Torres Rojas, Genara FOIA#13003

From: davidn@parabit.com
Sent: Monday, February 13, 2012 4:03 PM
To: Duffy, Daniel
Cc: Torres Rojas, Genara; Van Duyne, Sheree
Subject: Freedom of Information Online Request Form

Information:

First Name: David
Last Name: Nation
Company: Parabit Systems, Inc
Mailing Address 1: 35 Debevoise Ave.
Mailing Address 2:
City: Roosevelt
State: NY
Zip Code: 11575
Email Address: davidn@parabit.com
Phone: 516-378-4800
Required copies of the records: Yes

List of specific record(s):
We are requesting a copy of Henry Brothers Contract 460008141, along with all associated bids.

THE PORT AUTHORITY OF NY & NJ

FOI Administrator

September 10, 2014

Mr. David Nation
Parabit System, Inc.
35 Debevoise Avenue
Roosevelt, NY 11575

Re: Freedom of Information Reference No. 13005

Dear Mr. Nation:

This is in response to your February 13, 2012 request, which has been processed under the Port Authority's Freedom of Information Code (the "Code", copy attached) for a copy of Henry Brothers Contract No. 460008141, along with all associated bids.

Material responsive to your request and available under the Code can be found on the Port Authority's website at http://www.panynj.gov/corporate-information/foi/13005-C.pdf. Paper copies of the available records are available upon request.

Certain material responsive to your request is exempt from disclosure pursuant to exemptions (1), (2.a.), (2.b.) and (4) of the Code.

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

Very truly yours,

Daniel D. Duffy
FOI Administrator

Attachment

225 Park Avenue South, 17th FL
New York, NY 10003
T: 212 435 3642 F: 212 435 7555

THE PORT AUTHORITY OF NY & NJ

Lillian D. Valenti
Director, Procurement

April 1, 2010

DHL Overnight Mail - 201 794-6500
Henry Bros. Electronics, Inc.
17-01 Pollitt Drive
Fair Lawn, NJ 07410

Attn: Mr. James Henry, CEO and Chairman of the Board

RE: **REQUEST FOR PROPOSALS (RFP) NO. 18473 SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEM (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS - AWARD LETTER PURCHASES ORDERS #4500061320 (LGA), 4500061321 (JFK), AND 4500061322 (EWR) CONTRACT #4600008141**

Dear Mr. Henry:

The Port Authority of New York and New Jersey ("the Authority") hereby accepts the proposal of Henry Bros. Electronic, Inc. (HBE) for Services and Materials for the Enhancement and Maintenance of the Airport Security Control System (ASCS) at John F. Kennedy International Airport (JFK), LaGuardia Airport (LGA) and Newark Liberty International Airport (EWR), with a term commencing at 12:01 AM on April 20, 2010 and, unless sooner terminated, expiring at 11:59 PM on/about April 19, 2013. The Authority shall have the option to extend the Contract for up to two (2) additional two-year periods and one additional 120-day optional extension period.

The Contract between the parties shall consist of the following Items, 1 through 9; in case of conflict between any of the items, the prior listed item shall take precedence over the later listed item:

1. This letter of Acceptance.

2. Henry Bros. Electronics, Inc. response to Best and Final Offer and Additional Clarifications dated September 30, 2009.

3. Henry Bros. Electronics Inc. response to Additional Clarifications dated September 21, 2009.

One Madison Avenue, 7th Floor
New York, NY 10010
T: 212 435 8427

4. Henry Bros. Electronics, Inc. Best and Final Offer and Additional Clarifications response dated September 17, 2009 and September 16, 2009. The Authority's letter to Henry Bros. Electronics, Inc. for additional clarification dated September 15, 2009.

5. Henry Bros. Electronics, Inc. Best and Final Offer and Additional Clarifications response dated September 10, 2009; excluding Attachment E, Cost Proposal , Form #2 pages 133 – 138. The Authority's letter to Henry Bros. for additional clarification dated September 9, 2009.

6. Henry Bros. Electronics, Inc. Best and Final Offer and Additional Clarifications response dated September 3, 2009 including Attachment A – F. The Authority's letter to Henry Bros. Electronics, Inc. for additional clarification dated August 28, 2009.

7. Henry Bros. Electronics Inc. Copy of Presentation dated August 25, 2009; Response to Request for Clarifications for Questions and Answers dated August 19, 2009. The Authority's letter to Henry Bros. Electronics, Inc. for presentation meeting and additional clarification dated August 12, 2009.

8. Henry Bros. Electronics Inc. response to questions contained in the Authority's letter dated August 20, 2009.

9. The Authority's Request for Proposal for Services and Materials For the Enhancement and Maintenance of the Airport Security Control System (ASCS) at John F. Kennedy International, LaGuardia and Newark Liberty International Airports Collective #18473, dated July 29, 2009, as amended by Addendum No. 1 dated May 29, 2009; Addendum No. 2 dated June 22, 2009; Addendum No. 3 dated July 9, 2009.

No other document shall form a part of these agreements.

For payment, invoicing and administrative purposes refer to the following Purchase Orders: LGA – 4500061320, JFK – 4500061321, and EWR – 4500061322. The Contract Manager is Ms. Courtney Fong who can be reached at 212 435-3848.

Except for those identified above, no other documents or submissions by the Contractor, and no oral discussions or statements are to be considered a part of these agreements.

One Madison Avenue, 7th Floor
New York, NY 10010
T: 212 435 7000

THE PORT AUTHORITY OF NY & NJ

If you are in agreement with the above, please so indicate by signing at the lower left and returning both signed originals to the attention of Ms. Jeanette Anderson, Procurement Department, 7th Floor at the address listed below. The Authority will return one fully executed original of this letter to you following execution by the Authority. If you have any questions, please contact Ms. Anderson at (212) 435-3930.

Very truly yours,

The Port Authority of NY & NJ

By: _____

Title: Director, Procurement Department

Date: 7/16/10

Agreed:

Henry Bros. Electronics, Inc.

By: _____

Title: CEO

Date: 4/6/10

JA

Attachments

One Madison Avenue, 7th Floor
New York, NY 10010
T: 212 435 7000

Anderson, Jeanette

From: John Batsch [jbatsch@hbe-inc.com]
Sent: Wednesday, September 30, 2009 4:04 PM
To: Anderson, Jeanette
Cc: Bernie Drury; Barbara Campolieto
Subject: HBE RFP 18473 Responses

Jeanette:

We had some scanning problems, attached please find our response (it may be a duplication since Barbara sent it as well).

Regards,

John A. Batsch
Henry Bros. Electronics
17-01 Pollitt Drive
Fair Lawn, NJ 07410
(o) 201-794-6500 ext 3041
(c) 201-522-9462

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HENRY BROS. ELECTRONICS, INC.
17-01 Pollitt Drive Fair Lawn, NJ 07410
Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.8341

September 30, 2009

Ms Jeanette Anderson
Senior Purchasing Manager
Purchasing Services Division
The Port Authority of NY/NJ
1 Madison Avenue
Seventh floor
New York, NY 10010

Re: Services and Materials for the Enhancement and Maintenance of the Airport Security Control Systems (ASCS) at John F. Kennedy International Airport, LaGuardia Airport and Newark Liberty International Airports.

Project # 18473 – Additional clarifications

Dear Ms. Anderson:

Thank you for the opportunity to furnish additional information regarding the HBE response to the RFP for project # 18473. We have attached your original document (dated 9/25/09) with the appropriate places answered and initialed. For the following two items we will respond in this body of this letter:

I) - **Question #2 – "Please explain the maintenance procedures to be followed when a component reaches a manufacturer's end of life."**

HBE monitors new developments for the major system components via direct contact with the manufacturers. HBE will notify the Port Authority of an impending change in the support status soon after the news has been published. A manufacturers "end of support" program will typically provide at least 24 months advanced notice of the termination of support and very often provides much more lead time. This will allow the Port Authority and HBE to address the issue in a scheduled and controlled manner. An excellent example of this process at work occurred several years ago during the workstation upgrade at the airports. We had notified the Port Authority nearly two years in advance that the Dell computers were going to be out of support and this allowed all parties the time to handle the work in an organized fashion.

One other important factor that should be noted here is that HBE maintains an ability to support Port Authority systems even past the time that the manufacturer ceases support. While not recommended as a long term strategy, this ability further protects the Port Authority and virtually ensures that the ultimate replacement can be properly managed in order to minimize any operational impact on the facility.

HENRY BROS. ELECTRONICS, INC.
17-01 Pollitt Drive Fair Lawn, NJ 07410
Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.8341

Exemption (4)

A device that reaches end of life and is replaced in the manufacturers product line with a like item (i.e. the new product has the same operational feature set, specifications, physical footprint and power/communications) then the new item will be furnished and installed under this contract. If the replacement device is not a new release of the legacy product but rather a new product, (different physical size, wiring requirements, communication requirements, etc.) then the costs would be passed on to the Port Authority at the contractually agreed upon rates.

All components furnished by the Port Authority would not be covered under this contract. HBE will support the Port Authority in any such efforts with the costs adhering to the contractual rates.

HENRY BROS. ELECTRONICS, INC.
17-01 Pollitt Drive Fair Lawn, NJ 07410
Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.8341

II) At the bottom of page 2, the letter encourages HBE to reduce prices, where possible, without reducing the quality of the required service.

Answer:
We reconvened the maintenance/operations group to perform one more value engineering exercise with the goal of identifying any potential areas of savings that might be passed on to the Port Authority. We have been able to adjust our prices in three categories, as follows:

CACS – Monthly Lump Sum
CCTV – Monthly Lump Sum
SONET – Monthly Lump Sum

SYSTEM	M-F Business Hours	Weeknight/Weekend/Holiday Hours	TOTAL
CACS	$33,990.00	Included	$33,990.00
CCTV	$33,990.00	Included	$33,990.00
SONET	$ 2,670.00	Included	$ 2,670.00
ASDE	$ 388.00	Included	$ 388.00
Mo. TOTAL	**$71,038.00**	Included	**$71,038.00**
Yrly TOTAL	**$852,456.00**	Included	**$852,456.00**

The adjustments to the CACS and CCTV numbers were achieved by adjusting the maintenance routines. The adjustment to the SONET number is based upon our understanding of the current and future status of the SONET networks at the three airports. EWR is in the final stages of transitioning from the old SONET to a new, single-mode fiber network (HBE supported PA Infrastructure in these efforts). We expect that the other two airports will follow suit in the near future and by factoring that into our pricing calculations we were able to realize a significant reduction in the SONET lump sum figure and pass it on to the Port Authority.

Thank you for the opportunity to further clarify our submittal and we trust that this information is in line with the Port Authority's expectations. If you should need to reach me for any reason, please contact me at 201-805-1410.

Very truly yours,

Bernard J. Drury, Jr.
Henry Bros. Electronics, Inc
17-01 Pollitt Drive
Fair Lawn, NJ 07410
bdrury@hbe-inc.com

THE PORT AUTHORITY OF NY & NJ

September 25, 2009

Via Email: (Bdrury@hbe-inc.com)
(jbatsch@hbe-inc.com)

Henry Bros. Electronics, Inc.
17-01 Pollitt Drive
Fair Lawn, NJ 07410

Attn: Bernard Drury Jr., VP of Sales & Marketing

RE: **Services and Materials for the Enhancement and Maintenance of the Airport Security Control Systems (ASCS) at John F. Kennedy International, LaGuardia, and Newark Liberty International Airports: Request for Proposal ("RFP") 18473 - Additional Clarification & BAFO**

Dear Mr. Drury:

Thank you for submitting your response dated September 21, 2009, for the above referenced proposal. The Evaluation Committee has reviewed your response and hereby seeks additional clarification. The list of questions is as follows:

1. If a component included in a system (such as, but not limited to, an ID Card Printer) covered under the Preventive & Remedial maintenance scope fails, or otherwise requires replacement, please confirm that all replacement part(s) and all actions required to bring the system back to its working state are covered under the lump sum preventative & remedial maintenance pricing provided and that there will be no additional compensation, regardless if such component is or is not in a manufacturer warrantee period. Agreed: Agreed BD

2. Please explain the maintenance procedures to be followed when a component reaches a manufacturer's end of life. SEE COVER LETTER

3. It is the Authority's assumption that all equipment not declared end of life by the equipment manufacturer shall be maintained at no additional cost, as part of the lump sum fixed price quoted. It is furthermore the Contractor's responsibility to monitor equipment end of life status and advise the Authority six (6) months prior to that date (unless otherwise alternative timeframes are mutually agreed to), providing evidence from the manufacturer of such dates and work with the Authority to develop a plan to handle potential component failures. Agreed: Agreed BD

Procurement Department
One Madison Avenue, 7th Floor
New York, NY 10010
T: 212 435 7000

4. The replacement in kind of any component(s) will have no resulting impact to the Remedial & Preventive maintenance lump sum price going forward. There will be no adjustment to the maintenance lump sum pricing as a result of any Work Order unless such adjustment is declared and agreed to in conjunction with the Work Order estimate. Agreed: Agreed - BJ

5. In addition to your most recent response, please confirm that all staff to be used on a specific Work Order will be named when the work order is submitted to the Authority for review and all such staff will have the appropriate documented certification (including but not limited to Lenel & Verint) at that same time. Agreed: Agreed - BJ

6. Please confirm that all staff to be assigned to the Preventive & Remedial maintenance components will be named and will have demonstrated documentation of all required certifications presented to the Authority within one (1) week of Contract award. All new staff being assigned to the maintenance component of this Contract will have demonstrated documentation of all required certifications provided to the Authority no later than 72 hours prior to their beginning work on this contract. Agreed: Agreed - BJ

7. No spare parts shall be secured for this Agreement without the prior approval of the Authority. Agreed: Agreed - BJ

8. Please confirm that 'PA price' (as used in the price sheet) for new equipment models / types will be the actual 3rd party invoice price plus 19%. Invoices for equipment will include proof of the list price, the actual 3rd party invoice and any and all other supporting documentation agreed to. Agreed: Agreed - BJ

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

PLEASE SEE COVER LETTER FOR FINAL ADJUSTMENTS.

THE PORT AUTHORITY OF NY & NJ

Please email a signed, dated PDF copy to your response (on company letterhead) to Jeanette Anderson (Jeanette.Anderson@panynj.gov), no later than Wednesday, September 30, 2009.

If you have any questions, I can be reached at (212) 435-3930.

Very truly yours,

Jeanette Anderson

Jeanette Anderson
Principal Contracts Specialist
Procurement Department

ATTACHMENT E, Cost Proposal, Form #4
Cost Summary for Work Order Samples

Refer to Attachment F - SAMPLE WORK ORDERS

This form must be completed by each organization included in the proposal

Primary Proposer's Name: HENRY BROS. ELECTRONICS, INC

Name(s) of Proposed Subcontractor: TFL ELECTRIC OR GMA ELECTRIC

The Proposer is required to complete a work order proposal for each of the four Work Order Samples to reflect anticipated staffing levels of Proposer Personnel by Title, to fulfill the Sample Scope Work. Include all applicable Personnel Titles to accurately reflect your staffing levels from inception of Work of Order to completion of warranty. Each proposal shall include a detailed cost breakdown of the work. The samples furnished are indicative of actual work orders to be completed under the RFP.

Cost Summary for Work Orders

Sample Scope of Work #1	$ $13,388.-
Sample Scope of Work #2	$ $44,834.-
Sample Scope of Work #3	$ $5,768.-
Sample Scope of Work #4	$ $10,867.-
Total Scope of Work, Samples 1, 2, 3 and 4	$ $74,857.-

Optional Microsoft Operating System

Optional Cost for Sample Scope of Work #1	$ N/A
Optional Cost for Sample Scope of Work #2	$ $2,020.-
Optional Cost for Sample Scope of Work#3	$ N/A
Optional Cost for Sample Scope of Work#4	$ N/A
Total Optional Cost for Microsoft Operating System	$ $2,020.-

ATTACHMENT F– SAMPLE WORK ORDERS

SAMPLE SCOPE of WORK – I

The Port Authority of New York and New Jersey desires to add (2) card readers to an existing vehicle entrance at John F. Kennedy International Airport. The Scope of Work includes installation, termination, testing and documentation of the following devices:

EQUIPMENT LIST

$748.- (2) Card Readers (Install to Existing Stanchions)
(1) Existing Escort Light Bar (Interface to Reader module with external Potter Relay).
1,190.- (1)
756.- (2) Dual Reader Interfaces
425.- (1) Input Control Module
180.- (3) Lenel CTX Enclosure
260.- (1)
15.- (1) Exemption (4)
300.- (1) Temperature Activated Fan Assembly
1,800.- (2) Fiber Transceivers w/Plug in Transformer
50.- (2) Fiber 6' Patch Card
250.- (1) Rack Mounted Hub Assembly
350.- (1)
100.- (4) Fiber Optic Patch Cords
(1) Warranty
Maintenance

$6,422.-

ASSUMPTIONS

Exemption (4)

Optional MicroSoft Operating System:
Not Applicable - No computers in project.

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – I

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
SENIOR TECH	3	4	$102./hr.	$ 408.-
PROJECT MANAGER	5	4	$130/hr.	520.-
ELECTRICAL CONTRACTOR	4	36	$115/hr.	4,140.-
ENGINEER	3	4	$127/hr.	508.-
CAD	2	2	$ 85/hr.	170.-
Extended Labor Total				$5,746.-

EQUIPMENT: ($6,422.- x 1.19) 7,642.-

$13,388.-

***Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.**

SAMPLE SCOPE of WORK - II

The Port Authority of New York and New Jersey desires to add Guard Booth Monitoring Stations to (6) existing guard booths located at Newark International Airport. The Scope of Work for each location includes installation, termination, testing and documentation including cabinet elevations, configuration drawings, and schematic diagrams showing cable and hardware and as-built drawings. Material list includes:

EQUIPMENT LIST

$4,500.- (1) Client Workstation with Dell Latitude Laptop Computer
250.- (1)
265.- (1) Strongman 15.1" Flat Screen Monitor Vertica Ministation
2,175.- (1) Strongman Heating / Air Conditioning Unit
2,169.- (1) Exemption (4) Ethernet Bridge Module
501.- (1) Ethernet Paddleboard
4.- (1) Cabinet Tamper Switch
(*) Mount lock box cabinet to ceiling of guard booth
(*) Mount flat panel monitor to ceiling using monitor mount.
Maintenance
$9,864.-

ASSUMPTIONS

Exemption (4)

Optional MicroSoft Operating System:
Six (6) MS OS @ $252.-/EA = $1,512.-
(4 hrs @ $127/hr) Engineering = 508.-
$2,020.-

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK –II

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
SENIOR TECH	5	12	$102/hr	$1,224.-
PROJECT MANAGER	5	12	$130/hr	1,560.-
ELECTRICAL CONTRACTOR	4	240	$115/hr	27,600.-
ENGINEER	3	16	$127/hr	2,032.-
CAD	2	8	$85/hr	680.-
Extended Labor Total				$33,096.-

EQUIPMENT ($9,864.- x 1.19) $11,738.-

$44,834.-

***Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.**

ATTACHMENT F– SAMPLE WORK ORDERS.

SAMPLE SCOPE of WORK - III

The Port Authority of New York and New Jersey desires to install one (1) CCTV fixed camera inside a guard booth above guard station with video connectivity to the Control Center. The Scope of Work for each location includes installation, termination, testing and documentation including configuration drawings, and schematic diagrams showing cable and hardware and as-built drawings. Material list includes:

EQUIPMENT LIST

$ 210.–	(1) Camera, Sony
160.–	(1) Lens,
1,500.–	(1) Fiber Transmitter Exemption (4)
1,500.–	(1) Fiber Receiver
	Maintenance
$ 3,370.–	

ASSUMPTIONS

Exemption (4)

Optional MicroSoft Operating System:
Not applicable - no computers in project

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – III

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
				$
SENIOR TECH	5	4	$102./hr	408.-
PROJECT MANAGER	5	2	$130/hr	260.-
ELECTRICAL CONTRACTOR	4	8	$115/hr	920.-
ENGINEER	3	~~0~~	$127/hr	-0-
CAD	2	2	$ 85/hr	170.-
Extended Labor Total				$ 1,758.-

EQUIPMENT ($3,370.- X 1.19) 4,010.-

$ 5,768.-

***Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.**

ATTACHMENT F– SAMPLE CCTV WORK ORDERS

SAMPLE SCOPE of WORK - IV

The Port Authority of New York and New Jersey desires to add (2) cameras to an existing Verint Nextiva CCTV system at John F. Kennedy International Airport. The Scope of Work includes installation, termination, testing and documentation of the following devices:

EQUIPMENT LIST

$

800.— 2) Fixed cameras attached to a pole
— 1) Actual location will be provided at the time of installation
— 2) Add cameras to the Host
381.— 1) Decoder s:
1,800.— 1) Encoder Exemption (4)
— 1) Connection to Switch
— 1) Connection to GUI
— 1) Connection to Controller that controls a Video Wall
— 1) Program new devices to the Host
1) Add/Modify users of system
1) Warranty
Maintenance

$2,981.—

ASSUMPTIONS

Exemption (4)

Optional MicroSoft Operating System:
Not applicable - no computers in project

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – IV

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
				$
Senior Tech	5	16	$ 102/hr	1,632.–
Project Manager	5	16	$ 130/hr	2,080.–
Electrical contractor	4	24	$ 115/hr	2,760.–
Engineer	3	4	$ 127/hr	508.–
CAD	2	4	$ 85/hr	340.–
Extended Labor Total				$ 7,320.–

EQUIPMENT ($2,981 x 1.19) 3,547.–

$10,867.–

***Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.**

HENRY BROS. ELECTRONICS, INC.
17-01 Pollitt Drive Fair Lawn, NJ 07410
Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.8341

September 21, 2009

Ms Jeanette Anderson
Senior Purchasing Manager
Purchasing Services Division
The Port Authority of NY/NJ
1 Madison Avenue
Seventh floor
New York, NY 10010

Re: Services and Materials for the Enhancement and Maintenance of the Airport Security Control Systems (ASCS) at John F. Kennedy International Airport, LaGuardia Airport and Newark Liberty International Airports.

Project # 18473 – Additional clarifications

Dear Ms. Anderson:

1) **Attachment D, Scope of Work, page 117, Section B, Maintenance Services states: "The Contractor shall perform all system operations and maintenance, including furnishing all labor, transportation/travel, supervision, materials, supplies, parts, equipment, warning signs and other safety devices, and all other things necessary for proper maintenance and to perform the services in the Scope of Work." Please revisit your Maintenance Cost Proposal and refer to Attachment G, H and I (The Airport Security Control Systems and Components at JFK, LGA and EWR). Confirm that all of the above requirements were factored into your Cost Proposal for CACS, CCTV, SONET and ASDE.**

   HBE confirms that all of the above requirements were factored into our Cost Proposal for CACS, CCTV, SONET and ASDE.

2) **Please confirm confirms that all persons working on this contract for the Preventive and Remedial Maintenance, and working on the head-end of the CACS and CCTV are certified Lenel and Verint technicians.**

   HBE confirms that all persons working on this contract for the Preventive and Remedial Maintenance, and working on the head-end of the CACS and CCTV are certified Lenel and Verint technicians.

HENRY BROS. ELECTRONICS, INC.
17-01 Pollitt Drive Fair Lawn, NJ 07410
Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.8341

3) **Your M/WBE plan listed Maureen Data Systems, however there is no dollar value. Please explain.**

Maureen Data Systems, Inc. furnishes technology equipment (i.e. Cisco, NexSan) and, whenever possible HBE funnels purchases through MDS. Since the Port Authority currently furnishes any Cisco equipment and the video designs have moved away from NexSan to EMC, the opportunities to purchase through MDS are more limited however they have shown an ability in the past to grow their product offerings to meet changing demands and we will continue to purchase from them when an opportunity presents itself.

At this time, we will not assign a value to MDS but will retain them as a component of our MBE/WBE efforts.

Thank you for the opportunity to further clarify our submittal and we trust that this information is in line with the Port Authority's expectations. If you should need to reach me for any reason, please contact me at 201-805-1410.

Very truly yours,

Bernard J. Drury Jr.

Bernard J. Drury, Jr.
Henry Bros. Electronics, Inc
17-01 Pollitt Drive
Fair Lawn, NJ 07410
bdrury@hbe-inc.com

Barbara Campolieto

From: John Batsch
Sent: September 17, 2009 07:52 AM
To: jsantos@panynj.gov
Cc: Barbara Campolieto; Bernie Drury
Subject: Corrections
Importance: High
Attachments: Corrections to 9.15.09 Submission.pdf

Ms. Anderson,

We noticed, after the package was sent last night, that we did not include equipment in the resubmission of the our Sample Work Orders. I apologize for that oversight and we are resubmitting corrected pages 141 thru 149 that should replace those sent last night. Sorry for the inconvenience and please call if you have any questions or problems.

Regards,

John A. Batsch

Henry Bros. Electronics
17-01 Pollitt Drive
Fair Lawn, NJ 07410
(o) 201-794-6500 ext 3041
(c) 201-522-9462

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ATTACHMENT E, Cost Proposal, Form #4
Cost Summary for Work Order Samples

Refer to Attachment F - SAMPLE WORK ORDERS

This form must be completed by each organization included in the proposal

Primary Proposer's Name: HENRY BROS. ELECTRONICS, INC.

Name(s) of Proposed Subcontractor: TPL ELECTRIC OR GMA ELECTRIC

The Proposer is required to complete a work order proposal for each of the four Work Order Samples to reflect anticipated staffing levels of Proposer Personnel by Title, to fulfill the Sample Scope Work. Include all applicable Personnel Titles to accurately reflect your staffing levels from inception of Work of Order to completion of warranty. Each proposal shall include a detailed cost breakdown of the work. The samples furnished are indicative of actual work orders to be completed under the RFP.

Cost Summary for Work Orders

Sample Scope of Work #1	$ 12,938.18
Sample Scope of Work #2	$ 44,884.16
Sample Scope of Work #3	$ 5768.30
Sample Scope of Work #4	$ 10,862.39
Total Scope of Work, Samples 1, 2, 3 and 4	$ 74,408.03

Optional Microsoft Operating System

Optional Cost for Sample Scope of Work #1	$ N/A
Optional Cost for Sample Scope of Work #2	$ 2020.00
Optional Cost for Sample Scope of Work#3	$ N/A
Optional Cost for Sample Scope of Work#4	$ N/A
Total Optional Cost for Microsoft Operating System	$ 2020.00

HENRY BROS. ELECTRONICS, INC.
17-01 Pollitt Drive Fair Lawn, NJ 07410
Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.6341

September 16, 2009

Ms Jeanette Anderson
Senior Purchasing Manager
Purchasing Services Division
The Port Authority of NY/NJ
1 Madison Avenue
Seventh floor
New York, NY 10010

Re: Services and Materials for the Enhancement and Maintenance of the Airport Security Control Systems (ASCS) at John F. Kennedy International Airport, LaGuardia Airport and Newark Liberty International Airports.

Project # 18473 – Additional clarifications

Dear Ms. Anderson:

We have responded to the questions forwarded for our attention. In recognition of the many years of successful business endeavors between HBE and the Port Authority, we have lowered several key pricing components, as follows:

Equipment markup is now 1.19

Hourly labor rates for Senior HBE personnel have been adjusted as follows:

Project Manager	- $130/hr
Engineer	- $127/hr
System Designer	- $130/hr

These changes are reflected in the attached submittal.

Thank you for forwarding these questions and we trust that these clarifications are in line with the Port Authority's expectations. If you should need to reach me for any reason, please contact me at 201-522-9462.

Very truly yours,
Henry Bros. Electronics

John A Batsch
Vice President-General Manager
jbatsch@hbe-inc.com

HENRY BROS. ELECTRONICS, INC.
perfecting security integration since 1950

17-01 Pollitt Drive
Fair Lawn, NJ 07410
Main 201-794-6500
Fax 201-794-8341
www.hbe-inc.com

September 16, 2009
The Port Authority of NY & NJ
Collective # 18473
Additional Clarifications
1 of 4

HENRY BROS. ELECTRONICS, INC.
ADDITIONAL CLARIFICATIONS
COLLECTIVE #18473

1. Provide confirm if the following equipment prices are accurate (they seem to be high) for items: 23,24,50,58, 75, 98, 105, 136 and 147. In addition, if applicable, provide a cost breakdown of the components.

We are attaching the Attachment E, Current Equipment – Price List, with the correct pricing for the above items. In the interests of clarity we will list each below with an explanation:

Item #	Part #	Manufacturer	Description	List Price	PA Price
23.	GXI	Dell	Sonet Management PC	$2,167	$1,300
24.	GXI	Dell	Client w/monitor/kb/mouse	$1,667	$1,000

Note: We expect that any computers will be furnished by the Port Authority as is the custom now via the agency's contract with IBM. The GX1 is an older model Dell machine and the current IBM computers would perform better than the GX1.

50.	HP	HP	HP Openview ring software	$19,088	$11,453

This pricing is taken directly from the Intelect quote to HBE when the NMS (Network Management System) was upgraded at JFK and LGA. This was the only time that this software was purchased under the Work Order contract and it is unlikely that there would be a need to purchase this in the future.

58.	IBM	IBM	Recorder – IPVS(Verint)	$1,666	$1,000

EXEMPTION (4)

HBE

September 16, 2009
The Port Authority of NY & NJ
Collective # 18473
Additional Clarifications
3 of 4

2. Please revisit your proposed equipment and labor mark up percentage and resubmit the percentage for Attachment E, entitled Cost Proposal.

We have reviewed the equipment markup and will offer the Port Authority a markup of 1.19. (Ex. If equipment cost is $100 X 1.19 markup = $119 price to Port Authority

3. Attachment E, Cost Proposal, Form #1 "Skills and Hourly Billing Rates", HBE proposed electrician rate of $115. Please confirm that the electrician rate will remain unchanged for New York and New Jersey work orders. In addition, your Project Manager, Engineer, and System Designer hourly rate seems high. Please consider a reduction in the hourly rate of the referenced skill sets.

The proposed Electrician rate of $115/hr will apply to both New York and New Jersey work orders.

We are prepared to offer the following hourly rates for the designated skill sets:

	Hourly Rate	OT Hourly Rate
Project Manager	$130/hr	$195/hr
Engineer	$127/hr	$191/hr
System Designer	$130/hr	$195/hr

4. Attachment D, Scope of Work, Section 3, "Detailed Scope Requirements" requires the Proposer to maintain a spare parts inventory. Please provide a proposed spare parts inventory listing.

See attachment

HBE

September 16, 2009
The Port Authority of NY & NJ
Collective # 18473
Additional Clarifications
4 of 4

5. HBE submitted their M/WBE plan utilizing a Construction form. Since this contract is not a construction contract, please resubmit the letter and a M/WBE participation plan using the applicable form attached.

See completed form (attached).

6. Please provide the day-to-day activities with detailed tasks e.g., access controlled doors, monitored doors, badging stations, ISC cabinets, etc. that will be completed by assigned maintenance personnel at each facility. Please refer to page 23, Section F entitled Proposal, subsection 4, Work Approach, point B1.

See attachment

7. If awarded this contract, the Port Authority of New York and New Jersey would require that HBE confirm in writing that the submitted proposed "List Price" equipment costs must be equal or less than the manufacturer's cost and that the "PA Cost" is less than the "List Price" costs.

HBE agrees to this requirement.

HBE

September 16, 2009
The Port Authority of NY & NJ
Collective # 18473
Additional Clarifications
4 of 4

5. HBE submitted their M/WBE plan utilizing a Construction form. Since this contract is not a construction contract, please resubmit the letter and a M/WBE participation plan using the applicable form attached.

See completed form (attached).

6. Please provide the day-to-day activities with detailed tasks e.g., access controlled doors, monitored doors, badging stations, ISC cabinets, etc. that will be completed by assigned maintenance personnel at each facility. Please refer to page 23, Section F entitled Proposal, subsection 4, Work Approach, point B1.

The day-to-day tasks performed by the dedicated "on-site" technician (JFK – J. Barron; LGA – R. Scott; EWR – L. Anderson; Supvr. – G. Vickers) and may vary on a daily basis. If required, due to emergencies or sickness, HBE has adequate, experienced and SIDA badged staff to support these situations. These dedicated personnel will perform their daily preventative maintenance tasks based on the automated PM schedule driven by Henry Bros. Electronics' HEART system. These schedules are customized to meet the requirement of each airport's system configuration, the recommendations made by the equipment manufacturers and experience gained by maintaining these systems since 2001. However, there are standard practices that are followed at the beginning of each day which include but are not limited to:

- Review the NMS to determine the condition of each ring and any alarms that may have occurred overnight. Arrange their day's schedule to address these issues prior to any pre-scheduled PM activities
- Confer with CMC personnel to identify any system related issues
- Video system - observe any video monitors for camera views and quality, check operational workstations, etc.
- Visit the ID office to insure there are no badging operational issues
- Enterprise Air handhelds proper operation and syncing

Once these tasks are performed, each tech would then begin to follow the required PM tasks as scheduled. These tasks would include but not be limited to testing the functionality of the components associated with:

HBE

- Access control doors – Card readers, locks, switches, horns, strobes, REX buttons, power
- Video management systems – verify communications, check metrics, call up recorder video
- Monitored doors – switches, horns, strobes, power
- Badging stations – printers, cameras, lenses, cables, connectors, power, workstations
- Workstations – computer, hard drives, screens, mouse, key boards, power
- SONET Nodes and cabinets – power, boards, temperature (monitoring & control) heaters/blowers, filters, gaskets, locks
- ISC Cabinets – all boards, batteries (memory support), heaters, blowers, fans, power
- Servers – computer, hard drives, back-up devices, power, monitors, mouse, keyboards, event viewer
- Hubs, Routers and Switches – cables, connectors, indicator lights
- Guard Posts – card readers, duress alarms, video ID stations, escort lights, power
- Network Management Terminals – computer, hard drives, monitor, mouse, keyboard, power
- Sub-System Interfaces – cables, connectors, software, SDK & API functions
- Environmental Monitoring of Rooms – temperature sensors and room conditions
- Roof Hatches – switches, horn, strobe
- Software – version, patches, operating system virus protection, working with CMC on other functional requirements
- Back-Up Power Devices – batteries, primary power sources, alarm outputs, indicator lights

7. If awarded this contract, the Port Authority of New York and New Jersey would require that HBE confirm in writing that the submitted proposed "List Price" equipment costs must be equal or less than the manufacturer's cost and that the "PA Cost" is less than the "List Price" costs.

HBE agrees to this requirement.

THE PORT AUTHORITY OF NY & NJ

ROCUREMENT M/WBE PARTICIPATION PLAN

PA3749B / 03-09

)ffice of Business and Job Opportunity

PAGE: 1 OF 1

OTE: The Proposer/Bidder shall submit to the Manager, Line/Facility Dept. Form PA 3749C - MODIFIED PLAN for any changes to the original plan: i.e.; subcontractor, dollar amount or work performed. f more than 1 page is used, complete totals on last page.

'urchase Order #: RFP # 18473

'roposer/Bidder Name: Henry Bros. Electronics, Inc

Mailing Address: 17-01 Pollitt Drive - Fair Lawn NJ 07410

'elephone Number: 201-794-6500

Contract Description: Services and materials for enhancement and maintenance at JFK, LGA and EWR Airports

Contract Amount: EST/ $3,000,000/yr in work orders

Contract Goals: MBE 12% WBE 5%

Name, Address, Phone Number of PA Certified M/WBE Subcontractor (including name of contact person)	Indicate MBE or WBE	Description of Work, Services to be provided. Where applicable, specify, "supply" or "install or both "supply" and "install."	Anticipated date work will start and finish	Approximate $ amount of M/WBE Subcontract	M/WBE % of Total Contract Amount
STELLAR SERVICES 57 WEST 58TH STREET-11TH FLOOR NEW YORK NY 10018 212-432-2848 MR,. LIANG CHEN/MS ANNA LU	MBE	Database Modifications, Integrations	12-09-12/12	$500K (Annually)	16.7%
GMA ELECTRICAL CORP 201 EDWARD CURRY AVENUE - 2ND FLOOR STATEN ISLAND NY 10314 718-477-9600 JOHN REILLY	WBE	Electrical contracting and Installation	12/09-12/12	$500K (Annually)	16.7%
MAUREEN DATA SYSTEMS, INC. 500 WEST 43RD STREET - SUITE 33B NEW YORK NY 10036 212-328-1713	WBE	IT Services	12/09-12/12		
			TOTAL:	$1,000,000(Annually)	33.4%

ignature of Contractor: John A Batsch

rint Name: JOHN A BATSCH

itle: Vice President - General Manager Date 09/15/09

FOR OBJO USE ONLY

Contract Goals: ☐ Approved ☐ Waived ☐ Rejected

Reviewed by: _____
OBJO Business Development Representative

Print Name: _____ Date _____

Distribution: Original – OBJO; Copy 2 –Manager, Line/Facility Department; Copy 3 –Proposer/Bidder, Copy 4 – Procurement Dept – Award File

ATTACHMENT E, Cost Proposal, Form #1
(This table applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name : HENRY BROS. ELECTRONICS, INC.

Name(s) of Proposed Subcontractor : Lenel International, Verint Video Solutions

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
Project Manager	Provides product definition, direction, and leadership through the full cycle of delivery. Develops and maintains project plans; provides project status and progress information. Responsible for timeliness and quality of delivered product.	5	$130/HR.	$195/HR.
Engineer	Provides expertise in physical plant design, construction, and maintenance. Knowledgeable in current construction standards and codes.	3	$129/HR	$192/HR
Senior Technician	Knowledgeable, experienced, and skilled in Security Systems Field Service and Preventive Maintenance Service. Possesses a depth of skill and experience required for directing, instructing, and supervising other Technicians. Capable of resolving service calls at higher than initial levels of escalation.	5	$102/hr	$153/hr
Technician	Skilled and experienced in Access Control and Badging Systems, CCTV Video systems, Smart OC3 Networks, Field Service and Preventive Maintenance and Communications System Field Service	3	$95/hr	$142/hr
Lenel Technician	Lenel specialist provided by Lenel and included in Work Order or Maintenance activity by Contractor.	2	$150/hr	$225/hr
Verint Technician	Must be formally trained on Verint CCTV systems including the Nextiva & Loronix Video Management platform / applications.	2	$140/hr	$210/hr

*Notes: "Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

ATTACHMENT E, Cost Proposal, Form #1 (continued)
(This table applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name: HENRY BROS. ELECTRONICS, INC.
Name(s) of Proposed Subcontractor: GMA Electrical (WBE)
TFL Electrical

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
Systems Integration Specialist	Design and implementation of hardware and software interfaces between existing Lonel system and other systems and equipment	2	$130/hr	$195/hr
Manufacturer Technical Support	Lonel & Vertat System problem resolution assistance	1	$150/hr	$225/hr
Electrician/ Electronics Technician	Equipment Installation and Termination. Must be certified in Fiber Optics installation techniques and terminations. Must be certified in UTP category 5, 5e & 6 installation techniques and terminations. Install and maintain common electronic security equipment such as electronic locks and other access control systems (i.e. card readers, biometrics). Install, maintain and operate common electronic surveillance equipment such as cameras and audio recording devices. Expertise in Wire, Cabling, Fiber Optics, and Wireless Technologies.	3	$115/hr	$172/hr
System Requirements Analyst/Systems or Software Engineer	Research & develop definitions for stated requirements. Requirements analysis encompasses those tasks required to determine the needs or conditions necessary to support new or altered product, taking account of the possibly conflicting requirements of the various stakeholders	1	$150/hr	$225/hr
Intelect Technician	Intelect specialist - included in Work Order or Maintenance activity by Contractor	2	$130/hr	$195/hr

*Notes: "Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

ATTACHMENT E, Cost Proposal, Form #1 (continued)
(This form applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name : HENRY BROS. ELECTRONICS, INC.

Name(s) of Proposed Subcontractor : Stellar Services (MBE)

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
System Designer	Possesses skills and experience in the design of systems and subsystems to meet complex business requirements. Knowledge of Business Process Engineering and able to conceive of integrated systems using automated and/or manual processes. Knowledgeable in formal design methodologies and industry-standard documentation techniques. Physical Security Professional (PSP) and RCDD (Registered Communication Distribution Designer) certifications preferred.	1	$ 130/HR	$ 195/Hr
DBA	Has experience with several versions of SQL Server, including SQL Server 2008. Skilled in the Administration of SQL Server, including its installation, configuration, operation, and upgrade. Possesses logical and physical database design experience and provides expertise in performance monitoring and tuning.	2	$ 150/hr	$ 225/hr
CAD drafter	Possesses skills in the use and operation of Computer Aided Drafting tools.	2	$ 85/hr	$ 127/hr
Crystal Report Writer	Develop difficult reports using Crystal Report Writer	2	$ 115/hr	$ 172/hr

*Notes: "Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

HENRY BROS. ELECTRONICS, INC.
perfecting security integration since 1950

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September 10, 2009

Ms Jeanette Anderson
Senior Purchasing Manager
Purchasing Services Division
The Port Authority of NY/NJ
1 Madison Avenue
Seventh floor
New York, NY 10010

Re: Services and Materials for the Enhancement and Maintenance of the Airport Security Control Systems (ASCS) at John F. Kennedy International Airport, LaGuardia Airport and Newark Liberty International Airports.

Project # 18473

Dear Ms. Anderson:

We have attached the requested forms with the appropriate clarifications, as follows:

1) HBE confirms that the markup in our BAFO is now 1.21. We are including the Unit Price Sheets from the RFP with the revised markup reflected at the top of the first sheet.

2) We have also included the revised Construction M/WBE Plan. You will notice that the amounts have not changed but we have included our estimation of the annual contract and the percentages that we project for our MBE/WBE partners.
We anticipate meeting or exceeding the MBE/WBE goals of the Port Authority.

Thank you for forwarding these questions and we trust that these clarifications are in line with the Port Authority's expectations. If you should need to reach me for any reason, please contact me at 201-805-1410.

Very truly yours,

John A Batsch
jbatsch@hbe-inc.com
201-522-9462 (Cell)
201-794-6500 – Ext 3041

THE PORT AUTHORITY NY & NJ

CONSTRUCTION M/WBE PARTICIPATION PLAN

PA3749 / 03-09

Office of Business and Job Opportunity

NOTE: The Contractor is required to submit to the Engineering Dept. a MODIFIED PLAN for any changes to the original plan: i.e.; subcontractor, dollar amount or work performed.
If more than 1 page is used, complete totals on last page.

Contract Number: RFP # 18473

Contractor Name: Henry Bros. Electronics, Inc.

Mailing Address: 17-01 Pollitt Drive-Fair Lawn NJ 07410

Telephone Number: 201-794-6500

Contract Description: Services and Materials for Enhancement and Maintenance at JFK, LGA and EWR

Contract Amount: Est $3,000,000/yr in work orders

Contract Goals: MBE 12% WBE 5% DBE

Name, Address, Phone Number of PA Certified MBE/WBE/DBE subcontractor (including name of contact person)	Indicate MBE, WBE Or DBE	Description of Work, Services to be provided. Where applicable, specify, "supply" or "install or both "supply" and "install."	Anticipated date work will start and finish	*Approximate $ amount of M/W/DBE Subcontract	MBE/WBE/DBE % of Total Contract Amount
Stellar Servises 57 West 58th Street - 11th Floor New York NY 10018 Mr. Liang Chen/Ms Anna Lu	MBE	Database modifications, integrratiion	12/09 - 12/12	$500K Annually	16.7%
GMA Electrical Corp 201 Edward Curry Avenue-2nd Floor Staten Island NY 10314 718-477-9600 John Reilly	WBE	Electrical Contracting, Installation	12/09 - 12/12	$500K Annually	16.7%
Maureen Data Systems Inc. 500 West 43rd Street - Ste 33B New York NY 10036 212-328-1713	WBE	IT Services	12/09 - 12/12		
			TOTAL:	$1,000,000 (Annually)	33.3%

Signature of Contractor: John A Batsch

Print Name: John A Batsch

Title: Vice President/General Manager Date 09/10//09

FOR OBJO USE ONLY

Contract Goals: ☐ Approved ☐ Waived ☐ Rejected

Reviewed by: _____
OBJO Business Development Representative

Print Name: _____ Date _____

Distribution: Original – OBJO; Copy 2 – Engineer of Construction; Copy 3 – Contractor; Copy 4 – Line Department

*Please Note: supplies, equipment and material men are only credited 60% towards the M/W/DBE goal. Please adjust calculations accordingly.

HBE

Actual staff utilization will be analyzed on an ongoing basis with data from the field. Reports will be generated with the staff loading breakdown based on work ticket type. Ticket lifecycle (i.e. time tickets are in each state) can also be reported to further analyze workload at a location. This data will be reviewed over an extended period of time for trend analysis; Individual datasets should not be used for interpretation.

SUMMARY

We would like to provide the following summary for consideration:

- Labor Costs – We have reduced almost of the hourly rates for the skill sets listed in the original RFP (Please see **Attachment F**).

- Equipment Cost and Markup – We have again reduced the markup that will be applied to equipment required in the fulfillment of this contract.

- Subcontracting Costs – Again we have reduced nearly all of the subcontracting classifications and will work to secure preferred pricing from these and any other future subcontractors.

I would like to take this opportunity to stress to the entire Port Authority team how important this job is to everyone at Henry Bros. We understand our responsibilities and are personally dedicated to keeping these airports safe and running smoothly. It is our job to manage any issues with the security system and ensure that they don't escalate to the point where they might distract the focus of the Port Authority airport staff from their primary duties.

During the bidding process and up through this BAFO, HBE has aggressively priced our experienced, senior support staff at levels consistent with, or lower than, the earliest days of the contract. We trust that these efforts have demonstrated our passion for and commitment to the continuation of our role at your airports. The message we are trying to convey is that "HBE will do whatever it takes!"

HENRY BROS. ELECTRONICS, INC.
perfecting security integration since 1950

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September 3, 2009
The Port Authority of NY & NJ
Collective # 18473
BAFO
1 of 14

HENRY BROS. ELECTRONICS, INC.
ADDITIONAL CLARIFICATIONS & BAFO
COLLECTIVE #18473

1) **Please clarify that your total preventive and remedial maintenance monthly lump sum costs include the assigned proposed staff for Monday – Friday business hours and Weeknight/Weekend/Holiday hours. If so, please provide a breakdown of those costs in the table below**

SYSTEM	M-F Business Hours	Weeknight/Weekend/Holiday Hours	TOTAL
CACS	$34,884.00	Included	$34,884.00
CCTV	$34,884.00	Included	$34,884.00
SONET	$ 7,364.00	Included	$ 7,364.00
ASDE	$ 388.00	Included	$ 388.00
Mo. TOTAL	**$77,520.00**	Included	**$77,520.00**
Yrly TOTAL	**$930,240.00**	Included	**$930,240.00**

2) **List each staff member's name and his/her Lenel Certified level (Silver, Platinum or Master) for the staff that will be assigned to this contract.**

Answer:

Please see **Attachment A**

3) **What is your approach to maintenance management reporting? Are there any particular maintenance management reports your company will be submitting? In addition, indicate the proposed submission frequency.**

The HEART system will be the core of the management reporting system. The frequency of the reports would be established by the customer and can be viewed "on-line". The list below identifies some of the standard reports that have been generated for the existing users.

- List of assets by location
- List of **Corrective Maintenance (CM)** issues (by asset, status, location, technician, response time, generating source, etc) in a period of time
- List of **Preventive Maintenance (PM)** by asset (by asset, status, location, technician, response time, etc) in a period of time
- List of assets associated with PM schedule
- List of steps performed associated with a PM schedule (This is an ad-hoc report that can be requested from HBE at any time. It is not on the report server).
- Ticket aging report (for all work tickets on closed and non-closed entries)
- List of work tickets (CMs or PMs) per asset and location

All reports may be viewed by customer at any time using HBE online reporting system. The reports can also be configured to be sent to a customer using email on a scheduled basis.

Please see **Attachment B**

4) **Please detail your approach on how HBE will develop the preventative maintenance schedules? How many days will be required to complete the initial/first schedule and upload the software?**

HBE operations will work with the existing site techs to identify all assets, device types, locations, etc. (by airport) and that information will be loaded into HEART. Once identified, HBE will review its current PM schedule (by airport) and convert them into the HEART format.

The PM schedules, currently in effect, will continue during the conversion process which is expected to take 60 days.

5) **Has HBE had any success stories in working with Lenel to develop customized solutions? If so, please demonstrate.**

a. **Lenel/MTA Metro Card**

In the early days of Lenel (1998), the MTA approached HBE requesting our assistance in creating the ability to utilize the MTA Metro Card as an Access Control credential in their Lenel OnGuard system. The project was a huge success and the software is still in use today. This project provided the MTA with a strong ROI as they were able to realize additional applications for an existing technology (getting a secondary use from the MTA fare card)

b. **Lenel TWIC Data Model**

HBE worked diligently with the Port Authority and Lenel during the Limited Early Deployment of Biometrics at EWR, to develop and implement a new, more secure cardholder data model. At first the Port Authority directed HBE and Lenel to develop a "near TWIC" Port Authority specific data model. After a great deal of testing was completed, the Port Authority decided to adopt the TWIC data model and instructed HBE and Lenel to amend the development process accordingly. Challenges during the project included implementing the data model replacement while minimizing operational impact and HBE & Lenel had

to maintain the physical structure of the database (number sequencing and placement within fields) in order to protect existing Port Authority processes and reports.

c. Lenel/Work Speed

Vornado Properties (One Penn Plaza, 2 Penn Plaza and 888 Eight Avenue) Cushman & Wakefield (1211 Avenue of Americas)

These locations have Lenel OnGuard as their base building system and have integrated it with Work Speed (building operations and visitor management).

HBE pioneered the first integration of these products at One Penn Plaza in 2004-2005. Based upon the performance to date, Vornado Properties is deploying the Lenel/Work Speed combination at all of their properties.

6) Provide resume and Lenel, Verint certificates for any additional personnel not already provided and available for this contract.

Please see **Attachment C**.

Exemption (2.b.)

8) Please confirm HBE's acceptance of the Port Authority's Standard Contract Terms and Conditions, Attachment C, in the RFP.

HBE accepts the Port Authority Standard Contract Terms and Conditions without exception.

9) How often does HBE intend on performing preventive maintenance on the equipment?

While PM tasks are performed every day, the entire system receives preventive maintenance once per quarter. This means that every piece of equipment receives preventive maintenance every three months.

HBE has devised and implemented this approach at other Port Authority sites with great success, notably the George Washington Bridge, Lincoln Tunnel, Holland Tunnel and Staten Island Teleport. Most manufacturer's have little, if any, preventive maintenance recommendations for their equipment especially since the advent of solid state technology. However at facilities such as these, with a large and constantly changing population of people and vehicles, HBE has determined that a three month cycle will result in a sustainable system uptime profile.

10) Please submit a revised sample work order #1.

Please see **Attachment D**

11) Please provide a detailed plan for the development and ongoing update to the system configuration diagram for each of the systems (CACS, CCTV, etc.). In addition, indicate the update frequency. The configuration diagram shall include the listing of equipment by name, location (airport terminal, concourses, and guard posts) and the network connections.

CACS Drawings:
During the course of maintaining the CACS system under the current contract, HBE has developed various system configuration drawings for each airport. These drawings identify the infra-structure rings with node cabinet locations and configurations. These drawings are supplemented with detailed of each node, identifying rack placement and card locations, which assists in ongoing troubleshooting and expansion. The gathering of this information is provided by the site techs and engineers that support each system, converted in formal drawings by HBE's CAD group then reviewed by management. These drawings are reviewed quarterly or as any changes in the systems occur. As the infra-structure changes or system changes (re-routing of fiber, decommissioning of nodes or addition of hardware) they are updated by "red-lining" existing drawings or the development of new to document the changes made.

Work Order Drawings:
HBE will follow the same approach in developing and updating system configuration diagrams for Work Order Projects as it has for the Nextiva upgrade at Buildings 145 & 269 at JFK (Work Order JFK08-130H). These drawings are prepared internally by HBE's CAD department and are submitted to the appropriate departments within the PA for review and approval under a formal submittal process. These submittals could occur during project meetings or on an as-required basis. Upon completion of a project, As-Built drawings are prepared and submitted as part of the "Close-Out Process".

Documentation Security:
Copies of any drawings produced for the PA are maintained following the "PANYNJ Information Security Handbook and HBE's "Data Security Policy, Structure & Guidelines" at HBE's corporate headquarters in a secure room (alarmed, controlled by a Lenel access control system and Verint video recording system) in a locked drawing file with limited approved access.

12) Has HBE performed any integrations of other systems with Lenel or Enterprise?

Yes, please see the following NYC projects:

a. 7 World Trade Center (Silverstein Properties)

The Access Control system is comprised of
Biometric readers
Exemption (2.b.) Smart Card elevator readers

The Lenel OnGuard system is integrated with the following systems:
- Video Management
- Elevator
- Emergency Egress system (integrated building signage)

b. NJ Transit (system wide)(130 + panels)
The Lenel OnGuard system for NJ Transit is integrated with both Radionics and Bosch alarm panels. This allows NJ Transit to install either Radionics or Bosch intrusion detection panels and have everything managed from the Lenel OnGuard system

c. Two Penn Plaza
The Lenel OnGuard system recently added Enterprise Air handheld units to the building Access Control System.

d. Vornado Properties (One Penn Plaza, 2 Penn Plaza and 888 Eight Avenue) Cushman & Wakefield (1211 Avenue of Americas)

These locations have Lenel OnGuard as their base building system and have integrated it with Work Speed (building operations and visitor management).

