured's business, within the policy territory, and the company shall have the right and duty to defend any suit against the insured seeking damages on account of such injury, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the company's liability has been exhausted by payment of judgments or settlements.

(B) This insurance does not apply:

(1) to liability assumed by the insured under any contract or agreement;

(2) to personal injury or advertising injury arising out of the willful violation of a penal statute or ordinance committed by or with the knowledge or consent of the insured;

(3) to personal injury or advertising injury arising out of a publication or utterance of a libel or slander, or a publication or utterance in violation of an individual's right of privacy, if the first injurious publication or utterance of the same or similar material by or on behalf of the named insured was made prior to the effective date of this insurance;

(4) to personal injury or advertising injury arising out of libel or slander or the publication or utterance of defamatory or disparaging material concerning any person or organization or goods, products or services, or in violation of an individual's right of privacy, made by or at the direction of the insured with knowledge of the falsity thereof;



...which is not designated in the declaration of the policy as a named insured;

- (6) to advertising injury arising out of
  - (a) failure of performance of contract, but this exclusion does not apply to the unauthorized appropriation of ideas based upon alleged breach of implied contract, or
  - (b) infringement of trademark, service mark or trade name, other than titles or slogans, by use thereof on or in connection with goods, products or services sold, offered for sale or advertised, or
  - (c) incorrect description or mistake in advertised price of goods, products or services sold, offered for sale or advertised;
- (7) with respect to advertising injury
  - (a) to any insured in the business of advertising, broadcasting, publishing or telecasting, or
  - (b) to any injury arising out of any act committed by the insured with actual malice.

#### (C) Limits of Liability

Regardless of the number of (1) insureds hereunder, (2) persons or organizations who sustain injury or damage, or (3) claims made or suits brought on account of personal injury or advertising injury the total limit of the company's liability under this coverage for all damages shall not exceed the limit of liability stated in this endorsement as "aggregate".

#### (D) Additional Definitions

"Advertising injury" means injury arising out of an offense committed during the policy period occurring in the course of the named insured's advertising activities. If such injury arises out of libel, slander, defamation, violation of right of privacy, piracy, unfair competition, or infringement of copyright, title or slogan.

"Personal injury" means injury arising out of one or more of the following offenses committed during the policy period:

1. false arrest, detention, imprisonment, or malicious prosecution;
2. wrongful entry or eviction or other invasion of the right of private occupancy;
3. a publication or utterance
  - (a) of a libel or slander or other defamatory or disparaging material, or
  - (b) in violation of an individual's right of privacy; except publications or utterances in the course of or related to advertising, broadcasting, publishing or telecasting activities conducted by or on behalf of the named insured shall not be deemed personal injury.

#### III. PREMISES MEDICAL PAYMENTS COVERAGE

The company will pay to or for each person who sustains bodily injury caused by accident all reasonable medical expenses incurred within one year from the date of the accident on account of such bodily injury, provided such bodily injury arises out of (a) a condition in the insured premises or (b) operations with respect to which the named insured is afforded coverage for bodily injury liability under the policy.

This insurance does not apply:

#### (A) to bodily injury

- (1) arising out of the ownership, maintenance, operation, use, loading or unloading of
  - (a) any automobile or aircraft owned or operated by or rented or loaned to any insured, or
  - (b) any other automobile or aircraft operated by any person in the course of his employment by any insured;but this exclusion does not apply to the parking of an automobile on the insured premises, if such automobile is not owned by or rented or loaned to any insured;
- (2) arising out of
  - (a) the ownership, maintenance, operation, use, loading or unloading of any mobile equipment while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity, or
  - (b) the operation or use of any snowmobile or trailer designed for use therewith;
- (3) arising out of the ownership, maintenance, operation, use, loading or unloading of
  - (a) any watercraft owned or operated by or rented or loaned to any insured, or
  - (b) any other watercraft operated by any person in the course of his employment by any insured;but this exclusion does not apply to watercraft while ashore on the insured premises;
- (4) arising out of and in the course of the transportation of mobile equipment by an automobile owned or operated by or rented or loaned to the named insured;