HBE pioneered the first integration of these products at One Penn Plaza in 2004-2005. Based upon the performance to date, Vornado Properties is deploying the Lenel/Work Speed combination at all of their properties.

13) What other wireless Lenel applications has your firm installed?

a. Bergen Mall, Paramus, NJ
Henry Bros. Electronics, installed a Lenel OnGuard Video Management System that includes 80 IP enabled cameras deployed throughout the facility. The FireTide Wireless Mesh Network allows Mall Security and local Police to access any cameras in the system from their patrol cars via the Lenel web based video application.

b. St. John's University
Covering three local campuses the St. John's Lenel OnGuard Access Control System installed by Henry Bros. includes more than 200 wireless card readers.

c. Two Penn Plaza
The Lenel OnGuard system recently added Enterprise Air handheld units to the building Access Control System.

14) Is your HEART system capable of tracking Work Order including status of invoices issued and invoices paid?

The current Work Order issuance process (where the PA generates the Work Order request utilizing the template and sends to HBE) will populate the Work Order status report and the project amount along with invoicing terms fields will be populated. Currently, any payments made would manually be entered into the HEART report by HBE that could be viewed by the Port. Ultimately, that functionality will be automatic (estimate within 6 months)

a. Is the HEART system capable of generating exception reports?

Yes.

In addition, email notifications can be created to notify someone when a ticket (PM, CM, or both) have exceeded a time period.

b.Is the HEART system capable of generating reports that can be sent via email automatically?

Yes.

All reports may be viewed by customer at any time using HBE online reporting system. The reports can also be configured to be sent to a customer using email on a scheduled basis.

15. Where has HBE utilized HEART application successfully and how long?

a. TBTA – 9 months

b. Port Authority of NY & NJ – 9 months
George Washington Bridge, Lincoln Tunnel,
Holland Tunnel and Staten Island Teleport

Other sites participating in a Beta rollout:
- Life Sciences
- Bayonne Redevelopment
- NYCHA
- NYTA

16. Would the technicians check the items on the handhelds when work is completed?

If assigned a handheld, the work ticket would be updated on the device when the work was completed.

If the technician was not assigned a handheld and was using a laptop as an input device, the work ticket could be updated at the end of the task or at the end of the day.

Please see **Attachment E**

17. Is the information on the handhelds real-time?

No. the data is synchronized between the handheld and the server multiple times during the day.

Data used for customer queries from the report engine and HEART is real time.

18. At the presentation, HBE stated the intention to provide bar code stickers to each device for record keeping, how long would it take HBE to bar code all the existing devices?

Labels can be created quickly once a request has been made. The actual tagging and recording of information in the field will be the bulk of the time which is estimated at 6 months as per the discussion after the oral presentations.

Note that some assets would need to come out of production before serial numbers could be recorded and HBE would be reluctant to "take the system down" (some of the boards in the nodes are "stacked" requiring power downs to gain access) so those S/N's may only be logged when replaced.

The bar coding of field devices would commence one month after the award of the contract. Based on the PM schedule, it is estimated that every device requiring a bar code would be tested and a bar code applied/read within 6 months of the award of the contract.

19. What is your experience with designing, installing and maintaining operation control centers and video wall systems?

Two recent local projects are:

a. **Brooklyn Battery Tunnel**

The Command and Control design includes:

- Barco Display Array & Software
- Fourteen (14) 52" displays in a 2 X 7 arrangement
- Three (3) Distinct Stations
  One of the stations is prioritized for Fire Emergencies allowing the operator to identify the location of the fire and control fan operation and other processes via touch screen.
- Custom designed console

b. **New York Power Authority**
Poletti Power, Queens, NYC

The Command and Control portion of the project included:

- HBE Custom designed console
- Seven (7) separate work areas
- Perimeter protection control w/graphical display
  24 Perimeter zones that include volumetric sensors, fence sensors and video
- Display and control of Delta Barriers
- Video headend is American Dynamics

20. The Port Authority of New York and New Jersey desires assurance that proposed staffing will be utilized for identified tasks within the proposal. Provide additional information with methodology and reporting mechanisms to monitor staff allocations on preventative maintenance, remedial maintenance and work order assignments.

The HBE staff dedicated to this contract will remain the same as it has been for many years, as follows:

Jim Barron	– JFK
Randy Scott	– LGA
Lou Anderson	– EWR
Greg Vickers	– Service Supervisor

As detailed in our presentation another badge technician, James Breland, is deployed to support that core team, as needed.

Attachment A

HBE

Gregory Vickers: *Service Supervisor - Airports, Bridges, Tunnels*

SUMMARY OF EXPERIENCE

Technical expert in maintaining and troubleshooting Access Control, CCTV and Security Systems

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc.: New York – 2001 - Present
Security Integrators
HBE –Supervisor for "On-Site" technicians at major airports: JFK, LGA, EWR

Mosler Safe Company: New York
Security Systems

EDUCATION
High School Diploma

CERTIFICATIONS:
Lenel Silver (Version 6.3)
Intelect
Verint / Nextiva

HBE

Louis Anderson IV: *On-Site Technician, EWR*

SUMMARY OF EXPERIENCE

Technical expert in maintaining and troubleshooting Access Control, CCTV and Security Systems.

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc.: New York – 2007 - Present
On-Site Service Technician, EWR for PANYNJ CASS, ACDTV, and L-3 Systems

Wornall Secure Business Solutions: New Jersey – 2001 - 2007
Access Control / CCTVT Service Technician
Assistant Project Manager – Large Building Project

Controlled Access: New Jersey – 2000 - 2001
Access Control / CCTVT Service Technician
Multiple Building Lead Technician

EDUCATION

High School Diploma

Middlesex Community College
- Windows NT Server/Network Administration
- Business Management Practices
- Networking Essentials

CERTIFICATIONS:

Lenel Silver (Version 6.3)
Intelect
Zenitel Installer
Software House Installer
Verint / Nextiva

HBE

James Barron: *On-Site Service Technician, JFK*

SUMMARY OF EXPERIENCE

Technical expert in maintaining and troubleshooting Access Control, CCTV and Security Systems

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc.: New York – 2001 - Present
On-Site Service Technician - JFK for PANYNJ CASS & OCC Systems

Mosler Safe Company: New York
Airport Technician

ADT: New York
Service Technician

Holmes Protection: New York
Service Technician

EDUCATION / TRAINING/CERTIFICATION
High School Diploma

Nassau Community College

CERTIFICATIONS:
Lenel Silver (Version 6.3)

MILITARY SERVICE
USMC - honorable discharge
Rank E-5

Barrington C. Scott: *On-Site Technician, LGA*

SUMMARY OF EXPERIENCE

Technical expert in maintaining and troubleshooting Access Control, CCTV and Security Systems

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc.: New York – 2002 - Present
On-Site Service Technician - LGA for PANYNJ CASS and ACDTV systems

Siemens: New York – 2001 - 2002
Field Service Engineer
Install / Service Automated Baggage Systems

Mosler, Inc.: New York – 1993 - 2001
Airport technician
Supervision / Installation / Servicing of Alarm Panels, Access Control Systems, CCTV

Linx Technologies: New York – 1993 - 2001
Service Technician
Installation and Servicing of Electronic Security Systems

EDUCATION
High School Diploma

SCS Business & Technical Institute
Electronic Service Technology / Computer Technology

Technical Career Institute
Electronic Engineering Technology

CERTIFICATIONS:
Lenel Silver (Version 6.3)
Intelect

LENEL
A UTC Fire & Security Company
HAVING MET THE REQUIREMENTS
JULY 24, 2009
Greg Vickers
of
Henry Brothers
IS GOLD CERTIFIED
DL1060R, DL3000R, DL4000NR
For the Lenel OnGuard 6.3 249 Product
Tina Serafin, VP of Lenel Global Services
Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

JUNE 26, 2009

Louis Anderson

of

Henry Brothers

IS GOLD CERTIFIED

DL1000R, DL2000R, DL40000R

For the Lenel OnGuard 6.3.249 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

JULY 24, 2009

Jim Barron

of

Henry Brothers

IS SILVER CERTIFIED

DL1000R, DL2000R

For the Lenel OnGuard 6.3.249 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

JUNE 26, 2009

Randy Scott

of

Henry Brothers

IS SILVER CERTIFIED

DL1000R, DL2000R

For the Lenel OnGuard 6.3.249 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

Certificate of Completion

awarded to

Gregory Vickers

for

OMNILYNX™

2-DAY OPERATOR TRAINING COURSE

L99103A-104

presented by

Intelect Technologies Incorporated

Dec 20, 2004

Date

Instructor

Certificate of Completion

awarded to

Jim Barron

for

OMNILYNX™

2-DAY OPERATOR TRAINING COURSE

L99103A-204

presented by

Intelect Technologies Incorporated

Dec 20, 2004

Date

Instructor

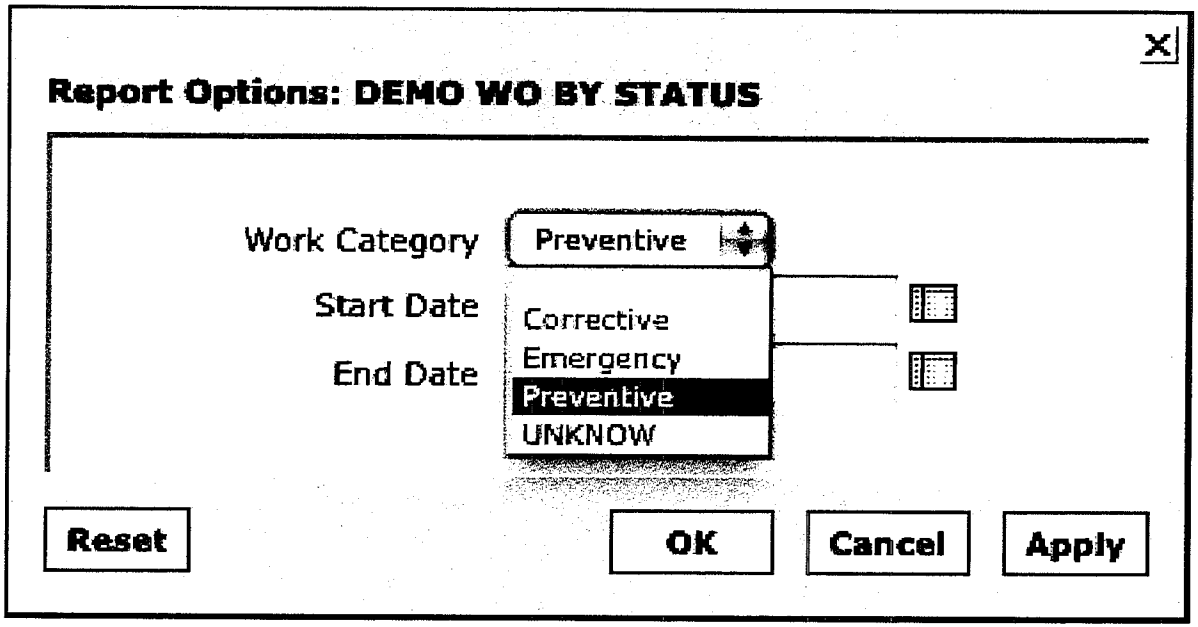
Attachment B

DEMO Asset Listing

AssetNo	Description	Serial No	Asset Type	Location	Status	Site
DEMO COMPA 671 AG IC RPK40 PIV	AMAG PROX - KEYPAD READER		PROXIMITY DETECTOR -	Server Room	In Service	Ten and Bell
DEMO COMPANY 1085TM 01	GE DOOR CONTACT 01		DOOR CONTACT	Main Entrance Door	In Repair	Ten and Bell
DEMO COMPANY 1085TM 05	GE DOOR CONTACT 05		DOOR CONTACT	Private Office Door	In Repair	Ten and Bell
DEMO COMPANY 1085TM 02	GE DOOR CONTACT 02		DOOR CONTACT	Vault Door	In Repair	Ten and Bell
DEMO COMPANY 1085TM 03	GE DOOR CONTACT 03		DOOR CONTACT	Vault Door	In Service	Ten and Bell
DEMO COMPANY 1085TM 04	GE DOOR CONTACT 04		DOOR CONTACT	Private Office Door	In Repair	Ten and Bell
DEMO COMPANY 1085TM 06	GE DOOR CONTACT 06		DOOR CONTACT	Private Office Door	In Repair	Ten and Bell
DEMO COMPANY 1085TM 07	GE DOOR CONTACT 07		DOOR CONTACT	Server Room	In Repair	Ten and Bell
DEMO COMPANY FA4e4DR	INOVONICS WIRELESS RECEIVER 64/16		WIRELESS RECEIVER	Server Room	In Repair	Ten and Bell
DEMO COMPANY 1106xDBAxD 01	DORTRONICS MAGNETIC LOCK 01		MAGLOCK	Main Entrance Door	In Repair	Ten and Bell
DEMO COMPANY 1106xDBAxD 02	DORTRONICS MAGNETIC LOCK 02		MAGLOCK	Vault Door	In Service	Ten and Bell
DEMO COMPANY 1110xDBAxD 03	DORTRONICS MAGNETIC LOCK 03		MAGLOCK - 11Fl	Private Office Door	In Repair	Ten and Bell
DEMO COMPANY 1130xDBAx2D 04	DORTRONICS MAGNETIC LOCK 04		MAGLOCK	Private Office Door	In Service	Ten and Bell
DEMO COMPANY 302 CON 1	AMAG DIAL UP EQUIPMENT - 1		DIAL UP MODEM	Server Room	In Service	Ten and Bell
DEMO COMPANY 302 CON 2	AMAG DIAL UP EQUIPMENT - 2		DIAL UP MODEM	Server Room	In Service	Ten and Bell
DEMO COMPANY 8155X	GE SHARPSHOOTER MOTION - ALARM 01		MOTION DETECTOR	Main Entrance Door	In Service	Ten and Bell
DEMO COMPANY 8155X 02	GE SHARPSHOOTER MOTION - ALARM 02		MOTION DETECTOR	Vault Door	In Service	Ten and Bell
DEMO COMPANY 87X GAK	MidFirst AMAG GASKET KIT		GASKET KIT	Server Room	In Service	Ten and Bell
DEMO COMPANY AL606ULACM	ALTRONIX LOCK POWER SUPPLY		Power Supply	Server Room	In Service	Ten and Bell
DEMO COMPANY DISC 01	VISONIC WIRELESS MOTION DETECTOR		WIRELESS MOTION	Main Entrance Door	In Service	Ten and Bell
DEMO COMPANY DISC 02	VISONIC WIRELESS MOTION DETECTOR		WIRELESS MOTION	Vault Door	In Service	Ten and Bell
DEMO COMPANY DISC 03	VISONIC WIRELESS MOTION DETECTOR		WIRELESS MOTION	Vault Door	In Service	Ten and Bell
DEMO COMPANY DISC 04	VISONIC WIRELESS MOTION DETECTOR		WIRELESS MOTION	Private Office Door	In Service	Ten and Bell
DEMO COMPANY DISC 05	VISONIC WIRELESS MOTION DETECTOR		WIRELESS MOTION	Private Office Door	In Service	Ten and Bell
DEMO COMPANY DISC 06	VISONIC WIRELESS MOTION DETECTOR		WIRELESS MOTION	Private Office Door	In Service	Ten and Bell
DEMO COMPANY DISC 07	VISONIC WIRELESS MOTION DETECTOR		WIRELESS MOTION	Server Room	In Service	Ten and Bell
DEMO COMPANY DS161 01	BOSCH REX PIR BLACK 01		REQUEST TO EXIT	Main Entrance Door	In Service	Ten and Bell

DEMO PM SCHEDULE

PM No	Asset No	Next PM	Site	Location	Status	AssignedTo	Note
DEMO COMPANY- PM BY		01/04/2010	7th and Bell	Teller Station	Active	MIDFIRST 7TH AND BELLTECH	DEMO COMPANY- PM BY LOCATION - TELLER
DEMO COMPANY-	DEMO COMPANY - 1108	01/04/2010	7th and Bell	Main Entrance Door	Active	Kathleen Dermody	DEMO COMPANY- MAGLOCK PM
DEMO COMPANY- PM BY		01/04/2010	7th and Bell	Vault Door	Active	MIDFIRST 7TH AND BELLTECH	DEMO COMPANY- PM BY LOCATION - VAULT
DEMO COMPANY - DOOR	DEMO COMPANY - 1085TM-	01/04/2010	7th and Bell	Vault Door	Active	Kathleen Dermody	DEMO COMPANY- DOOR CONTACT PM
DEMO COMPANY- PM BY		01/04/2010	7th and Bell	Main Entrance Door	Active	MIDFIRST 7TH AND BELLTECH	DEMO COMPANY- PM BY LOCATION- MAIN
DEMO COMPANY- PM BY		01/04/2010	7th and Bell	Private Office Door	Active	MIDFIRST 7TH AND BELLTECH	DEMO COMPANY- PM BY LOCATION - PRIVATE
DEMO COMPANY- PM BY		01/04/2010	7th and Bell	Server Room	Active	MIDFIRST 7TH AND BELLTECH	DEMO COMPANY- PM BY LOCATION - SERVER


Report Options: DEMO WO BY STATUS
Work Category
Preventive
Start Date
End Date
Corrective
Emergency
Preventive
UNKNOW
Reset
OK
Cancel
Apply

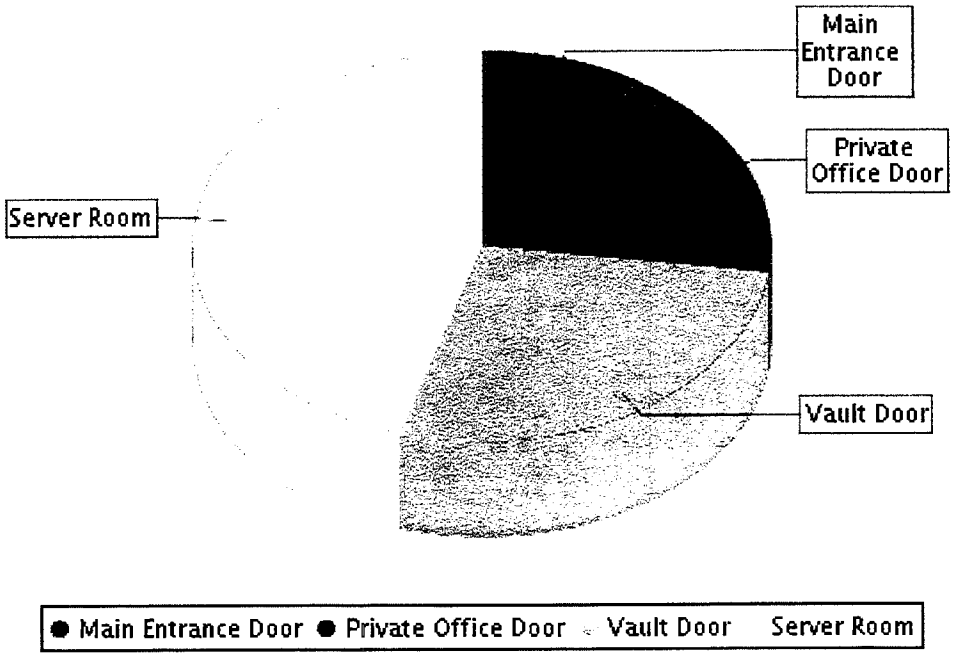
DEMO Work Ticket Summary

Start Date 09/01/2008
End Date 09/01/2009

Status	Location	Asset	Assigned	Start Time	End Time	Hours	Description
STATUS	CLOSED						
7876	Server Room	DEMO COMPANY MNIO 01	Kathleen Dempsey	7/19/09 10:00 AM	7/19/09 1:00 PM	3.0	Replace with asset that is serialized
7862	Server Room	DEMO COMPANY 1085TM 07	Kathleen Dempsey	7/15/09 6:00 PM			test check out to wo
7867	Server Room	DEMO COMPANY 1085TM 07	Kathleen Dempsey	7/2/09 12:00 PM	7/2/09 8:00 PM	8.0	test chile replace and repair
7859	Private Office Door	DEMO COMPANY 1085TM 06		7/1/09 12:00 PM	7/1/09 8:00 PM	8.0	test3
7860	Vault Door	DEMO COMPANY 1085TM 02	Kathleen Dempsey	7/19/09 12:00 PM	7/19/09 6:00 PM	6.0	Test check out to work order
7864	Private Office Door	DEMO COMPANY 1120xDBAxD 03		7/15/09 12:00 PM	7/15/09 8:00 PM	8.0	repair and install back
7868	Vault Door	MidFirst 1085TM 19	Kathleen Dempsey	7/16/09 12:00 PM	7/16/09 4:00 PM	4.0	test returning at asset
7867	Vault Door	DEMO COMPANY 1106xDBAxD 02	Kathleen Dempsey	8/31/09 8:30 PM	8/31/09 11:00 PM	2.5	Example of SR for DEMO COMPANY Door sticks
7865	Main Entrance Door	DEMO COMPANY 1085TM 01	Kathleen Dempsey	7/15/09 5:30 PM	7/15/09 6:45 PM	1.2	asset in repair test return to store
7866	Server Room	DEMO COMPANY 1A464DR		7/21/09 4:00 PM	7/21/09 6:00 PM	2.0	Blown out fixed
7868	Server Room	DEMO COMPANY 302 CON 2	MIDFIRST 7TH AND BELLTECH	7/21/09 3:00 PM	7/21/09 4:00 PM	1.0	DIAL UP MODEM SHOT

Total Hours for Statuses 43.8

Location	Work
Main Entrance Door	1
Private Office Door	2
Server Room	5
Vault Door	3



Attachment C

HBE

John Batsch *VP / General Manager*

SUMMARY OF EXPERIENCE

John brings in over 32 years of operations, project and systems management experience in the security and wireless communication business. John has managed multi-state, multi-office operations with full P&L responsibility. John's tasks and duties include: sales, operations, customer service, installation, service and maintenance.

EXPERIENCE

Henry Bros. Electronics **2003 – Present**

VP / GM – 2009 – Present

- Full P&L responsibility for HBE's Public Sector Group including the management of the security installations, servicing and maintenance operations located at the PANYNJ NY metro airports (EWR, LGA & JFK), bridges (GWB) and tunnels (HT & LT).
- Full P&L responsibility for HBE's Airorlite Wireless Division including the management of the wireless installations, servicing and maintenance operations located at the NY MTA B&T tunnels (BBT & QMT) and wireless In-Building systems at major NYC facilities (7 WTC). These responsibilities also include provisioning and repairs of the wireless products offered by Airorlite to various wireless companies throughout the US.
- Full P&L responsibility for HBE's Viscom Group including the management of the mobile video installations, servicing and maintenance operations in various agency fleets located in the US.

Director – Public Sector 2005 - Present

- Manages HBE's security installation, service and maintenance operations at Port Authority metro airports
- Manages HBE's wireless installation, service and maintenance operations at MTA B&T city tunnels
- Manages HBE's system design, production, installation and maintenance of Viscom Products Division

Project Manager Path Restoration;

Business Unit Manager – Wireless Systems 2003 - 2005

- Managed systems integration at PATH Restoration – WTC Ground Zero
  - CCTV System, Lenel Access Control, Pathvision Monitoring
- Managed a support organization to maintain the wireless communication system for the MTA at both the Brooklyn Battery and Queens Midtown Tunnels
  - Subcontractor for General Fiber Communications (GFC)
  - Coordinated effort to maintain stability during transitional phase of GFC

General Fiber Comm. (AeroComm) Inc. **2000-2003**

Business Unit Mgr. – Wireless Network Sys & Svc

- Established and managed a support organization to oversee the installation, service of carrier systems.
- Sold $8.5 mil. Wireless Carrier System installations in the NY Metro Area.

EFP Associates, Inc. **1999-2000**

VP Operations

- Reorganized internal company operations to more effectively address market opportunities
- Generated a 50% increase in sales and gross margins within the first six months of operation

HBE

Chris Peckham, *Chief Information and Security Officer*

SUMMARY OF EXPERIENCE

Mr. Peckham has served in a variety of senior information technology, network engineering and operations positions during his 20-year career.

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc. – 2008 – Present – Fairlawn, NJ – CIO / CSO

Responsible for all HBE Information and Security initiatives

SunGard Higher Education – 2003 – 2008 – Mercy College, Dobbs Ferry, NY – Director of Operations

Manage a staff of eighteen in the areas of desktop support, helpdesk, networking, and telecommunications at a small/mid-size college with six campus locations, serving over 600 faculty/staff and 9000 students, with over 1800 servers, desktop, laptops, and computer laboratory systems.

Skipjam Corp – 2002 – 2003 – Greenwich, CT – Vice President, Engineering

- Startup company in the consumer electronics space developing a "multimedia hub"
- Schematic design using Orcad and PCB layout using P-CAD
- System benchmarking across linux systems including embedded Lineo, prototype drivers

Globix – The Global Internet Exchange – 1999 – 2002 – New York, NY – VP of Network Engineering

Served in a role similar to the Chief Information Officer and managed the staff responsible for architecture and operation of the internal and client facing infrastructure. Groups included network and system engineering, operations, project management, datacenter, and call center. Staff ranged in size from 15 to 150 with annual salary budget up to $9.1 million. Duties included related capital/operating budgeting. Infrastructure served over 900 staff and the company's client base in over 20 US and international locations.

Qwest Internet Solutions – 1997 – 1999 – Weehawken, NJ – Manager of Network Engineering

- Managed day-to-day project management, network planning, network monitoring systems, build-out, standards, and development of operating procedures
- Supervised the redesign of BGP and OSPF configuration on a national multi-POP network connecting clients, transit, and major Internet peering locations

EDUCATION and CERTIFICATION

Rutgers

M.B.A. (2007) with concentration in Management & Global Business

New Jersey Institute of Technology (NJIT)

Ph.D. (2000), MS (1989), BS (1987) - Electrical Engineering

PROFESSIONAL CERTIFICATIONS and ORGANIZATIONS

- Member of the Advanced Computing Systems Association (USENIX), the System Administrators Guild (SAGE), and Institute of Electrical and Electronics Engineers (IEEE).
- Served on the NJIT Electrical and Computer Engineering Industry Advisory Board (2000 – 2006).
- Held Cisco Certified Internetworking Expert (CCIE #3094).
- Held Sun Microsystems Competency 2000/Enterprise certification (Examinations in the areas of Solaris 2.x NIS+, Network, System A

HBE

Emil J. Marone, *Chief Technical Officer*

SUMMARY OF EXPERIENCE 1965 to Present

- Established Two-Way Radio Department
- Recognized Designer, Quality Engineer, Consultant, Diagnostic Analyst and Program Manager
- Established Closed Circuit Systems
- Department Established Quality Assurance Program
- Senior Designer for Major Design/Build Project

BUSINESS EXPERIENCE: CHIEF TECHNOLOGY OFFICER

Vice President and Director of Systems Engineering and Quality Assurance

- Accountable for previous responsibilities
- Responsible for new systems design
- Responsible for all quality assurance

Vice President and Closed Circuit Systems (CCS) (11 years)

- Responsible for the direction of the CCS Department
- Responsible for new product design and implementation
- Responsible for developing new testing procedures for cameras & monitors
- Responsible for the evaluation of products manufactured by outside vendors
- Responsible for all quality management

Closed Circuit Systems Manager (5 years)

- Developed a Design/Build and Service Closed Circuit Systems Department
- Security using CCTV equipment
- Corridor Paging
- Intrusion Alarm Systems
- Design of special products to interface all parts of system
- In-house and field servicing
- Quality management

Systems Engineer (developing new markets and products) (4 years)

- Responsible for development of special products to improve servicing of RF paging systems
- Development of screen rooms for servicing, Fiber Optics to bring audio into the quiet environment, and special testing procedures for the repair of low frequency FM pagers

DESIGN/BUILD EXPERIENCE: (PARTIAL LIST)

New York City Transit Authority - 1993 to Present

- Money Counting Facilities, Epic (Employee Personnel Identification Card Network)

New York Power Authority – Oswego, NY

- Design CCTV, Video Alarm Capture System for 100% perimeter protection
- Designed all aspects of software and hardware with exception of recording unit
- Design of a recording and display system able to instantaneously capture and display four images in 500 milliseconds
- Provide automatic video printout of frozen pictures

AT&T Nassau - 1975 to Present

- CCTV Cameras, Intercoms, Fiber Optic Communications, Fixed & Mobile Radio Repeater System

Stewart Airport - (Started 1/3/96)

- CCTV - Fiber - Redundant Computerized Access Control, Video Badging and alarm monitoring system

Port Authority of NY/NJ (JFK Airport) - 1993

- Communications/Operations Console for new General Aviation Terminal and Snow Removal Desk at JFK Airport

Delta Airlines (JFK Airport) -1999

- Initiate communications via laser link; Designed and supervised the installation of inter-building fiber trunk for permanent signal transmission

Installation Certification

Verint Loronix Video Solutions Certifies:

Emil Marone

Has completed the CCTVware Enterprise System Installation and Upgrade Training on Version 2.6.

VERINT

Date: **8/15/01**
Trainer: **David Brent**

Julie Gram
Manager of Customer Service

Certificate of Completion

awarded to

Emil Marone

for

OMNILYNX™

2-DAY OPERATOR TRAINING COURSE

L99103A-104

presented by

Intelect
Technologies
Incorporated

Dec. 20, 2004

Date

Instructor

HBE

James Breland: *Site Technician*

SUMMARY OF EXPERIENCE

Technical expert in maintaining and troubleshooting Access Control, CCTV and Security Systems

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc.: New York – 2008 - Present
Airport Technician supporting non-PA systems
Services all airports in the NY, NJ Metro area – JFK, LGA, EWR

JP Morgan Chase.: New York – 1983 - 2006
Service Manager – Help Desk 24x7
Lead Technician – Technical support
ATM Field Technician – Preventative Maintenance

EDUCATION
High School Diploma

CERTIFICATION
Lenel Silver (Version 6.3)

MILITARY SERVICE
US Army Reserve – 99th Signal BN
Repairs, Trouble Shooting, Operations – Multi-Channel Communications Equipment

LENEL
A UTC Fire & Security Company
HAVING MET THE REQUIREMENTS
JULY 24, 2009
James Breland
of
Henry Brothers
IS SILVER CERTIFIED
Tina Serafin, VP of Lenel Global Services
Kurt Brooks, Director of Global Education

HBE

Joe Motta *Engineering Manager*

Joe is a graduate of New Jersey Institute of Technology (NJIT) with a degree in Electrical Engineering. During his tenure with HBE, he has been involved in the design of state-of-the-art CCTV; multi-facility Access Control, and IP Video Systems for both commercial applications and high security public agencies. Building on his field experience, Joe excels in conceptual design, programming and system integration. As Engineering Manager, Joe understands the needs of the customer and continues to assume a key role in the success of HBE.

EXPERIENCE

HENRY BROTHERS ELECTRONICS, INC.

Engineering Manager, April 2006 – Present

Managing the engineering department and CAD department personnel; assisting them with all aspects concerning projects, CAD work, research and development, submittal packages, etc. Also responsible for scheduling their time and ensuring projects stay under budget and customers' expectations are met through the system design.

Assisted sales team in bid review, product selection, system topology, etc. with new project bids.

System Engineer, January 2004 – March 2006

Engineering work with all aspects of the commercial security industry including system design, product testing, evaluation, submittals, and overall design of CCTV and access control systems including digital video integration and wireless communication via lasers.

Engineering Technician, May 2002 – December 2003

Working in the engineering department and in the field, designing and implementing system components and equipment.

Assisting project engineers and managers in designing and supervising the installation of systems from start to finish.

HIGHLIGHTS

Port Authority Trans Hudson (PATH) Division 1989 to 1990

Joe served as lead Project Engineer for the complete system upgrade (hardware and software) of the Port Authority's large scale IP-based digital video recording system. Project entailed upgrading to a new system with no downtime of the CCTV system recording.

Port Authority of New York & New Jersey – Aviation Division

Joe served as lead Project Engineer for a multitude of Port Authority projects including system upgrades located at all three area airports; Newark, LaGuardia, and JFK. Projects and designs ranged from fiber optic and network communications, digital video, and access control. Joe has performed major upgrades to each of the three regional servers. He works with all of the internal personnel to insure everyone is informed on the procedures to implement these upgrades. He heads up all of the technical responses to all of the requests for new work, some of which is on the leading edge of technology. Joe also insures all of the design, construction, and as-built documentation is generated and distributed.

Port Authority Trans Hudson

PATH Division of the Port Authority initiated the development of a Temporary PATH Train Station at The World Trade Center. As Project Engineer, Joe spearheaded the design of the system integrating CCTV, Access Control and PATHVision systems. In addition to Project Engineer, Joe's responsibilities included field engineering, project management, and technical support.

Clarion Reality

Project Engineer for a lobby access control system, utilizing optical turnstiles to control building access at 1211 6th Avenue New York, NY.

City of Mount Vernon

Assisted in engineering and implementation of a video-over-IP CCTV system utilizing lasers for wireless communication throughout the entire city with video from all locations viewable at the Police Headquarters.

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

MARCH 6, 2009

Guiseppa Motta

of

Henry Brothers

IS PLATINUM CERTIFIED

DL1000R, DL2000R, DL3000R, DL4000R, DL7000R

For the Lenel OnGuard 6.1.222 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

Nextiva Software / Intelligent Edge Devices

Verint Video Solutions Certifies:

Joe Motta

Has received certification on Nextiva Software / Intelligent Edge Devices and is authorized to install and support these systems.

Training Certification Number: 02070003X

Michelle Watts, Education Services Manager

Rachel Zeller, Technical Trainer

March 2, 2007

VERINT
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HBE

Al Baduklu, *Systems Engineer*

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics- Fairlawn, NJ - 2003-Present – Systems Engineer

Engineering work with all aspects of the commercial security including system design, product testing, evaluation, submittals, and overall design of CCTV and access control systems including digital video integration and wireless communication

Port Authority of New York & New Jersey – Aviation Division

Al serves as lead Project Engineer for a multitude of Port Authority projects including system upgrades located at all three area airports; Newark, LaGuardia, and JFK. Projects and designs ranged from fiber optic and network communications, digital video, and access control. Al has performed major upgrades to each of the three regional servers. He works with all of the internal personnel to insure everyone is informed on the procedures to implement these upgrades. He heads up all of the technical responses to all of the requests for new work, some of which is on the leading edge of technology. Al also insures all of the design, construction, and as-built documentation is generated and distributed

NJIT Robotics Manufacturing Dept, Newark, NJ - 2002 -2003 - Project Manager

- Supervised, from conception to implementation, the Remote Access Robotic Manufacturing Cell (RARMC)
- Assured timely project completion within the constraints of resources, by implementing modem project management techniques
- Maintained constant communication between all stakeholders to ensure the requirements of the client are reflected in the final product

Genesis Inc. /Proteam.com, Secaucus, NJ - 1997 -2001 - Database Analyst/Administrator

- Maintained database to ensure the accuracy and integrity of records
- Managed security protocols to guarantee proper user level access
- Maintained hardware and software components for a large (600+ users) local area network
- Projected call volume in order to maximize the efficiency of call processing
- Supervised the activity and productivity of 75 employees in a commercial call center

Taurus Consulting, River Edge, NJ - 1995 -1996 - Computer Consultant, Systems Analyst

- Maintained local area networks as well as various accounting and business software packages for a diverse portfolio of clients
- Achieved an intimate familiarity with various businesses' functions in order to better understand their needs and develop solutions for them
- Trained clients and their employees on the usage and function of newly installed hardware/software systems

EDUCATION / CERTIFICATION

New Jersey Institute of Technology, Newark, NJ

Major: BS in Computer Science

Lenel, Master Certified, Version 6.3

Verint, Nextiva, Version 6.0

LENEL
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HAVING MET THE REQUIREMENTS
JUNE 26, 2009
Al Baduklu
of
Henry Brothers
IS MASTER CERTIFIED
DL1000R, DL2000R, DL3000R, DL4000R, DL5000R, DL7000R
For the Lenel OnGuard 6.3.249 Product
Tina Serafin, VP of Lenel Global Services
Kurt Brooks, Director of Global Education

Nextiva 6.0 Installation, Configuration & Support

Verint Video Solutions Certifies:

Al Baduklu

Has received certification on Nextiva Software / Installation, Configuration, & Support and is authorized to install and support these systems.

Training Certification Number: 04090006X

Eric Ranz, Technical Training Manager

April 9, 2009

VERINT

HBE

Neel Keer, *Senior Systems Engineer*

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics – Fairlawn, NJ – 2008-Present – Sr. Systems Engineer

Custom designed, developed and implemented different Access Control Systems. Executed the "mission-critical" System Upgrade Project of National Stature for Windows as well as SQL Server for the Security Systems for the three Airports – JFK, La Guardia and Newark, New York Transit Authority & MTA. Provided solutions at the back-end, SQL Server to satisfy customer needs, which were not supported by security software. Wrote Stored Procedures, Triggers and Extended Stored procedure in MS SQL Server for the data conversion & import/export for "LENEL ONGAURD" an of the shelf security system software package. Wrote complex stored procedures to import the Oracle HR database (for MTA) into the Lenel Access Control Database. These stored procedures and triggers were later incorporated in the software's new release. Managed and administered MS SQL Server 2005/2000 systems. Administered conversion/upgrades of LENEL Enterprise Access Control systems. Automated many complex jobs and backup procedures in MS SQL Server as per customer needs. Designed, developed and tested small support applications using VC++ with ODBC Connectivity using ADO/DAO classes to SQL Server back-end. Created complex custom reports per client requirements using Crystal Reports 11. Troubleshooting for SQL Server, Windows related problems, hardware conflicts, installation, software configurations, and network connectivity.

Project Manager, Port Authority of NY & NJ – New York – May 05-Sep 08

Working in Technology Services Department (TSD) to provide professional, technical and Advisory Consultant and Project Management services for PANYNJ Line Departments. Assigned to work for PANYNJ's Aviation Department to manage projects at the airports (JFK, LaGuardia & Newark Liberty International). Major projects included working on the following PANYNJ Aviation Systems:

- Computerized Access Control Security (CACS) System
- LENEL OnGuard Enterprise Solution to CACS System
- Aviation Biometric Addition to CACS System
- Perimeter Intrusion Detection System (PIDS)
- Developed custom applications (using VC++ & SQL Server) to support & enhance the CACS System functionality.

ADDITIONAL PROJECT WORK EXPERIENCE

Zealous Solutions, Inc., NY – May 04-Sep 08 – Sr. Consultant
Henry Bros. Electronics (HBE), New Jersey – Nov 02-May 04 – Sr. Systems Engineer (Database Specialist)
NCS, Inc., New York – Oct 98-Oct 02 – Sr. Consultant
Peac Infotech, Inc., San Jose, CA – Apr 98-Sep 98 – Consultant
Origin Information Technologies Ltd., India – Sep 97-Apr 98 – Software Engineer
Technology & Management Consulting, India – Mar 97-Sep 97 – Software Consultant
Systime Computer Systems (India) Ltd., India – Dec 96-Feb 97 – Software Engineer
Hind Computers, India – Jul 95-Nov 96 – Software Engineer

EDUCATION / CERTIFICATION

Education: ***Bachelor of Engineering in Computer Science***
Diploma in Electronics Production and Maintenance
Specialization: ***Lenel Systems, MS SQL Server 2005, Visual Studio .NET, VC++ 6.0 with MFC, C/C++***
Security System Applications: ***LENEL Enterprise, C-CURE, AMAG***
Certification: ***Lenel Silver Certification, Lenel Custom Solutions Workshop***

TECHNICAL EXCELLENCE AWARDS

1. Winner of LISA awards 2001 (www.listnet.org/lisa_2001_winners.cfm) for Web Based Product: EwebScheduler, New York
2. STAR PERFORMANCE AWARD FOR "Vulcan" from Datastream, Inc., SC, USA - Cust. Satis. Rating: 4.5 out of 5
3. ASIA PACIFIC EXCELLENCE AWARD FOR "Gavel" from Datastream, Inc., SC, USA - Cust. Satis. Rating: 4 out of 5

LENEL

A UTC Fire & Security Company

NOVEMBER 7, 2008

NEEL KEER

of

Henry Bros. Electronics, Inc.

HAS COMPLETED THE CUSTOM SOLUTIONS WORKSHOP

BASIC ONGUARD DATABASE SCHEMA, DATA EXCHANGE, DATACONDUIT, AND CRYSTAL REPORTS

Justin Dagen
Custom Solutions Engineer

Jason Higley
Custom Solutions Engineer

Shaun Kelsey
Custom Solutions Manager

LENEL

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HAVING MET THE REQUIREMENTS

Neel Keer

of

Henry Bros. Electronics, Inc. -Nj

IS NOW CERTIFIED

CR1000

FOR LENEL ONGUARD VERSION 6.3.249

Jun 12, 2009

Certified by

Lenel Systems International, Inc.

Global Education

HBE

Walter Bertram Jr., *Project Manager*

SUMMARY OF EXPERIENCE

Project Manager for large scale projects, including The Port Authority of NY and NJ, with over thirty-one years of progressive experience in the Information Technology, Security, and Customer Service Industries.

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc. – 2001 - present – New York – Project Manager for PANYNJ: JFK, LGA, EWR

- Plan and develop the course of Port Authority Work Order Projects
- Develop Scope of Work for Work Orders
- Participate in Job Walk Through
- Secure, obtain quotes, and manage sub-contractors
- Manage Projects to a timely completion
- Close-out projects

Field Service Manager – Aviation

- Manage service operations at three PANYNJ Airports.
- Assist PM with scheduling and over-seeing installations at Airports.
- Provide advanced technical support to three on-site technicians.
- Assist and produce documents, drawings, and reports.

Mosler Inc. – 1980 – 2001 - Hamilton, OH

Lead On-Site Service Technician – Newark International Airport
Airport Site Supervisor – Newark International Airport
Installation Supervisor
Senior Customer Service Representative / Supervisor

- Provide daily preventative and remedial maintenance.
- Assist with Airport Service and Installations
- Provide advanced technical support to other technicians
- Assist with PANYNJ installations and advanced troubleshooting
- Provide daily scheduling of Airport Airside Security System Installation
- Instruct and supervise sub-contractors
- Maintain integrity of both new and existing systems

EDUCATION and CERTIFICATION

Middlesex County Vocational Technical H.S, Perth Amboy, NJ

High School Diploma - Electronics Vocation - Work Study Program in TV Repair

Training or Certifications:

Lenel-Silver Certified (Version 6.3), SQL 7.0 System Administration – Microsoft Certified, Intelect Sonetlynx Networks Certification, Software House Training, Linx and Mosler / Linx Access Control, Train The Trainer Course, Omron ATM Training, IBM AT and XT Service, Satellite Link Training, and other Mosler Alarm and RTS Product Training – Verint-Nextiva-Version 6.0

Security clearance

Active Airside Access Privileges with escort and driver at EWR, LGA, and JFK Airports
Customs Clearance at EWR Airport.

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HAVING MET THE REQUIREMENTS
JULY 24, 2009
Walter Bertram
of
Henry Brothers
IS SILVER CERTIFIED
Tina Serafin, VP of Lenel Global Services
Kurt Brooks, Director of Global Education

Nextiva 6.0 Installation, Configuration & Support

Verint Video Solutions Certifies:

Walter Bertram

Has received certification on Nextiva Software / Installation, Configuration, & Support and is authorized to install and support these systems.

Training Certification Number: 04090007X

Eric Ranz, Technical Training Manager

April 9, 2009

VERINT

Certificate of Completion

awarded to

Walter Bertram

for

OMNILYNX™

2-DAY OPERATOR TRAINING COURSE

L99103A-104

presented by

Intelect Technologies Incorporated

Dec 20, 2004

Date

Instructor

HBE

Charles White, *Project Manager*

SUMMARY OF EXPERIENCE

Project Manager for large scale projects, including The Port Authority of NY and NJ, with over thirty-one years of progressive experience in the Information Technology, Security, and Customer Service Industries.

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc. – 2006 - present – New York – Project Manager

Project Manager for PANYNJ, at the major airports: JFK, LGA, EWR.

The Port Authority of NY and NJ – 2002 -2006 – New York – Project Manager

Managed the design / implementation at EWR and JFK Airports of:

- Approximately 15 miles of fiber optic infrastructure and associated systems
- Airport Security Initiatives and TSA Security pilot projects
- A new CCTV system
- The high bandwidth (GIGE) intra-facility links
- Critical system relocations

Lewco Securities Corporation – 1998 -2001 – New York – Manager, Network Services

- Network design, implementation, and support of multi-tiered LAN/WAN networks, encompassing over 100 sites located throughout the US and Europe
- Managed Technical staff and vendors, dispatching staff to resolve customer problems
- Project managed and implemented the conversion of the legacy multiplexer network to as TCP/IP_ routed network at 85 sites

The Port Authority of NY and NJ – 1973 -1998 – New York

Senior Network Specialist

- Responsible for network design, implementation and maintenance
- Project management team for Disaster recovery Project

Assistant Data Processing Supervisor

- Responsible for Data Center staff, including Mainframe Operations, Network Operations, and Help Desk Operations

EDUCATION and CERTIFICATION

CUNY, Queens College, Flushing, NY

Course work in Liberal Arts

Training or Certifications:

Lenel- Silver Certified – Version 6.3

Verint-Nextiva – Version 6.0

Novell 4.1 CNE Suite, H.P. Overview, Cisco Routers, CiscoWorks, Cisco Switches, Bay Networks, Optivity, Checkpoint Firewall, Timeplex Multiplexers, GDC Multiplexers, Codex Multiplexers, IBM MVS, DCE VMS, Vitalink LAN Bridges, TCP/IP, OSI, DataSwitch Channel Extenders, Seagate NerveCenter, Ki Systems LAN Node Manager, AT&T Dataphone II System Controller, Network General / Telenex 2700 LAN/WAN Switching Systems

LENEL

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HAVING MET THE REQUIREMENTS

JULY 24, 2009

Charles White

of

Henry Brothers

IS GOLD CERTIFIED

DL1000R, DL2000R, DL4000R

For the Lenel OnGuard 6.3.249 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

Nextiva Software / Intelligent Edge Devices

Verint Video Solutions Certifies:

Charles White

Has received certification on Nextiva Software / Intelligent Edge Devices and is authorized to install and support these systems.

Training Certification Number: 04070008X

Michelle Watts, Education Services Manager

Eric Ranz, Technical Trainer

April 20, 2007

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HBE

Michael T. Murray *Senior Project Manager*

SUMMARY OF EXPERIENCE

Michael has 37 years of experience in the project and systems management experience in the fire alarms, CCTV system, security and operations. Michael has managed numerous projects in the NY metro area. Michael's responsibilities include: customer service, sales, service and maintenance, operations and installations.

HENRY BROS. ELECTRONICS – PROJECT MANAGER

Managed work order installations including labor; issue sub-contractor agreements; coordinate and schedule labor requirements with electrical contractors; ordered equipment and coordinated delivery for work orders; provide labor estimates for work orders. Projects included Newark Liberty International Airport, JFK International Airport, LaGuardia Airport, PATH and Nissan America.

MOSLER INCORPORATED – PROJECT MANAGER

Managed major projects in the New York Metro Area; supervised the design and installation of system upgrades and conversions; ensure integrity of existing systems was maintained while upgrades and conversions took place; managed the security system upgrade at three Port Authority Airports simultaneously (these projects were completed on time and under budget). Sites include JFK International Airport, Newark Liberty International Airport, LaGuardia Airport, MCI WorldCom in NY and NJ, Word Financial Center, NY.

STRATEGIC SECURITY TECHNOLOGIES INC. – PROJECT MANAGER

Responsible for all aspects of installation of Access Control Systems, closed circuit television systems, intercom systems and burglar alarm systems; designed and engineered systems as needed; scheduled and coordinated all work with clients and sub-contractors; specified and approved all material purchases. Some example sites are PSE&G throughout NJ and Bell Atlantic in NY, MD and VA.

FRANKLIN ELECTRONIC SYSTEMS, INC. – OPERATIONS MANAGER

Managed all daily operations of a high volume electronics company; trained, scheduled, supervised and evaluated 12 Service Technicians; hired, trained and supervised Installation Manager, Service Manager and Project Managers; coordinated projects with contractors and sub-contractors; assisted Engineers with system design. Top missions were PSE&G, BASF Corporation and E.I. DuPont.

TRAINING

Trained in Lenel, Casi-Rusco, Westinghouse Access Controls, Checkpoint, Northern Systems, Radionics, NICE and Verint.

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JULY 24, 2009
Mike Murray
of
Henry Brothers
IS SILVER CERTIFIED
Tina Serafin, VP of Lenel Global Services
Kurt Brooks, Director of Global Education

Certificate of Completion

awarded to

Mike Murray

for

OMNILYNX™

2-DAY OPERATOR TRAINING COURSE

L99103A-204

presented by

Dec 20, 2004

Date

Instructor

HBE

Ed Sonnenschein, *Systems Engineer*

SUMMARY OF EXPERIENCE

Over 4 years of engineering, design and installation experience of sophisticated high-end CCTV systems utilizing state-of-the-art components. These systems the spanned a variety of applications from command centers utilized by the NYPD during the Republican National Convention to video systems monitoring the Statue of Liberty, protection of commercial facilities such as Citigroup to used by the DC Metro Police Department.

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc. – Fair Lawn, NJ – Systems Engineer

- Utilize state-of-the-art technical, leadership and organizational skills to deliver high quality and timely project results
- Capitalize on strong technical knowledge of: hardware solution designs; access control systems; digital video systems; IP camera systems; server management systems and networking support as required, to meet budgetary and critical schedule targets of a project
- Engineering work with all aspects of the commercial security industry including system design, product testing, evaluation, submittals, and overall design of CCTV and access control systems including digital video integration and wireless communication via lasers
- Designing and implementing system components and equipment
- Assist project engineers and managers in designing and supervising the installation of systems from start to finish.

Total Recall Corporation –Engineer

- Customer support for CCTV installations, including Pelco, Northern/Honeywell, Hirsch, Nice - primary command center as well as four satellite centers to simultaneous view and record digital video from over 150 cameras throughout New York City.
- System design and implementation of legacy, digital and network based CCTV systems, from stand alone to enterprise level systems

Cervalis Data Center – Solutions Architect

- Proactively leading and guiding all technical aspects of pre-sales solutions support
- Technical product positioning and design, overall application implementation project management and post-sales account support
- Expertise in the development of End-Business Customer solutions
- Supported sales and aided in contract acquirement by developing technical customer relationships with companies such as Pfizer, General Electric, HM-Online, Regional Help Wanted, and Kintetsu World Express.

CERTIFICATIONS

Lenel-Platinum Certified-Version 6.1.222
Verint-Niextiva-6.0
AMAG, CISCO, KANTECH, ENDURA

LENEL
A UTC Fire & Security Company
HAVING MET THE REQUIREMENTS
NOVEMBER 14, 2008
Ed Sonnenschein
of
Henry Brothers Electronics
IS PLATINUM CERTIFIED
DL1000R, DL2000R, DL3000R, DL7000R
For the Lenel OnGuard 6.1.222 Product
Lynn Johnson, Director of Global Support Services
Kurt Brooks, Director of Global Education

Attachment D

Sample Work Order #1 - Material Breakdown

#	Mfgr.	Model	Description	Notes	Qty	PA Unit Price Cost	Total
1	Dorado	510-7801	Dorado 780 Card Readers (install to existing stanchions)	Card reader	2	294.84	589.68
2		877-G1	Alarm Strobes Edwards 877		1	124.13	124.13
3	Lenel	LNL-3300	Lenel LNL-3300 Intelligent System Controller		1	1195.00	1195.00
4	Lenel	LNL-1320	Lenel 1320 Dual Reader Interfaces		2	378.00	756.00
5	LENEL	LNL-CTX-6	Lenel LNL CTX - 6 Enclosure		3	120.00	360.00
6	ALARM SAF	MOS021	Alarm Saf MOS-021 12/24 VDC Power Supply w/Battery Backup	Power supply	1	280.80	280.80
7	ALARM SAF	RBK-12	Alarm Saf RBK-12 VDC Power Supply	Power supply	1	15.30	15.30
8	WINSTED	G-8584	Temperature Activated Fan Assembly	3 FAN UNIT	1	198.80	198.80
9	GE	SM14D-EST2	Telebye 374 Fiber Transceivers w/Plug in Transformer (DISCONTINUED) GE 10/100 TRANSCEIVER		2	476.34	952.68
10	CSC	808058	Fiber ST/ST 6" Patch Cord SM 2M		2	16.90	33.80
11	CSC	410206	Rack Mounted Hub Assembly 4U chassis	FIBER PATCH PANEL	1	137.00	137.00
12	LENEL	LNL-ETHLAN	Ethernet Modules LNL-ETHLAN w/power		1	350.00	350.00
13	LENEL	LNL-1100	~~Fiber Optic Patch Cords~~ INPUT BOARD		1	403.25	403.25
14			Warranty		1	INCLUDED	
				Subtotal Equipment Cost			5393.44
				<co name> Overhead		x1.21	1132.62
				<co name> Profit <specify %>			
				~~Freight~~ N/A			
				Warranty		INCLUDED	
				Total Equipment Cost			6526.86

9/3/09

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – I

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
SENIOR TECH	5	4	102.00	408.00
PROJECT MANAGER	5	4	133.00	532.00
ELECTRICAL CONTRACTOR	4	36	115.00	4140.00
ENGINEER	3	4	130.00	520.00
CAD	2	2	80.00	160.00
Extended Labor Total				5960.00

EQUIPMENT 6526.86

TOTAL 12,286.86

***Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.**

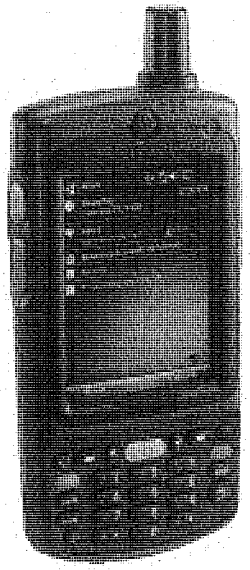
9/3/09

Attachment E

SPECIFICATION SHEET

MC75

3G Worldwide Enterprise Digital Assistant (EDA)



FEATURES

Industry-leading drop test, IP54 sealing and integrated antennas
Lightweight yet rugged, built for year-round use in nearly any environment

Powerful microprocessor designed for mobility: XScale PXA270 @ 624 MHz
Desktop-like multimedia performance with lower power requirements

Microsoft's latest operating system: Windows Mobile 6.1
Increased interoperability with existing enterprise infrastructure; enhanced security features; more flexible development platform; improved mobile messaging collaboration

The MC75: Setting a new standard for 3G Enterprise Digital Assistants
No matter what your workers need to get the job done, Motorola's MC75 Worldwide Enterprise Digital Assistant delivers all the features and functionality required to maximize workforce productivity in a rugged device with a minimum footprint...all at the right price. The MC75 re-defines the standard for EDA mobile computers with simultaneous voice, data and GPS services* as well as an unprecedented number of enterprise class features. Users enjoy a 3G world cell phone with push-to-talk (PTT), integrated GPS with superior sensitivity and tracking capabilities, 1D and 2D bar code scanning, a high resolution color camera, 3G wireless WAN (WWAN), wireless LAN (WLAN), wireless PAN (WPAN) and IrDA connectivity — all in a single device.

When it comes to running business applications, the MC75 shines. The robust bandwidth of 3G combined with the latest mobile computing platform provides the maximum processing power required to handle virtually any business application — including voice and video. And the MC75 is extendable — a user accessible microSD slot enables the addition of storage and new functionality to meet evolving business needs. From field sales, field service and fleet management to government applications such as public safety, first response and security screening, maximize the efficiency of your workforce with simultaneous anywhere, anytime mobile voice and data...with the MC75.

Maximum value...and return on investment
The 3G based MC75 allows enterprises to standardize on one device for global deployments, reducing the complexity, support requirements and the cost of mobility solutions. By providing a single platform for worldwide voice and data services, the MC75 eliminates the need for multiple operating systems, multiple service providers and multiple devices. In addition, the multi-function MC75 eliminates the need to purchase and manage multiple devices per person — for example, a mobile computer and a cell phone. The reduction in capital and operational costs combines with increased workforce productivity to deliver maximum value on your investment.

3G WWAN: HSDPA and CDMA-EVDO Rev A broadband connectivity over the cellular network
High performance wireless broadband voice and data anywhere in the world

- Connection to most carriers in the world with one platform
- Best in class cellular broadband throughput with up to 3 Mbps download
- Integrated voice and data services: allows workers to conduct a phone call while maintaining a data connection (where supported by carrier)
- Optimum operating cost and future proofed device

WLAN: 802.11a/b/g tri-mode radio; comprehensive VoIP support
Cost-effective voice and data connectivity in the office and hot spots

An industry first: multi-mode data capture via a bar code scanner plus a color camera
Ability to capture high quality pictures, documents and signatures as well as 1D and 2D barcodes in a single device improves workforce automation, increases productivity and reduces data errors

2 megapixel auto-focus flash-enabled color camera designed to meet the needs of enterprise class applications

- Autofocus provides superior image quality and provides greater application flexibility — including document capture
- User controllable flash enables workers to activate or de-activate the flash as needed
- In bar code reading mode, the screen reticule provides an aiming aid to ensure accurate first-time capture of bar codes
- Preserves application investment: Bar code scanning applications that utilize the laser scanner or imager on other Motorola mobile computers require little if any changes, reducing application development costs and enabling rapid deployment

Setting the standard for rugged EDA design

Whether your workers are in a truck, in a customer facility or out on the street, you can count on the MC75 to deliver the maximum uptime you need to protect worker productivity and achieve a low total cost of ownership (TCO). Designed for all day every day use inside and outside the enterprise, the MC75 offers an array of features that set the bar for rugged design of EDA-class devices. Motorola's drop test is performed over the entire operating temperature range, ensuring dependable operation whether drops occur at room temperature or in extreme cold or heat — even on concrete. And the unit is sealed to ensure reliable operation, even when exposed to dust, rain, snow and spills.

Maximum voice quality and functionality

Designed from the ground up to support voice as well as data, the MC75 offers a superior voice experience. Functionality includes full duplex voice, push-to-talk (PTT) and voice dialing over the wireless WAN (WWAN) and WLAN, enabling one-to-one calls as well as walkie-talkie style instant communications. The device is voice-recognition ready, able to support advanced voice applications. And headset, handset and speakerphone modes provide workers with the convenience and flexibility to meet the needs of the job...and the moment.

Maximum wireless functionality: WWAN, WLAN, WPAN and IrDA

The MC75 offers your workers the convenience of comprehensive wireless connectivity — no need for any wires, anywhere, anytime. Support for 3G provides high-performance mobile voice and data services outside the four walls virtually anywhere in the world. Support for 802.11a/b/g provides a seamless wireless LAN connection, delivering a cost-effective voice and data connection inside the four walls and in hot spots. Wireless PAN connectivity provides a convenient wire-free connection to peripherals, such as Bluetooth® headsets and printers.** And IrDA provides an additional means of wireless communications with mobile and desktop computers as well as other legacy business equipment.

Robust locationing with best-in-class GPS functionality

Chosen for its superior sensitivity and tracking capabilities, the high performance SiRFstarIII GSC3f/LP chipset enables a multitude of real-time location based applications, from directions for drivers to real-time fleet location for dispatchers. The chipset delivers expanded coverage for GPS applications by enabling the rapid and highly accurate capture of signals in some of the most challenging environments, including urban canyons and areas where foliage is very dense. And the low-power chipset delivers top-notch accuracy with minimal power requirements, conserving battery power to help provide end-users with location-based services.

Maximum advanced data capture capabilities

With the MC75 in hand, workers have the functionality needed to automate, enrich and error proof data collection. Choose between a 1D laser scanner or 2D bar code imager to enable the rapid and intuitive capture of the types of bar codes in use throughout your enterprise. And a 2 megapixel auto-focus color camera with flash can not only capture high quality pictures — for example, to document proof of condition for a damaged shipment or a broken piece of equipment, or a signature on a document — but can also decode 1D and 2D bar codes as well. As a result, paper forms can be eliminated and business processes streamlined, improving productivity and throughput throughout the enterprise.

The Motorola advantage

When you choose the Motorola MC75, you enjoy the advantages of a world-class partner channel, world-class management solutions and world-class services. Our award-winning partner ecosystem offers a best-in-class, broad set of ready-to-go and custom applications for the MC75, minimizing deployment time and cost. Compatibility with Motorola's Mobility Software Suite offers extraordinary centralized control over your MC75 devices, including remote staging, provisioning, monitoring and troubleshooting of devices, the ability to secure data on the devices and much more. To help keep your MC75 up and running at peak performance, Motorola offers Service from the Start with Comprehensive Coverage. This unique service includes normal wear and tear, as well as coverage for internal and external components damaged through accidental breakage at no additional charge — significantly reducing your unforeseen repair expenses. And options such as Commissioning Service and Express Shipping help to further minimize downtime in the unlikely event your device requires repair.

For more information on how the MC75 can improve your operational efficiency, please visit us on the web at www.motorola.com/MC75 or access our global contact directory at www.motorola.com/enterprise/contactus

* Simultaneous delivery of mobile voice, data and GPS services is carrier dependent. The GSM HSDPA cellular network supports all three services simultaneously. The CDMA EVDO Rev. A network enables the simultaneous delivery of GPS and either voice or data.

** The MC75 offers the option of either the standard Microsoft Bluetooth stack or the platform based Stonestreet One stack, for enhanced application portability.

MC75 Specifications

Physical Characteristics	
Dimensions:	6 in. L x 3.3 in. W x 1.7 in D 15.24 cm L x 8.4 cm W x 4.4 cm D
Weight (including standard battery):	Standard 1.5X battery: 14.9 oz./422 g Extended Capacity 2.5X battery: 15.7 oz./446 g
Display:	Transflective color 3.5" full VGA with backlight, 640 x 480
Touch Panel:	Glass analog resistive touch
Backlight:	LED backlight
Main Battery:	Rechargeable Lithium Ion 3.7V, 3600 mAh Smart Battery
Ext. Cap. Battery:	Optional 3.7V, 4800 mAh Smart Battery
Backup Battery:	Ni-MH battery (rechargeable) 15mAh 2.4V (not user-accessible)
Expansion Slot:	microSD slot with SDHC Support
Network Connections:	Ethernet (via cradle); full-speed USB, host or client
Notification:	Vibrator and LED
Keypad Options:	26-key Numeric; 44-key QWERTY, 44-key AZERTY, 44-key QWERTZ
Audio:	Speaker, receiver, microphone, headset jack, software support for full duplex record and playback (stereo)

Performance Characteristics	
CPU:	XScale™ PXA270 624 MHz processor
Operating System:	Microsoft® Windows Mobile® 6.1
Memory:	128MB RAM; 256MB Flash
Interface:	RS-232, USB 1.1

User Environment	
Operating Temperature:	14° F to 122° F/-10° C to 50° C
Storage Temperature:	-40° F to 140° F/-40° C to 60° C (w/o battery)
Humidity:	95% non-condensing
Drop Specification:	5 ft. drop to concrete, 2 drops per 6 sides at ambient temperature 73° F/23° C; 4 ft. drop to concrete, 6 drops per 6 sides over operating temperature range
Tumble Specification:	1,000 1.6 ft./.5 m tumbles (2,000 drops)
Sealing:	IP54
IrDA:	Integrated
Clock:	Integrated real time clock
Light Immunity:	Readability: Incandescent — 450 ft. candles; Sunlight — 8000 ft. candles; Fluorescent: 450 ft. candles
Electrostatic Discharge (ESD):	±15kV air discharge, ±8kV direct discharge

Battery Performance	
Standby time:	150 hours
Talk time:	5 hours
User profiles:	Outdoor WAN+GPS, 15min/hour voice communication, 10kB transmission every 10 min, and GPS on all time, 8 hours of operation. Outdoor Voice, 15min/hour voice communication, 8 hours of operation, and 75 hours standby time.

Note: Performance metrics above were measured with Battery reserve option set the highest (72 hours)

Wireless WAN Data and Voice Communications	
WWAN Radio:	GSM: HSDPA; CDMA: EVDO Rev A
GPS:	Integrated Assisted-GPS (A-GPS)

Wireless LAN Data and Voice Communications	
WLAN Radio:	Tri-mode IEEE® 802.11a/b/g
Data Rates Supported:	1, 2, 5.5, 6, 9, 11, 12, 18, 24, 36, 48 and 54 Mbps
Operating Channels:	Chan 8-165 (5040 – 5825 MHz) Chan 1-13 (2412-2472 MHz) Chan 14 (2484 MHz) Japan only Actual operating channels/frequencies depend on regulatory rules and certification agency
Security:	WPA2, WEP (40 or 128 bit), TKIP, TLS, TTLS (MS-CHAP), TTLS (MS-CHAP v2), TTLS (CHAP), TTLS-MD5, TTLS-PAP, PEAP-TLS, PEAP (MS-CHAP v2), AES, LEAP
Spreading Technique:	Direct Sequence Spread Spectrum (DSSS) and Orthogonal Frequency Division Multiplexing (OFDM)
Antenna:	Internal for LAN, External for WAN
Voice Communication:	Integrated Voice-over-IP ready (P2P, PBX, PTT), Wi-Fi™-certified, IEEE 802.11a/b/g direct sequence wireless LAN

Wireless PAN Data and Voice Communications	
Bluetooth:	Class II, v 2.0; on-board chip antenna

Data Capture Specifications	
Options:	Four configurations available: 1D laser scanner; 2D imager; 1D laser scanner and camera; 2D imager and camera

Color Camera	
Resolution:	2 megapixel
Illumination:	User controllable flash
Lens:	Auto focus

1D Laser Scanner (SE950)	
Range on 100% UPCA:	24 in./60 cm
Resolution:	4 Mil minimum element width
Roll:	±35° from vertical
Pitch Angle:	± 65° from normal
Skew Tolerance:	± 50° from normal
Ambient Light Immunity:	10,000 ft. candles/107,640 lux
Scan Rate:	104 (+/- 12) scans/sec (bi-directional)
Scan Angle:	47° ± 3° default 35° ± 3° reduced

2D Imager Engine (SE4400)	
Optical Resolution:	640 H x 480 V pixels (gray scale)
Roll:	360°
Pitch Angle:	± 60° from normal
Skew Tolerance:	± 50° from normal
Ambient Light:	Total darkness to 9,000 ft. candles/96,900 lux
Range on 100% UPCA:	16 in./40 cm
Aiming Element (VLD):	650 nm ± 5 nm
Illumination Element (LED):	635 nm ± 20 nm
Field of View:	Horizontal: 32.2°; Vertical: 24.5°

Continued on back

WPAN: Bluetooth® v2.0
Wireless connectivity to modems, printers, headsets and more; v2.0 provides additional throughput (up to 2.1 Mbps), improved security and additional profiles for expanded connectivity to more device types with either Microsoft or Stonestreet stacks

SiRFstarIII GSC3ef/LP GPS chipset
Assisted and autonomous GPS support for robust location-based applications; SUPL 1.0 compliant; high performance, power-efficient processor capable of acquiring and maintaining a signal lock in areas where signals are typically weak, expanding the coverage area for GPS applications; faster time to first fix (TTFF); flexibility to operate in either standalone or assisted GPS (aGPS) mode (carrier dependent) for faster and more accurate positioning — especially in challenging areas

IEEE 1725 compliance for the entire MC75 system — including all models, all batteries and all power-related accessories (such as cradles and charging cables)
Mitigates battery system failure, bringing a new level of reliability and quality to the entire MC75 system

128MB RAM/256MB Flash
Provides memory space required to enable robust performance for database applications

User accessible microSD card slot
Provides additional memory and expandable functionality

High quality speaker, microphone and receiver
Superior voice quality and performance

Multiple voice modes: handset, headset and speakerphone
Flexibility to use the right mode at the right time

3.5 inch color high definition VGA display (640 x 480)
Easy to view in any lighting; supports display of high resolution images including video and maps

SPECIFICATION SHEET

MC75
Worldwide Enterprise Digital Assistant (EDA)

Backwards compatible with MC70 accessories
Provides investment protection for existing investments

Mobility Platform Architecture (MPA) 1.5
Enables easy and cost-effective porting of applications from other Motorola mobile computers

Multiple keyboard options: numeric, QWERTY, QWERTZ and AZERTY
Flexibility to meet diverse user and application needs

Internal WWAN diversity antenna
Better signal reception, more dependable connection

Comprehensive accessory suite
The MC75 re-uses and expands the comprehensive MC70 accessories offering

IrDA
Wireless connectivity to legacy printers and other business equipment

Peripherals and Accessories*

Communication and Charging Cables:	Serial and USB v1.1 charging cables, printer cables, vehicle charging cable, power/charging cable
Battery Chargers:	4-slot battery charger (1X, 1.5X, 2X and 2.5X), universal battery charger (requires adapters for 1X, 1.5X, 2X and 2.5X capacity batteries)
Vertical-specific attachments:	Snap-on magnetic stripe reader, payment snap-on (Debit and Credit), rigid case
Electrical Safety:	Certified to UL / cUL 60950-1, IEC / EN60950-1
EMI/RFI:	USA: FCC Part 15; Canada: ICES 003 Class B; Europe: EN55022 Class B, EN 55024, EN60601-1-2; Australia: AS/NZS CISPRA 22

For countries outside USA, Canada, European Economic Area, Japan or Australia consult your local Motorola representative

*For a complete list of MC75 Peripherals and Accessories, please visit www.motorola.com/mc75

Regulatory

Electrical Safety:	Certified to UL / cUL 60950-1, IEC / EN60950-1
Environmental:	RoHS-compliant
WLAN and Bluetooth:	**USA:** FCC Part 15.247, 15.407 **Canada:** RSS-210 **EU:** EN 300 328, EN 301 893 **Japan:** ARIB STD-T33, ARIB STD-T66, ARIB STD-T71 **Australia:** AS/NZS 4268
Quad Band GSM/ EDGE, plus Tri-band HSDPA:	**Global:** 3GPP TS 51.010, 3GPP TS 34.121, 3GPP TS 34.123 GCF approved module **USA:** FCC Part 22, Part 24 **Canada:** RSS-132, RSS-133 **EU:** EN301 511, EN301 908 **Australia:** AS/ACIF S 024, AS TS 001
CDMA-EVDO Rev. A:	Verizon/Sprint/AllTel/Bell Mobility/Telus For latest information, contact your local Motorola representative
RF Exposure:	**USA:** FCC Part 2, FCC OET Bulletin 65 Supplement C **Canada:** RSS-102 **EU:** EN 50360 **Australia:** Radiocommunications Standard 2003
EMI/RFI:	**North America:** FCC Part 15, Class B **Canada:** ICES 003 Class B **EU:** EN55022 Class B, EN 301 489-1, EN 301 489-7, EN 301 489-17, EN 301 489-19, EN 301 489-24, EN 60601-1-2 **Australia:** AS/NZS CISPRA-22
Laser Safety:	IEC Class2/FDA Class II in accordance with IEC60825-1/EN60825-1

For countries outside USA, Canada, European Economic Area, Japan or Australia consult your local Motorola representative

Warranty

The MC75 is warranted against defects in workmanship and materials for a period of 12 months from date of shipment, provided that the product remains unmodified and is operated under normal and proper conditions.

The MC75 is a true global product that is supported in all industrial countries. Please visit www.motorola.com/mc75 for a complete list of supported countries.

MOTOROLA

motorola.com

Part number SS-MC75. Printed in USA 02/09. MOTOROLA and the Stylized M Logo are registered in the US Patent & Trademark Office. All other product or service names are the property of their respective owners. ©2009 Motorola, Inc. All rights reserved. For system, product or services availability and specific information within your country, please contact your local Motorola office or Business Partner. Specifications are subject to change without notice.

Attachment F

ATTACHMENT E, Cost Proposal, Form #1
(This table applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name : HENRY BROS. ELECTRONICS, INC.

Name(s) of Proposed Subcontractor : Lenel International, Verint Video Solutions

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
Project Manager	Provides product definition, direction, and leadership through the full cycle of delivery. Develops and maintains project plans; provides project status and progress information. Responsible for timeliness and quality of delivered product.	5	$133/hr	$199/hr
Engineer	Provides expertise in physical plant design, construction, and maintenance. Knowledgeable in current construction standards and codes.	3	$130/hr	$195/hr
Senior Technician	Knowledgeable, experienced, and skilled in Security Systems Field Service and Preventive Maintenance Service. Possesses a depth of skill and experience required for directing, instructing, and supervising other Technicians. Capable of resolving service calls at higher than initial levels of escalation.	5	$102/hr	$153/hr
Technician	Skilled and experienced in Access Control and Badging System, CCTV Video systems, Sonet OC3 Networks, Field Service and Preventive Maintenance and Communications System Field Service	3	$95/hr	$142/hr
Lenel Technician	Lenel specialist provided by Lenel and included in Work Order or Maintenance activity by Contractor.	2	$150/hr	$225/hr
Verint Technician	Must be formally trained on Verint CCTV systems including the Nextiva & Loronix Video Management platform / applications.	2	$140/hr	$210/hr

*Notes: "Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

ATTACHMENT E, Cost Proposal, Form #1 (continued)
(This table applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name : HENRY BROS. ELECTRONICS, INC.

Name(s) of Proposed Subcontractor : GMA ELECTRICAL (WBE) / TFL ELECTRICAL

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
Systems Integration Specialist	Design and implementation of hardware and software interfaces between existing Lenel system and other systems and equipment	2	$130/hr	$195/hr
Manufacturer Technical Support	Lenel & Verint System problem resolution assistance	1	$150/hr	$225/hr
Electrician/ Electronics Technician	Equipment Installation and Termination. Must be certified in Fiber Optics installations techniques and terminations. Must be certified in UTP category 5, 5e & 6 installation techniques and terminations. Install and maintain common electronic security equipment such as electronic locks and other access control systems (i.e. card readers, biometrics). Install, maintain and operate common electronic surveillance equipment such as cameras and audio recording devices. Expertise in Wire, Cabling, Fiber Optics, and Wireless Technologies.	3	$115/hr	$172/hr
System Requirements Analyst/Systems or Software Engineer	Research & develop definitions for stated requirements. Requirements analysis encompasses those tasks required to determine the needs or conditions necessary to support new or altered product, taking account of the possibly conflicting requirements of the various stakeholders	1	$150/hr	$225/hr
Intelect Technician	Intelect specialist - included in Work Order or Maintenance activity by Contractor	2	$130/hr	$195/hr

*Notes: "Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

ATTACHMENT E, Cost Proposal, Form #1 (continued)
(This form applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name : HENRY BROS. ELECTRONICS, INC.

Name(s) of Proposed Subcontractor : Stellar Services (MBE)

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
System Designer	Possesses skills and experience in the design of systems and subsystems to meet complex business requirements. Knowledge of Business Process Engineering and able to conceive of integrated systems using automated and/or manual processes. Knowledgeable in formal design methodologies and industry-standard documentation techniques. Physical Security Professional (PSP) and BICSI RCDD (Registered Communication Distribution Designer) certifications preferred.	1	$150/hr	$225/hr
DBA	Has experience with several versions of SQL Server, including SQL Server 2000. Skilled in the Administration of SQL Server, including its installation, configuration, operation, and upgrade. Possesses logical and physical database design experience and provides expertise in performance monitoring and tuning	2	$150/hr	$225/hr
CAD drafter	Possesses skills in the use and operation of Computer Aided Drafting tools	2	$85/hr	$127/hr
Crystal Report Writer	Develop defined reports using Crystal Report Writer	2	$115/hr	$172/hr

*Notes: "Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

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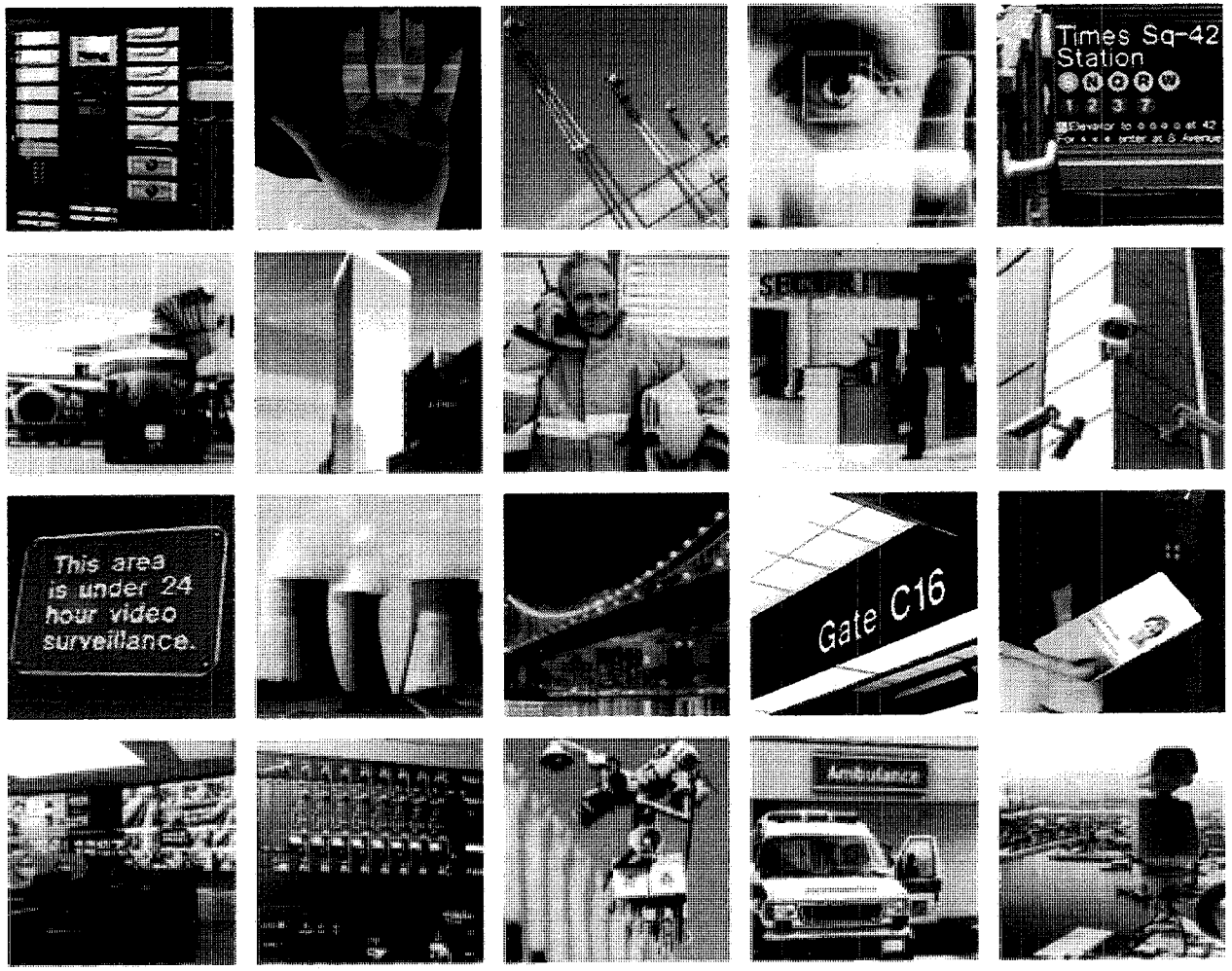

Capabilities Briefing
Maintenance Contract
Oral Presentation

August 25, 2009

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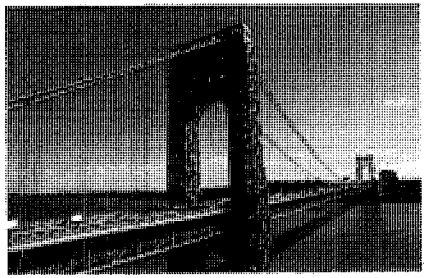
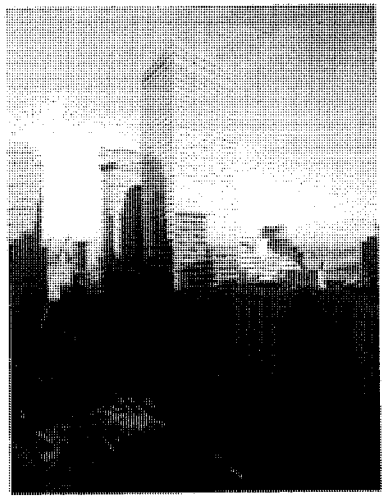
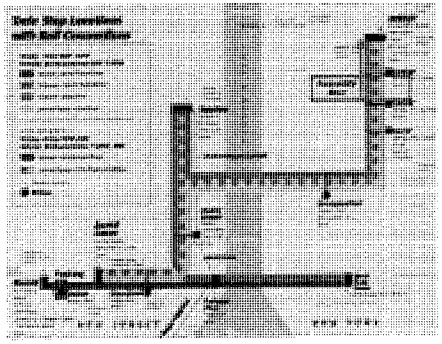
Port Authority Briefing Agenda

- Introductions
- Background
- Experience
- Capabilities
- Legacy of Support
- New Technologies
- Summary
- Questions







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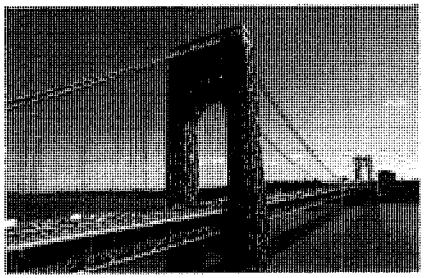
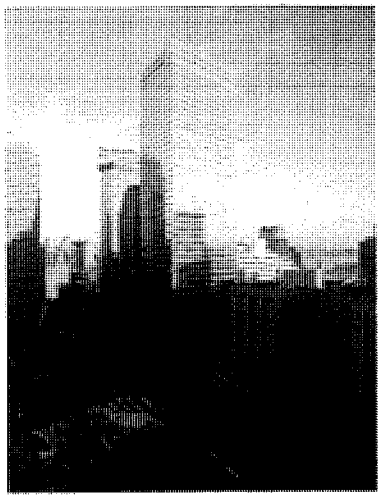
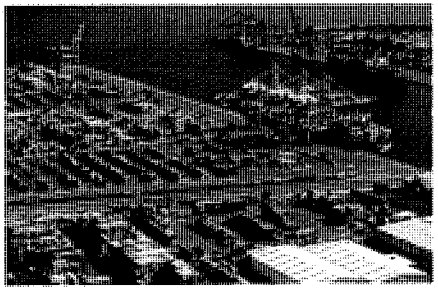
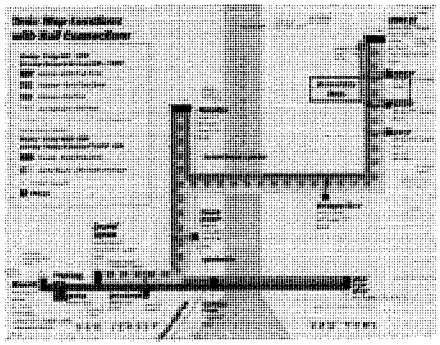
Why HBE for the Port Authority ?

- Commitment to the future…
  Whatever it takes!
- Top priority for HBE
- Ownership and Commitment
- Intimate site knowledge
- Common History…Common Future
- Ability to respond quickly with confidence it will get done
- Business Continuity support









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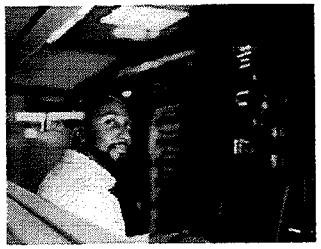
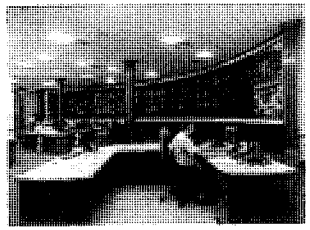
HBE is a Full Service Integrator

- Design Engineering
- Building an IT foundation with infrastructure and personnel
- Full Cad and Field Eng Support
- Experienced Program Management
- Continued development of Process and Management Systems
- Range of Support and Service Options
- Service outside the traditional Physical Security Integrator Skill Set





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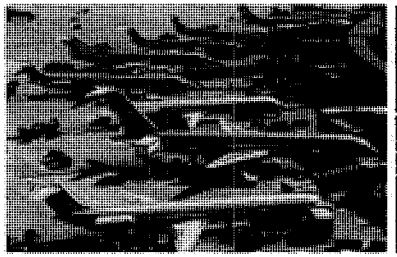
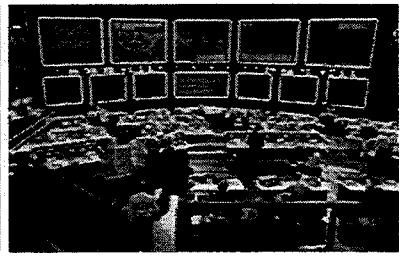
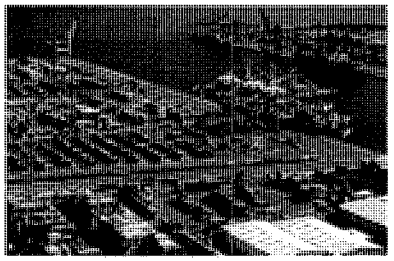
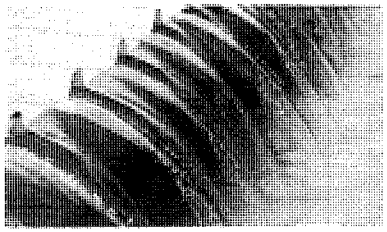
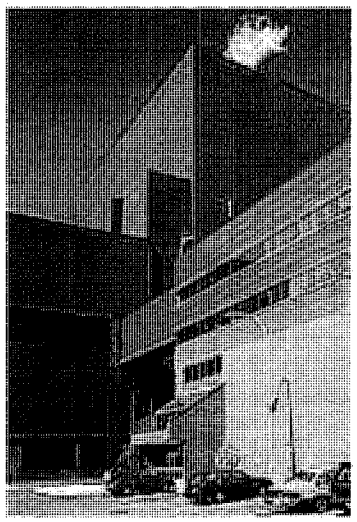
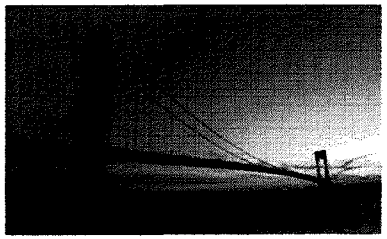
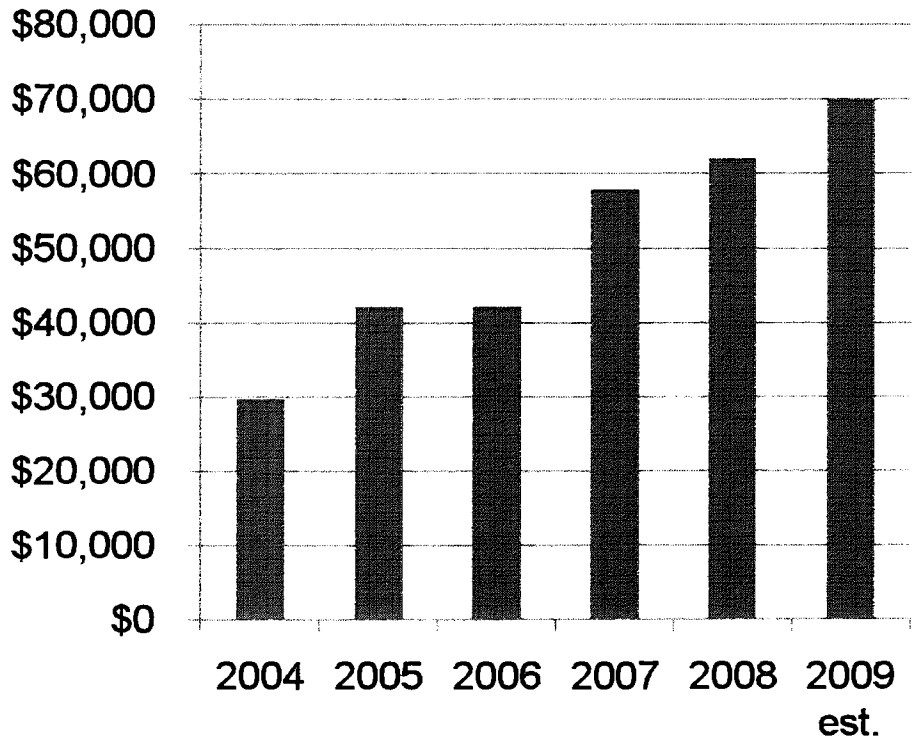
Protecting Critical Infrastructure

- Power Authorities
- Port Authority
- NYCT transit Subways
- San Francisco Muni Bus
- DOD Norad
- NY Heliport
- NYC PA Airports
- Port of Long Beach
- Special Events
- Water Authorities
- Bridges and Tunnels

5 Year Revenue Trend and 2009 Estimate



Dollar amounts in thousands

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OUR MARKET POSTION

DOD Primes

L3 · SAIC · Raytheon · Lockheed Martin · Northrop Grumman

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- Team with and support DOD Primes
- Manage subcontractors
- Act as sub on large construction jobs
- Facilitate large jobs for small integrators
- View the PSA members as gene pool for acquisitions

Construction Trades
General Contractors
Fiber Companies
IT VARS
Electronics
CISCO

LOCAL AND REGIONAL PSA MEMBERS $1-$10M SMALL INTEGRATORS

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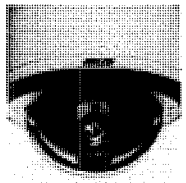
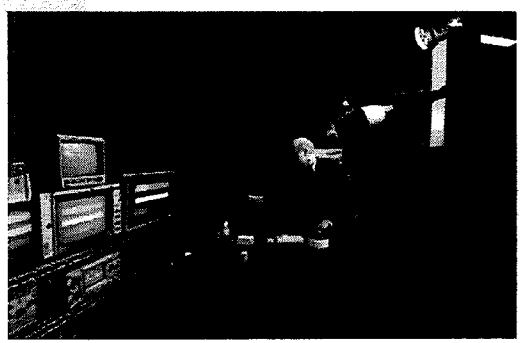
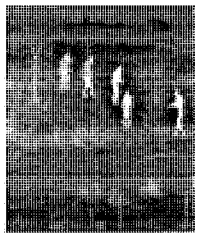
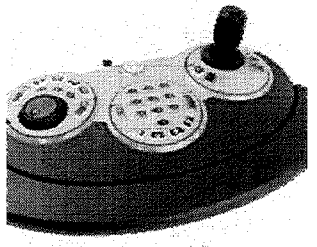
Video Expertise

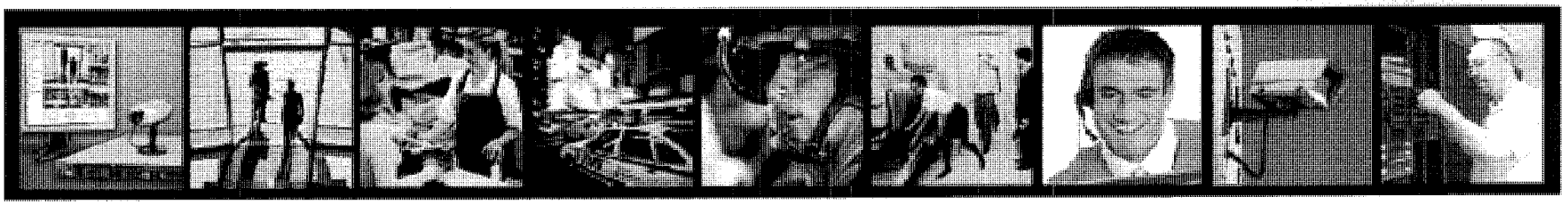




- CCTV Installations since 1960 with Motorola
- Video Product Testing Lab since 1980
- Relationships with all major players
- Field install experience for challenging applications both Mil and Commercial
  - Extreme temp conditions
  - Thermal and combo
  - Underwater and high altitude
- Experience as a manufacturer, consultant, integrator, test bed, service provider







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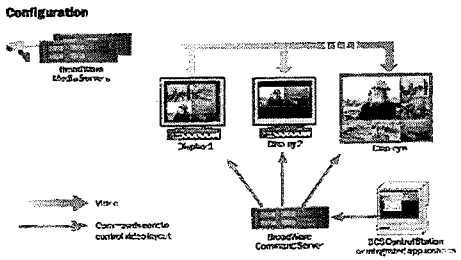
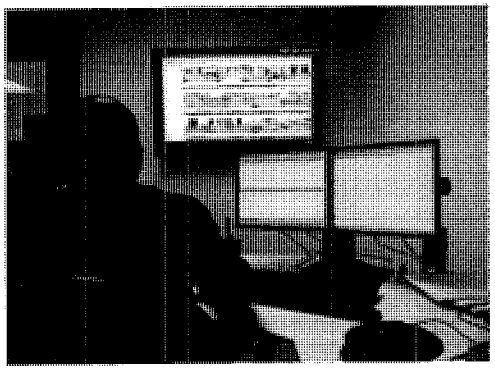
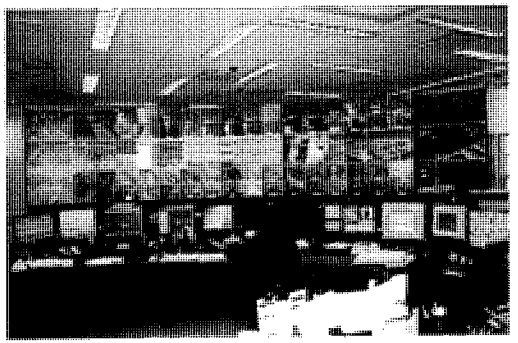
Command and Control Centers

- Experience with all critical elements of the C&C Environment
  - Access Control
  - Video Cameras
  - Video Walls and monitor clusters
  - IT Integration
  - Emergency Communication
- Completed Command Center for the Brooklyn Battery Tunnel
- Addressed challenges of upgrading production system with no down time







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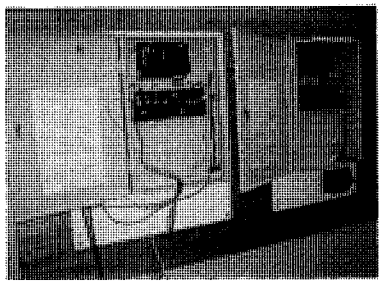
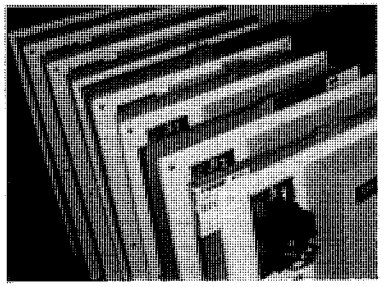
Access Control Expertise

- Expertise with most of the major Access Systems
- Deployment of advanced access devices
- Beta site for single sign on solutions
- Notification systems… discrete and integrated with access systems
- Turnstile and Biometric expertise



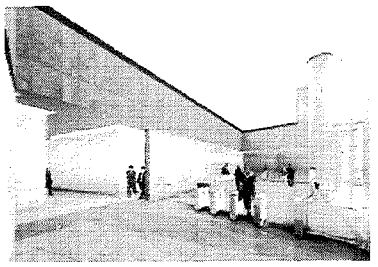


CISCO

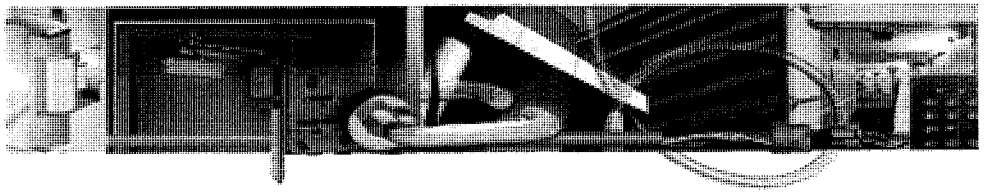
S2 SECURITY

KANTECH

SOFTWARE HOUSE



ASSA ABLOY



Integrated Solutions Specialist™

Invented for life

BOSCH

HID

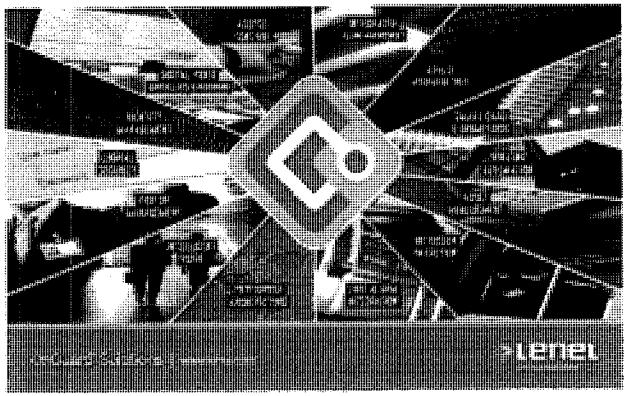
LENEL

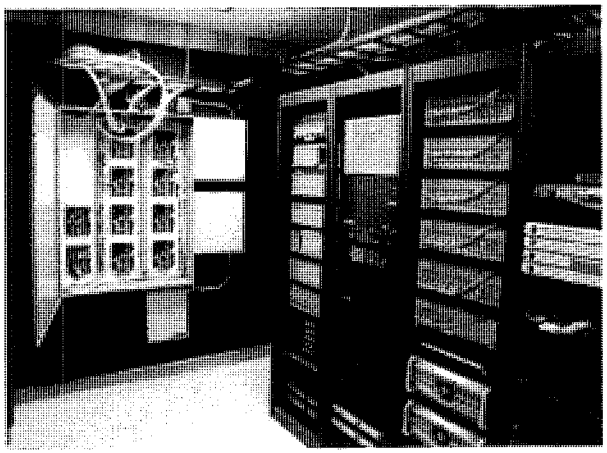
A UTC Fire & Security Company

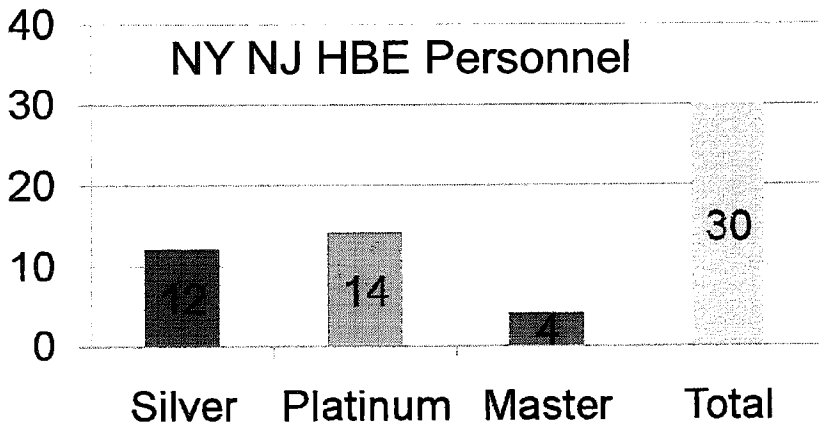
HENRY BROS. ELECTRONICS, INC.
perfecting security integration since 1950

Our Lenel Certifications

- Our Commitment to Lenel Enterprise training sets us apart
- Experience with OAAP integrations for SSO and Notification
- 225 Lenel Systems deployed
- **More certified in NY Metro than all competitors combined!**





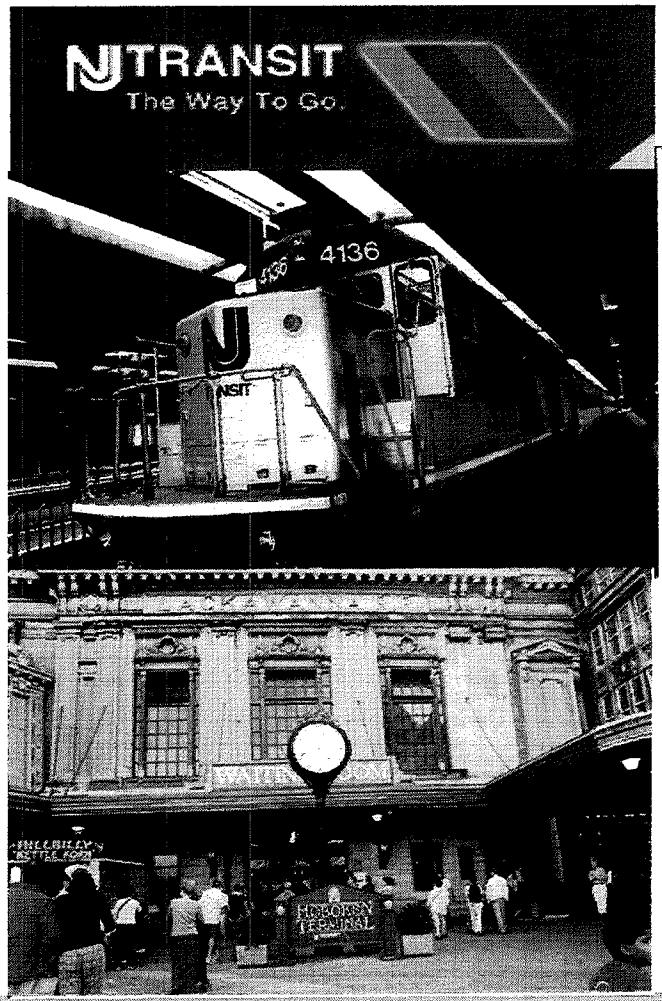


HENRY BROS. ELECTRONICS, INC.

perfecting security integration since 1950

NJ Transit Experience

- Lenel Access Control for Transit Facilities
- Integrated New and Legacy Systems
- Administered Lenel Access Control Program
- Continue Security Issue consulting for the Agency
- Video Integration Consulting at the ROC
- Conducted Security Evaluation for Depot Admin Facility



HENRY BROS. ELECTRONICS, INC.
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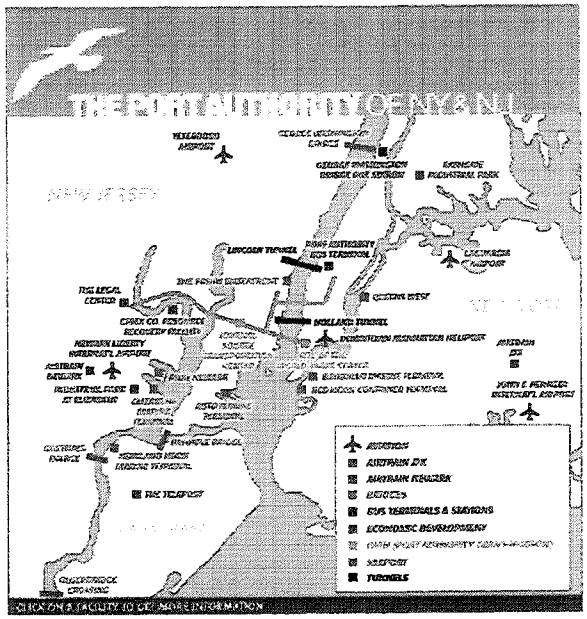
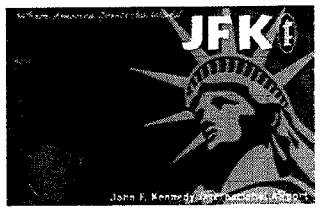
Port Authority Experience

- Maintain all access control systems at all NY Airports
- Maintain GWB, Lincoln and Holland Tunnel Access Control and Video Surveillance
- Maintain Traffic Cameras GWB, LT & HT
- PATH Head End video storage
- Temp Path at WTC video access and storage
- Teterboro Airport First Aviation
- 7 World Trade Center
- Original WTC (original)





Port Authority NY/NJ

HENRY BROS. ELECTRONICS, INC.
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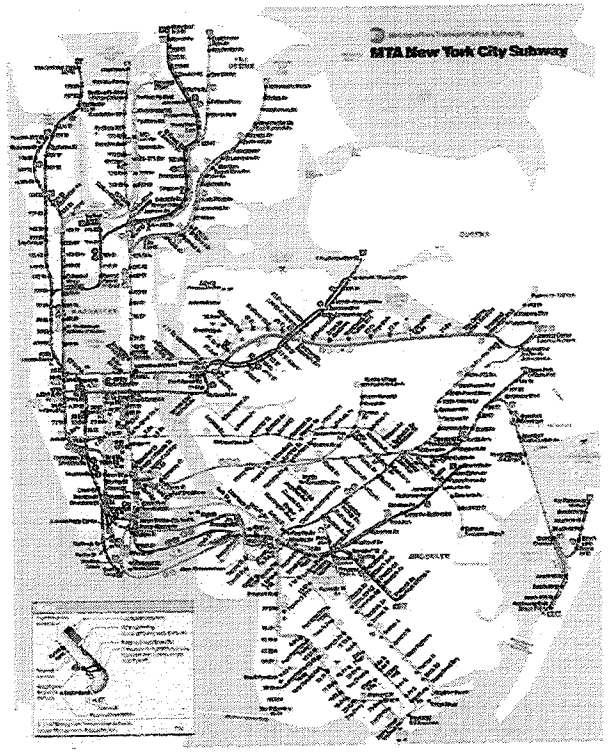
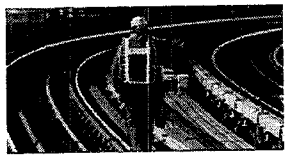
MTA Experience

- 2 Broadway Enterprise NYCTA, TBTA and MTA and system wide CCTV
- Complete access control for entire NYCTA
- TBTA Verrazano Narrows, Queens Midtown Tunnel, Randall's Island Access Control and Video Surveillance
- Brooklyn Revenue Video and Access
- Tunnels with Airorlite First Responder Communication systems
- Communication Room Access Control at 233 Stations



Metropolitan Transportation Authority
State of New York



New York City Transit

HENRY BROS. ELECTRONICS, INC.

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Tactical Video Capture System

- Selected by L3 to team
- Largest Video training deployment in USMC history
- Leveraging our capabilities
  - Camera selection
  - Video test lab
  - Challenging deployments

L3 communications SYColeman

HARRIS

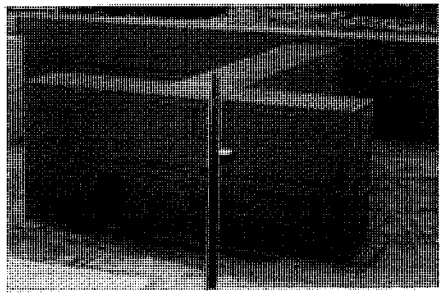
CISCO

L3 communications Coleman Aerospace

SARNOFF Corporation

TAPESTRY SOLUTIONS

TELOS



HENRY BROS. ELECTRONICS, INC.