- (5) included within the completed operations hazard or the products hazard;
- (6) arising out of operations performed for the named insured by independent contractors other than
  - (a) maintenance and repair of the insured premises or
  - (b) structural alterations at such premises which do not involve changing the size of or moving buildings or other structures;
- (7) resulting from the selling, serving or giving of any alcoholic beverage
  - (a) in violation of any statute, ordinance or regulation,
  - (b) to a minor,
  - (c) to a person under the influence of alcohol, or
  - (d) which causes or contributes to the intoxication of any person.If the named insured is a person or organization engaged in the business of manufacturing, distributing, selling or serving alcoholic beverages, or if not so engaged, is an owner or lessor of premises used for such purposes, but only part (a) of this exclusion (6) (3) applies when the named insured is such an owner or lessor;
- (8) due to war, whether or not declared, civil war, insurrection, rebellion or revolution, or to any act or condition incident to any of the foregoing;

#### (C) to bodily injury

- (1) to the named insured, any partner therein, any tenant or other person regularly residing on the insured premises or any employee of any of the foregoing if the bodily injury arises out of and in the course of his employment therewith;
- (2) to any other tenant if the bodily injury occurs on that part of the insured premises rented from the named insured or to any employee of such a tenant if the bodily injury occurs on the tenant's part of the insured premises and arises out of and in the course of his employment for the tenant;
- (3) to any person while engaged in maintenance and repair of the insured premises or alteration, demolition or new construction at such premises;
- (4) to any person if any benefits for such bodily injury are payable or required to be provided under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;
- (5) to any person practicing, instructing or participating in any physical training, sport, athletic activity or contest whether on a formal or informal basis;
- (6) if the named insured is a club, to any member of the named insured;
- (7) if the named insured is a hotel, motel, or tourist court, to any guest of the named insured;
- (8) to any medical expense for services by the named insured, any employee thereof or any person or organization under contract to the named insured to provide such services.

#### LIMITS OF LIABILITY

The limit of liability for Premises Medical Payments Coverage is \$1,000 each person unless otherwise stated in the schedule of this endorsement. The limit of liability applicable to "each person" is the limit of the company's liability for all medical expenses for bodily injury to any one person as the result of any one accident; but subject to the above provision respecting "each person", the total liability of the company under Premises Medical Payments Coverage for all medical expenses for bodily injury to two or more persons as the result of any one accident shall not exceed the limit of bodily injury liability stated in the policy as applicable to "each occurrence".

When more than one medical payments coverage afforded by the policy applies to the loss, the company shall not be liable for more than the amount of the highest applicable limit of liability.

#### ADDITIONAL DEFINITIONS

When used herein:

"Insured premises" means all premises owned by or rented to the named insured with respect to which the named insured is afforded coverage for bodily injury liability under this policy, and includes the ways immediately adjoining on land;

"Medical expense" means expenses for necessary medical, surgical, x-ray and dental services, including prosthetic devices, and necessary ambulance, hospital, professional nursing and funeral services.

#### ADDITIONAL CONDITION

##### Medical Reports, Proof and Payment of Claim

As soon as practicable the injured person or someone on his behalf shall give to the company written proof of claim, under oath if required, and shall, after each request from the company, execute authorization to enable the company to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by the company when and as often as the company may reasonably require. The company may pay the injured person or any person or organization rendering the services and the payment shall reduce the amount payable hereunder for such injury. Payment hereunder shall

#### FF. BEST LIQUOR LAW LIABILITY COVERAGE

Exclusion (b) does not apply with respect to liability of the insured or his indemnitee arising out of the giving or serving of alcoholic beverages at functions incidental to the named insured's business, provided the named insured is not engaged in the business of manufacturing, distributing, selling or serving of alcoholic beverages.