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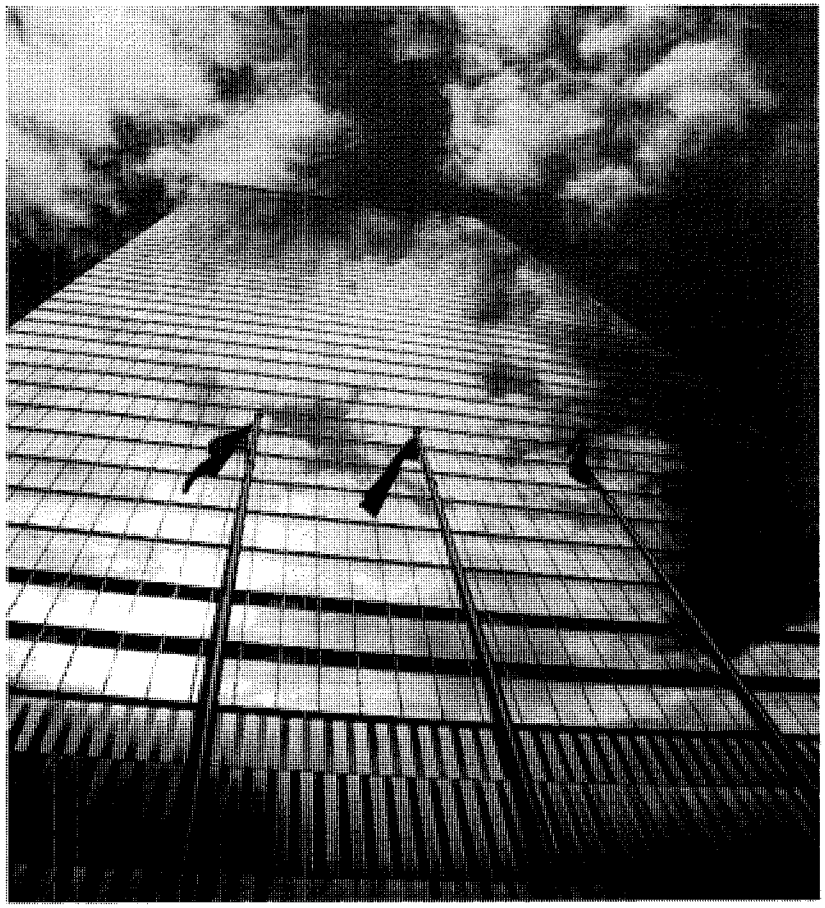
7 WTC Tour….. bringing it all together

- Offering a full suite of security and wireless communication services for a state of the art, Leed compliant building
  - Video Surveillance
  - Access Control including biometric readers
  - Elevator Integration
  - Wireless system for First Responders
  - Building management frequencies supported
  - In building cellular in stairwells and selected build outs
  - Emergency Egress system
  - Command and Control centers
  - Proposing carrier Coordinator services
  - Proposing upgrades to EAP
  - Service agreements for Physical Security and emergency Communication Systems
  - Early deployment of 4th Utility CRE



HENRY BROS. ELECTRONICS, INC.

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- Offering a full suite of security and wireless communication services for a state of the art, Leed compliant building
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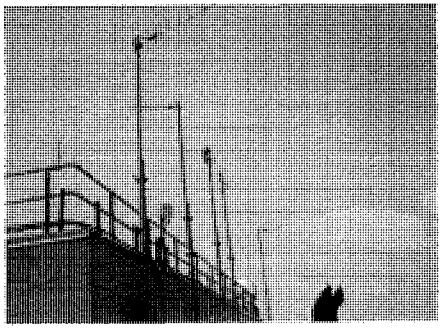

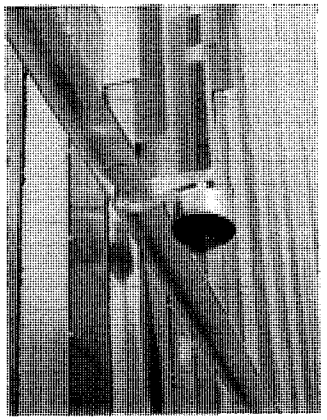

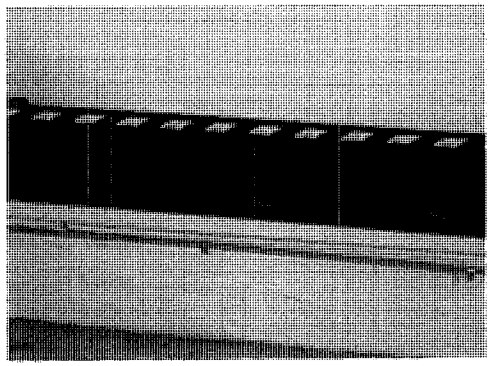

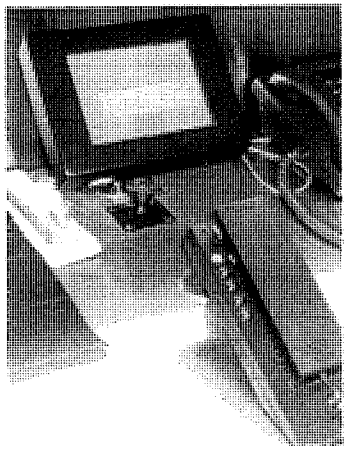

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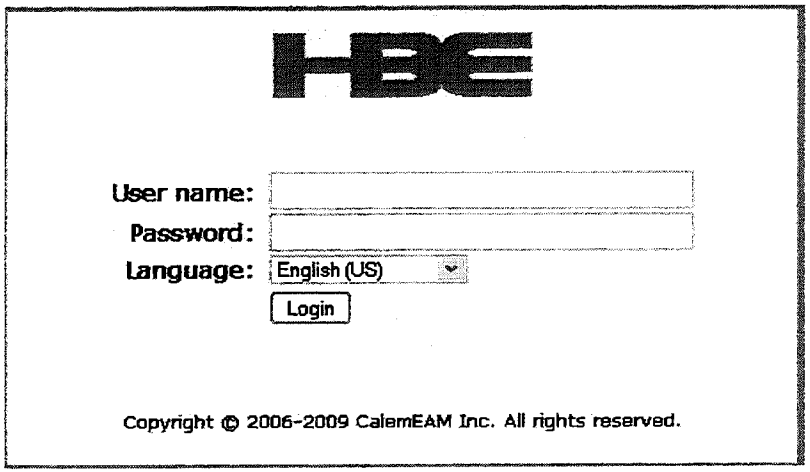
HEART is HBE's CMMS

HEART

Henry Bros. Electronics Asset Reporting and Tracking



HENRY BROS. ELECTRONICS, INC.

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Work Orders:

- Schedule Jobs
- Assign Personnel
- Track Down-time

Preventive Maintenance (PM) Plans:

- PM Inspection Records
- Step-by-Step Instructions
- Lists of Materials Required

Asset Management:

- Equipment Specifications
- Warranty Information
- Service Contracts

Inventory Control:

- Manage Spare Parts
- Reserve Equipment
- Location of Materials

HENRY BROS. ELECTRONICS, INC.

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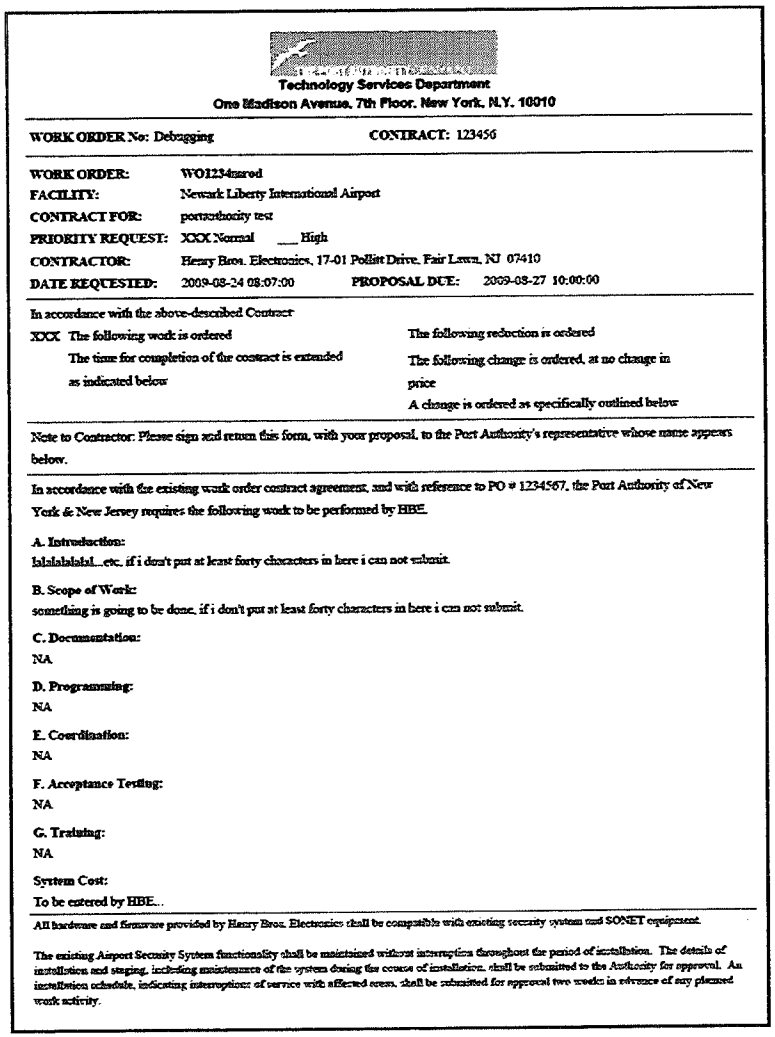
CMMS Work Order Process

- Ability to enter Work Orders directly



Technology Services Department
One Madison Avenue, 7th Floor, New York, N.Y. 10010

WORK ORDER No: Debugging **CONTRACT:** 123456

WORK ORDER: WO1234nred
FACILITY: Newark Liberty International Airport
CONTRACT FOR: portauthority test
PRIORITY REQUEST: XXX Normal ___ High
CONTRACTOR: Henry Bros. Electronics, 17-01 Pollitt Drive, Fair Lawn, NJ 07410
DATE REQUESTED: 2009-08-24 08:07:00 **PROPOSAL DUE:** 2009-08-27 10:00:00

In accordance with the above-described Contract

XXX The following work is ordered
The time for completion of the contract is extended as indicated below

The following reduction is ordered
The following change is ordered, at no change in price
A change is ordered as specifically outlined below

Note to Contractor: Please sign and return this form, with your proposal, to the Port Authority's representative whose name appears below.

In accordance with the existing work order contract agreement, and with reference to PO # 1234567, the Port Authority of New York & New Jersey requires the following work to be performed by HBE.

A. Introduction:
lalalalalalal...etc. if i don't put at least forty characters in here i can not submit.

B. Scope of Work:
something is going to be done. if i don't put at least forty characters in here i can not submit.

C. Documentation:
NA

D. Programming:
NA

E. Coordination:
NA

F. Acceptance Testing:
NA

G. Training:
NA

System Cost:
To be entered by HBE...

All hardware and firmware provided by Henry Bros. Electronics shall be compatible with existing security system and SONET equipment.

The existing Airport Security System functionality shall be maintained without interruption throughout the period of installation. The details of installation and staging, including maintenance of the system during the course of installation, shall be submitted to the Authority for approval. An installation schedule, indicating interruptions of service with affected areas, shall be submitted for approval two weeks in advance of any planned work activity.

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TSD - HBE WO Status — In Progress

WO Number	WO Description	WO Status	PM	WO Amount	Payment Terms	Date Issued To HBE	HBE Job #	Project Owner	Proposal Date	PA Approval Date	Start Date	End Date	Remark Date	WO Remark
EWR37-C55X-1	CACG server replacement - Archive issue	In Progress		0.00	None	03/06/2007		albertsm			11/27/2007	06/30/2008	07/31/2008	Upgrade to Lenel 6.0 scheduled for week of 8/11.
													10/15/2008	Engineering work to address CACG
EWR37-C55X-6	CACG server replacement - IPSec Disabled	In Progress	NK	0.00	None	04/23/2007		albertsm			11/27/2007	06/30/2008	07/31/2008	To be reinstalled after upgrade.
													10/15/2008	Modbee will be removed from the server and IPSec reinstalled. This work needs to be scheduled
EWR37-C75X-1	OpenIT -	In Progress		0.00	None	12/14/2007	2563	albertsm	02/11/2008		10/14/2007	03/05/2008	07/31/2008	SDC Revoke is working at all 3 airports. 3 Bad PIN at LGA and EWR has a work around which is to restart. Won't be fixed with upgrade to 6.0. CM inconclusive. Logical and important step. May be CM issue. Statistical Objects. HBE to request table dump. Table analysis program. Joe Motta to send request. No work order needed."
EWR39-157H	MASKING IN DATABASE	In Progress		7165.00	100%		2955	albertsm			09/30/2008			
EWR39-135H	TERMINAL B MODERNIZATION PROJECT	In Progress		217712.00	None	3/13/08	2585	albertsm	3/16/08		06/30/2008			
JFK06-C55X-1	CACG server replacement - Workstations receive "unable to communicate with license server" errors	In Progress		0.00	None	10/17/2006		albertsm	10/25/2006		12/06/2006		07/31/2008	Found stale/lost objects in JFK tables. Lenel upgrade scheduled for 8/25.

HENRY BROS. ELECTRONICS, INC.

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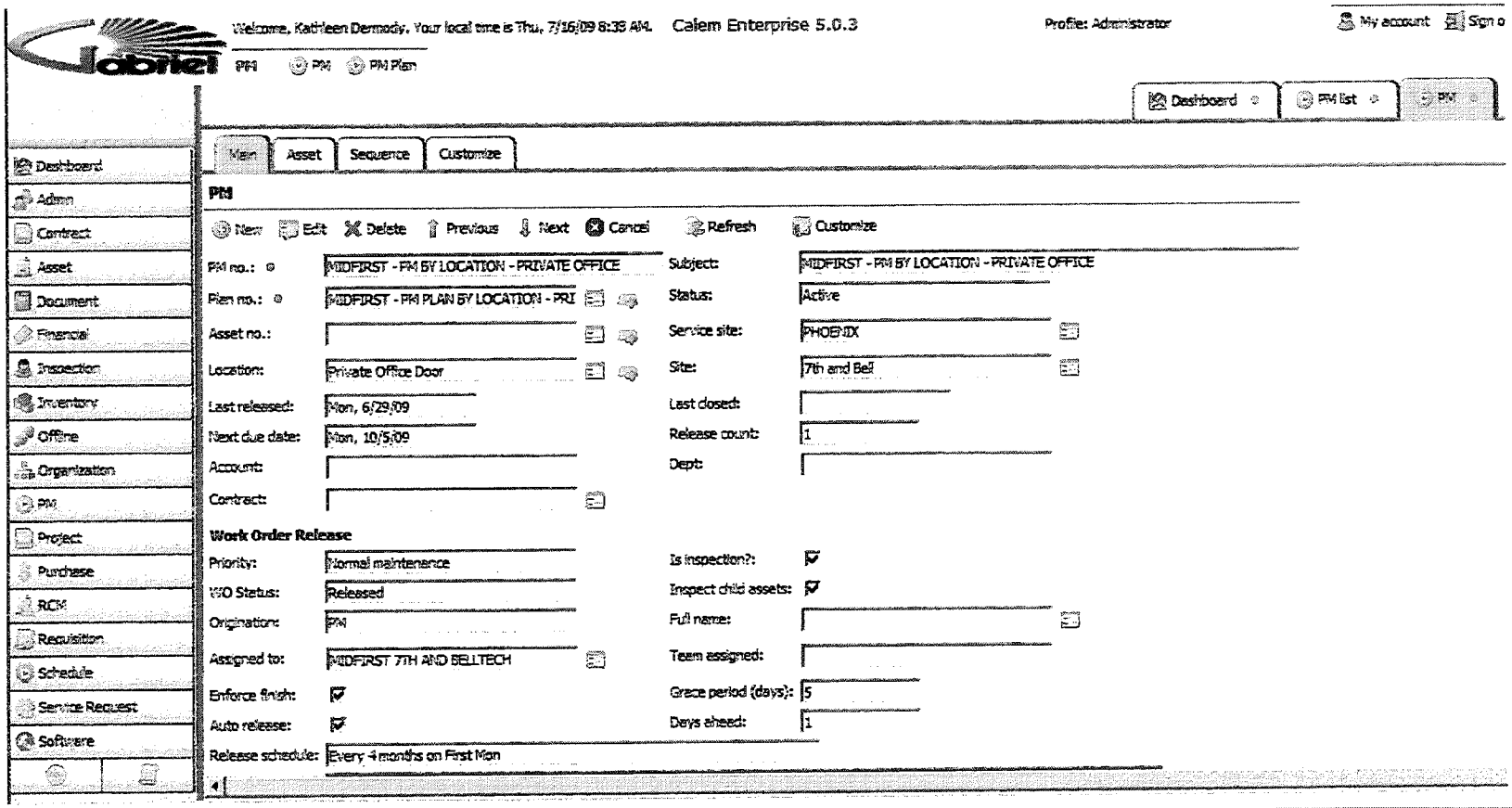
I. Example PM Schedule:



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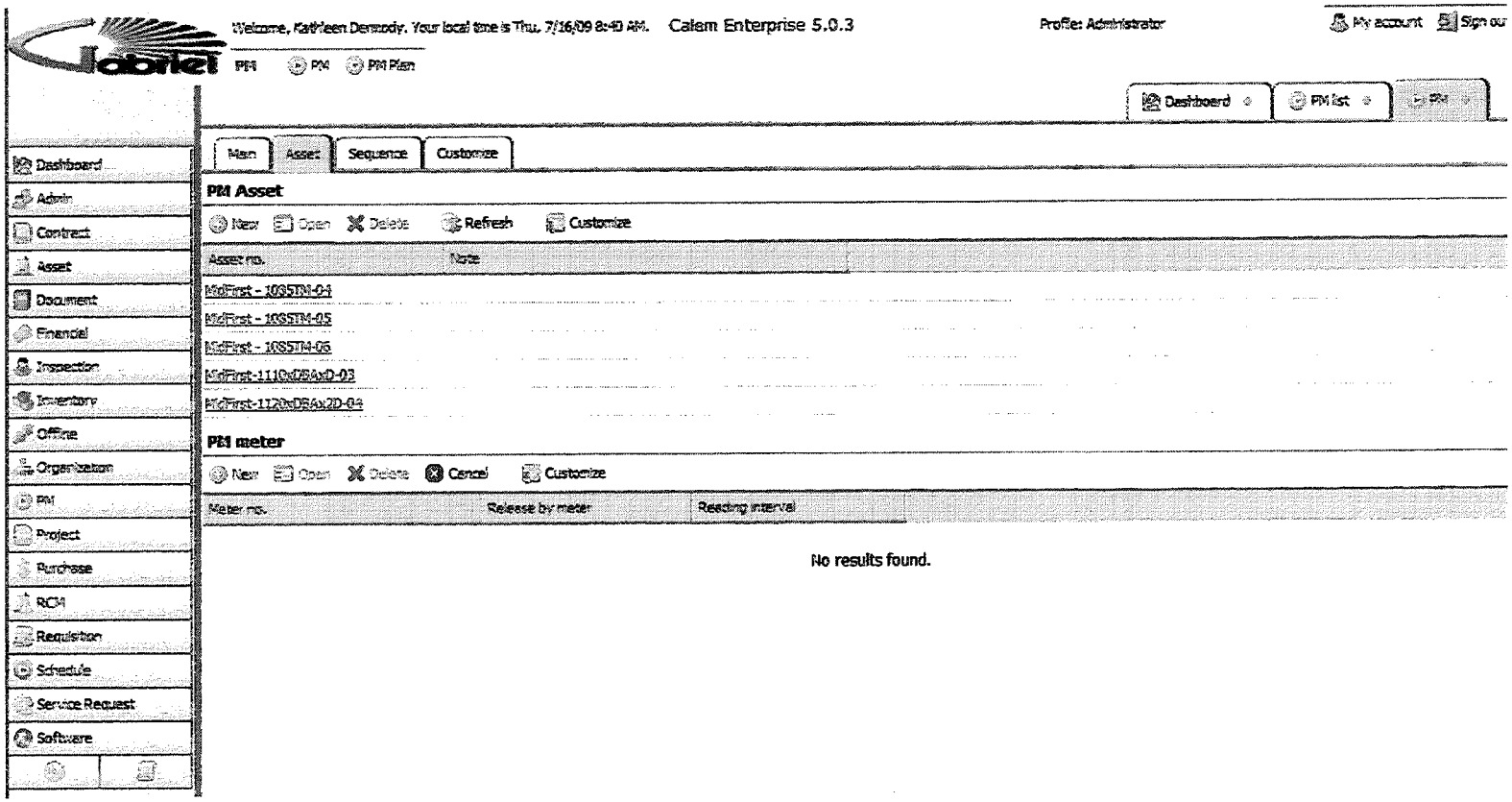
II. Assets Attached to a PM:



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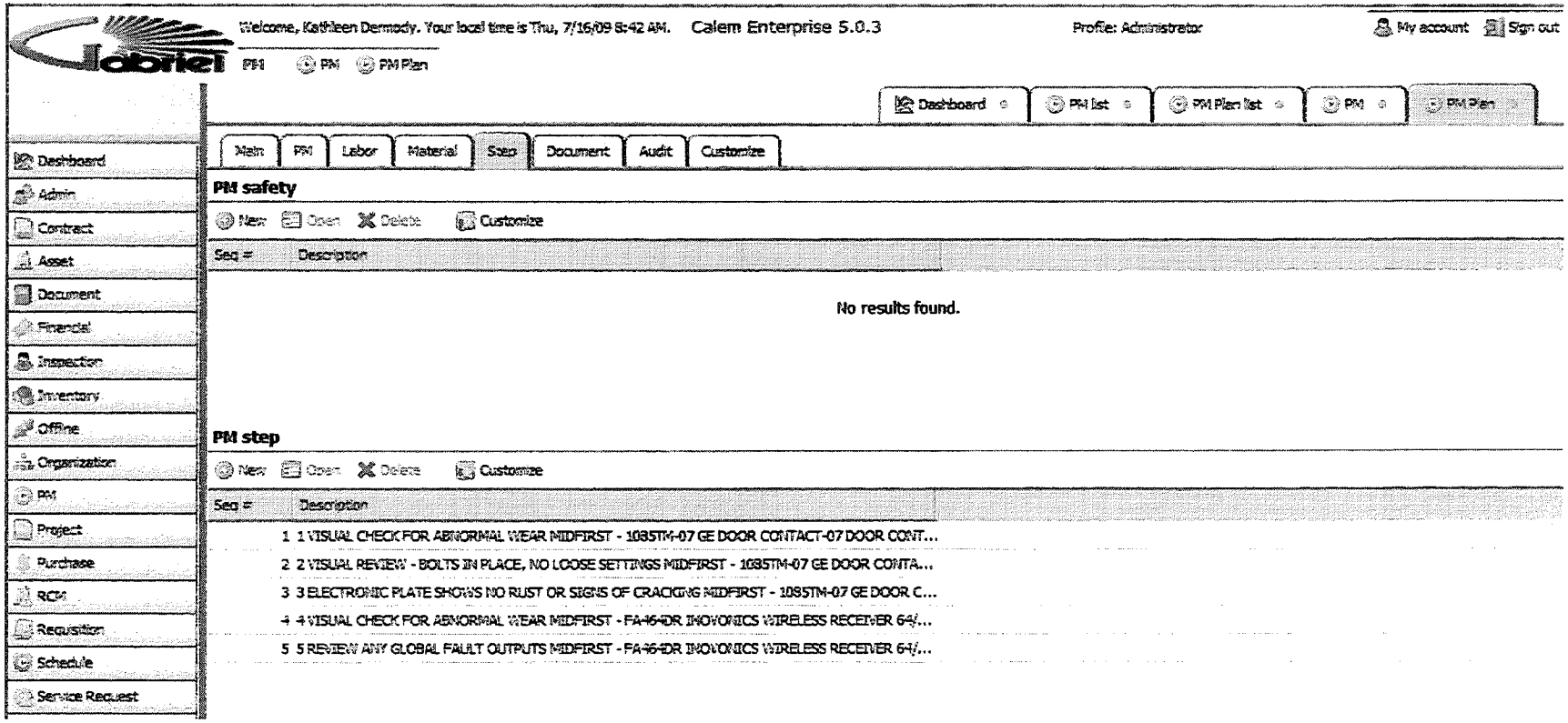
III. Example PM Steps:



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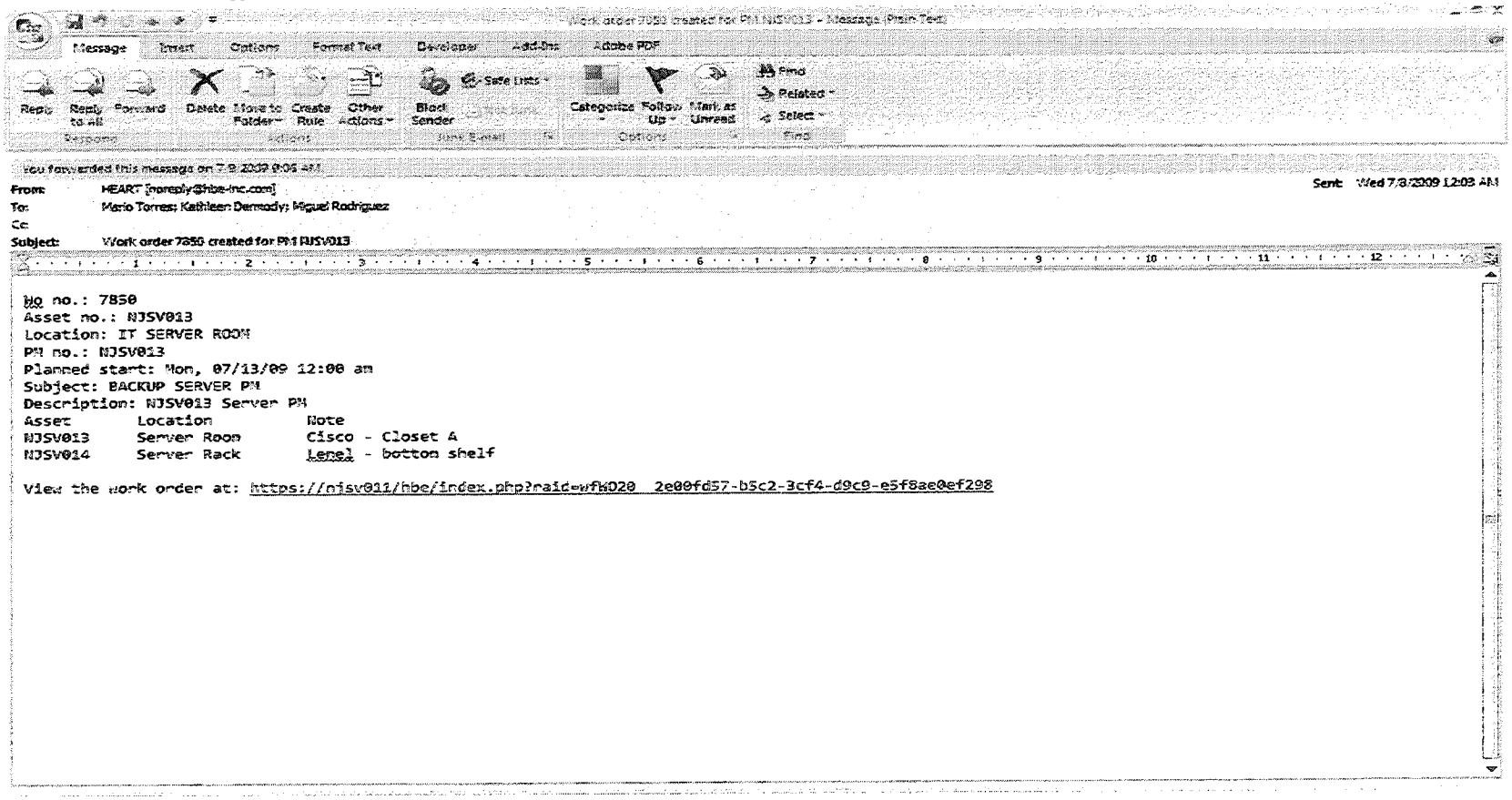
IV. Sample E-mail Trouble Ticket



Message | Insert | Options | Format Text | Developer | Add-Ins | Adobe PDF

Reply | Reply to All | Forward | Delete | Move to Folder | Create Rule | Other Actions | Block Sender | Safe Links | Categorize | Follow Up | Mark as Unread | Find | Related | Select

You forwarded this message on 7/9/2009 9:06 AM.

From: HEART [noreply@hbe-inc.com]
Sent: Wed 7/8/2009 12:03 AM
To: Mario Torres; Kathleen Dennedy; Miguel Rodriguez
Cc:
Subject: Work order 7850 created for PM NJSV013

WO no.: 7850
Asset no.: NJSV013
Location: IT SERVER ROOM
PM no.: NJSV013
Planned start: Mon, 07/13/09 12:00 am
Subject: BACKUP SERVER PM
Description: NJSV013 Server PM

Asset	Location	Note
NJSV013	Server Room	Cisco - Closet A
NJSV014	Server Rack	Lenel - botton shelf

View the work order at: https://njsv011/hbe/index.php?raid=wfWO20_2e00fd57-b5c2-3cf4-d9c9-e5f8ae0ef298

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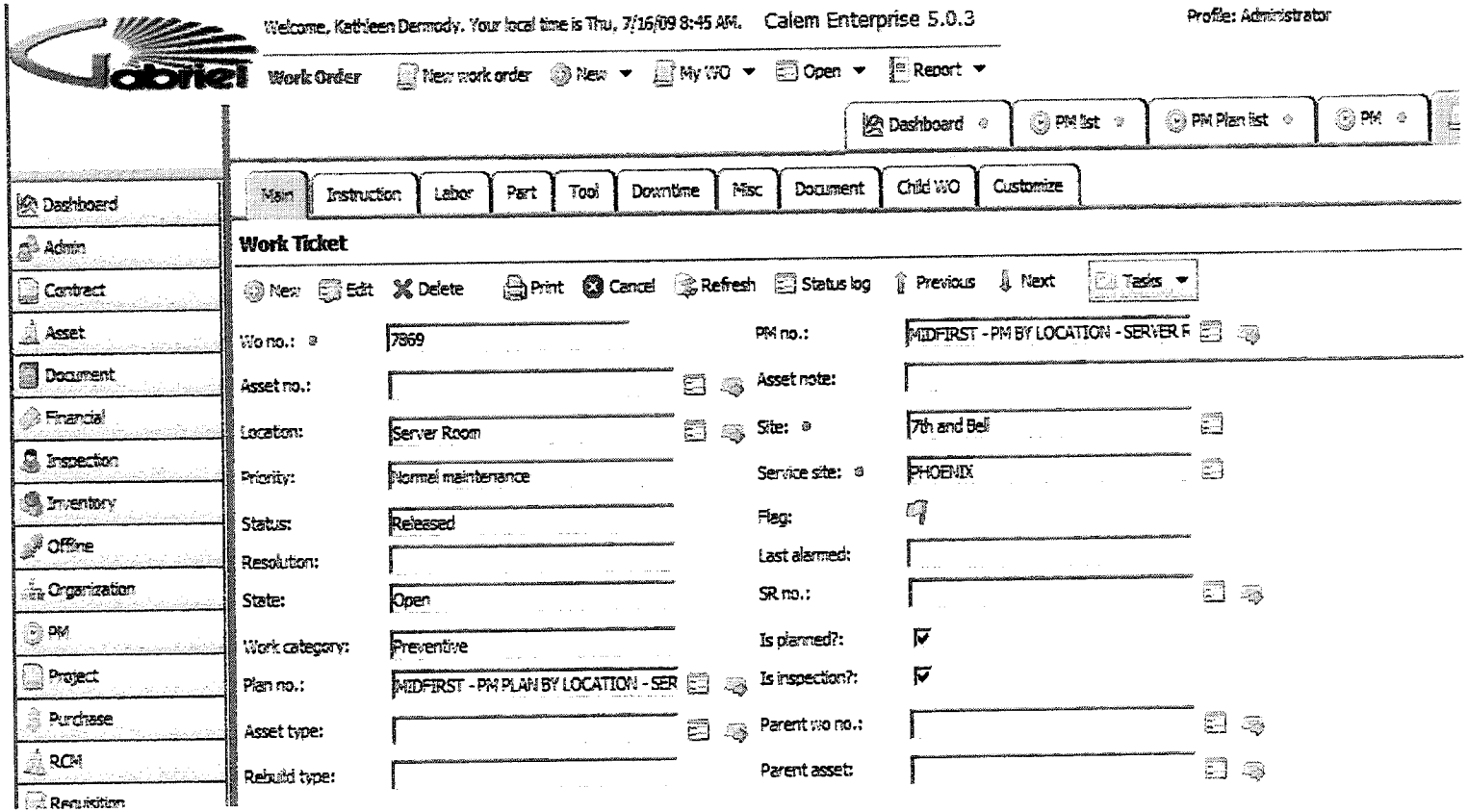
V. Example PM Ticket:



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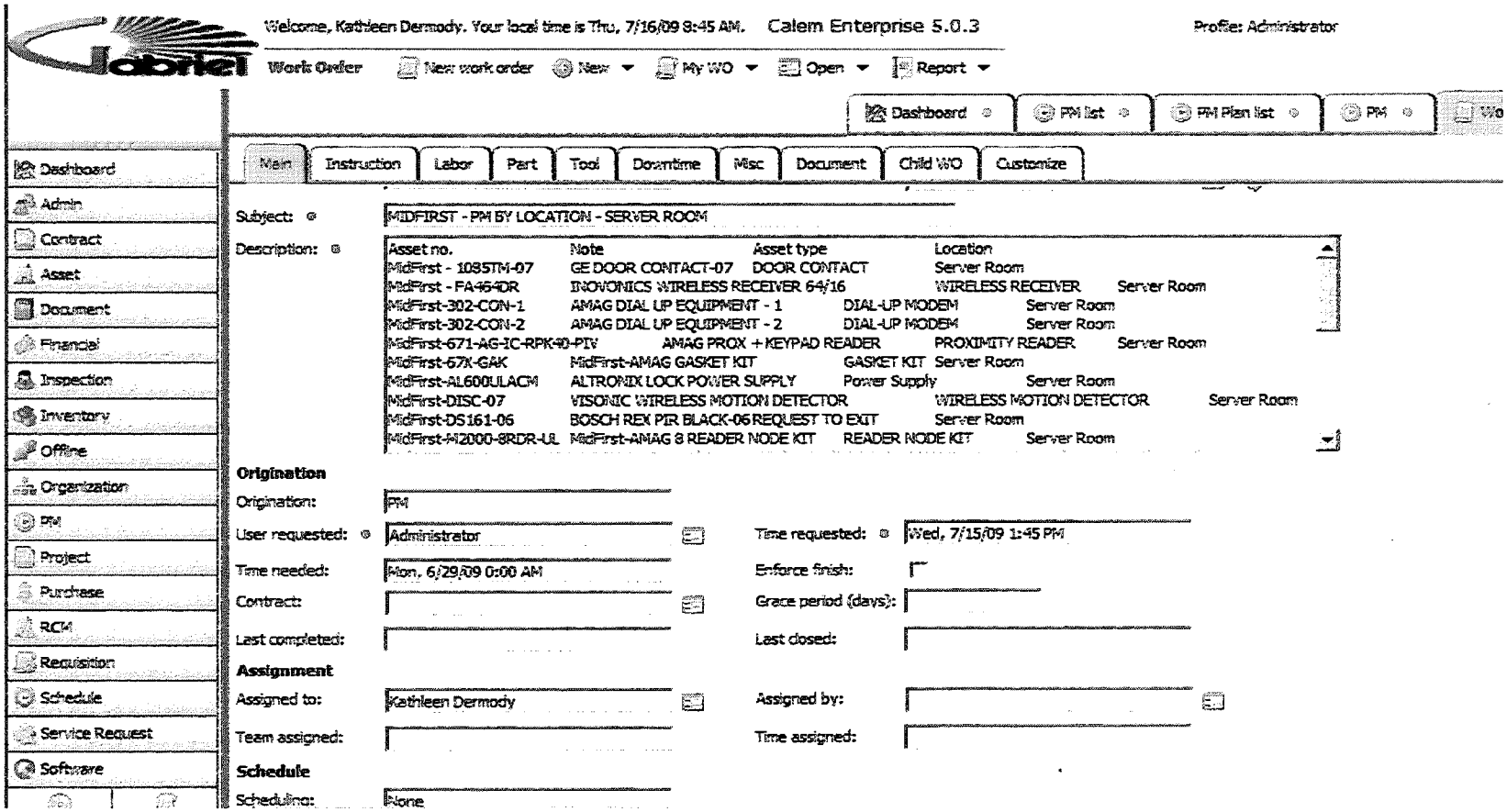

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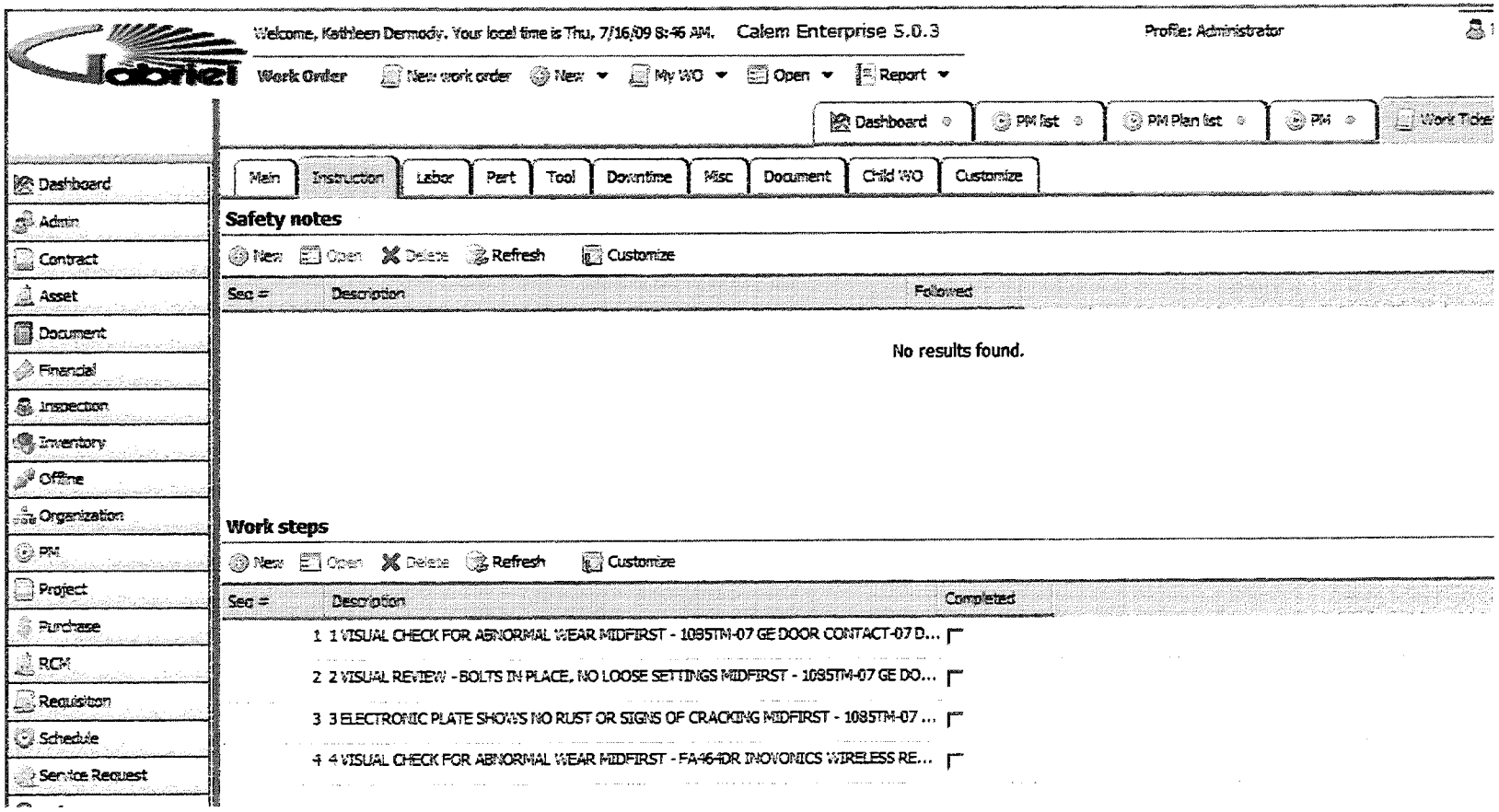

HENRY BROS. ELECTRONICS, INC.

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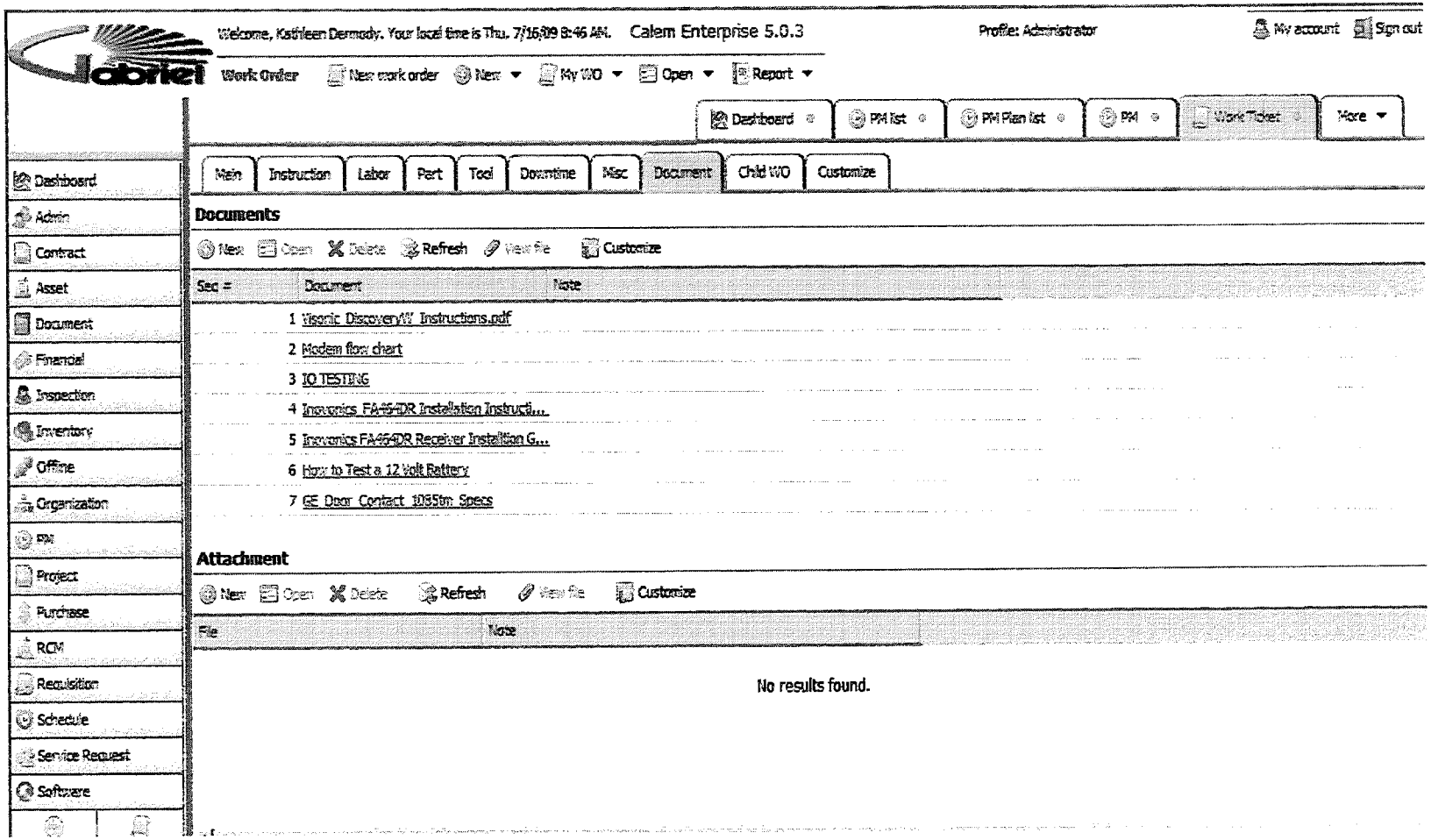

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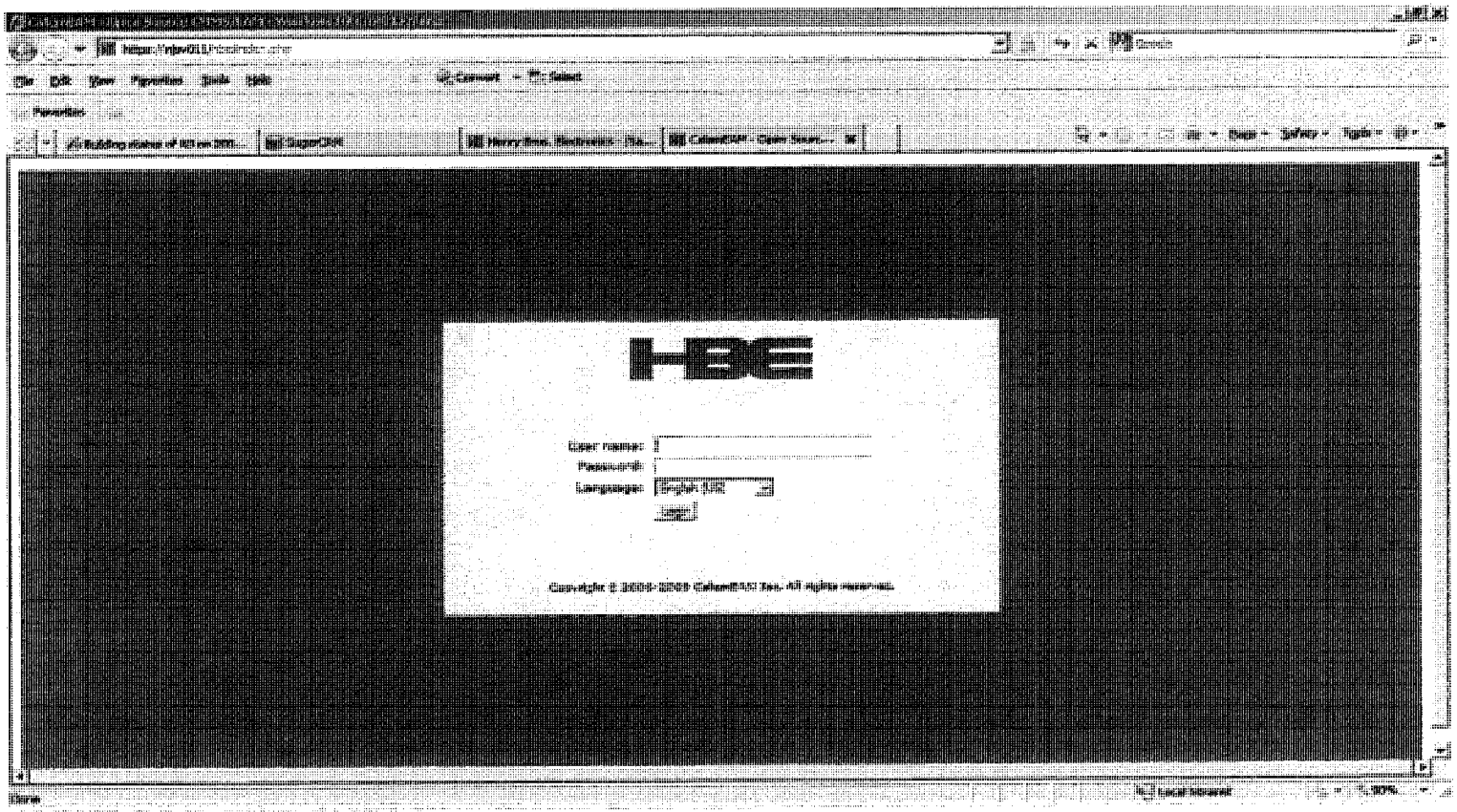
VI. Technician Screen Shots

A. Log in screen



HENRY BROS. ELECTRONICS, INC.

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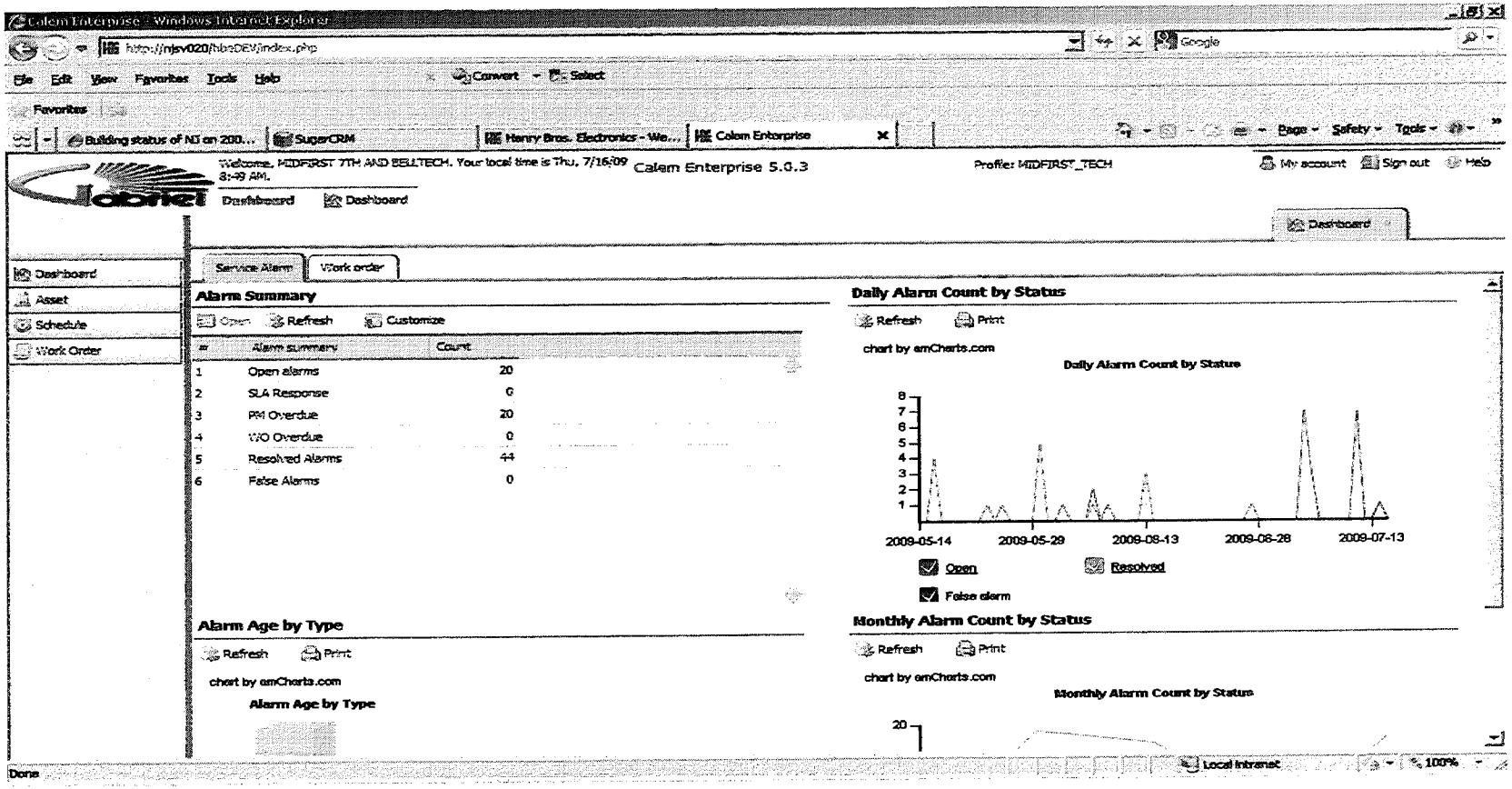
B. Dashboard Screen



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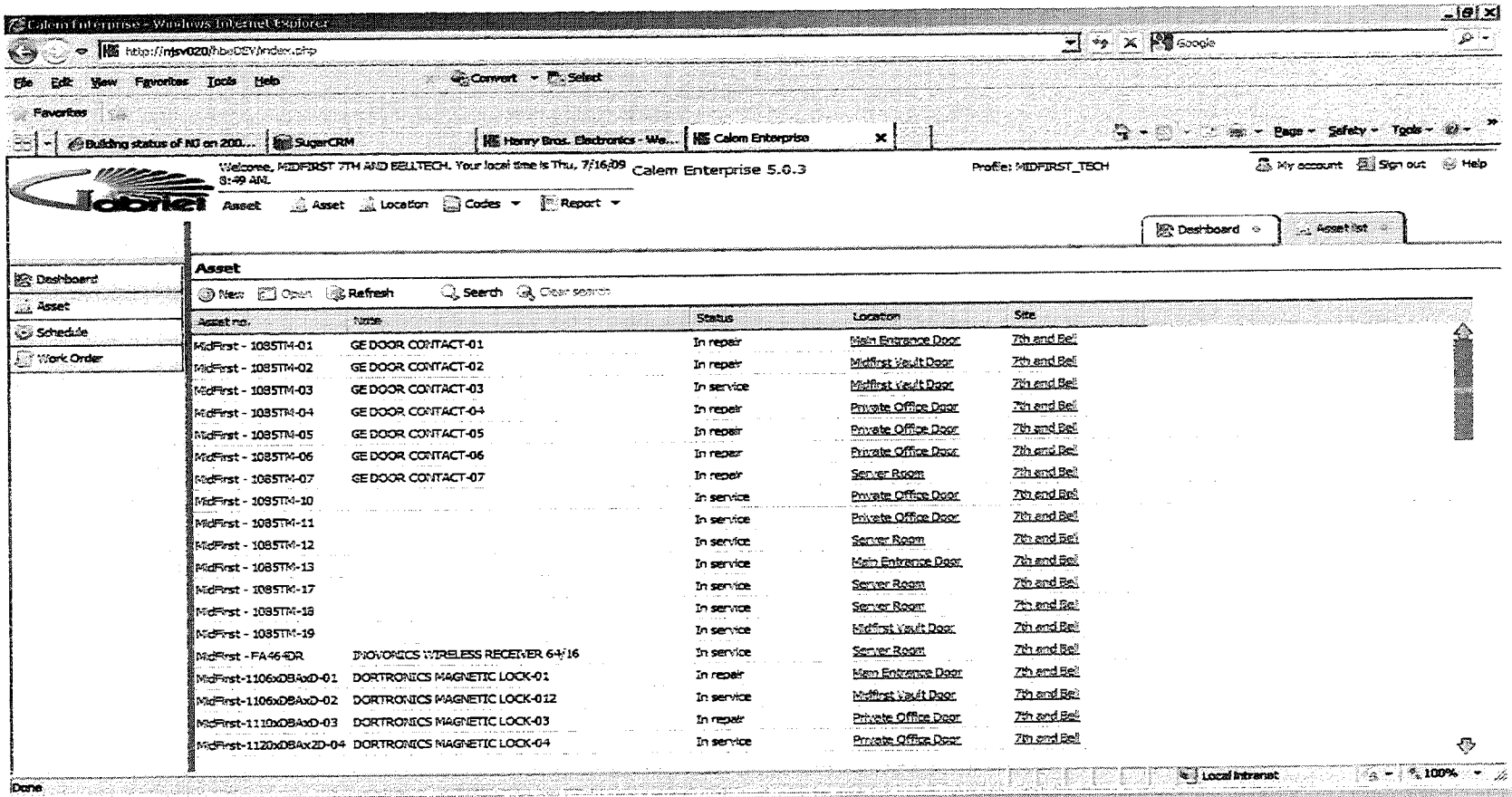
C. Asset Screen



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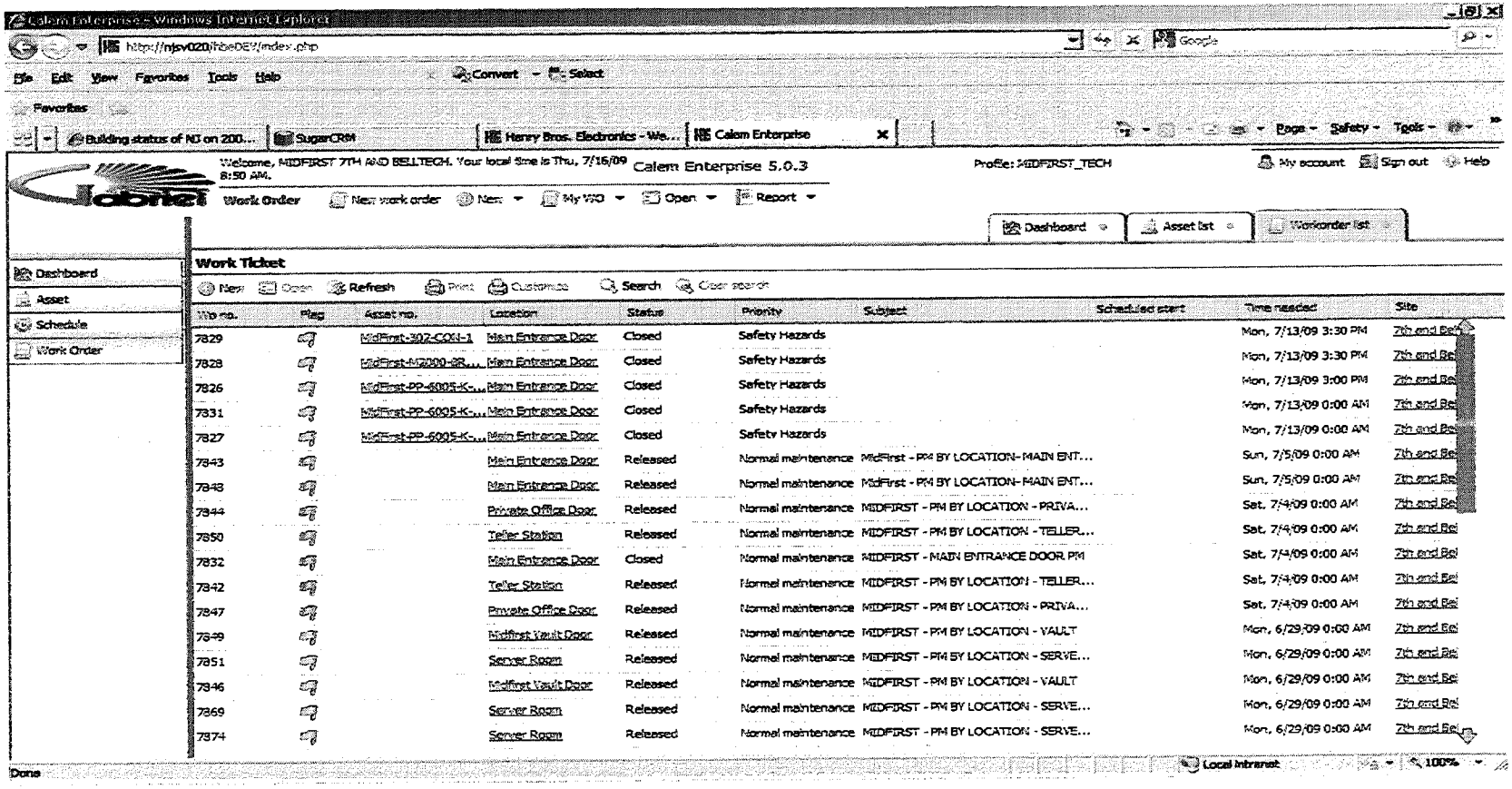
D. Trouble Ticket Screen



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Legacy... Commitment... Ownership

HENRY BROS. ELECTRONICS, INC.

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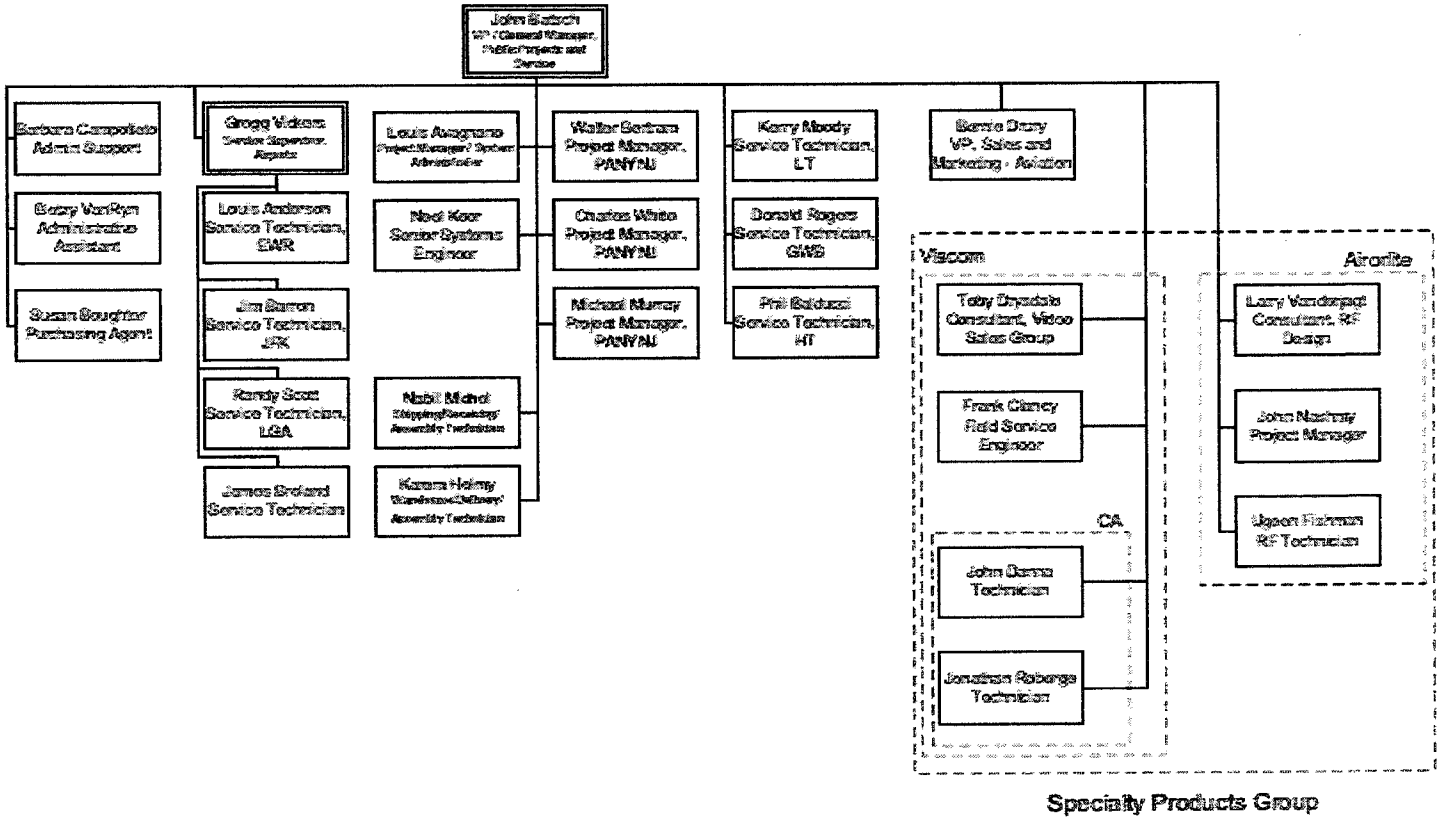
Henry Bros. Electronics

NY Metro

Public Projects, Service, and Specialty Products Group

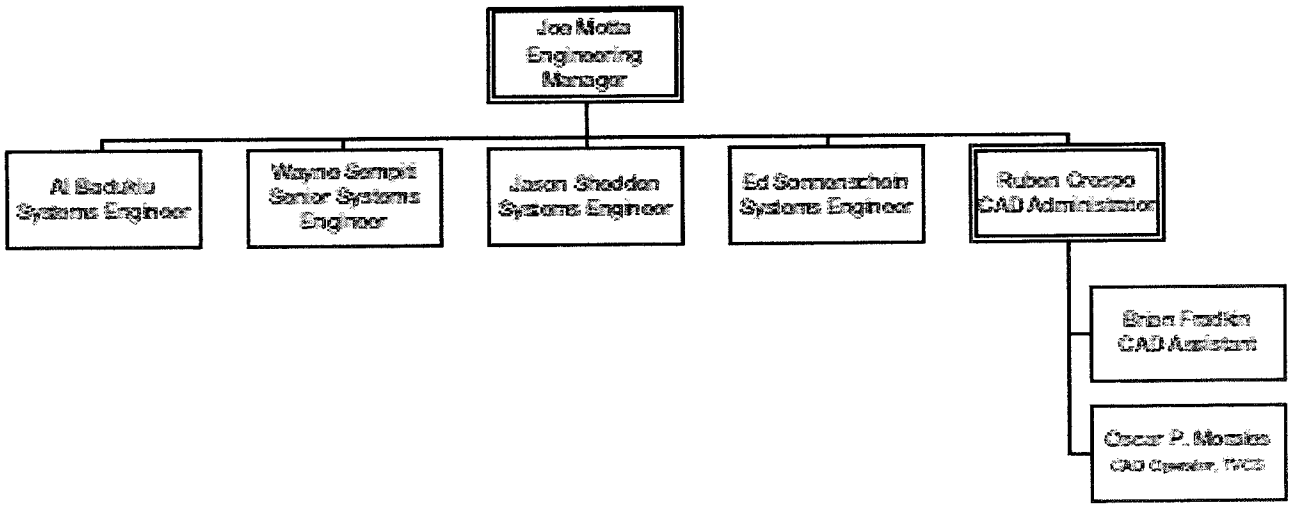


Specialty Products Group

Henry Bros. Electronics

NY Metro - Private

Engineering



New Initiatives, Direction, Capabilities

- Command and Control Layers
- Data Acquisition
  - Sensor Monitoring
  - Seismic
  - Hi water level
  - SCADA
- Barco Visualization
- Cisco ATP Relationship
- PIDS / Raytheon
- Emerging Biometrics
  - Vascular
  - Iris
  - Fingerprint (Sagem)
- VMWare/IBM/ Cisco/EMC
- Gun Shot Detection

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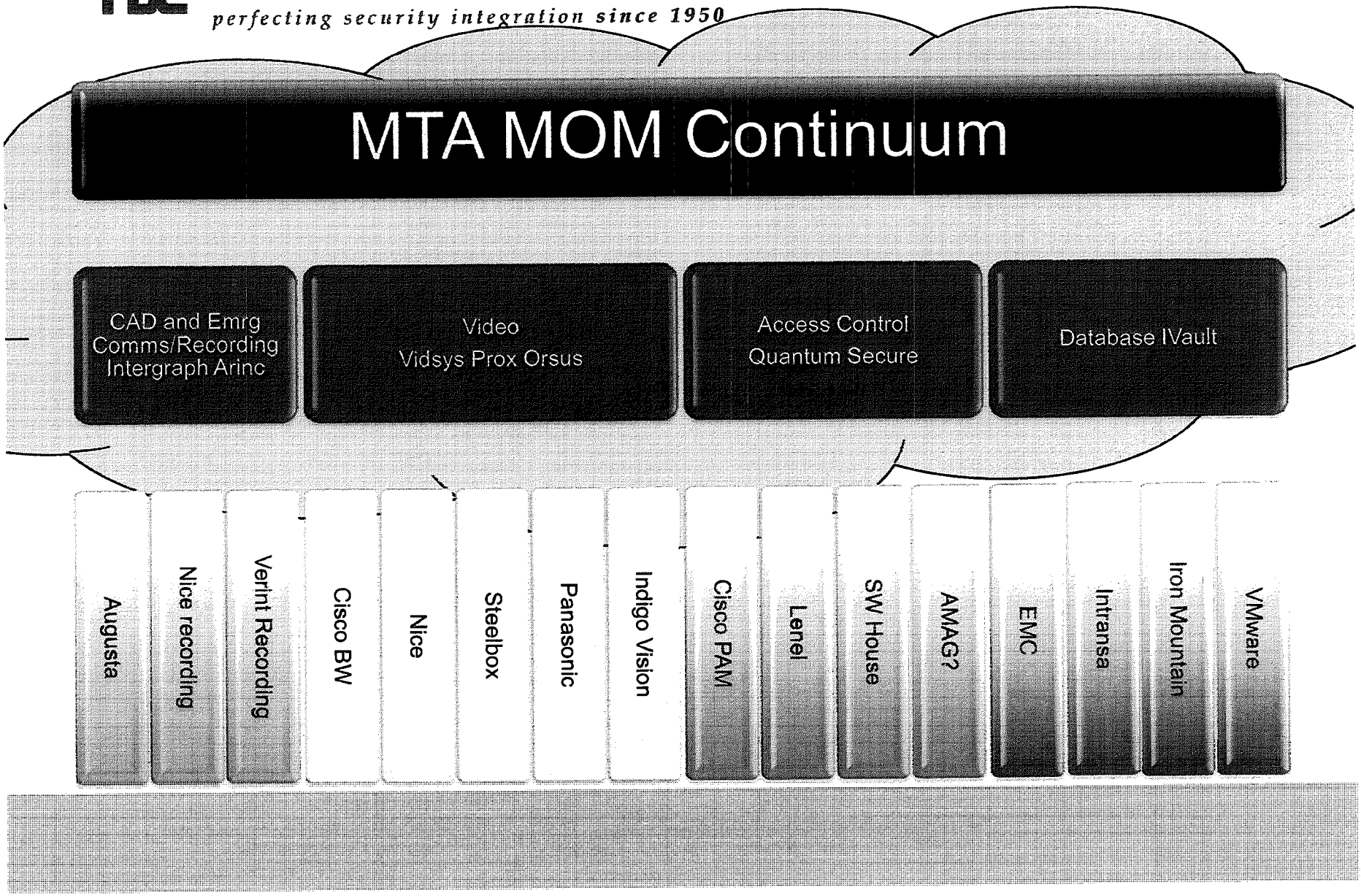
MTA MOM Continuum



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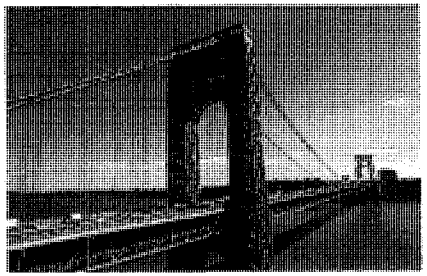
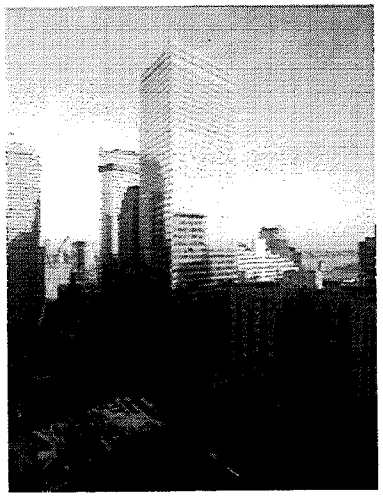
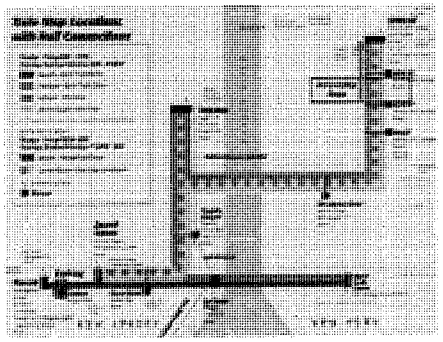
Port Authority Summary

- *Whatever it takes* Attitude and Performance
- Corporate Commitment in Mosler Transition
- Consistency in Personnel (1998)
- 9-11 Coverage
- Dedicated and Responsive Personnel
- Business Continuity Support
  - Floods
  - Power Outages
  - Infrastructure disruptions
- This is a must win for HBE





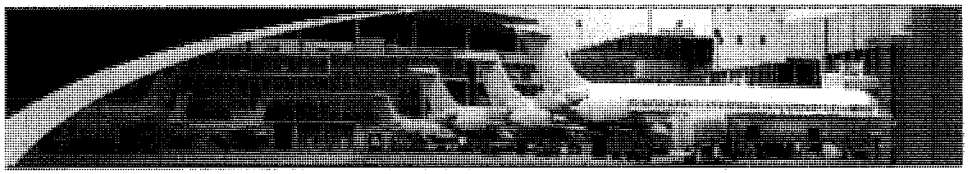


Questions

THE PORT AUTHORITY OF NY & NJ

RFP # 18473

Services and Materials For the Enchancement and Maintenance of the Airport Security Control System (ASCS) at John F Kennedy International, LaGuardia, and Newark Liberty International Airports.



Presentations and Clarifications

August 19, 2009

Presented By:

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HENRY BROS. ELECTRONICS, INC.
perfecting security integration since 1950

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QUESTIONS FOR HENRY BROS. ELECTRONICS
COLLECTIVE #18473

Financial

1. **Q. Please confirm if the equipment pricing below are accurate.**

   A. HBE confirms.

2. **Q. Is the equipment markup percentage 1.26% or 26%?**

   A. The equipment price to the PA is calculated as follows: COST x 1.26 (example - if HBE purchases a piece of equipment for $100, the cost to the PA would be $100 x 1.26 or $126.

3. **Q. Please resubmit your equipment listing and remove the markup percentage from the PA price column. The "PA price" is the equipment cost that the Contractor will charge to the Port Authority, which is expected to be less than the list price. Mark-up will be added to the PA price for cost quote later.**

   A. Please see attached, revised Unit Price sheets

4. **Q. Please explain in detail the methodology in preparing the costs for your Service Technicians and Project Managers.**

A. Based on experience, we are assigning one resident service technician per airport with a supervisor to cover any absentee and vacation schedules. A PM is assigned to a Work Order request is made. They also participate in the development of the proposals/pricing to insure the correct equipment is identified and adequate hours have been allocated to complete the project and meet the requirements of the Work Order.
In addition, each airport tech has a PONYA plated vehicle allowing access to AOA areas for service and maintenance of CACS equipment. In addition, both the airport techs and HBE PM's have the necessary escort privileges to insure Work Orders or service activities, requiring outside support (vendor or contractor) are completed.

5. **Q. Provide a cost proposal assuming Monday to Friday standard business hours. Weeknight/Weekday/Holiday hours billed separately as needed to respond to service calls.**

A. .

SYSTEM	M-F Business Hours	Weeknight/Weekend/Holiday Hours	TOTAL
CACS	$ 33,547	$ 4,500	$ 38,047
CCTV	$ 33,547	$ 4,500	$ 38,047
SONET	$ 7,078	$ 950	$ 8,028
ASDE	$ 328	$ 100	$ 428
Mo. TOTAL	**$ 74,500**	**$ 10,050**	**$ 84,550**
Yrly TOTAL	**$894,000**	**$120,600**	

6. **Q. Please clarify the equipment costs with mark-up are included in the sample work orders I-IV.**

A. Please see attached, revised sample work order pricing sheets that include unit, extended and marked up equipment prices

7. **Q. Please specify the number of staff assigned to the monthly preventive and remedial maintenance at each airport.**

A. 1 - Technician @ JFK (James Barron); 1 - Technician @ LGA (Randy Scott); 1 – Technician @ EWR (Lou Anderson); 1 – Technician Supervisor (Greg Vickers)

8. **Q. Please confirm if the following equipment pricing are accurate: Item 50, 53, 94, 105, 107, 108, 114, 115, 117, 127, 128, 135, 142, and 143.**

A. We have reviewed the pricing for the above items and made any necessary adjustments in the new Unit Price list sheets. Where possible we included Verint part numbers from the
latest Verint VAR Price book.

9. Q. Is the equipment markup percentage 1.26% or 26%?

A. The equipment price to the PA is calculated as follows: COST x 1.26 (example - if a HBE purchases a piece of equipment for $100, the cost to the PA would be $100 x 1.26 or $126.

10. Q. Please resubmit your equipment listing and remove the markup percentage from the PA price column. The "PA price" is the equipment cost that the Contractor will charge to the Port Authority, which is expected to be less than the list price. Mark-up will be added to the PA price for cost quote later.

A. Please see attached, revised Unit Price sheets

11. Q. Please explain in detail the methodology in preparing the costs for your Service Technicians and Project Managers.

A. HBE establishes its rates by individual position and skill sets required for that position.

The following is a basic list of costs which included but are not limited to the following:

- Individual - hourly rate; vacation time; PTO time; training; Workers Comp; non-billable time
- Direct Benefits – FICA/Medical/ HUI/SUI; Health Benefits; Life Insurance; Auto expenses; tools; laptops; cell phones; etc.
- Indirect/Overhead – Sales/Marketing; Admin/technical support services; general/building/rent; corporate allocation; profit

12. Q. Provide a cost proposal assuming Monday to Friday standard business hours. Weeknight/Weekday/Holiday hours billed separately as needed to respond to service calls.

A. .

SYSTEM	M-F Business Hours	Weeknight/Weekend/Holiday Hours	TOTAL
CACS	$ 33,547	$ 4,500	$ 38,047
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Mo. TOTAL	**$ 74,500**	**$ 10,050**	**$ 84,550**
Yrly TOTAL	**$894,000**	**$120,600**	

13. Q. Please clarify the equipment costs with mark-up are included in the sample work orders I-IV.

A. Please see attached, revised sample work order pricing sheets that include unit, extended and marked up equipment prices

Technical

1. Q. Please explain your procedures after background screening results are received.

A. Currently, HBE has two Issuing Officers: John A. Batsch and Michael Murray. Both Messrs. Batsch and Murray follow the background procedure as identified the PANYNJ "Issuing Officer Manual" for John F. Kennedy International, La Guardia and Newark Liberty International Airports.

As noted in our proposal, HBE has a contractual agreement with Administaff who handles its employee administration activities. However, HBE's HR Administrator works directly with Administaff's "Background Screening Services", US Datalink or HireRight to perform the required background screening and provides the results of that screening to the IO for evaluation and processing following the Issuing Officer's Manual procedures if acceptable. Exhibit #1 shows the process that is followed by HBE for the screening process.

2. **Q. Please provide the criteria for your specified number of staff members (technicians, supervisors and managers).**

A. Based on the eight years of experience providing maintenance and service at the three metropolitan airports (JFK, LGA & EWR), HBE has determined that the only way to provide the level of service and response required by the RFP is to dedicate an on-site technician at each airport. In order to cover any absenteeism, vacations and dedicated support HBE has also assigned a tech supervisor to support all three airports. The organizational structure provided within HBE's proposal identifies the Project and Administrative structure necessary to support the requirements of this contract – from Project Management, to Engineering to Administrative support.

The same approach, of dedicated personnel per facility, has proven successful in HBE's implementation of the maintenance and administrative contract for the PANYNJ facilities at the George Washington Bridge, Lincoln Tunnel & Holland Tunnel facilities. When HBE took over the contract we assigned one technician per site unlike the previous contractor who was attempting to cover the three major sites with only two people.

3. **Q. Will the individuals provided in the RFP (resumes) be 100% devoted to this contract? If not, what percentage of the time?**

   A. The site technicians (JFK - J. Barron; LGA - R. Scott; EWR – L. Anderson) and tech supervisor (G. Vickers) are dedicated 100% to this contract. The other individual's resumes were submitted with our proposal, are utilized as required to support the Maintenance and Work Order contract as required.
   - J. Batsch, VP/GM – 20%
   - B. Drury, Aviation Sales – 80%
   - C. White, PM – 100%
   - W. Bertram, PM – 100%
   - N. Keer, Sr. Eng – 90%
   - A. Baduklu, Eng. – 80%
   - J. Breland, Tech. – 50%
   - J. Motta, Eng Mgr. – 20%
   - C. Peckham; E. Marone; M. Murray; J. Shedden; R. Crespo; W. Sempiti; E. Sonnenschein – as required

4. **Q. If individuals on the project resign/fire/leave for any reason, how do you intend to re-staff to the same standard or better?**

   A. We would provide the best qualified replacement from either within our company (NJ office or from one of our 7 branch offices located throughout the US) or hire from outside. HBE has a Sr. Recruiter on staff, dedicated to finding the most qualified individual required to fill the vacated position.

5. **Q. How will you meet the disaster recovery requirement assuming 40% absentee in your own firm?**

   A. As shown in the Public Sector / Specialty Products Group organization chart, there is significant depth and talent available to meet a 40% absentee situation. The following individuals currently have S.I.D.A. badges (with Customs Holograms where required) and can fill in as necessary: G. Vickers; J. Breland; C. White; W. Bertram; M. Murray; N. Keer; A. Baduklu.

6. **Q. Please explain how your firm determined the hours for the following:**
   a. Project Management for each sample scope of work? Be specific as possible.

   A. We are including the Project Management time that would be needed for a project that is fully designed when issued as a Work Order

   b. Electrical Contractors for each sample scope of work? Be specific as possible.

   A. We are including the Electrical Contractor time that would be needed for a project if the site is ready for the work and there are no delays.

   Sample Work Order #2 calls for installing Video Verification in six (6) guard booths. We have performed this work for all of the active guard booths at JFK and EWR and we are allocating 40 hours per booth for the Electrical Contractor. The past projects have taken longer than that but this pricing reflects an attainable time allotment if the circumstances are in line.

   One other item regarding this sample Work Order, the Strongarm monitor is no longer used and has been replaced by a simple, desk-top unit.

Note: We are going to use the ratios of project manager hours to electrical hours in order to determine Work Order prices on this contract. Exceptional conditions require detailed explanation if used to justify any deviation.

7. **Q. Staffing plan – Your Executive Summary letter has a different number of proposed staff that does not match the number of staff on your company organization chart. Please clarify these differences. The letter states three Site Technicians, the company organization charts lists a total of seven.**

   A. The organization chart presented in HBE's proposal was showing the Public Sector / Specialty Products Group, currently reporting to John Batsch (see Exhibit #2). However, as noted in the Executive Summary, there will be one dedicated site technician for each airport (J. Barron @ JFK; R. Scott @ LGA; L. Anderson @ EWR and G. Vickers – Tech Supervisor.)

8. **Q. Please provide detailed information on how you expect to mobilize staff to support CACS.**

   A. As the current CACS Maintenance and Work Order contract holder, HBE is already fully staffed and mobilized at the Port Authority airports. We currently perform quarterly Preventive Maintenance on all devices in the system and respond to remedial maintenance requests when needed. The Preventive Maintenance program entails daily, assigned tasks in order to complete a full system PM once per quarter.

9. **Q. Security Training – A "Data Security Policy Structure and Guidelines" document is provided. The "Training" section is not clear if training is mandatory.**

   A. Yes, "Training" is mandatory.

10. **Q. What are your plans for ongoing training?**

    A. HBE conducts a variety of internal training sessions, from Project Management to specific product training provided by their internal management staff and vendor training. Any required Value Added Reseller (VAR) training, which results in "Certification", is conducted off-site by the manufacturer and is mandatory for our technicians, engineers and Project Managers. These certifications must be current and were listed in our proposal.

11. **Q. Please provide a description of all employee management programs in the ASCS RFP on page 20, section 2, Technical Approach, point C in regards to:**

    A.

    a. **Occupational Safety and Health Administrator (OSHA) safety training**
    Our OSHA training and certification is managed through Administaff and will be used to certify each employee associated with this contract if awarded to HBE.

b. Quality Assurance/Quality Control programs
HBE utilizes the "Frontline Project Management" process in all its projects and follows its "Quality Management Policies and Objectives" manual guidelines dated 2/08. Since there 41 pages, copies were not included in this response but are available upon request.

c. Recruitment procedures
HBE has a Sr. Recruiter on staff, dedicated to finding the most qualified individual required to fill the positions available within the company.

d. Staffing retention plans
As stated earlier, HBE currently utilizes Administaff to administer its employee a benefit and retention programs. These programs include, but are not limited to: 401K investment programs, counseling, technical training, personal support programs, hospitalization options, legal support, education, plus other retention programs.

12. Q. Please address point D on page 20, section 2, Technical Approach in the ASCS RFP.

A. HBE has been the PANYNJ Airport Security System Maintenance and Work Order provider at JFK, LGA & EWR since August 2001 (Contract #'s 4600004040 & 4600004041). Since December of 2007, HBE also provides Maintenance and System Administration for the PANYNJ's George Washington Bridge; Lincoln Tunnel; Holland Tunnel and Staten Island Teleport (Contract #4600007087). As noted in our experience section of our proposal, HBE also performs similar services for the MTA B&T, Revenue, and Transit groups.

13. Q. Please clarify your technical approach to maintenance management reporting.

A. As identified in our proposal and clarified in previous questions, HBE will staff each airport with a dedicated technician. They will be equipped with the necessary tools to perform their duties/tasks which will include a laptop (with encryption to insure the security of the data stored) that will interface with HBE's "HEART" system. That laptop will be their main tool in responding to Service Calls and Preventative Maintenance activities. The system will provide the templates for Work Tickets and Preventative Maintenance documentation, including the ability for on-site signature/approval by the authority.

The current PA "Incident and Change Management" reporting process will be tracked within the "HEART" system as well. Once implemented, authorized PA personnel will have access to the system for analysis and tracking purposes.

HBE's "Service Call Process" is depicted in the attached Exhibit # 3 and identifies the process that would be followed when a Service Call is initiated by the responsible party at an airport. This process includes calls placed during regular and after normal business hours along with escalation procedures in the event of a problem. Authorized PA personnel will have the ability to query the "HEART" system for the status of Service Calls and request reports on an ad hoc basis.

HBE's "Preventative Maintenance Process" is depicted in Exhibit #4 (flow charts and "screen shots" of what the tech will have access to) which, will be an automated process controlled by "HEART", and be accessible to the PA for review. As shown in the exhibit, a PM process is automated and flexible enough to be adapted to each airport's requirements. There are also safeguards built into the process that will allow for prioritization of activities without negatively impacting the PM schedule.

14. Q. Please provide a detailed transitional plan and when and where you have implemented this transitional plan.

A. As the current CACS Maintenance and Work Order contract holder, HBE is already fully staffed and mobilized at the Port Authority airports. We currently perform quarterly Preventive Maintenance on all devices in the system and respond to remedial maintenance requests when needed. The Preventive Maintenance program entails daily, assigned tasks in order to complete a full system PM once per quarter.

An example of HBE's ability to transition into the service responsibilities for a Port Authority facility, we took over the maintenance responsibilities at the George Washington Bridge, Lincoln Tunnel and Holland Tunnel in December, 2007. During the ensuing three months we met with the facilities, surveyed the sites and developed our
Preventive Maintenance plan and Remedial Maintenance procedures. During the transition period we maintained the system in a fully operational capacity.

15. Q. Please provide more information on project and pilot integration to the CACS system.

A.

HBE, in conjunction with Lenel, designed and installed a "Test Bed" server to test any new releases or "patches" prior to installing on to the production system. The purpose is to minimize system downtime and streamline the upgrade process.

16. Q. Please provide a detailed plan on your work approach submittal on work orders and maintenance.

A. The PANYNJ - TSD group currently utilizes the HEART system for generating, entering and tracking Work Orders. The capabilities of "HEART" and screen shot were included in our proposal. However, a simplified version of the process is as follows:

- An airport has a work requirement and notifies TSD
- TSD enters the requirements of the work utilizing their standard Work Order Form which has been customized in the "HEART" system (each data entry area has "prompts" assisting in the populating of each field)
- TSD submits the Work Order electronically utilizing "HEART" and HBE Operations is notified that a submission has been made.
- This request is entered into the Work Order tracking portion of "HEART" and can be viewed by authorized personnel. A report can be generated that identifies all the particulars of the Work Order (including but not limited to the following information: W.O.#; airport; brief description of request; date issued; PA Project Manager; HBE Project Manager; etc.)

- HBE reviews the request and provides its pricing in the "System Cost" section (the only area HBE can enter data in) then, utilizing "HEART" system, submits it back to TSD.
- TSD reviews the pricing (which only HBE has editing access to), submits it to the issuing airport for approval.
- If the airport approves, TSD notifies HBE to proceed. Once approved, the Work Order Report is updated, more of the fields are populated and a signed copy is sent to HBE for processing.

HBE is currently utilizing the "HEART" system to manage its maintenance and service programs at the PANYNJ's B&T facilities. An automated Preventative Maintenance and Service order process has proven to be successful and cost effective. Each airport technician's laptop will be loaded with the necessary software to enter receive: PM scheduled activities; Service requirements; automated Work Ticket generation and ability for the responsible manager to sign-off/approve any work. Please refer to Exhibit 4 for the process "Flow Chart"

17. Q. Background Screening – What is the criteria/cutoff/threshold for which an employee will be disqualified for each of the employee background screening areas described?

A. As general statement, an inaccurate or falsified S.I.D.A. application. In addition to the requirements of the application, HBE will disqualify an applicant if the following occurs:
Criminal: Falsifying or neglecting to provide all convictions
Employment: Falsifying employment information
Motor Vehicle: Summons for – 1) D.U.I. or D.U.I.D.; 2) Revoked license; 3) Excessive speeding tickets over a 5 yr period; 4) Double licenses
Education: Falsifying degrees
Professional Licenses: Falsifying licenses

18. Q. Would the Port Authority have access to the HBE's "HEART" system?

A. The PANYNJ - TSD group currently utilizes the HEART system for generating, entering and tracking Work Orders. The capabilities of "HEART" and screen shot were included in our proposal. However, a simplified version of the process is as follows:

- An airport has a work requirement and notifies TSD
- TSD enters the requirements of the work utilizing their standard Work Order Form which has been customized in the "HEART" system (each data entry area has "prompts" assisting in the populating of each field)
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- This request is entered into the Work Order tracking portion of "HEART" and can be viewed by authorized personnel. A report can be generated that identifies all the particulars of the Work Order (including but not limited to the following information: W.O.#; airport; brief description of request; date issued; PA Project Manager; HBE Project Manager; etc.)
- HBE reviews the request and provides its pricing in the "System Cost" section (the only area HBE can enter data in) then, utilizing "HEART" system, submits it back to TSD.
- TSD reviews the pricing (which only HBE has editing access to), submits it to the issuing airport for approval.
- If the airport approves, TSD notifies HBE to proceed. Once approved, the Work Order Report is updated, more of the fields are populated and a signed copy is sent to HBE for processing.

19. Q. Please submit a disaster discovery plan as listed in the ASCS RFP on page 21, section 2,

Technical Approach, point J.

A. HBE currently uses Iron Mountain services to pick up and maintain back-ups of all its critical data. Daily incremental backups are taken and stored on tapes with full backups taken weekly. These backup tapes are picked up weekly by Iron Mountain and maintained off-site.

In the event of a catastrophic system failure or HBE's NJ corporate office building is damaged, servers would be brought "on-line" at HBE's California or Colorado offices and full communications would be restored. Corporate operations would be temporarily moved to its offices at 17 Battery Place, NY. Depending on the severity of the corporate facility damage, temporary operations would continue at these locations until repairs are made or a new facility is located.

20. Q. Please submit a signed "Attachment M – Certified Environmentally Preferable Products/Practices"

A. Complied, see attached Exhibit 5

Firm Experience and Management Commitment

1. Q. Please indicate the estimated value for Maureen Data Systems Inc. portion of work.

A. Maureen Data Systems, Inc. furnishes technology equipment (i.e. Cisco, NexSan) and, whenever possible HBE funnels purchases through MDS. Since the Port Authority currently furnishes any Cisco equipment and the video designs have moved away from NexSan to EMC, the opportunities to purchase through MDS are more limited however they have shown an ability in the past to grow their product offerings to meet changing demands and we will continue to purchase from them when an opportunity presents itself.

At this time, we will not assign a value to MDS but will retain them as a component of our MBE/WBE efforts.

2. Q. Key Vendor Relationship – Please provide all planned agreements with Enterprise Air (Lenel, Verint and Intelect are provided)

A. Please see Exhibit 6 for a copy of HBE's VAR relationship with Identica (Enterprise Air).

Work Approach

1. **Q. You mention Lenel remedial and preventative maintenance. Please explain how you intend to do the same for Verint?**

   A. The remedial and preventative maintenance for Vernit would include but not be limited to the following: 1) Inspect system hardware; 2) Inspect operating system & software; 3) Clean filters (where applicable) and dust case; 4) Review logs.

2. **Q. How will you handle the disposal of other products (non paper products) such as ribbon, used Airport ID Cards, etc?**

   A. The procedure for the disposal of "used" ribbons and laminate have been in place since August 2008 and has been accepted during the recent PANYNJ airport audit. Those procedures and forms are attached in Exhibit 7.

Co-employment Relationship With Administaff

Administaff has a contractual agreement with Henry Brothers Electronics ("HBE") under which certain employment responsibilities are shared as to worksite employees. As a part of its fee-inclusive services, Administaff provides Payroll and Benefits services to HBE. HBE, at is election, can also contract to use Administaff's Recruiting and Background services.

Administaff's Background Screening Services

Administaff utilizes HireRight to conduct Background Screening Services.

Length of Time To Obtain Information

The normal processing time to complete a background check is 3 to 5 business days. There may be extenuating circumstances that will require additional time, ie., school closures, holidays, etc.

Pre-Employment Services Provided

- **Criminal**: 7 year county criminal (search for convictions in city/county where the individuals has lived/worked) in last 7 years (Administaff does not provide a Federal Court or Civil Court Search, sex offender, national securities check, etc.)
- **Employer Verification**: 5 year and up to 10 years Employer Verification - Based on information provided by candidate and "approval" given to contact. (Administaff does not confirm personal references)
- **Motor vehicle**: (with applicable state specific forms if required) and complete Drivers License number
- **Credit check**: (applicable only to positions dealing with cash, confidential information (such as access to social security numbers, personal data).
- **Education**: Highest level or highest degree obtained
- **Professional Licenses**: (such as RN # or other (must have license number to validate)

Criminal History Search
Determines if the applicant's background includes misdemeanor or felony criminal convictions or guilty pleas and includes a series of confirmation checks on the applicant and the social security number to identify all residence locations per county checked.

Credit History
Uncovers the applicant's spending habits along with any debt or financial problems that could lead to dishonesty while employed with HBE. Administaff generally recommends that credit checks be completed only on those individuals applying for cash handling positions or those positions where an individual has access to confidential information (like employee data).

Employment History
Identifies dates of employment, skills and abilities, attendance, performance.

Education
Verifies highest degree obtained to include date of graduation, degree acquired.

Motor Vehicle History
A report disclosing D.W.I. (Driving While Intoxicated), and D.U.I.D. (Driving Under Influence of Drugs) incidents along with moving violations, accidents and license suspensions.

Written Disclosure and Authorization

Before Administaff can procure a consumer report for employment purposes, the applicant must be notified in writing. This notice cannot be incorporated in any other document. In addition, the applicant's written authorization must be obtained before HireRight is contacted with a request for a report.

Adverse Action Procedures

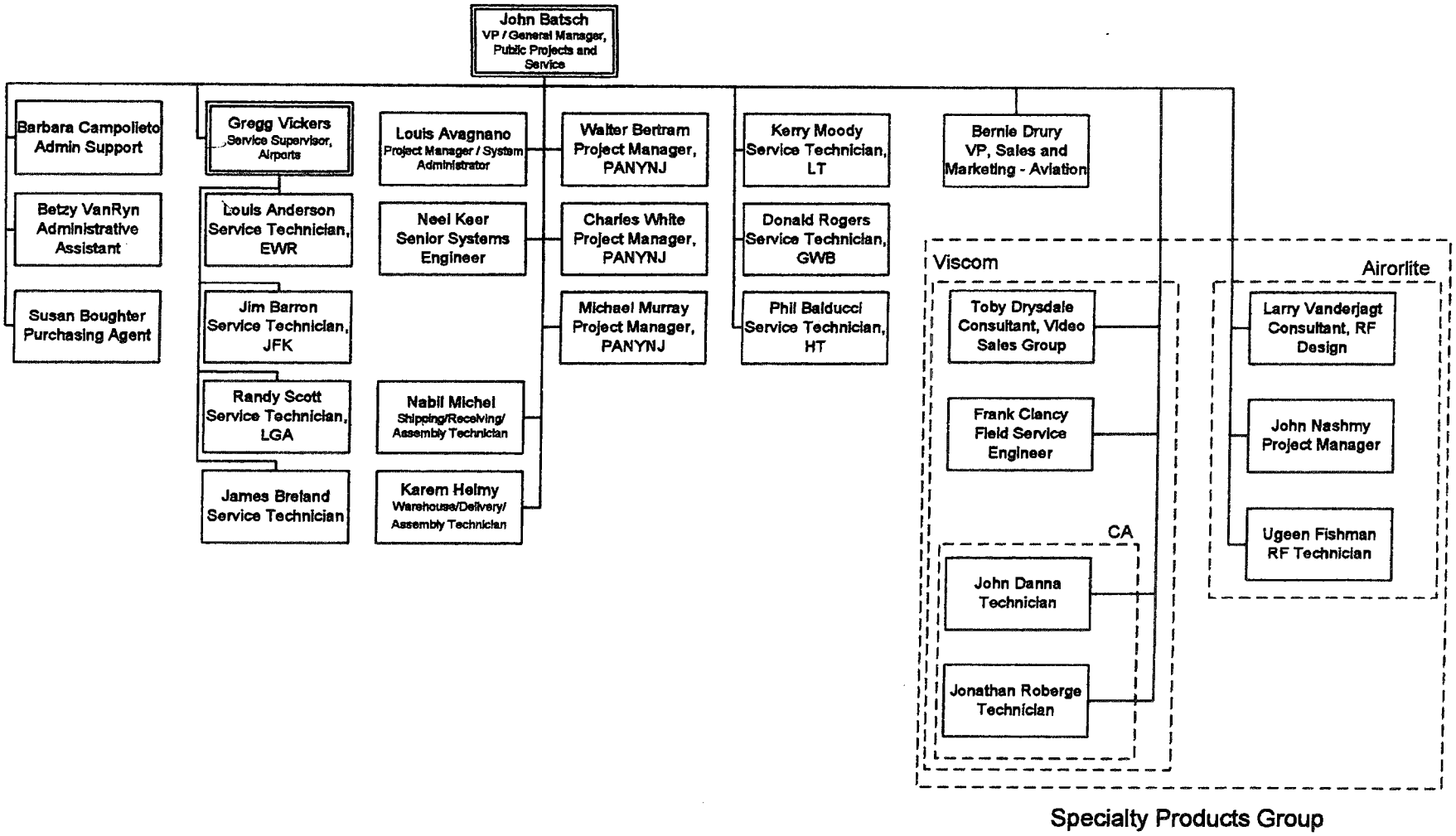
When HBE uses Administaff's background services, it becomes a joint user with Administaff of consumer reports and investigative consumer reports. HBE must abide by any federal, state, local, and foreign laws and regulations applicable to HBE in its use of the reports. Any reports procured will be used for employment purposes only and for no other reason.

HBE must ensure that the disclosure requirements under sections 604(b)(2) and 606(a)-(c) of the Fair Credit Reporting Act ("FCRA"). Those disclosure requirements are met when HBE uses Administaff's Disclosure Statement and Authorization forms along with any state-specific summary of rights and motor vehicle release forms provided by Administaff. Under FCRA section 604(b)(3)-(4), there are conditions on the use of information contained in a report, which may include sending an applicant pre- and post-adverse actions letters. When using Administaff's background services, Administaff will provide any necessary pre- or post-adverse action letters, provided that HBE timely advises Administaff of its intent to take adverse action based, in whole or in part, on information contained in a consumer report or investigative consumer report. To ensure that pre- and post-adverse actions letters are timely provided under the FCRA, HBE must contact Administaff's Background Check Team before deciding not to hire an applicant or rescinding a conditional offer of employment based, in whole or in part, on information contained in a background report.

Henry Bros. Electronics

NY Metro

Public Projects, Service, and Specialty Products Group

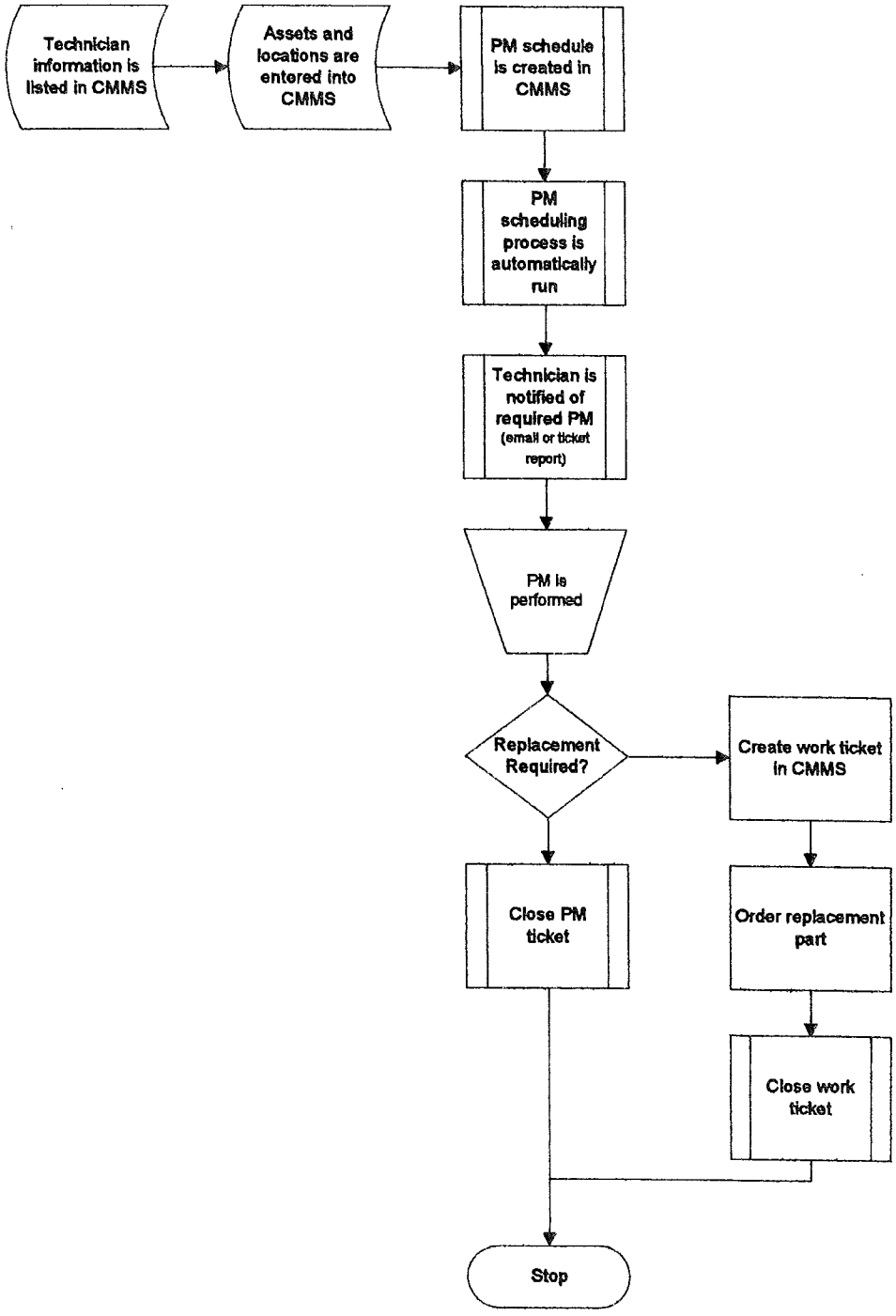


Specialty Products Group

Exhibit 2

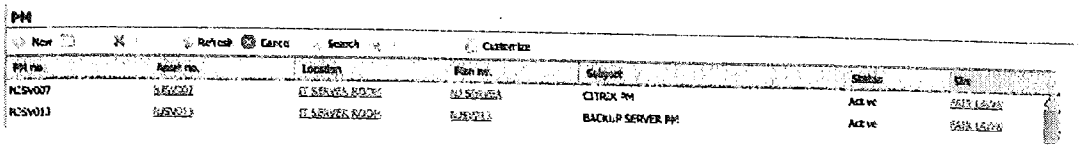
Exhibit 4

HEART Preventative Maintenance Workflow



HEART Preventive Maintenance

PM Module
PM module (Preventive/Predicative Maintenance) is where you define all the service plans and scheduled service tasks, referred to as PM Plan and PMs in HEART. A PM list shows all the PMs defined in the system.



You can define time or condition based service activities for in the PM module.

- PM can be scheduled for weekly, by number of weeks or months; or just by number of days. For instance, you can define a weekly task to be performed on Tuesday and Thursday; a 3-month task to be performed on first Friday of the due month.

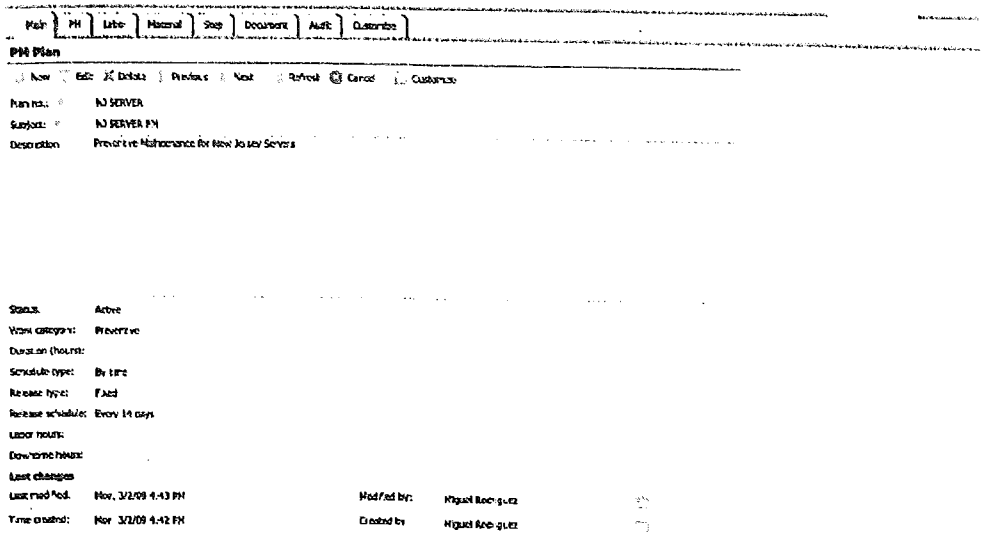
PM in HEART consists PM plans and PM tasks.