#### V. FIRE LEGAL LIABILITY COVERAGE—REAL PROPERTY

With respect to property damage to structures or portions thereof rented to or leased to the named insured, including fixtures permanently attached thereto, if such property damage arises out of fire:

(A) All of the exclusions of the policy, other than the Nuclear Energy Liability Exclusion (Broad Form), are deleted and replaced by the following:

This insurance does not apply to liability assumed by the insured under any contract or agreement.

(B) The limit of property damage liability as respects this Fire Legal Liability Coverage—Real Property is \$50,000 each occurrence unless otherwise stated in the Schedule of this endorsement.

(C) The Fire Legal Liability Coverage—Real Property shall be excess insurance over any valid and collectible property insurance (including any deductible portion thereof), available to the insured, such as, but not limited to, Fire, Extended Coverage, Builder's Risk Coverage or Installation Risk Coverage, and the Other Insurance Condition of the policy is amended accordingly.

#### VI. BROAD FORM PROPERTY DAMAGE LIABILITY COVERAGE (Including Completed Operations)

The insurance for property damage liability applies, subject to the following additional provisions:

(A) Exclusions (A) and (a) are replaced by the following:

(1) to property owned or occupied by or rented to the insured, or, except with respect to the use of elevators, to property held by the insured for sale or entrusted to the insured for storage or safekeeping;

(2) except with respect to liability under a written sidetrack agreement or the use of elevators

(a) to property while on premises owned by or rented to the insured for the purpose of having operations performed on such property by or on behalf of the insured;

(b) to tools or equipment while being used by the insured in performing his operations;

(c) to property in the custody of the insured which is to be installed, erected or used in construction by the insured;

(d) to that particular part of any property, not on premises owned by or rented to the insured,

(i) upon which operations are being performed by or on behalf of the insured at the time of the property damage arising out of such operations, or

(ii) out of which any property damage arises, or

(iii) the restoration, repair or replacement of which has been made or is necessary by reason of faulty workmanship thereon by or on behalf of the insured;

(3) with respect to the completed operations hazard and with respect to any classification stated in the policy or in the company's manual as "including completed operations", to property damage to work performed by the named insured arising out of such work or any portion thereof, or out of such materials, parts or equipment furnished in connection therewith.

(B) The Broad Form Property Damage Liability Coverage shall be excess insurance over any valid and collectible property insurance (including any deductible portion thereof) available to the insured, such as, but not limited to, Fire, Extended Coverage, Builder's Risk Coverage or Installation Risk Coverage, and the Other Insurance Condition of the policy is amended accordingly.

#### VII. INCIDENTAL MEDICAL MALPRACTICE LIABILITY COVERAGE

The definition of bodily injury is amended to include incidental Medical Malpractice Injury.

Incidental Medical Malpractice Injury means injury arising out of the rendering of or failure to render, during the policy period, the following services:

(A) medical, surgical, dental, x-ray or nursing service or treatment or the furnishing of food or beverages in connection therewith; or

(B) the furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances.

This coverage does not apply to:

(1) expenses incurred by the insured for first-aid to others at the time of an accident and the "Supplementary Payments" provision and the "Insured's Duties in the Event of Occurrence, Claim or Suit" Condition are amended accordingly;

(2) any insured engaged in the business or occupation of providing any of the services described under VII (A) and (B) above;

(3) injury caused by any indemnitee if such indemnitee is engaged in the business or occupation of providing any of the services described under VII (A) and (B) above.

#### VIII. NON-OWNED WATERCRAFT LIABILITY COVERAGE (under 26 feet in length)

Exclusion (a) does not apply to any watercraft under 26 feet in length provided such watercraft is neither owned by the named insured nor being used to carry persons or property for a charge.

Where the insured is, irrespective of this coverage, covered or protected against any loss or claim which would otherwise have been paid by the company under this endorsement, there shall be no contribution or participation by this company on the basis of excess, contributing, deficiency, concurrent, or double insurance or otherwise.

#### IX. LIMITED WORLDWIDE LIABILITY COVERAGE

The definition of policy territory is amended to include the following:

4. Anywhere in the world with respect to bodily injury, property damage, personal injury or advertising injury arising out of the activities of any insured permanently domiciled in the United States of America though temporarily outside the United States of America, its territories and possessions or Canada, provided the original suit for damages because of any such injury or damage is brought within the United States of America, its territories or possessions or Canada.