- A PM Plan defines activities to be performed including schedule, instructions to do the work, and requirements of labor, material and downtime.
- PM tasks, or PMs, are the association of PM Plans to assets. A single asset PM consists of a PM plan and an asset. A multi-asset PM consists of other PMs.
- It is a good practice to define all the service activities per asset type as PM Plans. You can then create work orders for service requests based from pre-defined PM Plans. You can also enter manual work orders from PM Plans.

A PM is a short hand for PM task. It consists of assets and PM plans. Key fields for PM include:

- PM no.: id of the PM.
- Subject: a short note.
- Plan no.: PM plan to perform. It may be left undefined for PMs having child PMs.
- Status: a) active; b) inactive.
- Asset no.: the asset for the PM.
- Location: the location of the asset, or it's a PM for a location.
- Description: a description of the PM.
- Work priority: work order priority when a work order is created for the PM.
- Origination: work order origination.
- User name: the user who originated the PM.

PM Plan Module



Key PM Plan fields are:

- Plan no.
- Subject: a short description
- Description: a description for the PM Plan.
- Status: a) active; b) inactive.
- Work category: a) Emergency; b) Corrective; c) Predictive; d) Preventive; e) Detective.
- Duration in hours.
- Schedule type: a) by time; b) by meter; c) both; c) other.
- Release type: a) fixed; b) floating; c) other
- Release schedule: defines the schedule information.

Note:

- Fixed release type is to release the PM when it is due.
- Floating is to release the PM when it is due and there's no standing work orders for this PM.

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B. Dashboard Screen 13

C. Asset screen 14

D. Trouble Ticket Screen 15

Exhibit 4

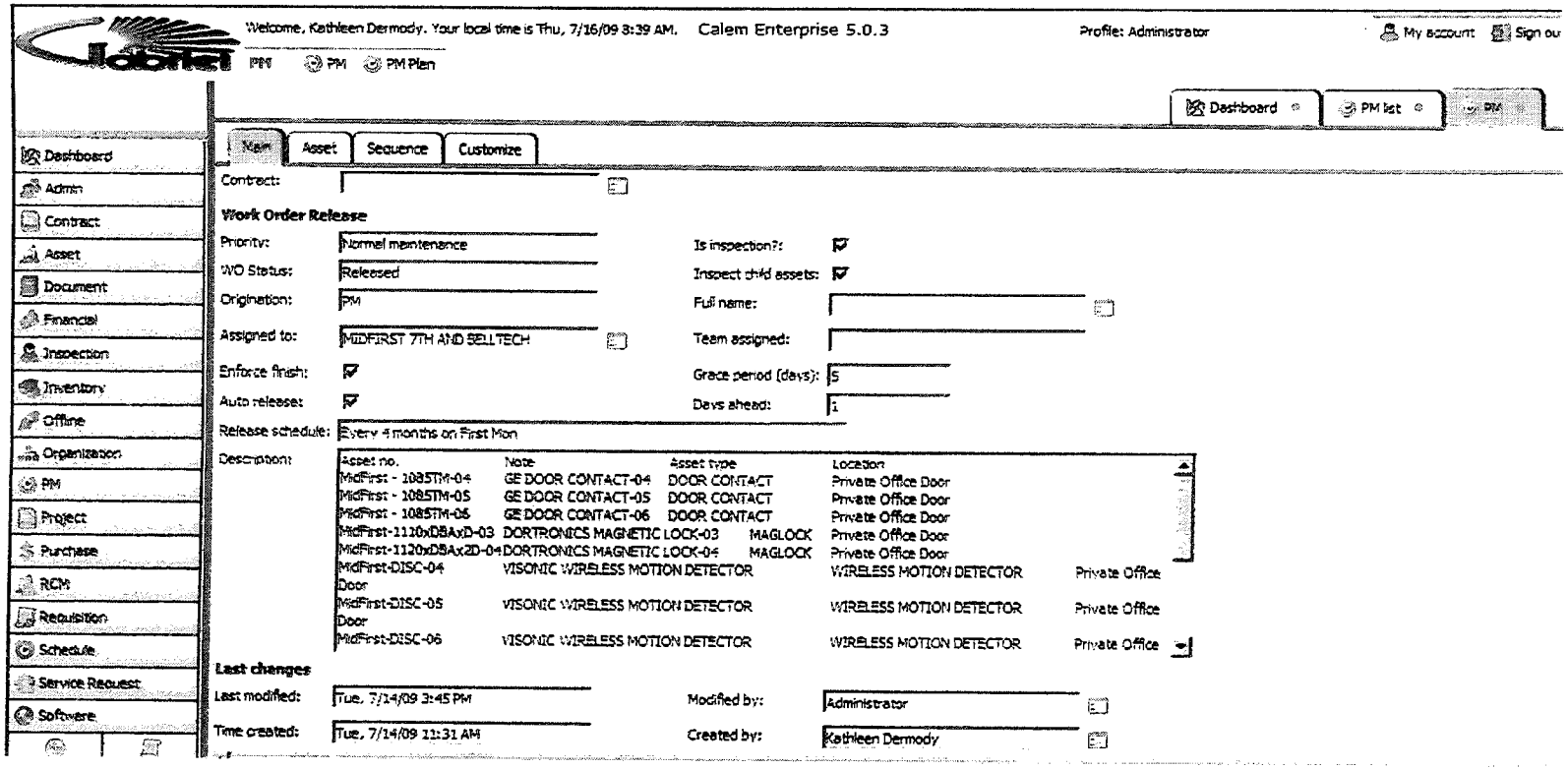

Welcome, Kathleen Dermody. Your local time is Thu, 7/16/09 3:39 AM.
Calem Enterprise 5.0.3
Profile: Administrator
My account
Sign ou
PM
PM Plan
Dashboard
PM list
Dashboard
Admin
Contract
Asset
Document
Financial
Inspection
Inventory
Offline
Organization
PM
Project
Purchase
RCM
Requisition
Schedule
Service Request
Software
Main
Asset
Sequence
Customize
Contract:
Work Order Release
Priority: Normal maintenance
WO Status: Released
Origination: PM
Assigned to: MIDFIRST 7TH AND SELLTECH
Enforce finish:
Auto release:
Release schedule: Every 4 months on First Mon
Description:
Is inspection?:
Inspect child assets:
Full name:
Team assigned:
Grace period (days): 5
Devs ahead: 1
Asset no. Note Asset type Location
MidFirst - 1085TM-04 GE DOOR CONTACT-04 DOOR CONTACT Private Office Door
MidFirst - 1085TM-05 GE DOOR CONTACT-05 DOOR CONTACT Private Office Door
MidFirst - 1085TM-06 GE DOOR CONTACT-06 DOOR CONTACT Private Office Door
MidFirst-1110xDBAxD-03 DORTRONICS MAGNETIC LOCK-03 MAGLOCK Private Office Door
MidFirst-1120xDBAx2D-04 DORTRONICS MAGNETIC LOCK-04 MAGLOCK Private Office Door
MidFirst-DISC-04 VISONIC WIRELESS MOTION DETECTOR WIRELESS MOTION DETECTOR Private Office Door
MidFirst-DISC-05 VISONIC WIRELESS MOTION DETECTOR WIRELESS MOTION DETECTOR Private Office Door
MidFirst-DISC-06 VISONIC WIRELESS MOTION DETECTOR WIRELESS MOTION DETECTOR Private Office
Last changes
Last modified: Tue, 7/14/09 3:45 PM
Time created: Tue, 7/14/09 11:31 AM
Modified by: Administrator
Created by: Kathleen Dermody

Exhibit 4

III. Example PM Steps:

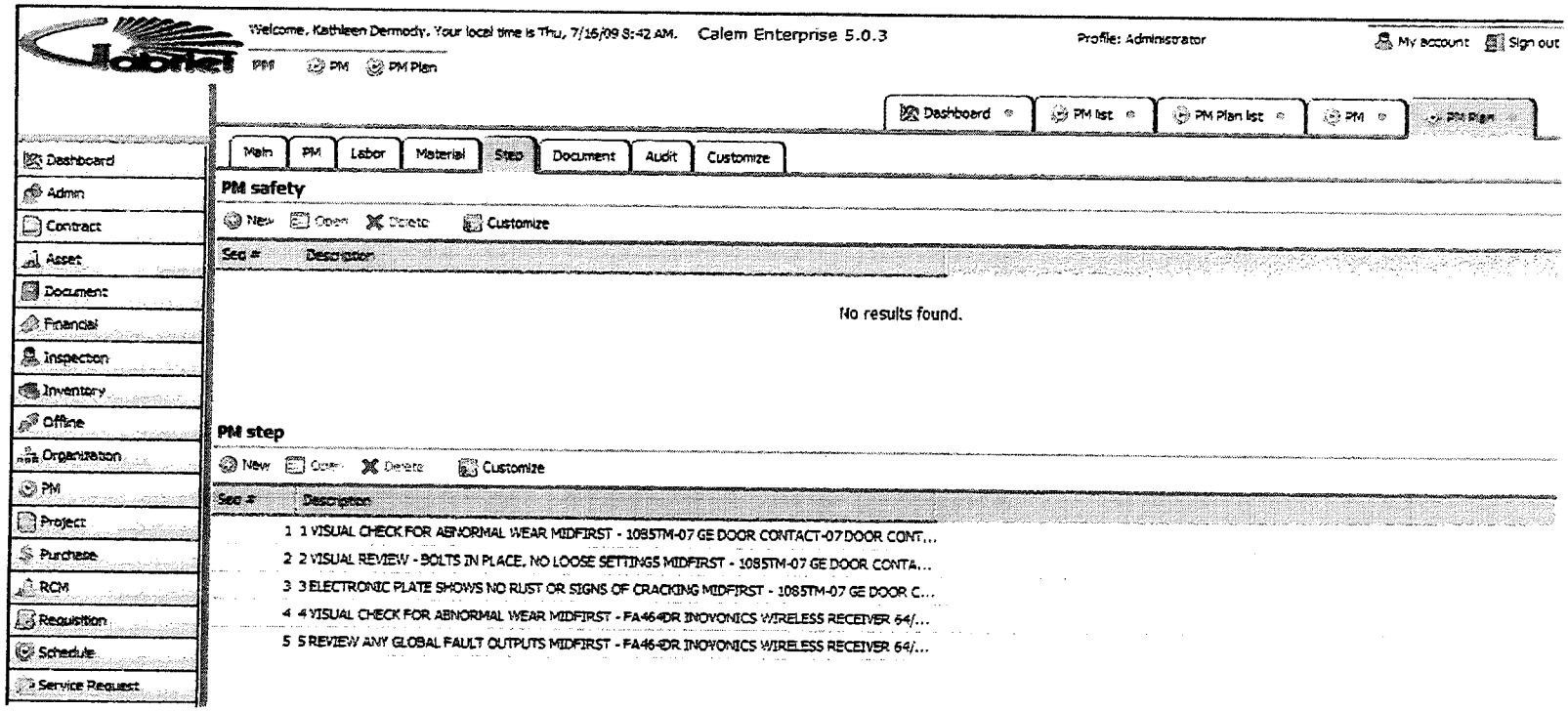


Exhibit 4

VI. Technician Screen Shots

A. Log in screen

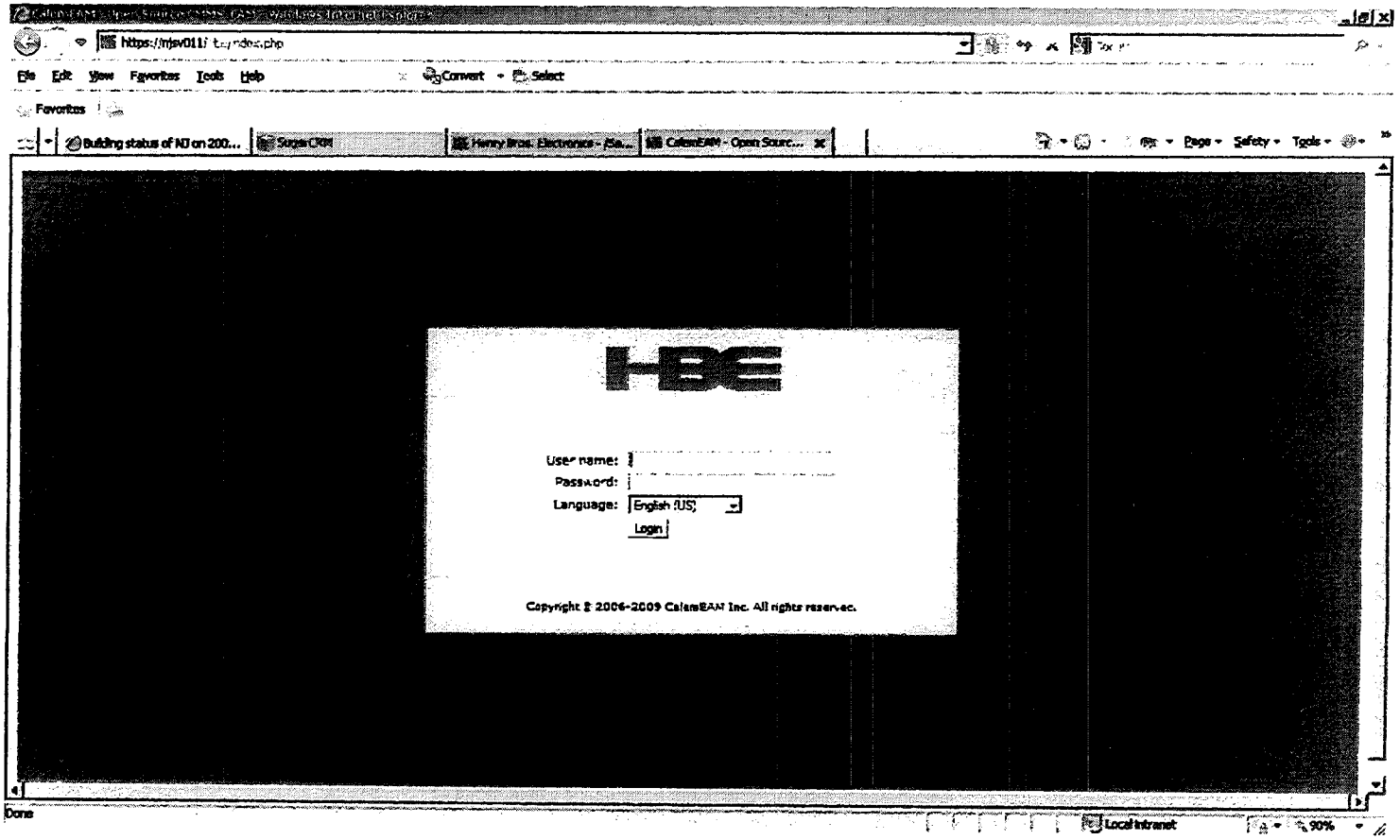


Exhibit 4

C. Asset screen

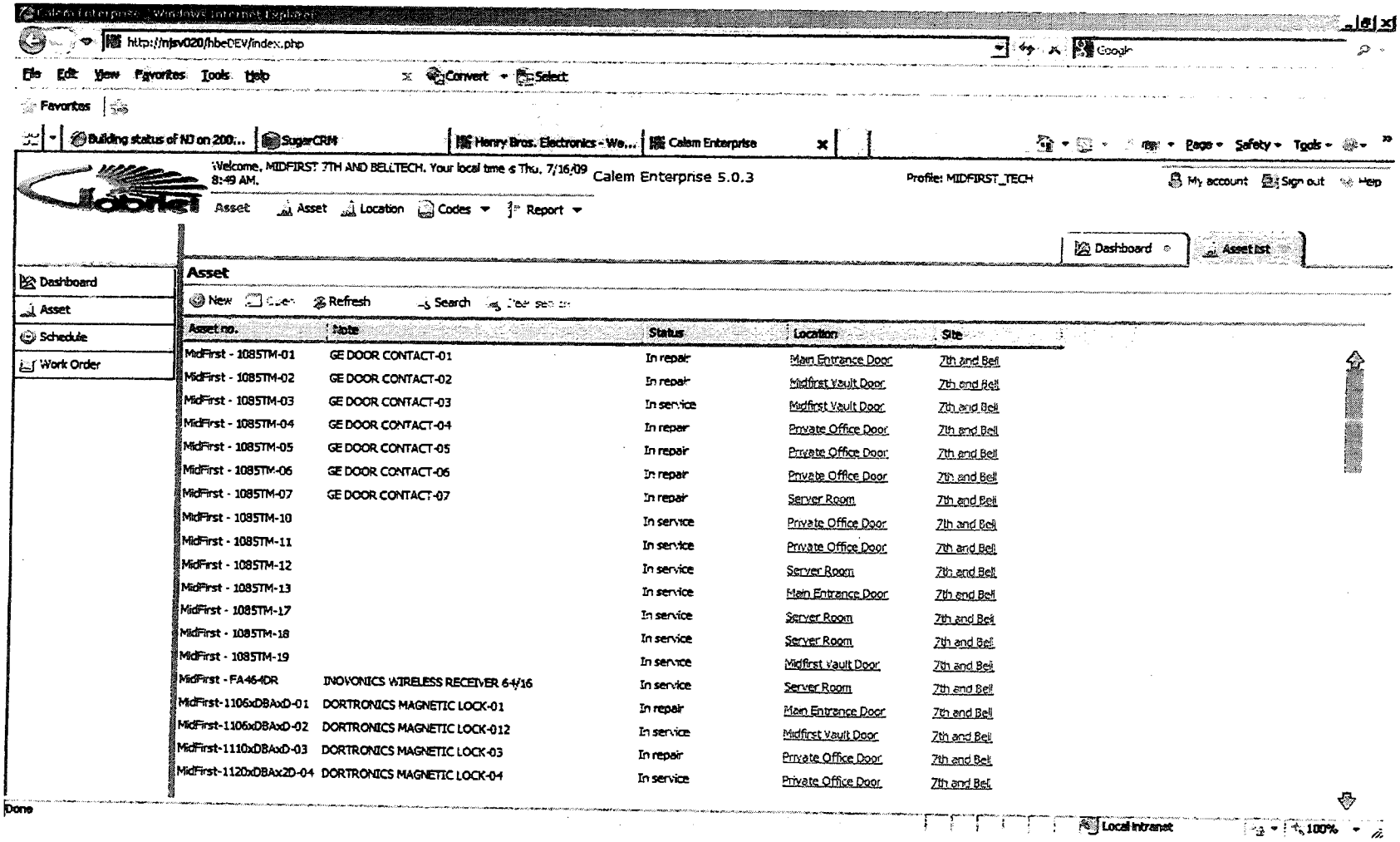
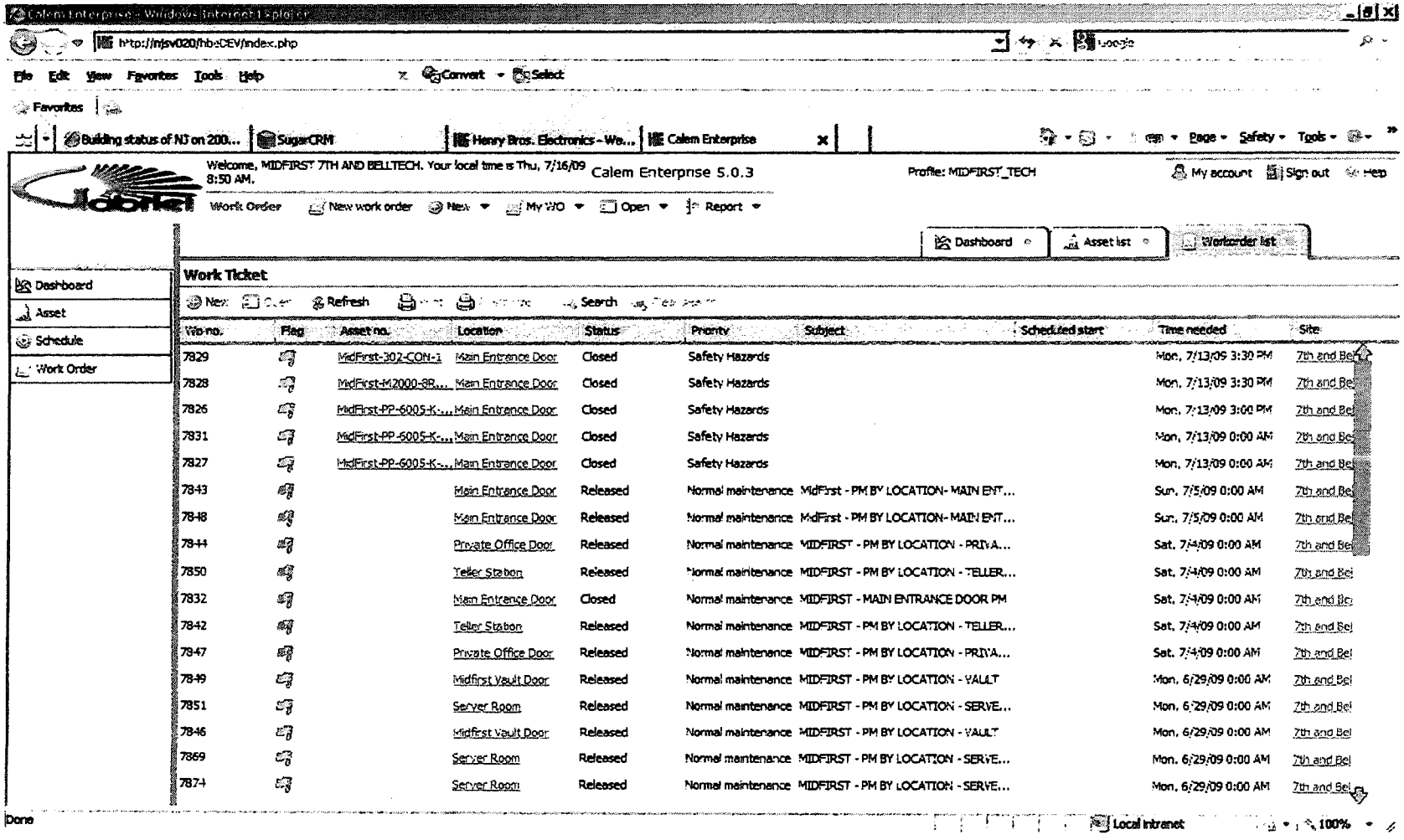


Exhibit 4



Wo no.	Flag	Asset no.	Location	Status	Priority	Subject	Scheduled start	Time needed	Site
7829		MidFirst-302-CON-1	Main Entrance Door	Closed	Safety Hazards			Mon, 7/13/09 3:30 PM	7th and Bel
7828		MidFirst-M2000-8R...	Main Entrance Door	Closed	Safety Hazards			Mon, 7/13/09 3:30 PM	7th and Bel
7826		MidFirst-PP-6005-K-...	Main Entrance Door	Closed	Safety Hazards			Mon, 7/13/09 3:00 PM	7th and Bel
7831		MidFirst-PP-6005-K-...	Main Entrance Door	Closed	Safety Hazards			Mon, 7/13/09 0:00 AM	7th and Bel
7827		MidFirst-PP-6005-K-...	Main Entrance Door	Closed	Safety Hazards			Mon, 7/13/09 0:00 AM	7th and Bel
7843			Main Entrance Door	Released	Normal maintenance	MidFirst - PM BY LOCATION- MAIN ENT...		Sun, 7/5/09 0:00 AM	7th and Bel
7848			Main Entrance Door	Released	Normal maintenance	MidFirst - PM BY LOCATION- MAIN ENT...		Sun, 7/5/09 0:00 AM	7th and Bel
7844			Private Office Door	Released	Normal maintenance	MIDFIRST - PM BY LOCATION - PRIVA...		Sat, 7/4/09 0:00 AM	7th and Bel
7850			Teller Station	Released	Normal maintenance	MIDFIRST - PM BY LOCATION - TELLER...		Sat, 7/4/09 0:00 AM	7th and Bel
7832			Main Entrance Door	Closed	Normal maintenance	MIDFIRST - MAIN ENTRANCE DOOR PM		Sat, 7/4/09 0:00 AM	7th and Bel
7842			Teller Station	Released	Normal maintenance	MIDFIRST - PM BY LOCATION - TELLER...		Sat, 7/4/09 0:00 AM	7th and Bel
7847			Private Office Door	Released	Normal maintenance	MIDFIRST - PM BY LOCATION - PRIVA...		Sat, 7/4/09 0:00 AM	7th and Bel
7849			Midfirst Vault Door	Released	Normal maintenance	MIDFIRST - PM BY LOCATION - VAULT		Mon, 6/29/09 0:00 AM	7th and Bel
7851			Server Room	Released	Normal maintenance	MIDFIRST - PM BY LOCATION - SERVE...		Mon, 6/29/09 0:00 AM	7th and Bel
7846			Midfirst Vault Door	Released	Normal maintenance	MIDFIRST - PM BY LOCATION - VAULT		Mon, 6/29/09 0:00 AM	7th and Bel
7869			Server Room	Released	Normal maintenance	MIDFIRST - PM BY LOCATION - SERVE...		Mon, 6/29/09 0:00 AM	7th and Bel
7874			Server Room	Released	Normal maintenance	MIDFIRST - PM BY LOCATION - SERVE...		Mon, 6/29/09 0:00 AM	7th and Bel

Exhibit 4

V. Example PM Ticket

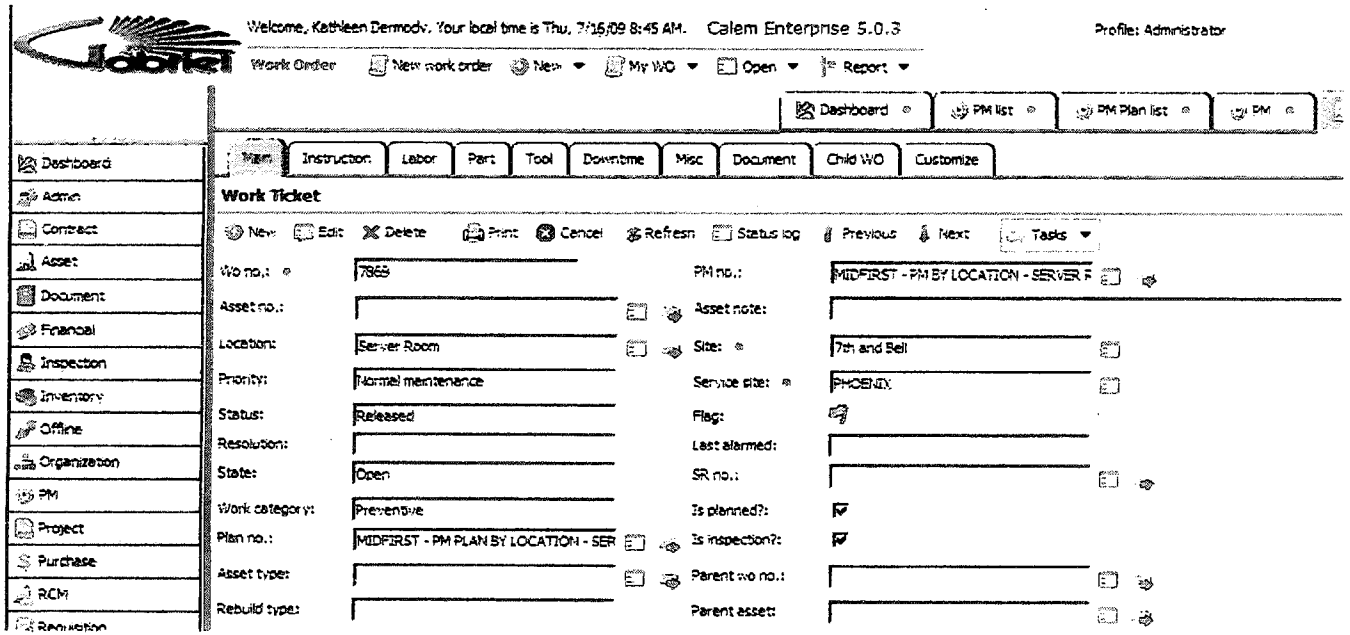


Exhibit 4

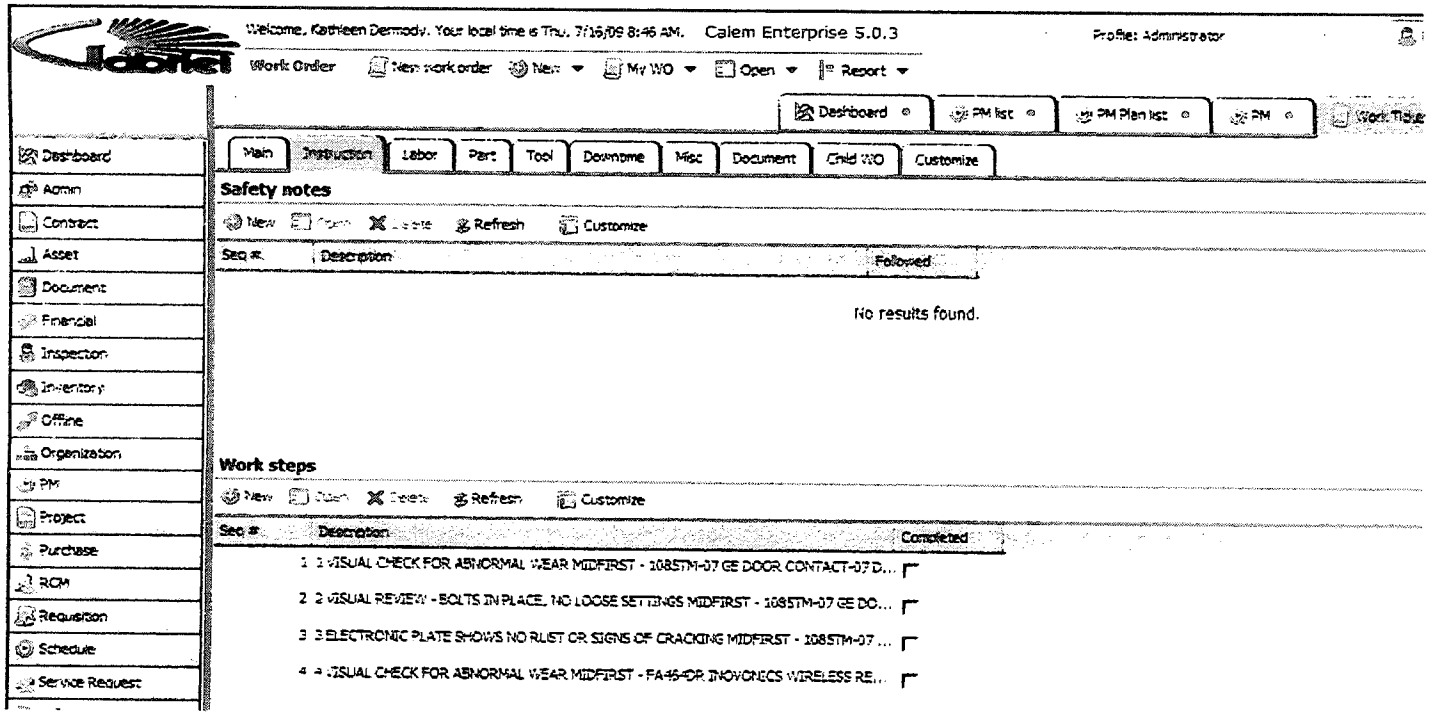

Welcome, Kathleen Dermody. Your local time is Thu, 7/16/09 8:46 AM.
Calem Enterprise 5.0.3
Profile: Administrator
Work Order
New work order
New
My WO
Open
Report
Dashboard
PM list
PM Plan list
PM
Work Trac
Dashboard
Admin
Contract
Asset
Document
Financial
Inspection
Inventory
Offline
Organization
PM
Project
Purchase
RCM
Requisition
Schedule
Service Request
Main
Instruction
Labor
Part
Tool
Downtime
Misc
Document
Child WO
Customize
Safety notes
New
Refresh
Customize
Seq #
Description
Followed
No results found.
Work steps
New
Refresh
Customize
Seq #
Description
Completed
1 1 VISUAL CHECK FOR ABNORMAL WEAR MIDFIRST - 1085TM-07 GE DOOR CONTACT-07 D...
2 2 VISUAL REVIEW - BOLTS IN PLACE, NO LOOSE SETTINGS MIDFIRST - 1085TM-07 GE DO...
3 3 ELECTRONIC PLATE SHOWS NO RUST OR SIGNS OF CRACKING MIDFIRST - 1085TM-07 ...
4 4 VISUAL CHECK FOR ABNORMAL WEAR MIDFIRST - FA464DR INOVONICS WIRELESS RE...

Exhibit 4

ATTACHMENT M - Certified Environmentally Preferable Products/Practices

Proposer Name: Henry Bros. Electronics **Date:** July 29, 2009

In line with the Port Authority's efforts to promote products and practices which reduce our impact on the environment and human health, Proposers are encouraged to provide information regarding their environmentally preferable/sustainable business practices as they relate to this contract wherever possible. Proposers must complete this form and submit it with their response, if appropriate. Proposers must submit appropriate documentation to support the items for which the Proposer indicates a "Yes" and present this documentation in the proper sequence of this Attachment.

1. Packaging

Has the Proposer implemented any of the following environmental initiatives? (A checkmark indicates "Yes")

- ✓ Use of corrugated materials that exceed the RPA recommended post-consumer recycled content
- ✓ Use of other packaging materials that contain recycled content and are recyclable in most local programs
- ___ Promotes waste prevention and source reduction by reducing the extent of the packaging and/or offering packaging take-back services, or shipping carton return
- ___ Reduces or eliminates materials which have been bleached with chlorine or chlorine derivatives
- ___ Eliminates any packaging that may contain polyvinyl chloride (PVC), or polystyrene or heavy metals

If yes, a description of the practices being followed must be included with the submission.

2. Business Practices / Operations / Manufacturing

Does the Proposer engage in practices that serve to reduce or minimize an impact to the environment, including, but not necessarily limited to, the following items? (A checkmark indicates "Yes")

- ✓ Recycles materials in the warehouse or other operations
- ___ Use of alternative fuel vehicles or vehicles equipped with diesel emission control devices for delivery or transportation purposes
- ✓ Use of energy efficient office equipment or signage or the incorporation of green building design elements
- ✓ Use of recycled paper (that meets federal specifications) in their marketing and/or resources materials
- ___ Other sustainable initiative

If yes, a description of the practices being followed must be included with the submission.

3. Training and Education

Does the Proposer conduct/offer a program to train or inform customers and employees of the environmental benefits of the products to be offered under this contract, and/or does the Proposer conduct environmental training of its own staff?

☐ Yes ☑ No If yes, Proposer must attach a description of the training offered and the specific criteria targeted by the training.

4. Certifications

Has the Proposer or any of its manufacturers and/or subcontractors obtained any of the following product / industry certifications? (A checkmark indicates "Yes")

- ___ ISO 14000 or adopted some other equivalent environmental management system
- ___ Other industry environmental standards (where applicable), such as the CERES principles, LEED Certification, C2C Protocol, Responsible Care Codes of Practice or other similar standards
- ___ Third Party product certifications such as Green Seal, Scientific Certification Systems, Smartwood, etc.

If yes, Proposers must attach copies of the certificates obtained.

5. Other Environmental Criteria

Proposers are encouraged to respond to criteria specifically indicated in this RFP as "Management Approach" (and attach the appropriate documentation) to receive consideration in the evaluation.

I hereby certify, under penalty of the law that the above statements are true and correct.

John A Batsch Name July 29, 2009 Date

HBE will make every effort to be conscious of environmental issues and take steps to reduce wastes and use environmentally friendly products (supplies, packing materials, etc.)

Exhibit 6

identica™
Enabling Biometrics

Ayal Vogel, Executive VP, Global Sales
Identica Holdings Corporation
3825 Henderson Blvd., Suite 605A
Tampa, Florida 33629
Phone: 813.579.4013
Fax: 813.774.4725
Mobile: 201.803.9350
avogel@identicacorp.com
www.identicacorp.com

August 17, 2009

To Whom It May Concern:

This letter of reference has been written for the benefit of Henry Brothers Electronics, Inc. ("Henry Bros.") and its prospective clients.

Henry Bros. is an Authorized "Value Added Reseller" and Installer of the Enterprise Air and Identica Mobile ID Verification System for Hand Held Units. In accordance with the terms of our VAR agreement, Henry Bros. status shall remain valid and effective until 12:01 a.m. of 01-01-2013, with an option to renew.

Henry Bros. employees have attended authorized training programs and have been certified on the product. Henry Bros. has invested in a technical support center that has shown continued growth in its operations and service over this past year. Henry Bros. technicians have demonstrated that they are knowledgeable, competent and effective when called upon for "in the field" or "in the lab" support and solutions.

Henry Brothers Mobile ID Systems Product Service Support Team:

Greg Vickers – Service Supervisor
Jim Barron – Site Technician
Randy Scott – Site Technician
James Breland – Site Technician
Neel Keer – Engineer
Joe Motta – Engineer
Al Badukiu – Engineer

We see Henry Bros. as an integrator who is committed to, and successful in the delivery of high quality service that often exceeds our customers' expectations. We are pleased to have Henry Bros. as part of our distribution and technical support system.

I welcome any questions in the above regard through my contact information above.

Yours truly,
Identica Holdings Corporation

Ayal Vogel, Executive VP, Global Sales

cc: Edward Foster, CEO

File

Exhibit 7

HENRY BROS. ELECTRONICS, INC.
17-01 Pollitt Drive Fair Lawn, NJ 07410
Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.8341

PROCEDURE FOR DESTRUCTION of USED RIBBONS & LAMINATES

BADGING OFFICE REMOVES EXPENDED OR DAMAGED ROLLS FROM PRINTERS

↓

ROLLS STORED IN SECURE AREA OF BADGING OFFICE

↓

HBE NOTIFIED OF NEED TO DESTROY PRODUCT AT MONTHLY MANAGER'S MEETING

↓

BADGING OFFICE MANAGER TURNS OVER EXPENDED PRODUCT TO HBE ISSUING OFFICER (IO) AND HAS FORM SIGNED ACCEPTING PRODUCT FOR DESTRUCTION

↓

IO TRANSPORTS PRODUCT BACK TO THEIR OFFICE IN NJ
DEPOSITS PRODUCT IN 95 GAL LOCKED CONTAINER AND STORES CONTAINER IN AN ACCESS CONTROLLED ROOM WITH LIMITED ACCESS AND MONITORED BY CCTV

↓

WHEN CONTAINER IS FULL IO CONTACTS "CINTAS", A CERTIFIED DOCUMENT SHREDDING COMPANY THAT THEY REQUIRE SERVICE. CINTAS ARRIVES ON SITE AND THE CONTAINER IS BROUGHT TO THE TRUCK AND SHREDDED IN THE PRESENCE OF THE IO. A CERTIFICATE OF DESTRUCTION IS PROVIDED .

↓

COPY OF CERTIFICATE OF DESTRUCTION IS PROVIDED TO THE RESPECTIVE BADGING OFFICE MANAGERS TO ATTACH TO THE FORM SIGNED WHEN THE PRODUCT WAS PICKED UP

8.28.08 jab

HENRY BROS. ELECTRONICS, INC.
17-01 Pollitt Drive Fair Lawn, NJ 07410
Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.8341

BADGING OFFICE EXPENDED PRODUCT PICK-UP RECEIPT

Airport: _____ **Date:** _____

Expended Product Turned Over: **Laminate.....Yes.....No (circle)**

Ribbons.....Yes.....No (circle)

Badging Office Manager: _____

HBE Issuing Officer: _____

8.28.08 jab

Exhibit 7

CINTAS®
DOCUMENT MANAGEMENT

TIFICATE OF DESTRUCTION

HENRY BROTHERS ELECTRIC
17-01 POLLITT DR
FAIR LAWN, NJ 074102801

CONTACT: Bethanne Iapicco - Phone: (201)794-6500

SERVICE TICKET #:	00D42 - 122979
DATE:	01/16/2009
CUSTOMER #:	347
SERVICE/TYPE:	Regular Scheduled/Onsite
NEXT SERVICE DATE:	02/11/2009
NEXT SERVICE TYPE:	Regular Scheduled

SERVICE PERFORMED

	SVC'D	ADD'L
95 Gallon Wheeled Container - (1)	1	
40" Executive Console - (4)	4	2
Pounds	955	
Minutes	11	

Lock(s) Present/Operable: Yes No

Clasp(s) Present/Operable: Yes No

COMMENTS:

This certificate is to certify that Cintas Document Management will shred confidential data per customer's instructions and according to HIPAA & GLBA regulations for the above-mentioned company. Mobile destruction services are NAID certified. Non-Paper destruction services are not NAID certified.

CUSTOMER SIGNATURE: _____ **DATE:** 1/16/09

SERVICE REP SIGNATURE: _____ **DATE:** 1/16/09

312 ADAMSVILLE RD • BRIDGEWATER, NJ 088072914 • Phone: (908)575-7771 • Fax: (908)526-2899

Exhibit 7

HENRY BROS. ELECTRONICS, INC.
17-01 Pollitt Drive Fair Lawn, NJ 07410
Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.8341

Mr. James Summerville
Senior Buyer
Purchasing Services Division
The Port Authority of NY/NJ
1 Madison Avenue
Seventh floor
New York, NY 10010

Re: Services and Materials for the Enhancement and Maintenance of the Airport Security Control Systems (ASCS) at John F. Kennedy International Airport, LaGuardia Airport and Newark Liberty International Airports.

Project # 18473

Dear Mr. Summerville:

HBE is pleased to submit the following responses to the questions contained in your letter dated August 20, 2009:

Exemption (2.b.)

2) How are preventive and remedial maintenance costs calculated?

The Preventive Maintenance costs are calculated as the full time, on-site technician, Monday – Friday, 8am – 5pm.

The Remedial Maintenance costs are reflected by the monies designated for "on call" service. This is defined as service provided during non-standard hours (weekdays after 5pm through 8am the following morning, weekends and holidays).

HENRY BROS. ELECTRONICS, INC.
17-01 Pollitt Drive Fair Lawn, NJ 07410
Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.8341

3) **Describe your expectations regarding the provision of remedial maintenance. For example, will your onsite technicians provide such maintenance, with the price thereof reflected in your cost proposal? Or will off-site technicians provide such maintenance, with the costs billed separately (on a time & material basis, perhaps) to the Port Authority?**

HBE responds to Remedial Service calls with the site technician assigned to the respective airport. This coverage is included in our cost proposal. HBE has a distinctive approach to off-hours service calls in that the person responding is the technician(s) most familiar with the facility and the Port Authority staff during off hours. This approach is critical in that the need for in depth site knowledge is greatest during those times when the primary Port Authority facility personnel are not on site (evenings, weekends and Port Authority/national holidays).

We trust these answers have proven helpful and we look forward to seeing you at the presentation on Tuesday, August 25th at 9am in the Port Authority offices at 233 Park Avenue South, 9th floor.

Very truly yours,

Bernard J. Drury Jr.
VP, Sales & Marketing, Aviation
Henry Bros. Electronics, Inc.
17-01 Pollitt Drive
Fair Lawn, NJ 07410
201-805-1410
bdrury@hbe-inc.com

	Platinum D1 Series Warranty: 3 year, 24x7x365 Toll Free Telephone Support, E-mail support, and E-mail Alert Monitoring, 24X7 Access to Support Web Site, Same Day 4-hour Response (Advanced CRU Delivery or Onsite Repair Response)	
NECUPPT850193110	**Upgrade From Standard Warranty to Platinum Warranty for 3 Years for D1-10 2GB Base Model**	**$1,555**
NECUPPT850193110S	**Upgrade From Standard Warranty to Platinum Warranty for 3 Years for D1-10 1GB Base Model**	**$1,015**
NECEXTPT850193110	**Extend D1 Series Platinum Warranty 1 Year for D1-10 2GB Base Model. A maximum of two additional years can be added to an existing 3 year Platinum Warranty.**	**$1,120**
NECEXTPT850193110S	**Extend D1 Series Platinum Warranty 1 Year for D1-10 1GB Base Model. A maximum of two additional years can be added to an existing 3 year Platinum Warranty.**	**$915**

Exemption (2.b.)

CS-DEV-ECMON	**NEC Express Cluster Monitoring Software. NEC Express Cluster Monitoring [illegible] is designed to monitor the status of the NEC Express Cluster LAN/WAN solution and to proactively report any failures or problems. Alerts are configurable and can be sent to Alarm Monitoring and/or Email recipients. This component is designed to work with all Lenel supported versions of the NEC Express Cluster software. (requires SWG-1140 for use with any version of OnGuard 6.1.222 or older)**	**$2,000**

ExpressCluster Yearly Software Support Agreements

ExpressCluster Service Program Notes

Standard Software Support:

Telephone support during business hours (8AM to 8PM ET), E-mail support during business hours (8AM to 8PM ET), Periodic email notification and alerts, access to product documentation, access to patch releases within the same major product version and access to update releases within same major product versions.
Express Cluster LAN and WAN come with one year of Standard Software Support with their purchase. You may add additional years of Standard Software Support in one year increments.

NECSWS-02892-012	**Extend Express Cluster X LAN Edition Standard Warranty 1 Year.**	**$1,600**
NECSWS-02888-012	**Extend Express Cluster X WAN Edition Standard Warranty 1 Year.**	**$3,400**

Advanced Software Support:

24 x 7 Telephone support for up to 3 authorized named contacts, 24 x 7 e-mail support for up to 3 authorized named contacts, periodic e-mail notification and alerts, access to product support information, access to patch releases within same major product version and access to update releases within same major product versions.

If you want to upgrade to Advanced Software Support you must first buy the desired number of years of Standard Software Support then buy the upgrades to Advanced Software Support for every year of Standard Software Support you have purchased.

NECADV-02892-012	**Upgrade 1 Year of Express Cluster X LAN Standard Warranty to Advanced Warranty.**	**$850**
NECADV-02888-012	**Upgrade 1 Year of Express Cluster X WAN Standard Warranty to Advanced Warranty.**	**$400**

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date May 29, 2009

ADDENDUM #1

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS NETWORK COMPUTING RESOURCE MANAGEMENT SERVICES

☒ Due back on July 8, 2009, no later than 2:00 PM

☐ Originally due on , no later than

The following changes are hereby made in the documents:

THE SITE INSPECTIONS ARE RESCHEDULED TO THE FOLLOWING DATES LISTED BELOW:

Thursday, June 11, 2009, at 9:00am, Building 14, at John F. Kennedy International Airport
Thursday, June 11, 2009 at 2:00pm, Central Terminal Building 3870 at LaGuardia Airport
Friday, June 12, 2009 at 9:00am, Building 1, at Newark Liberty International Airport

Proposers that are interested in attending the site inspections scheduled June 11 – 12, 2009 must call Courtney Fong at (212) 435-3848 no later than noon on Tuesday, June 9, 2009.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

BIDDER'S/PROPOSER'S FIRM NAME: _____

INITIALED: _____

DATE: _____

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO
Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date : June 22, 2009

ADDENDUM #2

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS NETWORK COMPUTING RESOURCE MANAGEMENT SERVICES

☐ Due back on , no later than

☒ Originally due on July 8, 2009, no later than 2:00PM

The following changes are hereby made in the documents:

1. THE SITE INSPECTIONS ARE SCHEDULED ON THE FOLLOWING DATES:

Tuesday, June 30, 2009 at 9:00am, Central Terminal Building 3870 at LaGuardia Airport
Tuesday, June 30, 2009 at 1:00 pm, Building 14, at John F. Kennedy International Airport
Wednesday, July 1, 2009 at 9:30am, Building 1, at Newark Liberty International Airport

Proposers that are interested in attending the site inspections scheduled June 30, 2009 – July 1, 2009 must call Courtney Fong at (212) 435-3848 no later than noon on Friday, June 26, 2009.

2. COMMUNICATIONS REGARDING THIS REQUEST FOR PROPOSALS (RFP)

All questions regarding this RFP should be submitted in writing to the Buyer at the address or facsimile number listed on the cover page of the RFP document, no later than July 7, 2009 at 3:00 PM.

3. PROPOSAL DUE DATE IS RESCHEDULED FOR WEDNESDAY, JULY 15, 2009 AT 2:00 PM.

4. Sign-In Sheet for Site Inspection held on June 11, 2009 – June 12, 2009 attached hereto.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

BIDDER'S/PROPOSER'S FIRM NAME: _____

INITIALED: _____

DATE: _____

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

JFK - SITE INSPECTION
9:00 AM
THURSDAY, JUNE 11, 2009

NAME	FIRM	PHONE #	EMAIL
Bernie Drury	HBE	201-805-1410	bdrury@hbe-inc.com
Gregory Vickers	HBE	732 803 7137	GVickers@HBE-inc.com
Rich Conklin	ADESTA	908-756-1181	RCONKLIN@Adestagroup.com
Michele Delgado	PANYNJ	516-375-2890	MDelgado@panynj.
Karl Niedt	Romani International	908-686-3773	
A. J. Robusta Sr	Romani Int.	954-520-065	Exemption (1)
Nelson Barreto	Diebold	914-872-4450	Nelson.Barreto@diebold.com
Courtney Fong	PANYNJ	212-435-3848	cfong@panynj.gov
Ami Patel	PANYNJ	(718) 244-4223	atpatel@PANYNJ.gov
Nicolett Roberts	PANYNJ	(212) 435-3301	Nroberts@panynj.gov
MARIA CHEN	PANYNJ	212-435-3760	mchen@PANYNJ.gov
Jeanette Anderson	PANYNJ	212 435 3930	jsantos@panynj.gov

SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

LGA - SITE INSPECTION
2:00 PM
THURSDAY, JUNE 11, 2009

NAME	FIRM	PHONE #	EMAIL
Gregory Vickers	HBE	732 803 7137	GVickers@HBE-inc.com
Nelson Barreto	Diebold	914-872-4450	Nelson.Barreto@diebold.com
Tom Reilly	Diebold	914-755-5816	reillyt@diebold.com
Courtney Fong	PANYNJ	212-425-3848	cfong@panyj.gov
Caleb Chu	PA	(718)533-4001	cachu@panynj.gov
MARIA CHEN	PANYNJ	212-435-3760	mchen@PANYNJ.gov
Orlando Benitez	PA	212-435-3740	obenitez@panynj.gov
Jeanette Anderson	PANYNJ	212435 3930	jsantos@panynj.gov
Rich Conklin	ADESTA	908-756-1181	RConklin@AdestAgroup.com
Nicolas Rozans	PANYNJ	212-435-3304	NRozans@PANYNJ.GOV

SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

EWR - SITE INSPECTION
9:00 AM
FRIDAY, JUNE 12, 2009

NAME	FIRM	PHONE #	EMAIL
Priscilla Duncan	PA	212-435-3946	
Nicholas Homer	PA	973-792-5955	
PAUL WOODS	DIEBOLD	914-872-4418	PAUL.WOODS@DIEBOLD.COM
Nelson Barreto	Diebold	914-872-4450	Nelson.Barreto@Diebold.com
GREGORY VICKERS	HBE	732 803 7137	GVICKERS@HBE-INC.COM.
BERNIE DRURY	HBE	201-805-1410	bdrury@hbe-inc.com
[illegible]	PA EWR	973-961-6320	RCODA@PANYNJ
[illegible]	PA TSD	212 435 5304	NRiseus@panynj.gov
BILL FARNAN	PROBALL	609-780-5592	BFARNAN@PROBALL.COM
Courtney Fong	PANYNJ	212-435-3848	cfong@panynj.gov
Denise Dugan	PA	(973) 792-5954	ddugan@panynj.gov
JESSICA MILLS	PA EWR	973 961-6361	jmills@panynj.gov

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date : July 9, 2009

ADDENDUM #3

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

☒ Due back on July 29, 2009, no later than 2:00PM

☒ Originally due on July 15, 2009, no later than 2:00PM

The following changes are hereby made in the documents:

1. Sign-In Sheets for Site Inspection held on June 30, 2009 and July 1, 2009 attached hereto.
2. See attached handbook entitled: "The Port Authority of New York & New Jersey - Information Security Handbook"
   dated October 15, 2008, corrected as of February 9, 2009.
3. Proposal Due Date is extended to Wednesday, July 29, 2008 no later than 2:00p.m.
4. See attached Questions and Responses.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

BIDDER'S/PROPOSER'S FIRM NAME: _____

INITIALED: _____

DATE: _____

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO
Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

PROPOSER QUESTIONS & ANSWERS

The following information is made available in response to questions submitted by prospective Proposers. It should not be deemed to answer all questions, which have been submitted by Proposers to the Port Authority. It addresses only those questions, which the Port Authority has deemed to require additional information and/or clarification. The fact that information has not been supplied with respect to any questions asked by a Proposer does not mean or imply, nor should it be deemed to mean or imply, any meaning, construction, or implication with respect to terms.

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

Note: Similar and related questions have been consolidated. Therefore, you should carefully read all questions and responses, as your questions may be answered in a slightly different format than submitted. Responses to questions will be provided through Addenda to the RFP. All potential Proposers will receive the same comprehensive list of questions and responses.

Question 1

Within the RFP is a list of existing equipment. What is "Total Lenel Users" referring to? Is this equipment, a license or other?

Answer 1

"Total Lenel Users" are the individuals authorized to access the system and should be considered licenses.