Such insurance as is afforded by paragraph 4. above shall not apply:

(a) to bodily injury or property damage included within the completed operations hazard or the products hazard;

(b) to premises medical payments coverage.

#### X. ADDITIONAL PERSONS INSURED

As respects bodily injury, property damage and advertising injury and personal injury coverages, under the provision "Persons Insured", the following are added as insureds:

(1) Spouse—Partnership—If the named insured is a partnership, the spouse of a partner but only with respect to the conduct of the business of the named insured.

(2) Employee—Any employee of the named insured while acting within the scope of his duties as such, but the insurance afforded to such employee does not apply:

(a) to bodily injury or personal injury to another employee of the named insured arising out of or in the course of his employment;

(b) to personal injury or advertising injury to the named insured or, if the named insured is a partnership or joint venture, any partner or member thereof, or the spouse of any of the foregoing;

(c) to property damage to property owned, occupied or used by, rented to, in the care, custody or control of or over which physical control is being exercised for any purpose by another employee of the named insured, or by the named insured or, if the named insured is a partnership or joint venture, any partner or member thereof or by the spouse of any of the foregoing.

#### XI. EXTENDED BODILY INJURY COVERAGE

The definition of occurrence includes any intentional act by or at the direction of the insured which results in bodily injury, if such injury arises solely from the use of reasonable force for the purpose of protecting persons or property.

#### XII. AUTOMATIC COVERAGE—NEWLY ACQUIRED ORGANIZATIONS (90 DAYS)

The word insured shall include as named insured any organization which is acquired or formed by the named insured and over which the named insured maintains ownership or majority interest, other than a joint venture, provided this insurance does not apply to bodily injury, property damage, personal injury and advertising injury with respect to which such new organization under this policy is also an insured under any other similar liability or indemnity policy or would be an insured under any such policy but for exhaustion of its limits of liability. The insurance afforded hereby shall terminate 90 days from the date any such organization is acquired or formed by the named insured.



## ENDORSEMENT

This endorsement effective 12:01

A. M 5-7-83

forms a part of

policy No

MP 863 1050

issued to

INTERNATIONAL NUTRONICS, INC.

by

LEXINGTON INSURANCE COMPANY

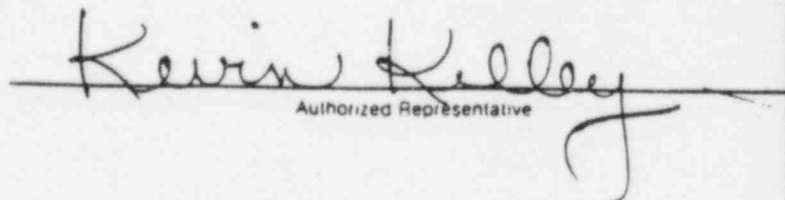
### SEEPAGE, POLLUTION AND CONTAMINATION EXCLUSION CLAUSE

This Insurance does not cover any liability for:

1. Personal injury or bodily injury or loss of damage to or loss of use of property directly or indirectly caused by seepage, pollution or contamination by radioactive material.
2. Cost of removing, nullifying or cleaning up seeping, polluting or contamination substances, including radioactive substances.
3. Loss of, damage to, or loss of use of property directly or indirectly resulting from subsidence caused by subsurface operations of the Assured, including nuclear operations.
4. Removal or, loss of or damage to sub-surface oil, gas or any other substance, property of others, by radiation.
5. Fines, penalties, punitive or exemplary damages.
6. Seepage, pollution or contamination from any structure, basin, excavation, premises or place prepared or used for the storage or disposal of nuclear waste.

This exclusion does not apply to property of others in the insured's care, custody and control, or to sudden and accidental contamination.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

  
Authorized Representative

A333

Run around any. Surveys of West (River)  
 monthly Surveys  
 Council station to accumulate information  
 of this condition & treatment may be decided  
 take large dust sample - Results as follows.

- ① Dust on ledge by window by Truck wall.  
 $5.75 - 460 = 115 / .02 = 569 \text{ dpm}$
- ② Dust on ledge under Exit sign  
 $3237 - 460 = 2777 / .02 = 13,748 \text{ dpm}$
- ③ Dust on conduit  
 $1858 - 460 = 1398 / .02 = 699 \text{ dpm}$
- ④ Dust on O.R. Panel  
 $939 - 460 = 479 / .02 = 2371 \text{ dpm}$
- ⑤ Dust on Top of Control panel.  
 $1630 - 460 = 1170 / .02 = 5792 \text{ dpm}$
- ⑥ Dust on Conduit (Left)  
 $1631 - 460 = 1171 / .02 = 5777 \text{ dpm}$
- ⑦ Dust on Cabinet (Elec) Left  
 $8091 - 460 = 7631 / .02 = 37,777 \text{ dpm}$
- ⑧ Dust on Left Table  
 $2061 - 460 = 1601 / .02 = 11,777$
- ⑨ HIGH VOLTAGE TRANS. NEXT TO FILTER.  
 $1064 - 460 = 604 / .02 = 2970 \text{ dpm}$
- ⑩ Office window ledge (small)  
 $838 - 460 = 378 / .02 = 1571 \text{ dpm}$
- ⑪ Office Black Board (Top Right)  
 $3560 - 460 = 3100 / .02 = 15347 \text{ dpm}$
- ⑫ Office display shelf  
 $2143 - 460 = 1683 / .02 = 8332 \text{ dpm}$
- ⑬ Office shelf above Photo Spect  
 $2153 - 460 = 1693 / .02 = 8381 \text{ dpm}$
- ⑭ B.R. window  
 $994 - 460 = 534 / .02 = 2644 \text{ dpm}$
- ⑮ Office shelf (Radio)  
 $569 - 460 = 109 / .02 = 540 \text{ dpm}$
- ⑯ Work Table by pump  
 $1634 - 460 = 1174 / .02 = 5812 \text{ dpm}$

B5

⑤

⑥

⑦

⑧

⑨

⑩

⑪

RESTRICTED AREA

10.2%

BKc 460

9/1/82

[LOCATION]				CPM	NET	DEPT.
1	MODINE HEATER.	<del>NORTH</del> <sup>PLENUM</sup> WEST		3335	2875	14235
2	MODINE HEATER.	<del>EAST</del> <sup>LOWERS</sup> WEST		2568	2108	10436
3	"	"	WEST Fan Blade.	2662	2202	10901
4	"	"	" TOP.	5250	4790	23719
5	"	"	NORTH Plenum.	5893	5433	26896
6	"	"	" LOWERS	3480	3020	14950
7	"	"	" Fan Blade	1557	1097	5431
8	"	"	" TOP.	2051	1591	7876
9	Phone by TRUCK DOOR.			496	36	178
10	Plywood TOP OLD LABY (SOOTH)			752	292	1446
11	Fire ext. by TRUCK DOOR.			956	496	2455
12	TRUCK DOOR MOUNTING			697	237	1173
13	DRAIN LIFTER ON TOOL RACK North wall.			1090	630	3119
14	Slip VAC.			628	168	555
15	FLOOR AREA <sup>South</sup> <del>West</del> OLD LABY			515	55	272
16	Tale shelf by TRUCK DOOR			1256	796	3941
17	OLD cell outside block shelf (west)			513	53	262
18	Fire ext on N.C. Panel.			504	44	218
19	I beam above TRUCK. (see 4)			2129	1669	8262
20	I beam above Control Console			3347	2887	14292

B147

[B147]

471

AIM

8/3/53

Ran a test of the  $\gamma$  counter.   
 done by Joe. on 8/3/53.   
 1/2 of the respirator filter counted for 10 min.   
 on top of the detector.

note: a normal geometry detector is 20.2% eff.   
 we used a 10% eff because we could not   
 get filter into well.

results.