Question 2

As above the existing equipment lists refers to "Total Alarm inputs" and "Total Alarm Outputs". Are the input and output devices included within the RFP? If so, what type of devices are they?

Answer 2

Input and Outputs Alarm quantities are provided for information purposes only. Devices that require connection for alarm purposes are items such as card readers, tamper switch, and alarm strobe.

Exemption (4)

Question 4
Attachment E, Cost Proposal Form #2, you ask for Port Authority price. Is this price supposed to be our cost from our supplier? If so, where (what form) are we to supply that would indicate our percentage mark-up for work order and remedial maintenance parts?

Answer 4
No, the Port Authority price is the invoice price the Contractor will charge the Port Authority, which is expected to be less than the list price.

Question 5
Attachment E, Cost Proposal Form #2. There are a number of items that do not give a specific part number. How are we to handle these items?

Answer 5
For equipment without part numbers please use the manufacturer's list price for items that are equivalent to the item descriptions.

Question 6
For Newark airport, what is the total number of cameras that are relevant to the pricing of this RFP?

Exemption (4)

Question 7
Is it acceptable to VPN into the system from a remote location for servicing?

Answer 7
The CACS is currently a closed system therefore accessing the system remotely at this time is not recommended.

Question 8
If so, does the use of a VPN connection satisfy the response requirement or does the response requirement mean that a qualified technician must show up at the site within the mandated time frame?

Answer 8
VPN connection is not recommended at this time. Therefore the emergency and non-emergency service level agreement applies.

Question 9
Can the Port Authority database be transported off site to a service facility for testing purposes?

Answer 9
The Port Authority CACS database is not authorized for removal from the airports.

Question 10
The reference list of CACS equipment shown on pages 150-171 at each airport does not include the systems Lenel dongle numbers. In order for us to obtain the necessary information for supporting your current system, this number(s) are required for accurate pricing assessment. Please forward

Answer 10
The Port Authority will not provide the Lenel dongle numbers to the Proposers, because of proprietary system information that it contains. Please provide your specific questions and the Port Authority will respond.

Exemption (4)

Question 12
Does the PANYNJ own spare parts outside what is described in the RFP document? If so, will the awarded contractor have accessibility to utilize this equipment for repairs? Please clarify what is available at each airport.

Answer 12
Yes, the Port Authority owns some spare parts at each airport and they will be made available to the successful contractor. Please note that on page 19 of the RFP, item "d" states: "Proposer shall submit a recommended list of equipment and quantities of each device to be available as spare parts and submit its description of the computation to be used for billing the Port Authority for equipment and materials purchased for the purpose of fulfilling the requirements of a Work Order or in maintaining and repairing the system."

Question 13
a) On page 151,159, & 166 it states: The CACS Lenel OnGuard application, CACS servers, workstations, Network equipment and Operating System software will be maintained by others and they are listed in the table below for reference only.
b) This statement contradicts the table which lists client workstations which states the application software is Lenel OnGuard Pro 6.0.148. Is the contractor responsible to maintain the Lenel Onguard software as part of the RFP?
c) Is the responsibility of the contractor to maintain the hardware?
d) Please clarify

Answer 13
a) The Lenel OnGuard application, and all workstations (hardware) are the responsibility of the Contractor. The Contractor is required to price the network equipment separately reference on page 139.
b) The OnGuard application is the responsibility of the Contractor. The operating systems (OS) on the servers and on all workstations are the responsibility of others.
c) Yes, with the exception of the servers.
d) It is the intent of the Port Authority that all servers and workstations will be maintained by others in the future, but currently the workstations will be the responsibility of the Contractor.

SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

LGA - SITE INSPECTION
9:00 AM
TUESDAY, JUNE 30, 2009

NAME	FIRM	PHONE #	EMAIL
JOSEPH LEVY	UNIVERSAL SECURITY	631-951-0604	LEVYJS@UNIVSYSTEMS.com
Edward Newman	Universal Security	631-951-0604	Newman E @ univsystems.com
John Apicella	WMG Dist LLC	718-998-3636	"
Sergio Valaop	WMG Dist LLC	718-998-3636	Exemption (1)
Rick Oskam	Open Systems Inc	914-241-0057	ROSKAM@OSIMETRO.com
ERNIE DRURY	HBE	201-805-1410	bdrury@hbe-inc.com
Gregory Vickers	HBE	732-803-7137	GVickers@HBE-inc.com
ROBERT MOORE	Data Industries	646 764 2916	rmoore@dataind.com
DEON MOORE	Data Industries	2124711082	dmoore@dataind.com
GREIG SILVER	IDESCO CORP	212-889-2530	gsilver@idesco.com
SCOTT FETESS	IDESCO CORP.	212-889-2530	setess@idesco.com
Courtney Fong	PANYNJ	212-435-3848	cfong@panynj.gov
Nadeen Rogers	PANYNJ	212 435 3304	NRogers@panynj.gov
Jeanette Anderson	PANYNJ	2124353930	JSantos@PANYNJ.gov

SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

JFK - SITE INSPECTION
1:00 PM
TUESDAY, JUNE 30, 2009

NAME	FIRM	PHONE #	EMAIL
Greig Silver	Idesco Corp.	212 889 2530	gsilver@idesco.com
Scott Etess	Idesco Corp.	212 889 2530	setess@idesco.com
John Apicella	WMG Dist LLC	718-998-3636	
Sergio Valqui	WMG Dist LLC	718 998-3636	Exemption (1)
Dean Moore	Data Ind	212-471-1082 x3041	dmoore@dataind.com
John Batsch	HBE	201-794-6500	jbatsch@hbe-inc.com
Greg Vickers	HBE	732-803 7137	GVickers@hbe-inc.com
Rick Oskam	Open System	914-241-0057	ROSKAM@OSMETRO.COM
Edward Newman	Universal Security	631-951-0604	Newman E@univsystems.com
JOSEPH LEVY	UNIVERSAL SECURITY	631-951-0604	LEVYJ@UNIVSYSTEMS.com
Courtney Fong	PANYNJ	212-435-3848	cfong@panynj.gov
Michael O. Bollelly	PANYNJ	(718)244-4202	mbollell@panynj.gov
Ami Patel	PA	(718)244-4227	atpatel@panynj.gov
[illegible]	PA-TSI	(212) 435-3304	[illegible]@panynj.gov
Jeanette Anderson	PANYNJ	212 435 3930	jsantos@panynj.gov

SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

EWR - SITE INSPECTION
9:30 AM
WEDNESDAY, JULY 1, 2009

NAME	FIRM	PHONE #	EMAIL
John Apicella	WMG Dist LLC	718-998-3636	Exemption (1)
Sergio Valqui	WMG Dist LLC	718998-3636	
R Coda	PA EWR	14x6320	RCODA@Panynj.gov
Nick Humed	PA EWR	973-792-5955	Nhumed@Panynj
JOSEPH LEVY	UNIVERSAL SECURITY	631-951-0674	[illegible]
Gregory Vickers	HBE	732 803-7137	GVickers@HBE-INC.com
Bernie Drury	HBE	201-805-1410	BDRURY@hbe-inc.com
Rick Oskam	OPEN SYSTEMS	914-241-0057	ROSKAM@OSMETRO.com
Greig Silver	IDESCO	212-889-2530	gsilver@idesco.com
Courtney Fong	PANYNJ	212-435-3848	cfong@panynj.gov
Jessica Mills	PA/EWR	973-961-6361	jmills@panynj.gov
[illegible]	PA TBD	212-435-3204	[illegible]
Vincent Ngan	Data Industries	917-434-9122	vngan@dataind.com
Denise Dugan	PA	(973) 792-5954	
Dean Moore	Data Indust.	(212) 491-1082	dmoore@dataind.com

[illegible] PANYNJ

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date : July 10, 2009

ADDENDUM #4

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

☒ Due back on July 29, 2009, no later than 2:00PM

☐ Originally due on , no later than

The following changes are hereby made in the documents:

1. Proposal Due Date is Wednesday, July 29, 2009 no later than 2:00p.m.

4. See attached Questions and Responses.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

PS11All

BIDDER'S/PROPOSER'S FIRM NAME: _____

INITIALED: _____

DATE: _____

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

PROPOSER QUESTIONS & ANSWERS

The following information is made available in response to questions submitted by prospective Proposers. It should not be deemed to answer all questions, which have been submitted by Proposers to the Port Authority. It addresses only those questions, which the Port Authority has deemed to require additional information and/or clarification. The fact that information has not been supplied with respect to any questions asked by a Proposer does not mean or imply, nor should it be deemed to mean or imply, any meaning, construction, or implication with respect to terms.

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

Note: Similar and related questions have been consolidated. Therefore, you should carefully read all questions and responses, as your questions may be answered in a slightly different format than submitted. Responses to questions will be provided through Addenda to the RFP. All potential Proposers will receive the same comprehensive list of questions and responses.

Question 1
What was the total expenditure under the current contract for 2008 (or any recent 12 month period)

Answer 1
The expenditure for the three airports was approximately $2,500,000.00. Note that this number is only for the Computerized Access Control System (CACS) and does not include the expenditures for the CCTV system.

Question 2
On page 34, the specification calls for $25 million ($25,000,000.00) for automobile liability single limit. Please confirm this is correct.

Answer 2
Yes the $25 million for automobile liability single limit is correct.

Question 4
On page 99, the specifications calls for a significant inventory of spare parts to be warehoused at each location. Will these spare parts be invoiced at inception of contract or only as used.

Answer 4
On page 99, the RFP does not specify the quantities of the spare equipment. It is the responsibility of the Contractor to stock, maintain and have quick access to frequently used parts and materials to meet the performance requirements. In addition, the Contractor shall submit a recommended list of spare part equipment to be readily available when needed (refer to page 19) and the list should be approved by the Airport Security Managers and/or Program Manager. The spare parts will be invoiced upon ordering.

Question 5
If the spare parts will be required to be purchased at inception by contractor and will only be invoiced upon use, please provide an exact quantity for each item that will be required.

Answer 5
Please refer to answer #17

Exemption (4)

The Port Authority is in the process of consolidating standalone CCTV systems to a single host at EWR. This accounts for the discrepancy.

Question 7
On page 152, the specifications call for 72 Lenel "users" at LGA, please clarify what is meant by this term.

Answer 7
The Seventy-Two (72) users are individuals who have the authorization to access the Lenel Database.

Question 8
On page 160, the specifications call for 72 Lenel "users" at JFK, please clarify what is meant by this term.

Answer 8
The Seventy-Two (72) users are individuals who have the authorization to access the Lenel Database.

Question 9
On page 167, the specifications call for 72 Lenel "users" at EWR, please clarify what is meant by this term.

Answer 9
The Seventy-Two (72) users are individuals who have the authorization to access the Lenel Database.

Question 10
Please clarify exactly what equipment related to the AirTran is included under this contract and what is not.

Answer 10
The Port Authority assumes you meant AirTrain, not AirTran.

At JFK no related AirTrain equipment is currently part of this Contract.

At EWR the AirTrain cameras are connected to the same Verint Nextiva host. Therefore changes like training, adding/deleting cameras, adding/ deleting users and downloading video from the system, etc will be the responsibility of the Contractor.

Question 11
Please clarify if TWIC or SWAC credentials will be required as part of this project.

Answer 11
Currently, there is no TWIC or SWAC credential required as part of this project.

Question 12
Please clarify if there is a "test" or "development" environment owned by the PANYNJ for the contractor to utilize for Lenel or Verint upgrade / integration testing and development.

Answer 12
There is a Port Authority owned test environment for the Computerized Access Control Security (CACS) system only.

Question 13
Please provide details on or copies of any procedures required by the PANYNJ related to development, testing and deploying upgrades or integrations to the Lenel system.

Answer 13
The Port Authority requires that prior to modification of the current Lenel system that a detailed script of tasks required to implement this change be prepared and presented for review, and that the specific modification be tested and the test results presented for Port Authority review and approval. The script must have a fall back plan in the event that issues are encountered during the modification that requires the Contractor to restore the system to the previous operational/working database.

Question 14
Please confirm that this project will be award to a single contractor.

Answer 14
Yes, this project will be awarded to a single Contractor. However, a proposal can be submitted by a joint venture. Please refer to Section 1, Subsection B on page 4 of the RFP.

Question 15
Please confirm that OSHA 10 training certificates will be required for all technicians, electricians, etc. working on this project.

Answer 15
Project personnel who are performing their duties in a work area are subject to OSHA requirements.

Question 16
On Attachment E - form # 1, how do we determine the "relative frequency of use" without specifics of what the PANYNJ is looking to accomplish in the next 7+ years? The use will be very different depending on the split of service to software upgrade / integration to construction / installation.

Answer 16
The Port Authority anticipates issuing thirty-five (35) work orders at JFK, EWR twenty-five (25) and LGA twenty (20) per year. As stated in the RFP these numbers are not guaranteed but an estimate.

Question 17
On Attachment E - form # 1, please clarify if the "Lenel Technician" is an employee of Lenel or a Lenel certified employee of the Lenel VAR.

Answer 17
This may be either an employee of the Contractor or Lenel. However, the employee must be Lenel certified.

Question 18
On Attachment E - form # 2, please clarify what the difference between "PA Price" and "Refurbish or Replacement Price" is? In concept a replacement would be the same as new and refurbish would be a repair and can not be determined without knowing what is wrong with the item.

Answer 18
The "PA price" is the equipment cost that the Contractor will charge to the Port Authority, which is expected to be less than the list price. "Refurbish or Replacement Price" is the price for used parts that have been tested and are in working condition.

Question 19
Please detail what is the current "assigned" staffing level for preventive and remedial maintenance at each location (i.e. 1 person M-F 8-4 at LGA)

Answer 19
The following is a current breakdown for Computerized Access Control Security (CACS) System staff only:

Technicians: JFK - 2, LGA - 1, EWR - 1
Supervisor: 1 for all airports
Manager: 1 for all airports
Engineers: 2 for all airports who provide support for major problems and any extra work
Sales/Marketing person, Administrative staff are provided
Other staff are provided as needed.

Refer to Section 8 entitled Proposal Submission Requirements, Subsection F entitled Proposal, Point A, page 20 for the staffing plan requirements.

Question 20
On Page 10, the document calls for "proposed mark-ups for labor and materials used in the performance of extra work and for extra work performed by subcontractors". Please clarify this is for civil, electrical and other work that will be performed by sub-contractors in the performance of this contractor.

Answer 20
Yes, this includes all work performed by a Subcontractor in performance of the Contractor. The Proposer shall add a line at the bottom on Attachment E entitled Cost Proposal Form #1to provide the percentage markup for Subcontractors only. This percentage shall exclude Lenel and Verint staff.

Question 21
On Page 10, the document calls for "proposed mark-ups for labor and materials used in the performance of extra work and for extra work performed by subcontractors". Please clarify where this percentage should be submitted.

Answer 21
The equipment percentage should be submitted on Attachment E entitled Cost Proposal Form #2.

Question 22
Please confirm is maintenance, upgrades, etc. of the Lenel OnGuard application is included in the scope of work. The bid documents contain contradictory information on this.

Answer 22
Routine Lenel upgrades to ensure that we are no more than two revision levels behind the manufactures current release is included in the cost of the PM maintenance agreement. If for whatever reason the Port Authority requests an upgrade for the sole purpose of taking advantage of a specific functionality and the contractor is in compliance with the contract, the Port Authority will issue and authorize payment via a work order.

Question 23
Please confirm is maintenance, repairs, etc. of the network equipment (TCP/IP, SONET, etc.) is included in the scope of work. The bid documents contain contradictory information on this.

Answer 23
Yes, currently maintenance, repairs, etc. of the network equipment (TCP/IP, SONET, etc.) is included in the scope of work. It is the intent of the Port Authority that all network equipment (TCP/IP, SONET, etc.) will be maintained and repaired by others in the future. The Proposer shall submit separate cost for this work on Attachment E entitled Cost Proposal Form #3, page 139.

Question 24
Please clarify if a remedial service request within the M-F 8-5 range requires additional personnel or resources to complete, will the contractor invoice for these under T&M or will these be considered part of the monthly lump sum?

Answer 24
During business hours and depending on the severity of the issue, if the Contractor determines ~~if~~ additional resources are required to correct the problem the Contractor must obtain Port Authority approval before commencing any extra work which will be paid under T & M.

Question 25
Is the contractor allowed to "transport" assigned personnel from one location to another in order to complete tasks with the PM or RM scope of work that may require larger workforces at on location?

Answer 25
The Contractor is responsible is to meet the requirements in the scope of work, so how the Contractors meets the requirement of the contract is at its own discretion.

Question 26
Please confirm that software updates / upgrades are not included in the scope of work for PM or RM.

Answer 26
Routine Lenel and Verint software updates and upgrades are a part of the PM maintenance contract.

Question 27
Can you please provide a list of unions and locals that claim jurisdiction for each of the three locations (i.e. IBEW Local 3 - JFK).

Answer 27
The listing below is for informational purposes and may not be inclusive of all available labor organizations that may claim jurisdiction under the Contract. It is the sole obligation of Proposers to make such determinations. Notice is given to all Proposers to become familiar with the requirements set forth in the following paragraphs of the RFP:

"Prevailing Wages" in Attachment B, entitled "Contract Specific Terms and Conditions, Section 5 entitled "Additional Contract Specific Terms and Conditions for All Services", Subsection C on page 48. In addition, the individual bidders must comply with "Harmony" in Attachment C, entitled Standard Contract Terms and Conditions, Part II entitled General Provisions, Subsection 9 on page 70.

IBEW Local 3 - JFK
IBEW Local 3 - EWR

Exemption (4)

Question 29
Please confirm that the contractor will only be obligated to support a product as long as the manufacturer is solvent and supporting such product(s).

Answer 29
Yes the Contractor will only be obligated to support a product as long as the manufacturer is solvent and supporting such product(s).

Question 30
Please consider extending the bid date to provide 15 working days from the receipt of the responses to the RFCs.

Answer 30
A two-week extension will be granted therefore making the submission due date July 29, 2009 at 2:00pm.

Question 31
Please confirm: Our understanding is that, in the event of an equipment failure, this contract provides for payment for repair or replacement according to Attachment E. In bidding, we do not have to "carry" costs for equipment. Rather, we must only indicate what we would charge in the event a repair or replacement is required.

Answer 31
Yes, that is correct, the Contractor will not have to "carry" costs for equipment.

Question 32
Pls confirm:

Bids are to be delivered to:
Purchasing Services Division
One Madison Avenue, 7th Flr
New York, NY
10010

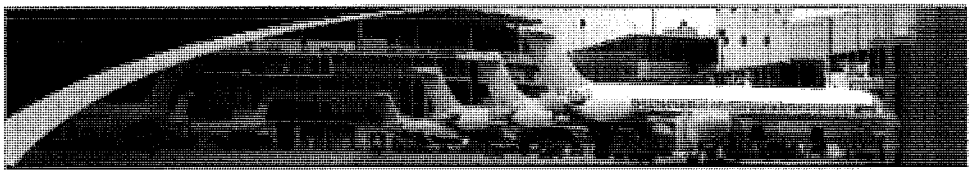
Answer 32
Yes, that address is correct.

Exemption (4)

THE PORT AUTHORITY OF NY & NJ

Request For Proposal # 18473

Services and Materials For the Enchancement and Maintenance of the Airport Security Control System (ASCS) at John F Kennedy International, LaGuardia, and Newark Liberty International Airports.



Bid Documents

July 29, 2009

Presented By:

HENRY BROS. ELECTRONICS, INC.
17-01 Pollitt Drive Fair Lawn, NJ 07410
Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.8341

Letter of
Transmittal

HENRY BROS. ELECTRONICS, INC.
17-01 Pollitt Drive Fair Lawn, NJ 07410
Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.8341

July 29, 2009

Ms Jeanette Santos
Senior Purchasing Manager
Purchasing Services Division
The Port Authority of NY/NJ
1 Madison Avenue
Seventh floor
New York, NY 10010

Re: Services and Materials for the Enhancement and Maintenance of the Airport Security Control Systems (ASCS) at John F. Kennedy International Airport, LaGuardia Airport and Newark Liberty International Airports.

Project # 18473

Dear Ms. Santos:

Henry Bros. Electronics, Inc. is pleased to submit our proposal for the Maintenance Services at the above named locations.

Since August, 2001, Henry Brother's Electronics, Inc. has demonstrated an ability to provide the highest quality of system design and integration, as well as, exceptional levels of maintenance service for Port Authority facilities representing nearly every PA Line Department. From Work Order projects to pilot projects to regularly scheduled Preventative Maintenance to field support for Port Authority staff during emergency situations, HBE has not only met but exceeded the level of service spelled out in the contracts.

This particular agreement will replace the current Port Authority Aviation contract that HBE has held for the past seven years. During that time HBE has met every service call, regardless of the circumstances, within the time frame called for in the contract. Additionally, HBE has supported other Port Authority initiatives (Cisco infrastructure expansion with BlueWater, VMS/ITS, PIDS, etc), sometimes without compensation, as we understand our responsibility to contribute to the smooth operation of the airports.

In the interest of supporting the Port Authority now and in the future we have reduced almost all of the labor rates to 2002 levels. We are hopeful that by taking this strong step we will demonstrate our commitment to the Port Authority as a critically important client for Henry Bros.

Executive Summary

This RFP identifies several key areas of service that are to be furnished by the contractor, as follows:

1) **Service and Maintain the current System**

HBE has been providing both Preventative Maintenance and Remedial Maintenance for the Port Authority at JFK, LGA and EWR for nearly eight (8) years. Additionally, HBE has been entrusted with the same responsibilities for the George Washington Bridge, Lincoln Tunnel, Holland Tunnel, Staten Island Teleport (headend equipment) and the PATH System (headend equipment).

Included in this response are copies of typical Preventative Maintenance schedules and Preventative Maintenance tasks - by device.

HBE is proposing to staff this project, as follows:

Three (3) Full-time Site Technicians:
- One (1) for JFK International Airport
- One (1) for Newark Liberty International Airport
- One (1) for LaGuardia Airport

One (1) Service Manager
- The Service Manager is responsible for all three facilities and is available to support the Site Technicians when needed.

The HBE Service Group has the following levels of experience with the customer's software packages:

Minimum of five (5) years of field experience on Lenel OnGuard systems.
- HBE Engineering has more than fourteen (14) years of experience with Lenel OnGuard.

Minimum of five (5) years of field experience on video systems.
- HBE Engineering has more than fourteen (14) years of experience with Loronix/Verint Systems.

Minimum of five (5) years of field experience with Legato software.
- HBE Engineering has five (5) years of experience with servicing and maintaining Legato software at JFK, LGA and EWR. Additionally, HBE Engineering has upgraded those systems from Legato (which is no longer supported by Lenel) to a supported redundant software package (NEC ExpressCluster).

2) **Perform Upgrades to System Software Packages**

Lenel

HBE has performed Lenel upgrades, when authorized by the Port Authority, for each of the three area airports (JFK, LGA & EWR)

A sample upgrade script has been included in this proposal.

Verint/Loronix

HBE performed two upgrades of the Loronix Enterprise System (circa 1996) for the Port Authority PATH operations at Journal Square, Jersey City, NJ.

The first upgrade included digital video recorders, video servers and equipment that was no longer supported which made the process exceedingly difficult as there was no going back to the original system should the upgrade not have taken.

The second upgrade took the system from the LVM platform to Nextiva. This upgrade was completed in 2008 and there is an upcoming upgrade to version 6.0 scheduled for the coming month.

A sample upgrade script for this process has been included in this proposal.

3) **Provide a Test Environment**

HBE maintains a Test Lab for the purpose of evaluating equipment or software before deploying it in the field. By working through the process in the Lab first, we can write a more precise script and minimize the deployment time in the field.

The Test Lab was employed extensively during the three years of the Limited Early Deployment of Biometrics at EWR. This allowed the Port Authority to have an understanding of the equipment capabilities prior to field deployment and helped avoid the introduction of immature products into the production system.

Exemption (2.b.)

Additionally, HBE maintains a professional Photographic Lab which is used to evaluate the performance metrics of video products before deployment. The Video Lab can also be utilized to evaluate the status of a camera that comes back from the field for servicing. In this way the Port Authority is assured that the camera is performing at or above the specified levels before it can be returned to the field.

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Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.8341

Information required in Transmittal Letter:

1) Name and address of Proposer:

Henry Bros. Electronics, Inc.
17-01 Pollitt Drive
Fair Lawn, NJ 07410
201-794-6500
www.hbe-inc.com

2) Authorized Company Representative:

Bernard J. Drury, Jr.
VP, Sales & Marketing, Aviation
Henry Bros. Electronics, Inc.
17-01 Pollitt Drive
Fair Lawn, NJ 07410
201-794-6500 (X 3037)

bdrury@hbe-inc.com

3) Company contact for questions/issues related to RFP:

Bernard J. Drury, Jr.
VP, Sales & Marketing, Aviation
Henry Bros. Electronics, Inc.
17-01 Pollitt Drive
Fair Lawn, NJ 07410
201-794-6500 (X 3037)

bdrury@hbe-inc.com

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Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.8341

4) Name & Addresses of proposed Subcontractors:

Stellar Systems MBE
57 West 38th Street
11th floor
New York, NY 10018
646-214-6501
Mr. Liang Chen
Ms. Anna Hu

Database modifications, software integration, scheduling/coordination (MS Project, Primevera)

GMA Electric WBE
201 Edward Curry Avenue
2nd floor
Staten Island, NY 10314
718-477-9600
John Reilly

Installation of security devices, electrical power, fiber and fiber transmission equipment. GMA belongs to Local 3, NY Electrical Contractors union.

Maureen Data Systems WBE & SBE
500 West 43rd Street
New York, NY 10036
212-290-1557

Equipment supplier (Cisco, network & communication equipment)

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5) Names and Residences of Principals:

Name	Title	Address of Residence
James Henry	**CEO & Chairman**	
Brian Reach	**President & COO**	Exemption (1)
John Hopkins	**Chief Financial Officer**	
Brian Smith	**Controller**	

NOTE: See following corporate documentation

We sincerely hope that this submittal will meet with the Port Authority's approval and we eagerly anticipate continuing our successful business partnership for many years to come.

Very truly yours,

Bernard J. Drury, Jr.
VP, Sales & Marketing, Aviation
Henry Bros. Electronics, Inc.
17-01 Pollitt Drive
Fair Lawn, NJ 07410
201-794-6500 (X 3037)

bdrury@hbe-inc.com

HENRY BROS. ELECTRONICS, INC.
perfecting security integration since 1950

17-01 Pollitt Drive
Fair Lawn, NJ 07410
Main 201-794-6500
Fax 201-794-8341
www.hbe-inc.com

July 29, 2009

I, Brian Reach, Secretary of Henry Bros. Electronics, Inc., do hereby certify the attached is a true and correct copy of Certificate of Amendment of the Certificate of Incorporation of Henry Bros. Electronics.

Brian Reach
Secretary

CERTIFICATE OF AMENDMENT

: OF THE

CERTIFICATE OF INCORPORATION

OF

DIVERSIFIED SECURITY SOLUTIONS, INC.

Under Section 242 of the Delaware General Corporation Law

Diversified Security Solutions, Inc., a corporation organized and existing under the laws of the State of Delaware hereby certifies as follows:

1. The name of the corporation is Diversified Security Solutions, Inc. (the "Corporation"):

2. The Certificate of Incorporation of the Corporation was filed with the Secretary of State of Delaware on November 18, 1999.

3. The amendment of the Certificate of Incorporation of the Corporation effected by this Certificate of Amendment is to change the name of the Corporation.

4. To accomplish the foregoing amendment, the Certificate of Incorporation of the Corporation is hereby amended by striking out Article First thereof and by substituting in lieu of said Article the following new article:

   FIRST: The name of the Corporation is Henry Bros. Electronics, Inc.

5. The foregoing amendment of the Certificate of Incorporation of the Corporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

August 3, 2005

Brian Reach
Secretary

State of Delaware
Secretary of State
Division of Corporations
Delivered 05:58 PM 08/03/2005
FILED 05:58 PM 08/03/2005
SRV 050641081 - 3128254 FILE

DOCS\251697v1

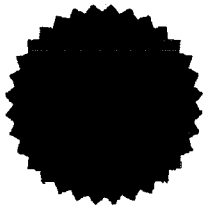
TOTAL P.02

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "DIVERSIFIED SECURITY SOLUTIONS, INC.", CHANGING ITS NAME FROM "DIVERSIFIED SECURITY SOLUTIONS, INC." TO "HENRY BROS. ELECTRONICS, INC.", FILED IN THIS OFFICE ON THE THIRD DAY OF AUGUST, A.D. 2005, AT 5:58 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE KENT COUNTY RECORDER OF DEEDS.



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

3128254 8100

050641081

AUTHENTICATION: 4068573

DATE: 08-03-05

Executive Summary

HENRY BROS. ELECTRONICS, INC.
17-01 Pollitt Drive Fair Lawn, NJ 07410
Phone: 201.794.6500 www.hbe-inc.com Fax: 201.794.8341

EXECUTIVE SUMMARY

Major features of the HBE proposal

Experience

Henry Bros. Electronics is the single, most-qualified, provider of maintenance services to the Port Authority of NY & NJ as has been evidenced by the contracts awarded to HBE during the past two years. In addition to providing System Maintenance for the Lenel and Verint systems at JFK, LGA and EWR, HBE also provides these services at the following Port Authority locations:

Contract #4600007087
George Washington Bridge, Lincoln Tunnel, Holland Tunnel & Staten Island Teleport
HBE also provides System Administration for these systems

Contract #4600007138
Port Authority Trans-Hudson Corporation

Proven performance and reliability
The Maintenance group for the Port Authority Aviation systems is comprised of senior field technicians who have demonstrated time and again their commitment to providing superior service for the airports.

JFK International Airport	- Jim Barron (10 years on site)
Newark Liberty International Airport	- Lou Anderson (5 years on site)
LaGuardia Airport	- Randy Scott (10 years on site)

The HBE Service Manager, Greg Vickers, has been supporting the ASCS systems at the Port Authority airports for the past ten (10) years. He has intimate knowledge of each facility, the respective systems and the Port Authority management that is responsible for each facility.

We have performed under the most trying conditions
(blackouts, local flooding, heightened security levels, etc) and have succeeded in responding within the contract time frames and providing repairs in a timely manner.

We have demonstrated an ability to work easily with the Port Authority departments, as well as third party service providers (i.e. Cisco, Bluewater). We understand the critical dynamics involved with providing service for a dynamic, public agency and the responsibility we have to contribute to harmony in the workplace even for projects beyond our scope of responsibility.

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Transition Plan

Continuing with HBE for the ASCS for JFK, LGA and EWR will eliminate the need for a transition period.

Commitment to technology

VM Ware testing – Since the beginning of 2009 HBE Engineering has developed and maintains a VM Ware system in the Fair Lawn, NJ office. Additionally, we are in discussion with Lenel to allow their staff to use our facility for possible VM Ware certification.

Digital Video Expertise - HBE is an industry leader in the successful deployment of digital video systems. HBE has installed, upgraded and maintains a large Loronix Digital Video system for the PANYNJ at PATH headquarters in NJ.

Design capability – Please refer to the HBE reference section for detailed information on our role with the US Marine Corps TVCS program which will include fifteen (15) military bases around the world. Additionally, please note our work for the NY State Power Authority (Poletti Power in Queens, NY). This project includes a sophisticated upgrade of the existing systems with the addition of current technologies to enhance the overall system effect (Cisco communications, perimeter sensing

Commitment to Service

In addition to the service agreements that HBE has with the Port Authority, we have expanded our service capabilities to include wireless communication systems (Lincoln Tunnel & Holland Tunnel), Security System maintenance for the Tri-Borough Bridge and Tunnel Authority (various locations) and 7 World Trade Center where we provide service for a Lenel system utilizing biometric readers that is integrated with the building elevator system and video management system. Additionally we installed and service the wireless communications for the 7 WTC complex.

Agreement on
Terms of Discussion

ATTACHMENT A

AGREEMENT ON TERMS OF DISCUSSION

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

Notwithstanding the above, and without assuming any legal obligation, the Port Authority will employ reasonable efforts, subject to the provisions of the Authority's Freedom of Information Policy and Procedure adopted by the Port Authority's Board of Commissioners on November 20, 2008, which may be found on the Authority website at *http://www.panynj.gov/AbouttthePortAuthority/ContactInformation/foi_policy.html*, not to disclose to any competitor of the undersigned, information submitted which are trade secrets or is maintained for the regulation or supervision of commercial enterprise which, if disclosed, would cause substantial injury to the competitive position of the enterprise, and which information is identified by the Proposer as proprietary, which may be disclosed by the undersigned to the Port Authority as part of or in connection with the submission of a proposal.

Henry Bros. Electronics, Inc.

(Company)

(Signature) John A Batsch

Vice President-General Manager

(Title)

July 29, 2009

(Date

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

Certification
Contractor's
Integrity Provisions

HBE

Contractor's Integrity Provisions

Contractor's Integrity Provisions

In response to the requirement to certify that Henry Bros. Electronics, Inc. (HBE) will accept the terms of the Contractor's Integrity Provisions, HBE has initiated the following response.

1. Certification of No Investigation:
   Response: HBE certifies that it has not:
   a. Been indicted or convicted...
   b. Been suspended, debarred, found not responsible...
   c. Had a contract terminated by any governmental agency...
   d. Ever used a name, trade name or abbreviated name...
   e. Had any business or professional license suspended or revoked...
   f. Had any sanction imposed as a result of a judicial...
   g. Been, and is not currently, the subject of a criminal investigation...
2. Non-Collusive Bidding and Code of Ethics Certification:
   Response: HBE certifies on behalf of the company, parent, affiliates, directors, officers or stock holders with more than 10% interest that:
   a. The prices in this bid have been arrived at independently...
   b. The prices quoted in this bid have not been disclosed...
   c. No attempt has been made to induce any other person...
   d. The organization has not made any offers or agreements...
   e. No person or selling agency other than a bona fide employee...
   f. The bidder has not offered, promised or given, demanded...
3. Bidder Eligibility for Award of Contracts:
   Response: HBE acknowledges having been advised that the Authority has adopted a policy to the effect that in awarding it contracts it will honor...
4. No Gifts, Gratuities, Offers or Employment, Etc.
   Response: HBE certifies that it:
   a. Shall not offer, give or agree to give anything of value either to a PA employee, agent, job shopper...
   b. Shall insure that no gratuities of any kind or nature whatsoever shall be solicited or accepted by it and by its personnel...
   c. HBE shall include the provision of this clause in each subcontract entered into under this contract.
5. Conflict of Interest:
   Response: HBE certifies that it will not participate in any way in the preparation, negotiation or award of any contract (other than a contract for its own services to the Authority)...

Bernard J. Drury, Jr. – Sr. Account Executive

Documentation of Proposer Prerequisites

Proposal

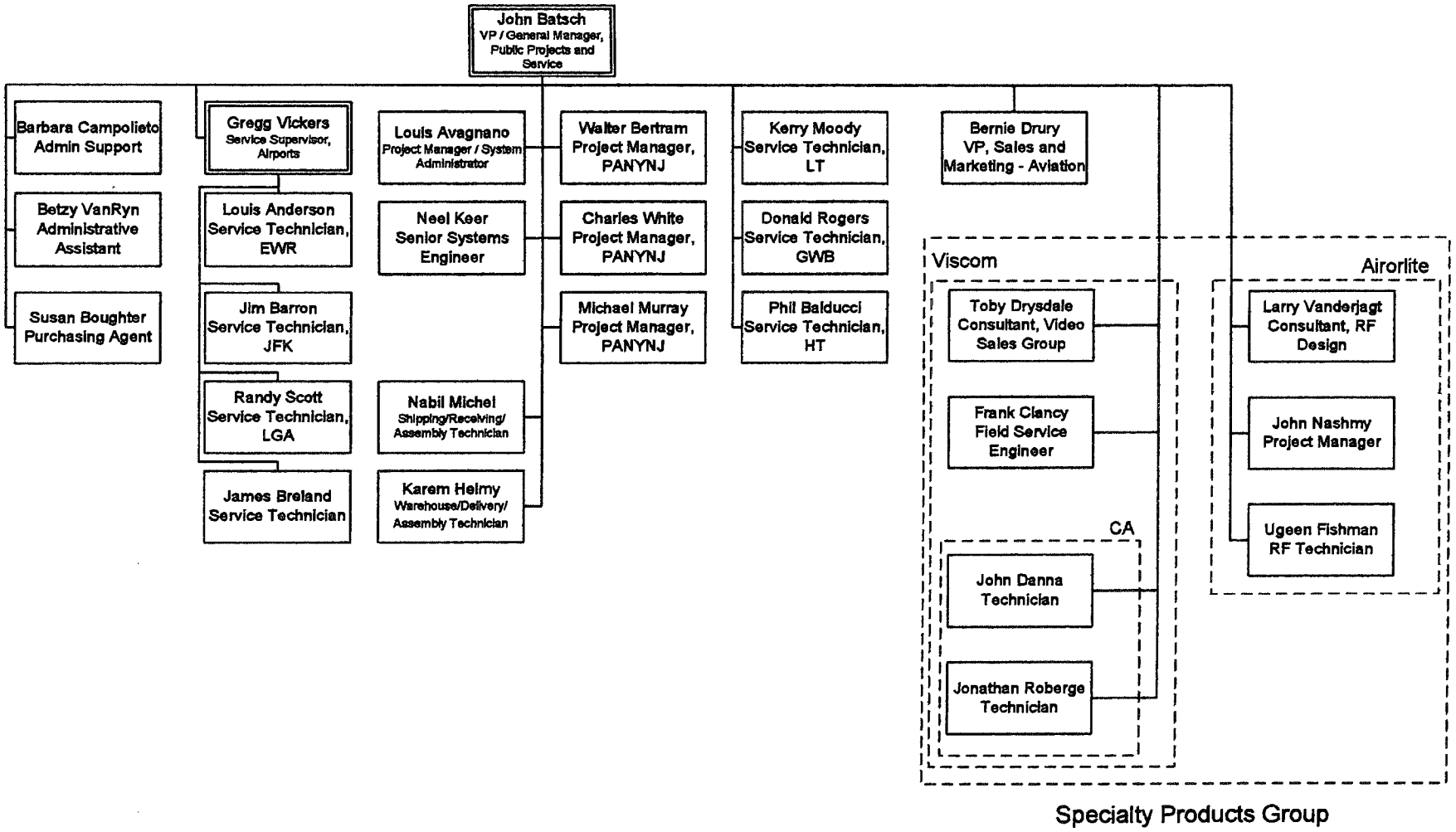
Technical Approach

Personnel Qualifications and Experience

Henry Bros. Electronics

NY Metro

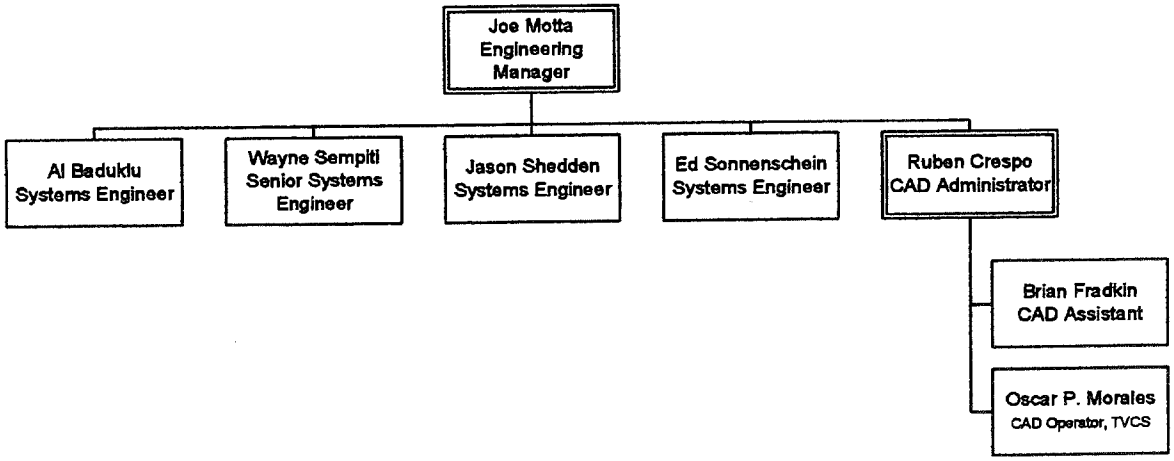
Public Projects, Service, and Specialty Products Group



Henry Bros. Electronics

NY Metro - Private

Engineering



HBE

John Batsch *VP / General Manager*

SUMMARY OF EXPERIENCE

John brings in over 32 years of operations, project and systems management experience in the security and wireless communication business. John has managed multi-state, multi-office operations with full P&L responsibility. John's tasks and duties include: sales, operations, customer service, installation, service and maintenance.

EXPERIENCE

Henry Bros. Electronics **2003 – Present**

VP / GM – 2009 – Present

- Full P&L responsibility for HBE's Public Sector Group including the management of the security installations, servicing and maintenance operations located at the PANYNJ NY metro airports (EWR, LGA & JFK), bridges (GWB) and tunnels (HT & LT).
- Full P&L responsibility for HBE's Airorlite Wireless Division including the management of the wireless installations, servicing and maintenance operations located at the NY MTA B&T tunnels (BBT & QMT) and wireless In-Building systems at major NYC facilities (7 WTC). These responsibilities also include provisioning and repairs of the wireless products offered by Airorlite to various wireless companies throughout the US.
- Full P&L responsibility for HBE's Viscom Group including the management of the mobile video installations, servicing and maintenance operations in various agency fleets located in the US.

Director – Public Sector 2005 - Present

- Manages HBE's security installation, service and maintenance operations at Port Authority metro airports
- Manages HBE's wireless installation, service and maintenance operations at MTA B&T city tunnels
- Manages HBE's system design, production, installation and maintenance of Viscom Products Division

Project Manager Path Restoration;

Business Unit Manager – Wireless Systems 2003 - 2005

- Managed systems integration at PATH Restoration – WTC Ground Zero
    - CCTV System, Lenel Access Control, Pathvision Monitoring
- Managed a support organization to maintain the wireless communication system for the MTA at both the Brooklyn Battery and Queens Midtown Tunnels
    - Subcontractor for General Fiber Communications (GFC)
    - Coordinated effort to maintain stability during transitional phase of GFC

General Fiber Comm. (AeroComm) Inc. **2000-2003**

Business Unit Mgr. – Wireless Network Sys & Svc

- Established and managed a support organization to oversee the installation, service of carrier systems.
- Sold $8.5 mil. Wireless Carrier System installations in the NY Metro Area.

EFP Associates, Inc. **1999-2000**

VP Operations

- Reorganized internal company operations to more effectively address market opportunities
- Generated a 50% increase in sales and gross margins within the first six months of operation

Benchmark Management Consulting, Inc. & American Management Services, Inc. **1994-1996**
Manager, Client Support/New Businesses

- Sold consulting services (utilizing an analytical selling process) to a wide variety of companies in the tri-state area.
- The result of the consultative process
  - Reduced costs, enhanced revenue growth, improved cash flow and return on assets.
  - Improved management techniques streamlined operations and market penetration.

PFS Company, Inc. **1989-1994**
VP Planning/Divestiture

- Restructured company and reinvested capital derived divested division in core business.
- Introduced new products to address niche markets.

Mobile Communications Company of America **1988-1989**
GM NY Regional Operations

- Supervised a staff of 100 (offices in Paramus NJ, New York City, Jericho, NY, Trumbull, CT and Valhalla, NY) with full P&L responsibility including operations, generating $12 million in annual revenue from Valhalla, NY
- Participated in major account presentations for volume sales in each respective market (Goldman-Sachs, Digital Equipment Corporation, Bear-Sterns, Time Inc., Kidder-Peabody)

NYNEX Mobile Communications Company, Inc. **1982-1988**
VP/GM Upstate Operations

- Supervised a staff of 70 (offices in Buffalo, Syracuse, Albany and Poughkeepsie NY), with full P&L responsibility including operations, generating $7 million in annual revenue from Pearl River NY
- Established two new offices (Syracuse and Poughkeepsie) including: office location, Area Manager selection, construction and grand opening publicity
- Conducted partner negotiations with other license holders (either as majority or minority partner) in appropriate markets

Mosler Safe Company **1975-1982**
Product Manager, Proprietary Alarm Systems

- Orchestrated the design of an advanced proprietary alarm security system and made sales presentations to senior management of major corporations on a national and international basis
- Major account companies included: commercial accounts such as Exxon and Pennzoil; financial institutions such as First National Bank Chicago and Bank of Hawaii; government agencies such as the Federal Reserve Bank in New York and Chicago; and international governmental agencies in both Israel and Iran.

Electro Protective Corporation **1969-1975**
Engineer, Security – Central Station Development

- Designed and coordinated installation of 2 Central Stations (NJ & FL)

EDUCATION/PROFESSIONAL

BS - Business Administration – Western New England College, Springfield MA **1968**

- Engineering Courses – New Jersey Institute of Technology (NCE) Newark, NJ
- Advanced Management Courses, Seminars and Workshops – AMA, Post Graduate and Masters Level
- Certificate in Avionic Navigation and Communication - Keesler Air Force Base, MS

HBE

Chris Peckham, *Chief Information and Security Officer*

SUMMARY OF EXPERIENCE

Mr. Peckham has served in a variety of senior information technology, network engineering and operations positions during his 20-year career.

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc. – 2008 – Present – Fairlawn, NJ – CIO / CSO

Responsible for all HBE Information and Security initiatives

SunGard Higher Education – 2003 – 2008 – Mercy College, Dobbs Ferry, NY – Director of Operations

Manage a staff of eighteen in the areas of desktop support, helpdesk, networking, and telecommunications at a small/mid-size college with six campus locations, serving over 600 faculty/staff and 9000 students, with over 1800 servers, desktop, laptops, and computer laboratory systems.

SkipJam Corp – 2002 – 2003 – Greenwich, CT – Vice President, Engineering

- Startup company in the consumer electronics space developing a "multimedia hub"
- Schematic design using Orcad and PCB layout using P-CAD
- System benchmarking across linux systems including embedded Lineo, prototype drivers

Globix – The Global Internet Exchange – 1999 – 2002 – New York, NY – VP of Network Engineering

Served in a role similar to the Chief Information Officer and managed the staff responsible for architecture and operation of the internal and client facing infrastructure. Groups included network and system engineering, operations, project management, datacenter, and call center. Staff ranged in size from 15 to 150 with annual salary budget up to $9.1 million. Duties included related capital/operating budgeting. Infrastructure served over 900 staff and the company's client base in over 20 US and international locations.

Qwest Internet Solutions – 1997 – 1999 – Weehawken, NJ – Manager of Network Engineering

- Managed day-to-day project management, network planning, network monitoring systems, build-out, standards, and development of operating procedures
- Supervised the redesign of BGP and OSPF configuration on a national multi-POP network connecting clients, transit, and major Internet peering locations

EDUCATION and CERTIFICATION

Rutgers

M.B.A. (2007) with concentration in Management & Global Business

New Jersey Institute of Technology (NJIT)

Ph.D. (2000), MS (1989), BS (1987) - Electrical Engineering

PROFESSIONAL CERTIFICATIONS and ORGANIZATIONS

- Member of the Advanced Computing Systems Association (USENIX), the System Administrators Guild (SAGE), and Institute of Electrical and Electronics Engineers (IEEE).
- Served on the NJIT Electrical and Computer Engineering Industry Advisory Board (2000 – 2006).
- Held Cisco Certified Internetworking Expert (CCIE #3094).
- Held Sun Microsystems Competency 2000/Enterprise certification (Examinations in the areas of Solaris 2.x NIS+, Network, System A

Emil J. Marone, *Chief Technical Officer*

SUMMARY OF EXPERIENCE 1965 to Present

- Established Two-Way Radio Department
- Recognized Designer, Quality Engineer, Consultant, Diagnostic Analyst and Program Manager
- Established Closed Circuit Systems
- Department Established Quality Assurance Program
- Senior Designer for Major Design/Build Project

BUSINESS EXPERIENCE: CHIEF TECHNOLOGY OFFICER

Vice President and Director of Systems Engineering and Quality Assurance

- Accountable for previous responsibilities
- Responsible for new systems design
- Responsible for all quality assurance

Vice President and Closed Circuit Systems (CCS) (11 years)

- Responsible for the direction of the CCS Department
- Responsible for new product design and implementation
- Responsible for developing new testing procedures for cameras & monitors
- Responsible for the evaluation of products manufactured by outside vendors
- Responsible for all quality management

Closed Circuit Systems Manager (5 years)

- Developed a Design/Build and Service Closed Circuit Systems Department
- Security using CCTV equipment
- Corridor Paging
- Intrusion Alarm Systems
- Design of special products to interface all parts of system
- In-house and field servicing
- Quality management

Systems Engineer (developing new markets and products) (4 years)

- Responsible for development of special products to improve servicing of RF paging systems
- Development of screen rooms for servicing, Fiber Optics to bring audio into the quiet environment, and special testing procedures for the repair of low frequency FM pagers

DESIGN/BUILD EXPERIENCE: (PARTIAL LIST)

New York City Transit Authority - 1993 to Present

- Money Counting Facilities, Epic (Employee Personnel Identification Card Network)

New York Power Authority – Oswego, NY

- Design CCTV, Video Alarm Capture System for 100% perimeter protection
- Designed all aspects of software and hardware with exception of recording unit
- Design of a recording and display system able to instantaneously capture and display four images in 500 milliseconds
- Provide automatic video printout of frozen pictures

AT&T Nassau - 1975 to Present

- CCTV Cameras, Intercoms, Fiber Optic Communications, Fixed & Mobile Radio Repeater System

Stewart Airport - (Started 1/3/96)

- CCTV - Fiber - Redundant Computerized Access Control, Video Badging and alarm monitoring system

Port Authority of NY/NJ (JFK Airport) - 1993

- Communications/Operations Console for new General Aviation Terminal and Snow Removal Desk at JFK Airport

Delta Airlines (JFK Airport) -1999

- Initiate communications via laser link; Designed and supervised the installation of inter-building fiber trunk for permanent signal transmission

Joe Motta *Engineering Manager*

Joe is a graduate of New Jersey Institute of Technology (NJIT) with a degree in Electrical Engineering. During his tenure with HBE, he has been involved in the design of state-of-the-art CCTV; multi-facility Access Control, and IP Video Systems for both commercial applications and high security public agencies. Building on his field experience, Joe excels in conceptual design, programming and system integration. As Engineering Manager, Joe understands the needs of the customer and continues to assume a key role in the success of HBE.

EXPERIENCE

HENRY BROTHERS ELECTRONICS, INC.

Engineering Manager, April 2006 – Present

Managing the engineering department and CAD department personnel; assisting them with all aspects concerning projects, CAD work, research and development, submittal packages, etc. Also responsible for scheduling their time and ensuring projects stay under budget and customers' expectations are met through the system design.

Assisted sales team in bid review, product selection, system topology, etc. with new project bids.

System Engineer, January 2004 – March 2006

Engineering work with all aspects of the commercial security industry including system design, product testing, evaluation, submittals, and overall design of CCTV and access control systems including digital video integration and wireless communication via lasers.

Engineering Technician, May 2002 – December 2003

Working in the engineering department and in the field, designing and implementing system components and equipment.

Assisting project engineers and managers in designing and supervising the installation of systems from start to finish.

HIGHLIGHTS

Port Authority Trans Hudson (PATH) Division 1989 to 1990

Joe served as lead Project Engineer for the complete system upgrade (hardware and software) of the Port Authority's large scale IP-based digital video recording system. Project entailed upgrading to a new system with no downtime of the CCTV system recording.

Port Authority of New York & New Jersey – Aviation Division

Joe served as lead Project Engineer for a multitude of Port Authority projects including system upgrades located at all three area airports; Newark, LaGuardia, and JFK. Projects and designs ranged from fiber optic and network communications, digital video, and access control. Joe has performed major upgrades to each of the three regional servers. He works with all of the internal personnel to insure everyone is informed on the procedures to implement these upgrades. He heads up all of the technical responses to all of the requests for new work, some of which is on the leading edge of technology. Joe also insures all of the design, construction, and as-built documentation is generated and distributed.

Port Authority Trans Hudson

PATH Division of the Port Authority initiated the development of a Temporary PATH Train Station at The World Trade Center. As Project Engineer, Joe spearheaded the design of the system integrating CCTV, Access Control and PATHVision systems. In addition to Project Engineer, Joe's responsibilities included field engineering, project management, and technical support.

Clarion Reality

Project Engineer for a lobby access control system, utilizing optical turnstiles to control building access at 1211 6th Avenue New York, NY.

City of Mount Vernon

Assisted in engineering and implementation of a video-over-IP CCTV system utilizing lasers for wireless communication throughout the entire city with video from all locations viewable at the Police Headquarters.