$$\begin{aligned}
 &10 \text{ min count } 1122 \\
 &\times 2 \text{ for } 1/2 \text{ filter } 2244 \\
 &\quad - 460 \text{ Bkg} \\
 &\quad \hline
 &\quad 1784 \\
 &\quad \div 0.10 \text{ eff.} \\
 &\quad \hline
 &\quad 17840 \text{ dpm} \\
 &\quad \div 2.2 \times 10^6 \\
 &\quad \hline
 &\quad 0.008036 \text{ } \mu\text{Ci} \\
 &\quad \div \frac{1.2 \times 10^6 \text{ ml}}{6.7 \times 10^{-9} \text{ } \mu\text{Ci/ml}} \text{ standard used } 1 \text{ ml.} \\
 &\quad \hline
 &\quad 1.8 \times 10^{-5} \text{ } \mu\text{Ci/ml} \\
 &\quad 9 \times 10^{-9} \text{ } \mu\text{Ci/ml used}
 \end{aligned}$$

9/1/0.

Bkgd 460

E55 20.2/0

LIVING AREA

		CPM	Net	DPM
1	Phone shelf (ans)	448	—	—
2	Top of Spec 20	431	—	—
3	Chalk Board base (Block)	612	152	752 *
4	Lindberg furnace	475	15	74
5	Top of First aid Cabinet	443	—	—
6	Chair Seat	464	4	20
7	Air C. ledge	436	—	—
8	Air C filter	483	23	114
9	Window ledge (inside to plant)	794	334	1153 *
10	Phone Litter	439	—	—
11	Ceiling	<del>468</del> 513	8	40
12	display area (uncleaned)	640	180	891
13	" cleaned	441	—	—
14	Base board	540	80	396
15	Floor	499	39	193
16	Exit exterior	464	4	2

Bathroom

17	ledge	463	3	15
18	baseboard	787	327	1619 *
19	Ceiling Vent	617	157	777 *
20	Base of toilet	576	116	574
21	shelf	485	25	123

3147

[B147]



9/1/83

Plant Area

		CPM	NET	L/min
22	Top of pipe 1st console	522	62	30
23	Ref. Storage area	483	23	114
24	Edel 11	488	28	139
25	WASTE drum by old cell	3665	3205	15,866

9/1/83

AIR MONITORING

Air

MONITORED Air in The IRRADIATOR bldg using  
DuPont P-4000 set at 3 LPM.

① ABOVE N.C. CONSOLE STATION (STATIC CONDITION) (3 LPM)

Time	GROSS CPM	BKG	NET CPM	dpm	MC	MC/mL
4hr.	482	460	22	109	$4.24 \times 10^{-5}$	$\frac{10.59 \times 10^{-11}}{10.59 \times 10^{-11}}$

② OLD CELL. (2 LPM)

4hr.	479			99	$4.23 \times 10^{-5}$	
------	-----	--	--	----	-----------------------	--

9/2/83 Air Monitoring (OFFICER in IRRADIATION bldg)

Time	455	460	0			$< 1.10^{-12}$
04.05'						

9/2/83 Air Monitoring (IRRADIATOR AREA) 3 LPM

Time	480	460	20	99	$4.45 \times 10^{-5}$	$4.94 \times 10^{-12}$
5hr.						

B147

[B147]

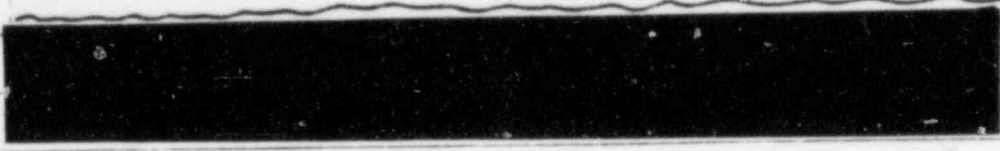


9/6/83

Leak termination

Started decontamination of Left area.

- ① all conduit on South wall.
- ② all wire on S wall.
- ③ all pipes " " " " 10) Table top (North side)
- ④ water tank & pipes 11) mirrors.
- ⑤ Drum lids
- ⑥ I beam (inside)
- ⑦ PVC Pipe
- ⑧ Tops of two Electronic cabinet
- ⑨ Chain hanger on West side.



Air

Dugout P4000 at 31pm. for 1 hr.

cpm	ldg	NEE	dpm	uci	vol (ml)	uci/ml
525 - 460		65	310	$1.4 \times 10^{-4}$	$1.8 \times 10^5$	$7.8 \times 10^{-10}$

Positioned paper towel squares around radiator  
ldg on 8/31/83 To determine fallout.

Ran one sample (Top of old cell)

Counts 478 - 460 ldg = 18 cpm = 89 dpm

9/7/83

Continued (Lecon) of Left area

- ① garden hose.
- ② Chain hoist motor.
- ③ conduit along East wall.

B147

[B 147]

Dr. offshoot.

A hand-drawn floor plan of a building layout. The plan is oriented with North at the top. Key features include:

- Entrance:** Located on the left side, with an arrow pointing to the "ENTRANCE" label.
- Rooms and Areas:**
  - WATER TANK:** A circular feature in the upper left room.
  - WATER TANK:** A circular feature in the lower left room.
  - LOST AREA:** A rectangular area in the upper right.
  - PUMP AREA:** A rectangular area in the lower left.
  - LOST AREA:** A rectangular area in the lower right.
- Structural Elements:**
  - BEAMS:** Labeled "BEAM" and "I BEAM" at various points.
  - WALLS:** Labeled "NORTH WALL", "WEST WALL", and "SOUTH WALL".
  - TRUCK DOOR:** Located at the bottom right.
  - TRUCK DOOR:** Located at the bottom left.
- Other Labels:**
  - LIGHTS:** Labeled in two locations.
  - WATER TANK:** Labeled in two locations.
  - LOST AREA:** Labeled in two locations.
  - PUMP AREA:** Labeled in one location.
  - ENTRANCE:** Labeled in one location.
  - BEAM:** Labeled in one location.
  - I BEAM:** Labeled in one location.
  - TRUCK DOOR:** Labeled in two locations.
  - WALL:** Labeled in one location.
  - WATER TANK:** Labeled in one location.
  - LOST AREA:** Labeled in one location.
  - PUMP AREA:** Labeled in one location.
  - ENTRANCE:** Labeled in one location.
  - BEAM:** Labeled in one location.
  - I BEAM:** Labeled in one location.
  - TRUCK DOOR:** Labeled in two locations.

*Chrysomelidae*

9/10/83

Continued D.C. of an interior bldg. (as in ...)

① I have I beams on west side of old cell.

② Top of C.B. Box 5 wall.

③ P.C. Shop Vacuum. (Feitend exhaust).

9/9/83.

① Cell Enclosure completed

② Turn Direct requirements (in)

③ Started follow up wires as follows

APX1

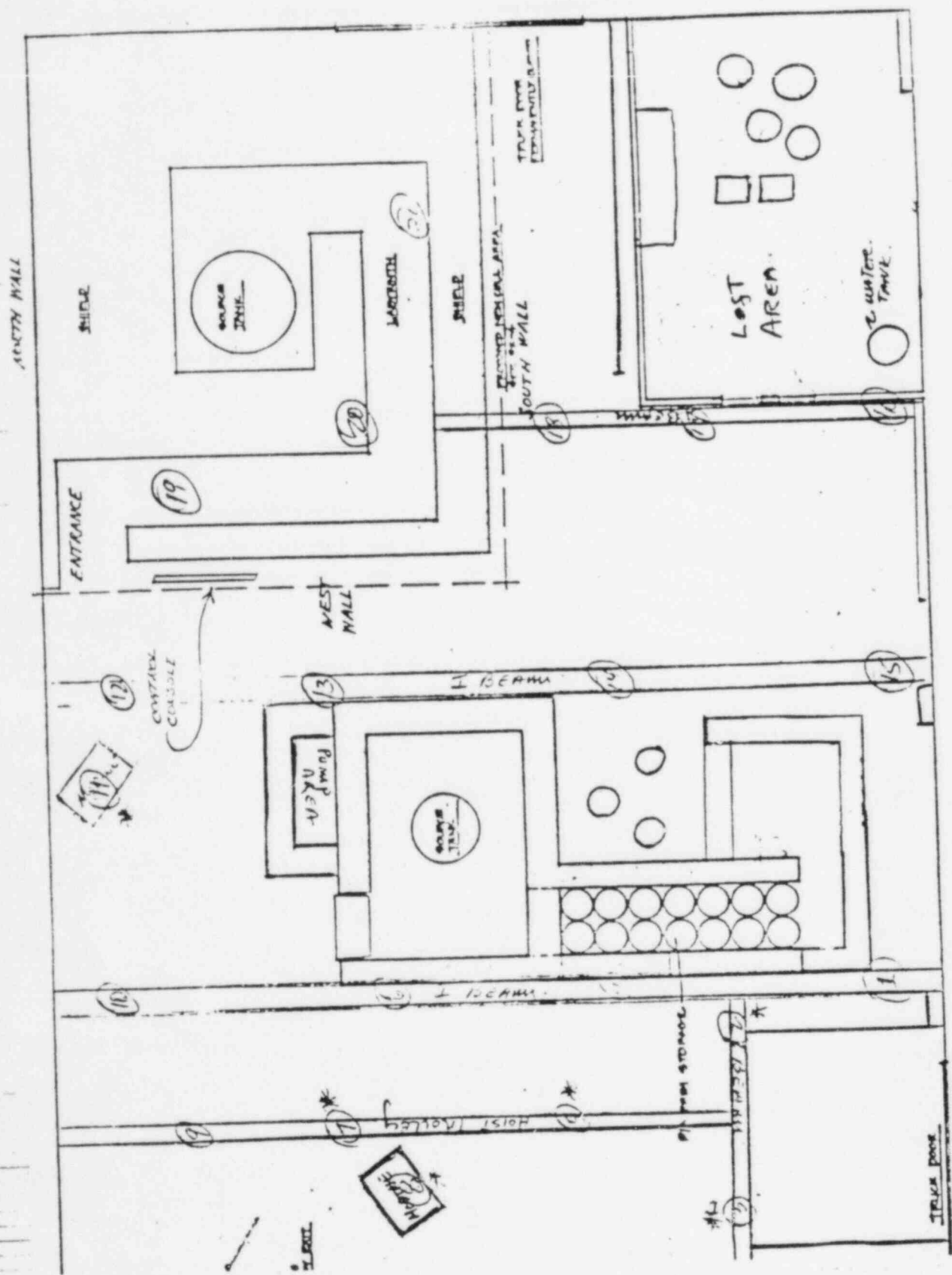
BKE STAT 460 CPM.

E-Busker Boxes.

405T area.

430	conduit	458
434	E	
466.	pages	500
Top of New IRR.	on.	471
474	(S) & (E)	419
441	wall	438
476	Top of Cont.	502
472	TABLE	551
478	Floor	796
Top of old (C) wall.	I beam	497
44	water tank	467
435	Covering	466
I beams (W) side of old cell.		
440		
435		





9/1

Status after decen.

	gross	avg	NET	op.m.	
#1	526	460	66	327	
#2	1041	460	581	2876	*
#3	1625	460	1165	5767	*
#4	500	460	40	198	
#5	931	460	471	2332	*
#6	518	460	58	287	
#7	1225	460	765	3787	*
#8	679	460	219	1084	*
#9	538	460	<u>78</u>	<del>386</del>	
#10	456	460	—	—	
#11	989	460	529	2619	*
#12	543	460	83	411	
#13	523	460	63	312	
#14	482	460	22	109	
#15	473	460	13	64	
#16	546	460	86	426	
#17	509	460	49	243	
#18	584	460	124	614	
#19	526	460	66	327	
#20	431	—	—	—	
#21	513	460	53	262	

8,262

14,292