Neel Keer, *Senior Systems Engineer*

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics – Fairlawn, NJ – 2008-Present – Sr. Systems Engineer

Custom designed, developed and implemented different Access Control Systems. Executed the "mission-critical" System Upgrade Project of National Stature for Windows as well as SQL Server for the Security Systems for the three Airports – JFK, La Guardia and Newark, New York Transit Authority & MTA. Provided solutions at the back-end, SQL Server to satisfy customer needs, which were not supported by security software. Wrote Stored Procedures, Triggers and Extended Stored procedure in MS SQL Server for the data conversion & import/export for "LENEL ONGAURD" an of the shelf security system software package. Wrote complex stored procedures to import the Oracle HR database (for MTA) into the Lenel Access Control Database. These stored procedures and triggers were later incorporated in the software's new release. Managed and administered MS SQL Server 2005/2000 systems. Administered conversion/upgrades of LENEL Enterprise Access Control systems. Automated many complex jobs and backup procedures in MS SQL Server as per customer needs. Designed, developed and tested small support applications using VC++ with ODBC Connectivity using ADO/DAO classes to SQL Server back-end. Created complex custom reports per client requirements using Crystal Reports 11. Troubleshooting for SQL Server, Windows related problems, hardware conflicts, installation, software configurations, and network connectivity.

Project Manager, Port Authority of NY & NJ – New York – May 05-Sep 08

Working in Technology Services Department (TSD) to provide professional, technical and Advisory Consultant and Project Management services for PANYNJ Line Departments. Assigned to work for PANYNJ's Aviation Department to manage projects at the airports (JFK, LaGuardia & Newark Liberty International). Major projects included working on the following PANYNJ Aviation Systems:

- Computerized Access Control Security (CACS) System
- LENEL OnGuard Enterprise Solution to CACS System
- Aviation Biometric Addition to CACS System
- Perimeter Intrusion Detection System (PIDS)
- Developed custom applications (using VC++ & SQL Server) to support & enhance the CACS System functionality.

ADDITIONAL PROJECT WORK EXPERIENCE

Zealous Solutions, Inc., NY – May 04-Sep 08 – Sr. Consultant
Henry Bros. Electronics (HBE), New Jersey – Nov 02-May 04 – Sr. Systems Engineer (Database Specialist)
NCS, Inc., New York – Oct 98-Oct 02 – Sr. Consultant
Peac Infotech, Inc., San Jose, CA – Apr 98-Sep 98 – Consultant
Origin Information Technologies Ltd., India – Sep 97-Apr 98 – Software Engineer
Technology & Management Consulting, India – Mar 97-Sep 97 – Software Consultant
Systime Computer Systems (India) Ltd., India – Dec 96-Feb 97 – Software Engineer
Hind Computers, India – Jul 95-Nov 96 – Software Engineer

EDUCATION / CERTIFICATION

Education: ***Bachelor of Engineering in Computer Science***
Diploma in Electronics Production and Maintenance
Specialization: *Lenel Systems, MS SQL Server 2005, Visual Studio .NET, VC++ 6.0 with MFC, C/C++*
Security System Applications: *LENEL Enterprise, C-CURE, AMAG*
Certification: *Lenel Silver Certification, Lenel Custom Solutions Workshop*

TECHNICAL EXCELLENCE AWARDS

1. Winner of LISA awards 2001 (www.listnet.org/lisa_2001_winners.cfm) for Web Based Product: EwebScheduler, New York
2. STAR PERFORMANCE AWARD FOR "Vulcan" from Datastream, Inc., SC, USA - Cust. Satis. Rating: 4.5 out of 5
3. ASIA PACIFIC EXCELLENCE AWARD FOR "Gavel" from Datastream, Inc., SC, USA - Cust. Satis. Rating: 4 out of 5

HBE

Wayne M. Sempiti *Senior Systems Engineer*

SUMMARY OF EXPERIENCE

Wayne has 12 years of experience in the access control, CCTV and communication business. In addition to design, testing and commissioning of these systems, Wayne is responsible for evaluations and approvals of new technologies which have included cameras (standard, IP, thermal, license plate recognition), fiber optic equipment, perimeter detection (fiber and microwave), communications equipment, analytics boxes and audio devices. Projects have included security systems at the Queens Midtown Tunnel, Verrazano Bridge, Lincoln Tunnel, Holland Tunnel, Hackensack Bridge, Polletti Power Plant and various other sites across New York City.

ANDOVER CONTROLS CORP

Design projects, generate drawings; manage and supervise subcontractors including electrical, fiber, and civil work. Also perform installations, including the testing and terminations of various security and fiber optic equipment and cable. Projects include Merck, MedCo, PSE&G, and the Brooklyn Museum of Art.

ETC – ELECTRONICS TECHNOLOGIES CORP.

Responsible for implementation and maintenance of various CCTV, access control, and fiber optic systems. Also assist in development and management of new system projects and goals, create/maintain documentation, and train customers on various systems. Sites include First Union, IBM, and Continental Airlines at Newark Liberty International Airport (which consists of Software House Access Control System, approximately 240 card readers, 400 cameras, a large Loronix digital recording system, and Ortega web-based software to integrate the 3 systems).

EXTOL INC.

Learned Extol's EDI software for implementation on IBM AS400 systems running Windows and NT platforms. Assist customers with implementation and troubleshooting of projects. Also conduct demonstrations of the product for sales as well as train customers on the product.

HENRY BROS ELECTRONICS

MTA NY City Transit, 300+ camera system with integrated card access, and intercoms, communicating over fiber to matrix switchers, and recorders. Silverstein Properties, Inc. 7WTC, 200+ camera systems with matrix switchers, digital recorders, upgraded analog camera system to fiber optic system, with intercoms, and PTZ camera systems.

EDUCATION

BS, Electrical Engineering, New Jersey Institute of Technology, Newark NJ

Trained in Lenel, Software House, Casi-Rusco, Andover Controls, Pelco, NICE, Verint, Zenitel, Commend, Cisco, AutoCad, Visio, Fiber and other subsystems.

HBE

Al Baduklu, *Systems Engineer*

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics- Fairlawn, NJ - 2003-Present – Systems Engineer

Engineering work with all aspects of the commercial security including system design, product testing, evaluation, submittals, and overall design of CCTV and access control systems including digital video integration and wireless communication

Port Authority of New York & New Jersey – Aviation Division

Al serves as lead Project Engineer for a multitude of Port Authority projects including system upgrades located at all three area airports; Newark, LaGuardia, and JFK. Projects and designs ranged from fiber optic and network communications, digital video, and access control. Al has performed major upgrades to each of the three regional servers. He works with all of the internal personnel to insure everyone is informed on the procedures to implement these upgrades. He heads up all of the technical responses to all of the requests for new work, some of which is on the leading edge of technology. Al also insures all of the design, construction, and as-built documentation is generated and distributed

NJIT Robotics Manufacturing Dept, Newark, NJ - 2002 -2003 - Project Manager

- Supervised, from conception to implementation, the Remote Access Robotic Manufacturing Cell (RARMC)
- Assured timely project completion within the constraints of resources, by implementing modem project management techniques
- Maintained constant communication between all stakeholders to ensure the requirements of the client are reflected in the final product

Genesis Inc. /Proteam.com, Secaucus, NJ - 1997 -2001 - Database Analyst/Administrator

- Maintained database to ensure the accuracy and integrity of records
- Managed security protocols to guarantee proper user level access
- Maintained hardware and software components for a large (600+ users) local area network
- Projected call volume in order to maximize the efficiency of call processing
- Supervised the activity and productivity of 75 employees in a commercial call center

Taurus Consulting, River Edge, NJ - 1995 -1996 - Computer Consultant, Systems Analyst

- Maintained local area networks as well as various accounting and business software packages for a diverse portfolio of clients
- Achieved an intimate familiarity with various businesses' functions in order to better understand their needs and develop solutions for them
- Trained clients and their employees on the usage and function of newly installed hardware/software systems

EDUCATION / CERTIFICATION

New Jersey Institute of Technology, Newark, NJ

Major: BS in Computer Science

Lenel, Master Certified, Version 6.3

Verint, Nextiva, Version 6.0

Ed Sonnenschein, *Systems Engineer*

SUMMARY OF EXPERIENCE

Over 4 years of engineering, design and installation experience of sophisticated high-end CCTV systems utilizing state-of-the-art components. These systems the spanned a variety of applications from command centers utilized by the NYPD during the Republican National Convention to video systems monitoring the Statue of Liberty, protection of commercial facilities such as Citigroup to used by the DC Metro Police Department.

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc. – Fair Lawn, NJ – Systems Engineer

- Utilize state-of-the-art technical, leadership and organizational skills to deliver high quality and timely project results
- Capitalize on strong technical knowledge of: hardware solution designs; access control systems; digital video systems; IP camera systems; server management systems and networking support as required, to meet budgetary and critical schedule targets of a project
- Engineering work with all aspects of the commercial security industry including system design, product testing, evaluation, submittals, and overall design of CCTV and access control systems including digital video integration and wireless communication via lasers
- Designing and implementing system components and equipment
- Assist project engineers and managers in designing and supervising the installation of systems from start to finish.

Total Recall Corporation –Engineer

- Customer support for CCTV installations, including Pelco, Northern/Honeywell, Hirsch, Nice - primary command center as well as four satellite centers to simultaneous view and record digital video from over 150 cameras throughout New York City.
- System design and implementation of legacy, digital and network based CCTV systems, from stand alone to enterprise level systems

Cervalis Data Center – Solutions Architect

- Proactively leading and guiding all technical aspects of pre-sales solutions support
- Technical product positioning and design, overall application implementation project management and post-sales account support
- Expertise in the development of End-Business Customer solutions
- Supported sales and aided in contract acquirement by developing technical customer relationships with companies such as Pfizer, General Electric, HM-Online, Regional Help Wanted, and Kintetsu World Express.

CERTIFICATIONS

Lenel-Platinum Certified-Version 6.1.222
Verint-Niextiva-6.0
AMAG, CISCO, KANTECH, ENDURA

HBE

Jason Shedden, *Systems Engineer*

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc. – 2007 – Present – Fair Lawn, NJ – Systems Engineer

- Responsible for design and startup of all projects. Oversee the preparation of project submittals.
- Work closely with the project manager to insure design integrity and functionality.
- Re-design to meet the customer's requirements.
- Assist the Sales Department with pre-bid review to insure that bid proposals meet specifications and functionality demands

Colgate Palmolive – 2007 – 2007 – Morristown, NJ – Internship, Associate Business Process Analyst

- Modified ABAP/4 programs for supply chain management
- Created technical documentation for future interns
- Prepared presentations for upper management

BASF Corp. – 2006 – Mount Olive, NJ – Internship, Plastics Test Technician

- Developed new equipment for materials testing
- Electrical and mechanical testing of plastics materials
- Recorded test data using Microsoft Excel with graphs

Service Works, Inc. – 2004 – Farmingdale, NJ – Applications Engineer

- Designed security systems and integration of components
- Researched equipment and all requirements
- Worked closely with salesmen and project managers
- Site surveys for AutoCAD equipment layouts and riser diagrams

Integrated Access Systems – Parsippany, NJ – AutoCAD Specialist

- Integration of security system components
- Worked closely with salesmen and project managers
- AutoCAD equipment layouts and riser diagrams

EDUCATION and CERTIFICATION

New Jersey Institute of Technology, Newark, NJ

B.S. Electronics & Computer Engineering
National Engineering Technology Honor Society; Dean's List
Senior Project: Autonomous Car, Coordinator

- Modify RC car to navigate a road without human input
- Implemented collision avoidance system at low cost

Training or Certifications:

Ruben Crespo, *AutoCAD Administrator*

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc. – 2005 – Present – Fair Lawn, NJ – Systems Engineer AutoCAD Administrator

- Drafting & AutoCAD administration
- Adhere to company and industry standards

Tricarico Architects – 2004 – Wayne, NJ – Drafting and designing of HVAC systems Ver. 2004 AutoCAD

- Multi-task user on PC Word, Excel, PowerPoint, Adobe Products, etc.

Traffic Control Systems – 2002 – 2003 – So. Hackensack, NJ – Detailer/Sales/AutoCAD User ver. 2004

- Detailing Aluminum Traffic cabinets and components
- Created manuals for their sales force, using 3D in AutoCAD, Photoshop and Visio art Software. Multi-task user on PC Word, Excel, PowerPoint, Adobe Products, etc.

Key Handling Systems – 1999 – 2000 – Moonachie, NJ – Drafter/Detailer,

- Architectural 20001 AutoCAD and 3D User - Interpreted Engineers Drawing, Created Layouts or Conveyor Systems helping to increased sales.
- Suggested new Art works department that helped increased earnings using 3D AutoCAD, Photoshop and Power Point Presentations
- Multi-task user on PC Word, Excel, PowerPoint, Adobe Products, etc.

Sandvik Sorting Systems – 1998 – 1999 – Totowa, NJ – Systems Drafter I Detailer

- Helped in sales dept by designing Conveyors
- Interpreted Engineers Drawing and Created Mechanical Parts or Systems
- Versions 12 & 14 AutoCAD User

Atmos Engineering – 1998 – 1998 – Kenilworth, NJ – Drafter/Ver. 10 AutoCAD User Part Time

- Drafter for HVAC
- Interpreted Engineers Drawing, detailing and Created Architectural layouts
- Created programs for calculations using software
- Certificate in Drafting and Design of Architectural, Electrical Mechanical, Steel, on the board and on AutoCAD

EDUCATION and CERTIFICATION

Passaic School of Drafting Wayne, NJ

Professional School of Business Milburn, NJ

Rules & Regulation and Title insurance-certified

New Jersey and New York notary

Training or Certifications:

Walter Bertram Jr., *Project Manager*

SUMMARY OF EXPERIENCE

Project Manager for large scale projects, including The Port Authority of NY and NJ, with over thirty-one years of progressive experience in the Information Technology, Security, and Customer Service Industries.

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc. – 2001 - present – New York – Project Manager for PANYNJ: JFK, LGA, EWR

- Plan and develop the course of Port Authority Work Order Projects
- Develop Scope of Work for Work Orders
- Participate in Job Walk Through
- Secure, obtain quotes, and manage sub-contractors
- Manage Projects to a timely completion
- Close-out projects

Field Service Manager – Aviation

- Manage service operations at three PANYNJ Airports.
- Assist PM with scheduling and over-seeing installations at Airports.
- Provide advanced technical support to three on-site technicians.
- Assist and produce documents, drawings, and reports.

Mosler Inc. – 1980 – 2001 - Hamilton, OH

Lead On-Site Service Technician – Newark International Airport
Airport Site Supervisor – Newark International Airport
Installation Supervisor
Senior Customer Service Representative / Supervisor

- Provide daily preventative and remedial maintenance.
- Assist with Airport Service and Installations
- Provide advanced technical support to other technicians
- Assist with PANYNJ installations and advanced troubleshooting
- Provide daily scheduling of Airport Airside Security System Installation
- Instruct and supervise sub-contractors
- Maintain integrity of both new and existing systems

EDUCATION and CERTIFICATION

Middlesex County Vocational Technical H.S, Perth Amboy, NJ

High School Diploma - Electronics Vocation - Work Study Program in TV Repair

Training or Certifications:

Lenel-Silver Certified (Version 6.3), SQL 7.0 System Administration – Microsoft Certified, Intelect Sonetlynx Networks Certification, Software House Training, Linx and Mosler / Linx Access Control, Train The Trainer Course, Omron ATM Training, IBM AT and XT Service, Satellite Link Training, and other Mosler Alarm and RTS Product Training – Verint-Nextiva-Version 6.0

Security clearance

Active Airside Access Privileges with escort and driver at EWR, LGA, and JFK Airports
Customs Clearance at EWR Airport.

Michael T. Murray *Senior Project Manager*

SUMMARY OF EXPERIENCE

Michael has 37 years of experience in the project and systems management experience in the fire alarms, CCTV system, security and operations. Michael has managed numerous projects in the NY metro area. Michael's responsibilities include: customer service, sales, service and maintenance, operations and installations.

HENRY BROS. ELECTRONICS – PROJECT MANAGER

Managed work order installations including labor; issue sub-contractor agreements; coordinate and schedule labor requirements with electrical contractors; ordered equipment and coordinated delivery for work orders; provide labor estimates for work orders. Projects included Newark Liberty International Airport, JFK International Airport, LaGuardia Airport, PATH and Nissan America.

MOSLER INCORPORATED – PROJECT MANAGER

Managed major projects in the New York Metro Area; supervised the design and installation of system upgrades and conversions; ensure integrity of existing systems was maintained while upgrades and conversions took place; managed the security system upgrade at three Port Authority Airports simultaneously (these projects were completed on time and under budget). Sites include JFK International Airport, Newark Liberty International Airport, LaGuardia Airport, MCI WorldCom in NY and NJ, Word Financial Center, NY.

STRATEGIC SECURITY TECHNOLOGIES INC. – PROJECT MANAGER

Responsible for all aspects of installation of Access Control Systems, closed circuit television systems, intercom systems and burglar alarm systems; designed and engineered systems as needed; scheduled and coordinated all work with clients and sub-contractors; specified and approved all material purchases. Some example sites are PSE&G throughout NJ and Bell Atlantic in NY, MD and VA.

FRANKLIN ELECTRONIC SYSTEMS, INC. – OPERATIONS MANAGER

Managed all daily operations of a high volume electronics company; trained, scheduled, supervised and evaluated 12 Service Technicians; hired, trained and supervised Installation Manager, Service Manager and Project Managers; coordinated projects with contractors and sub-contractors; assisted Engineers with system design. Top missions were PSE&G, BASF Corporation and E.I. DuPont.

TRAINING

Trained in Lenel, Casi-Rusco, Westinghouse Access Controls, Checkpoint, Northern Systems, Radionics, NICE and Verint.

Charles White, *Project Manager*

SUMMARY OF EXPERIENCE

Project Manager for large scale projects, including The Port Authority of NY and NJ, with over thirty-one years of progressive experience in the Information Technology, Security, and Customer Service Industries.

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc. – 2006 - present – New York – Project Manager

Project Manager for PANYNJ, at the major airports: JFK, LGA, EWR.

The Port Authority of NY and NJ – 2002 -2006 – New York – Project Manager

Managed the design / implementation at EWR and JFK Airports of:

- Approximately 15 miles of fiber optic infrastructure and associated systems
- Airport Security Initiatives and TSA Security pilot projects
- A new CCTV system
- The high bandwidth (GIGE) intra-facility links
- Critical system relocations

Lewco Securities Corporation – 1998 -2001 – New York – Manager, Network Services

- Network design, implementation, and support of multi-tiered LAN/WAN networks, encompassing over 100 sites located throughout the US and Europe
- Managed Technical staff and vendors, dispatching staff to resolve customer problems
- Project managed and implemented the conversion of the legacy multiplexer network to as TCP/IP_ routed network at 85 sites

The Port Authority of NY and NJ – 1973 -1998 – New York

Senior Network Specialist

- Responsible for network design, implementation and maintenance
- Project management team for Disaster recovery Project

Assistant Data Processing Supervisor

- Responsible for Data Center staff, including Mainframe Operations, Network Operations, and Help Desk Operations

EDUCATION and CERTIFICATION

CUNY, Queens College, Flushing, NY

Course work in Liberal Arts

Training or Certifications:

Lenel- Silver Certified – Version 6.3

Verint-Nextiva – Version 6.0

Novell 4.1 CNE Suite, H.P. Overview, Cisco Routers, CiscoWorks, Cisco Switches, Bay Networks, Optivity, Checkpoint Firewall, Timeplex Multiplexers, GDC Multiplexers, Codex Multiplexers, IBM MVS, DCE VMS, Vitalink LAN Bridges, TCP/IP, OSI, DataSwitch Channel Extenders, Seagate NerveCenter, Ki Systems LAN Node Manager, AT&T Dataphone II System Controller, Network General / Telenex 2700 LAN/WAN Switching Systems

Gregory Vickers: *Service Supervisor - Airports, Bridges, Tunnels*

SUMMARY OF EXPERIENCE

Technical expert in maintaining and troubleshooting Access Control, CCTV and Security Systems

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc.: New York – 2001 - Present
Security Integrators
HBE –Supervisor for "On-Site" technicians at major airports: JFK, LGA, EWR

Mosler Safe Company: New York
Security Systems

EDUCATION

High School Diploma

CERTIFICATIONS:

Lenel Silver (Version 6.3)
Intelect
Verint / Nextiva

Louis Anderson IV: *On-Site Technician, EWR*

SUMMARY OF EXPERIENCE

Technical expert in maintaining and troubleshooting Access Control, CCTV and Security Systems.

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc.: New York – 2007 - Present
On-Site Service Technician, EWR for PANYNJ CASS, ACDTV, and L-3 Systems

Wornall Secure Business Solutions: New Jersey – 2001 - 2007
Access Control / CCTVT Service Technician
Assistant Project Manager – Large Building Project

Controlled Access: New Jersey – 2000 - 2001
Access Control / CCTVT Service Technician
Multiple Building Lead Technician

EDUCATION

High School Diploma

Middlesex Community College
- Windows NT Server/Network Administration
- Business Management Practices
- Networking Essentials

CERTIFICATIONS:

Lenel Silver (Version 6.3)
Intelect
Zenitel Installer
Software House Installer
Verint / Nextiva

James Barron: *On-Site Service Technician, JFK*

SUMMARY OF EXPERIENCE

Technical expert in maintaining and troubleshooting Access Control, CCTV and Security Systems

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc.: New York – 2001 - Present
On-Site Service Technician - JFK for PANYNJ CASS & OCC Systems

Mosler Safe Company: New York
Airport Technician

ADT: New York
Service Technician

Holmes Protection: New York
Service Technician

EDUCATION / TRAINING/CERTIFICATION

High School Diploma

Nassau Community College

CERTIFICATIONS:

Lenel Silver (Version 6.3)

MILITARY SERVICE

USMC - honorable discharge
Rank E-5

HBE

James Breland: *Site Technician*

SUMMARY OF EXPERIENCE

Technical expert in maintaining and troubleshooting Access Control, CCTV and Security Systems

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc.: New York – 2008 - Present
Airport Technician supporting non-PA systems
Services all airports in the NY, NJ Metro area – JFK, LGA, EWR

JP Morgan Chase.: New York – 1983 - 2006
Service Manager – Help Desk 24x7
Lead Technician – Technical support
ATM Field Technician – Preventative Maintenance

EDUCATION

High School Diploma

CERTIFICATION

Lenel Silver (Version 6.3)

MILITARY SERVICE

US Army Reserve – 99th Signal BN
Repairs, Trouble Shooting, Operations – Multi-Channel Communications Equipment

Barrington C. Scott: *On-Site Technician, LGA*

SUMMARY OF EXPERIENCE

Technical expert in maintaining and troubleshooting Access Control, CCTV and Security Systems

PROFESSIONAL EXPERIENCE

Henry Bros. Electronics, Inc.: New York – 2002 - Present
On-Site Service Technician - LGA for PANYNJ CASS and ACDTV systems

Siemens: New York – 2001 - 2002
Field Service Engineer
Install / Service Automated Baggage Systems

Mosler, Inc.: New York – 1993 - 2001
Airport technician
Supervision / Installation / Servicing of Alarm Panels, Access Control Systems, CCTV

Linx Technologies: New York – 1993 - 2001
Service Technician
Installation and Servicing of Electronic Security Systems

EDUCATION

High School Diploma

SCS Business & Technical Institute
Electronic Service Technology / Computer Technology

Technical Career Institute
Electronic Engineering Technology

CERTIFICATIONS:

Lenel Silver (Version 6.3)
Intelect

Trained and Certified Service Technicians

EMPLOYEE CERTIFICATIONS

LOUIS	ANDERSON	NJ	LENEL	GOLD	DL1000R,DL2000R,DL4000R	6.3.249	06/26/09	
LOUIS	ANDERSON	NJ	VERINT/NEXTIVA		INSTALL & SUPPORT	6.0		
LOUIS	ANDERSON	NJ	ENTERPRISE AIR		3 YEARS ON HANDS EXPERIENCE			
LOUIS	AVAGNANO	NJ	LENEL	PLATINUM + EXT	DL1000R,2000R,3000R,4000R,7000R	6.3-249	06/26/09	
MICHAEL	BABCOCK	NJ	LENEL	SILVER	DL 1000R, 2000R, 4000R	6.3-249	06/26/09	
AL	BADUKLU	NJ	LENEL	MASTER	DL1000R,2000R,3000R,4000R,5000R, 7000R	6.3-249	06/26/09	
AL	BADUKLU	NJ	VERINT/NEXTIVA		INSTALL & SUPPORT			
AL	BADUKLU	NJ	ENTERPRISE AIR		3 YEARS ON HANDS EXPERIENCE			
PHIL	BALDUCCI	NJ	LENEL	SILVER	DL1000R, DL2000R	6.1.222	02/06/09	
JIM	BARRON	NJ	LENEL	SILVER	DL1000R,2000R	6.3.249	07/24/09	
JIM	BARRON	NJ	VERINT/NEXTIVA		INSTALL & SUPPORT	6.0		
WALTER	BERTRAM	NJ	LENEL	SILVER	SILVER	6.3-249	07/24/09	
WALTER	BERTRAM	NJ	VERINT/NEXTIVA		INSTALL & SUPPORT	6.0		
WALTER	BERTRAM	NJ	ENTERPRISE AIR		3 YEARS ON HANDS EXPERIENCE			
JUSTIN	BURKE	NJ	LENEL	PLATINUM + EXT	DL1000R,2000R,3000R, 4000R,7000R	6.3-249	06/26/09	
JOHN	CAMERON	NJ	LENEL	SILVER	DL1000R,2000R,4000R	6.3-249	07/24/09	
FRANK	CLANCY	NJ	LENEL	GOLD	DL1000R,2000R,3000R,4000R	6.3-249	07/24/09	
JAMES	DEVITO	NJ	LENEL	CERTIFIED	CR2000R		06/11/04	
ROBBIN	DUDA	NJ	LENEL	GOLD	DL1000R,DL2000R,DL4000R	6.3-249	06/26/09	
CHRISTIAN	HENRY	NJ	LENEL	MASTER	DL1000R,2000R,3000R,5000R,7000R	6.1.222	12/05/08	
NEEL	KEER	NJ	LENEL	CERTIFIED	CR1000R	6.3.249	06/12/09	
NEEL	KEER	NJ	LENEL	CERTIFIED	CUSTOM SOLUTIONS		11/07/08	
CHRIS	KOUNOUKLOS	NJ	LENEL	SILVER	DL 1000R, 2000R, 4000R	6.2.249	06/26/09	
EMIL	MARRONE	NJ	LENEL	SILVER	DL1000R,2000R	5.11.105	01/15/05	
JACOB	MARUT	NJ	LENEL	PLATINUM +	DL1000R,2000R,3000R,4000R,7000R	6.3.249	06/26/09	
KERRY	MOODY	NJ	LENEL	SILVER	DL1000R,2000R	6.3.249	07/24/09	
GIUSEPPE	MOTTA	NJ	LENEL	PLATINUM +	DL1000R,2000R,3000R,7000R	6.1.222	03/06/09	
GIUSEPPE	MOTTA	NJ	VERINT/NEXTIVA		INSTALL & SUPPORT			
GIUSEPPE	MOTTA	NJ	ENTERPRISE AIR		3 YEARS ON HANDS EXPERIENCE			
THOMAS	MULLANEY	NJ	LENEL	SILVER	DL1000R,2000R	6.3-249	07/24/09	
MICHAEL	MURRAY	NJ	LENEL	SILVER	DL1000R,2000R	6.3-249	07/24/09	
MICHAEL	MURRAY	NJ	VERINT/NEXTIVA		INSTALL & SUPPORT			
JOHN	NASHMY	NJ	UMDNJ	CERTIFIED	OSHA		02/22/08	
VAL	PLETNEV	NJ	LENEL	CERTIFIED	CR4000R VAR-DIGITAL VIDEO	6.3.249	07/24/09	
DON	ROGERS	NJ	LENEL	SILVER	DL1000R,2000R	6.0.148	05/23/08	
GERARD	ROMOLO	NJ	LENEL	MASTER	DL1000R,2000R,3000R,4000R,5000R□7000R	6.3.249	06/26/09	
GERARD	ROMOLO	NJ	VERINT/NEXTIVA		INSTALL & SUPPORT			
BARRINGTON	SCOTT	NJ	LENEL	SILVER	DL1000R,2000R	6.3-249	06/26/09	
BARRINGTON	SCOTT	NJ	ENTERPRISE AIR		3 YEARS ON HANDS EXPERIENCE			
WAYNE	SEMPITI	NJ	LENEL	PLATINUM +	DL1000R,2000R,3000R,4000R, 5000R,7000R	6.3-249	07/24/09	
EDOUARD	SONNENSCHEIN	NJ	CISCO	CERTIFIED	CCNA			
EDOUARD	SONNENSCHEIN	NJ	VERINT/NEX	CERTIFIED	INSTALL & SUPPORT		04/20/07	
EDOUARD	SONNENSCHEIN	NJ	LENEL	PLATINUM +	CR1000R,CR2000R,CR3000R,CR4000	6.1.222	02/06/09	
DANTE	SPARLING	NJ	LENEL	SILVER	DL1000R, DL2000R	6.1.222	02/06/09	
GREGORY	VICKERS	NJ	LENEL	SILVER	DL1000R,2000R,4000R	6.3.249	07/24/09	
GREGORY	VICKERS	NJ	VERINT/NEX	CERTIFIED	INSTALL & SUPPORT		02/07/07	
GREGORY	VICKERS	NJ	ENTERPRISE AIR		3 YEARS ON HANDS EXPERIENCE			
CHARLES	WHITE	NJ	LENEL	SILVER	DL 1000R, 2000R, 4000R	6.3-249	07/24/09	
CHARLES	WHITE	NJ	VERINT/NEX	CERTIFIED	INSTALL & SUPPORT		04/20/07	

HBE HAS 29 LENEL CERTIFIED TECHNICIANS, 9 VERINT CERTIFIED AND 7 ENTERPRISE AIR.

Computerized Work Order and Maintenance Management System

Corrective Maintenance and Service Call Process

When a customer experiences a problem with their equipment, they may contact HBE to request service. This request may be made by calling the HBE service line, telling an onsite technician, or using the service request form on the WWW. When the service request is made, it is recorded in HEART (HBE Asset Reporting and Tracking). HEART is HBE's computerized maintenance management system (CMMS).

After the service request has been analyzed by the dispatcher or service manager, an HBE technician is assigned to the work ticket and will respond or is scheduled for the work. This action is logged in HEART.

When the service technician is onsite and has been able to work with the equipment, the root cause of the problem will be determined. If the problem remains, HBE staff will continue to analyzed the problem and perform one of the following actions: order appropriate parts, dispatch another technician, request HBE engineering support, and/or escalate the problem within HBE. The equipment vendor may also be contacted to aid in troubleshooting and problem resolution.

If there is a delay in the solution, the appropriate parties at the customer site as well as HBE management is made aware of the service delay. The delay is logged into HEART and resources can again be scheduled to address the problem. The Service Manager may determine that vendor support is warranted. Escalation with HBE may also take place at that time.

Once the corrective action has been successfully completed, the customer will accept the work by approving the work ticket. This approval may be done electronically using the WWW, using a digital signature pad, or in some locations by signing a paper work order. The corrected action is then processed through HEART and the customer will then be notified that the problem is resolved. This notification may be an email message, phone call, or online report. The notification may also be logged into the system. At the HBE office, staff will check or verify that the work was under warranty and bill appropriately.

Parallel to this process, the disposition of the parts are also tracked in HEART. If the equipment is returned to the vendor for repair and it is determined that the equipment cannot be repaired, the disposal will be per HBE or vendor policies and the asset record will be updated in HEART. If or when the equipment is returned to HBE, the inventory information in HEART is updated.

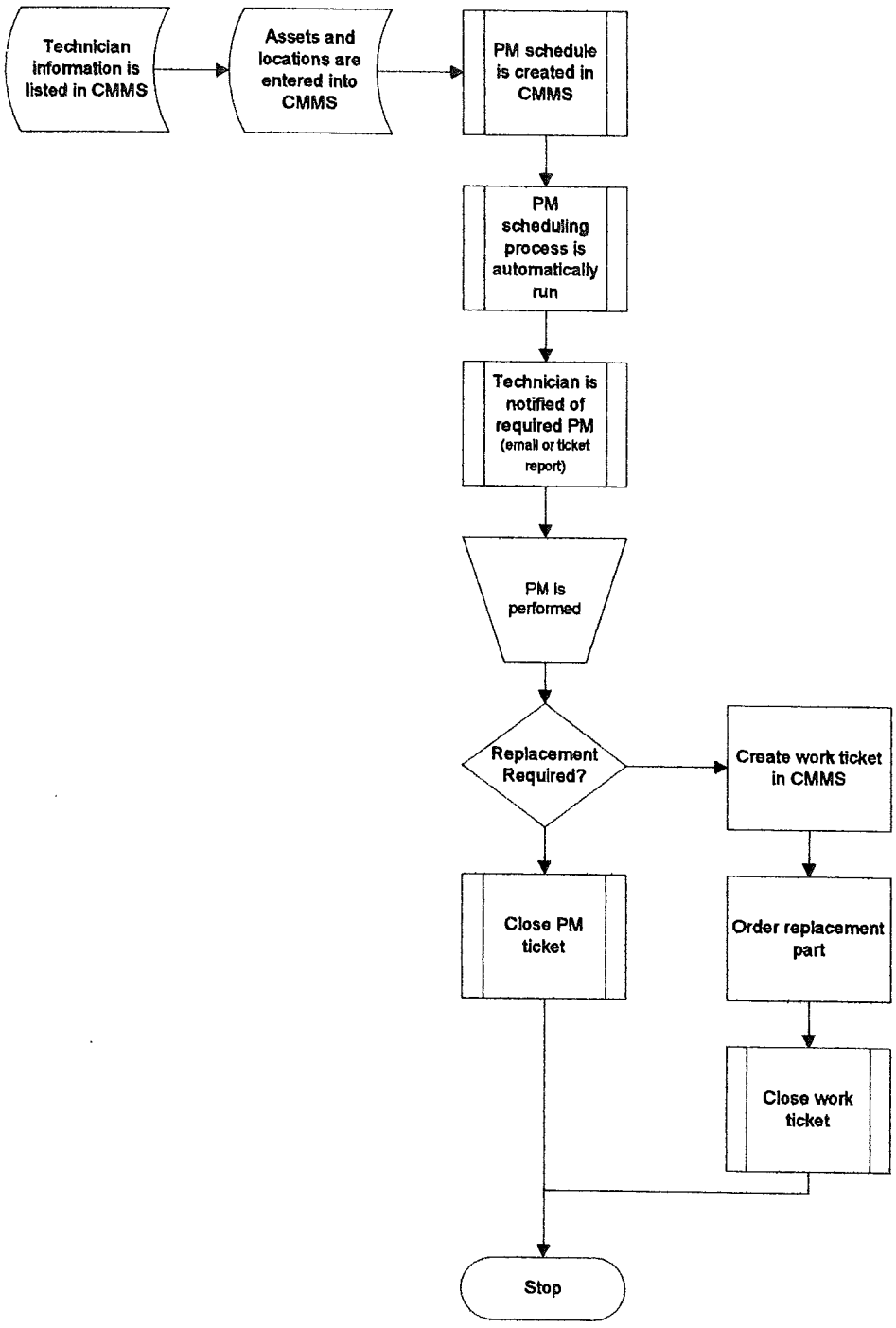
Preventative Maintenance Process

A HBE Service Contract may include a preventative maintenance (PM) component. When the contract includes a PM component, the agreed upon PM schedule is recorded in HEART (HBE Asset Reporting and Tracking). HEART is HBE's computerized maintenance management system (CMMS). The PM for an asset or all assets in a location may be scheduled at a regular interval. A list of tasks to be performed during the PM may also be included in the system. HEART also contains a list of technicians that are available to perform work at a particular location.

The HEART system scheduler will create a work ticket for a PM to be performed, based on the asset and the PM schedule associated with each asset. This ticket is created before the PM due date, so there is time to address scheduling and other corrective maintenance issues. When the PM is configured in the system, it is associated with an individual technician or a group of technicians. The PM work ticket is associated with that group or individual technician. PM work tickets are standard work tickets and are treated as any other ticket in the system. They may be viewed, updated, or reassigned.

When the PM is performed, the technician will update the information in the CMMS, recording the status of the equipment. If a repair is required, another work ticket is created in the CMMS to track the discovered issue. This new work ticket is treated as a standard corrective maintenance work ticket and is a child ticket of the original PM work ticket. The PM work ticket is closed when the PM is completed and all associated child work tickets are also closed.

HEART Preventative Maintenance Workflow

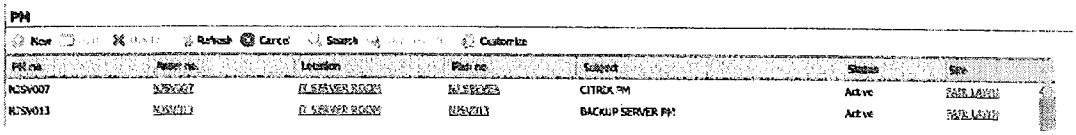


Version 1.0
22Jul2009

HEART Preventive Maintenance

PM Module

PM module (Preventive/Predicative Maintenance) is where you define all the service plans and scheduled service tasks, referred to as PM Plan and PMs in HEART. A PM list shows all the PMs defined in the system.



You can define time or condition based service activities for in the PM module.

- PM can be scheduled for weekly, by number of weeks or months; or just by number of days. For instance, you can define a weekly task to be performed on Tuesday and Thursday; a 3-month task to be performed on first Friday of the due month.

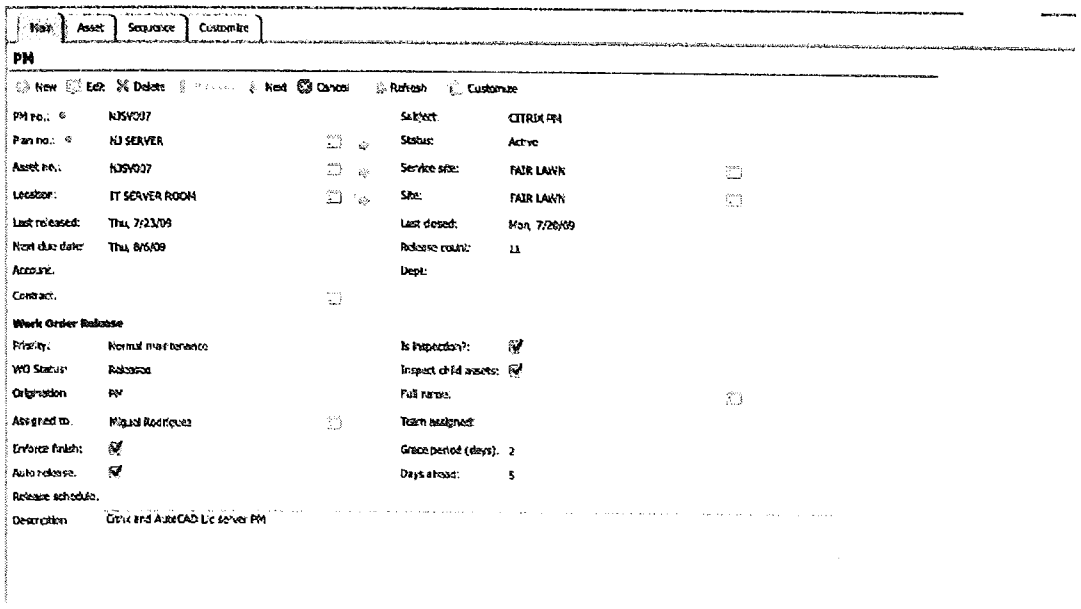
PM in HEART consists PM plans and PM tasks.

- A PM Plan defines activities to be performed including schedule, instructions to do the work, and requirements of labor, material and downtime.
- PM tasks, or PMs, are the association of PM Plans to assets. A single asset PM consists of a PM plan and an asset. A multi-asset PM consists of other PMs.
- It is a good practice to define all the service activities per asset type as PM Plans. You can then create work orders for service requests based from pre-defined PM Plans. You can also enter manual work orders from PM Plans.

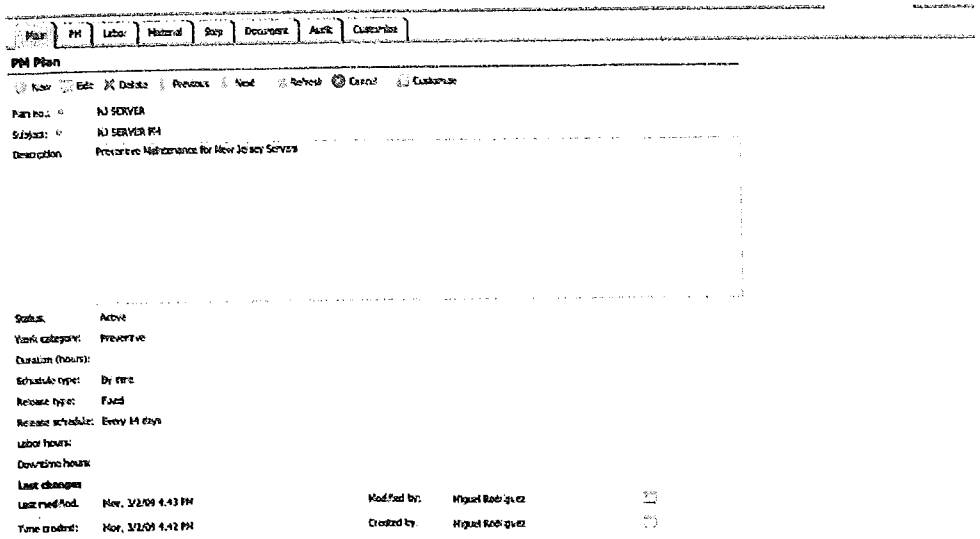
A PM is a short hand for PM task. It consists of assets and PM plans. Key fields for PM include:

- PM no.: id of the PM.
- Subject: a short note.
- Plan no.: PM plan to perform. It may be left undefined for PMs having child PMs.
- Status: a) active; b) inactive.
- Asset no.: the asset for the PM.
- Location: the location of the asset, or it's a PM for a location.
- Description: a description of the PM.
- Work priority: work order priority when a work order is created for the PM.
- Origination: work order origination.
- User name: the user who originated the PM.

- Assigned to: user assigned to.
- Team assigned to: team to assign when it's created as a work order.
- Last released: last time the PM is released.
- Last closed: last time the PM is closed.
- Next due date.
- Release count: times the PM have been released.
- Account code and dept for the PM
- Inspection and inspecting child assets. These fields indicate if the PM is an inspection PM. Child assets can be optionally included for inspection PM. Child assets with asset type checked for PM inspection will be included when generating a work order.
- Note: Child assets are dynamically maintained by HEART during inventory issuing and in repair work orders. This configuration allows the state of the child assets be considered when generating work orders.
- Enforce finish and Grace period. You can enforce that a PM should be completed within a grace period of due date when it is on a work order. A PM service alarm is raised if a PM is not completed by the due date plus the PM duration and the grace period.
- Auto-release and days ahead. When a PM is generated as a work order, the material request is not placed until the PM work order is released. You can configure a PM to be auto-released within certain days prior to the PM due date.



PM Plan Module



Key PM Plan fields are:

- Plan no.
- Subject: a short description
- Description: a description for the PM Plan.
- Status: a) active; b) inactive.
- Work category: a) Emergency; b) Corrective; c) Predictive; d) Preventive; e) Detective.
- Duration in hours.
- Schedule type: a) by time; b) by meter; c) both; c) other.
- Release type: a) fixed; b) floating; c) other
- Release schedule: defines the schedule information.

Note:

- Fixed release type is to release the PM when it is due.
- Floating is to release the PM when it is due and there's no standing work orders for this PM.

HBE Asset Tracking and Reporting

Maintenance is complex. Managing it is made easier with HBE's HEART System

(Henry Bros. Electronics Asset Reporting and Tracking)

Using HBE's web-based asset tracking solution, you can more easily manage your security assets.

HEART will:

- Increase efficiency
- Improve your budgets
- Enhance communications
- Cover potential compliance and legal issues

With HEART:

- Automate your trouble tickets and work orders
- Schedule maintenance by location, personnel resources, equipment
- Include instructions and lists specific to preventative maintenance
- Track your assets including specifications, warranty and service contracts, and other information detailed to your organization
- Easily provide customizable reports specific to your assets and company

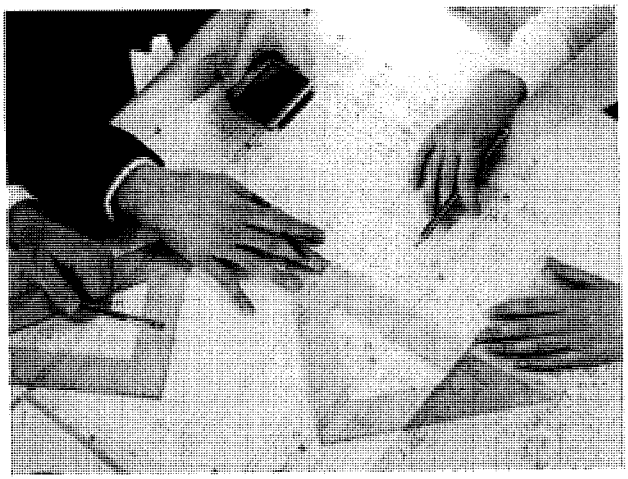
HBE's HEART can help your security maintenance operations run more smoothly, with fewer problems and better use of resources.

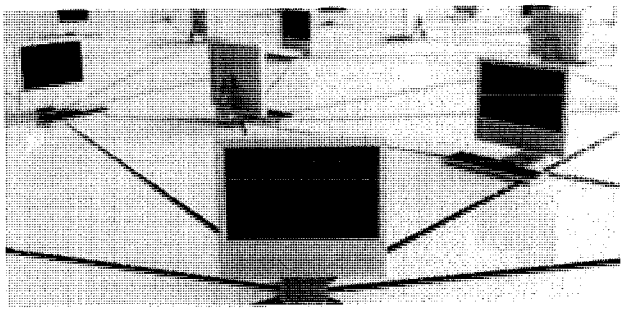
The benefits of HEART are:

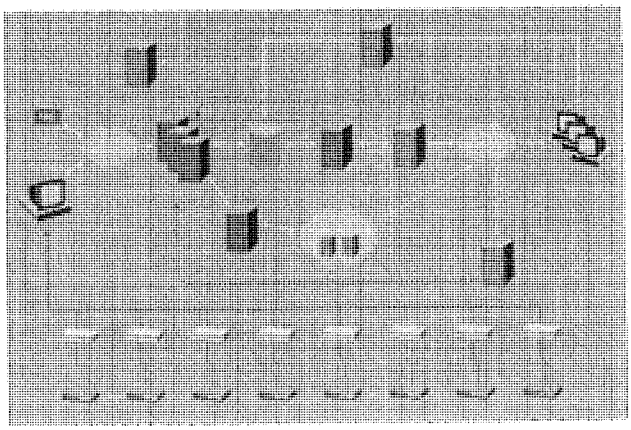
- Easily scheduling jobs and assigning personnel using a simple visual calendar that displays available resources
- Gaining insight into potential causes of problems by tracking relevant information on trouble tickets
- Having consistency in Preventative Maintenance work by providing check-lists / step-by-step instructions for PM jobs
- Increasing information of all warranty details and service contracts by having it centralizing in one area
- Reducing loss of spare part inventory by keeping control over how many and where those parts are located

With HBE you'll receive more than a half century of excellence in the design, deployment, and maintenance of technology-based electronic surveillance, access control and emergency communication systems. Our customers include a wide range of public agencies and commercial enterprises.

To learn more about HEART, call 201-794-6500 or contact HBECorporateSales@hbe-inc.com







HBE

hbe-inc.com

HENRY BROS. ELECTRONICS, INC.

perfecting security integration ***since 1950***

17-01 Pollitt Drive
Fair Lawn, NJ 07410
201-794-6500
Fax: 201-794-8341

HENRY BROS. ELECTRONICS, INC.

perfecting security integration since 1950

- A Computerized Maintenance Management System (CMMS) is Software that maintains a computer database of information about an organization's maintenance operations. This information is intended to help maintenance workers do their jobs more effectively. A system generally includes notes, location of assets, and past work done.
- There are generally 4 modules to a CMMS system:
  - Trouble Tickets
    - Scheduling jobs, assigning personnel, reserving materials, recording costs, and tracking relevant information such as the cause of the problem and recording where materials are store.
  - Preventive maintenance (PM)
    - Keeping track of PM inspections and jobs, including step-by-step instructions or check-lists, lists of materials required, and other pertinent details.
  - Asset management
    - Recording data about equipment and property including specifications, warranty information, service contracts, spare parts, purchase date, expected lifetime, and anything else that might be of help to management or maintenance workers.
  - Inventory control
    - Management of spare parts, tools, and other materials including the reservation of materials for particular jobs,

- HBE's Asset Reporting and Tracking (HEART) System provides you with a CMMS system that you don't need to install or maintain. As a hosted solution, HBE does all the work for you.
- HEART will provide you with the necessary reporting and tracking of your assets both to help you make a better informed decision in future planning as well as managing your present solution.

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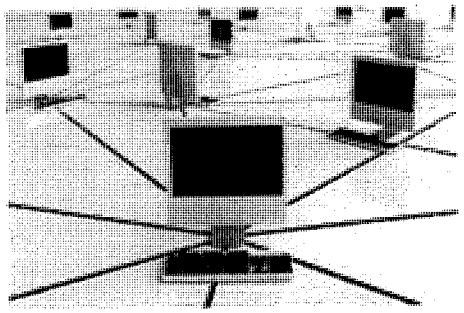
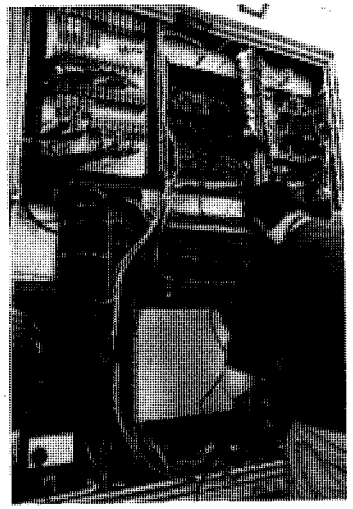
perfecting security integration since 1950

HBE Asset Tracking and Reporting (HEART)





Maintenance is complex.

Managing it is made easier with HBE's HASTAR System.

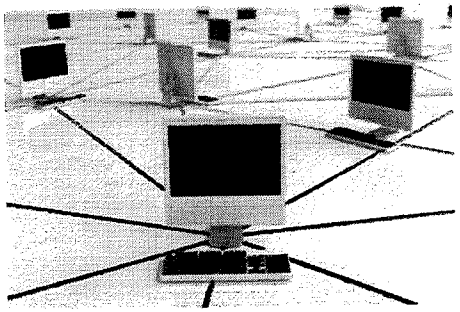
Using HBE's web-based asset tracking solution, your security maintenance operations will run more smoothly, with fewer problems and a better use of resources

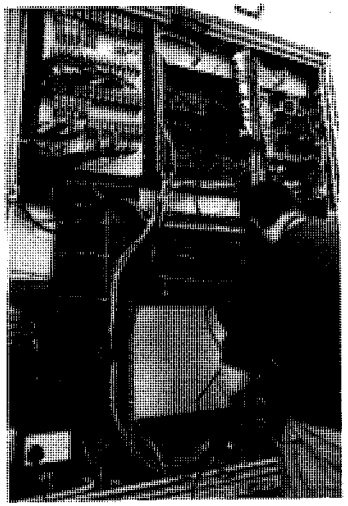
- Tracking of all equipment which provides a detailed list of all assets
- Effectively manage warranty and replacement items
- Track the lifecycle of equipment
- Efficient scheduling of Preventative Maintenance
- Reporting of equipment performance
- Value reports showing the health of your system based on Scheduled Maintenance
- Information that creates better decision making for future planning

HENRY BROS. ELECTRONICS, INC.
perfecting security integration since 1950

HEART Features

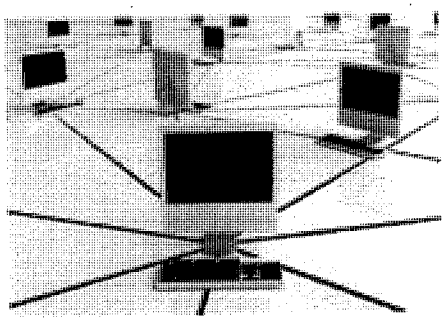
- Automate your trouble tickets and work orders
- Schedule maintenance by location, personnel resources, equipment
- Include instructions and lists specific to preventative maintenance
- Track your assets including specifications, warranty and service contracts, and other information detailed to your organization
- Easily provide customizable reports specific to your assets and company
- HBE's HEART can help your security maintenance operations run
- more smoothly, with fewer problems and better use of resources.

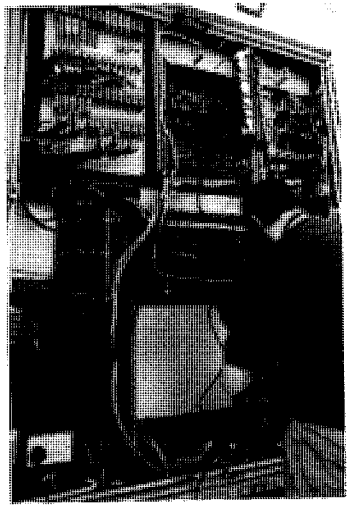




HEART Benefits

- The benefits of HEART are:
  - Gaining insight into potential causes of problems by tracking relevant information on trouble tickets
  - Having consistency in Preventative Maintenance work by providing check-lists / step-by-step instructions for PM jobs
  - Increasing information of all warranty details and service contracts by having it centralizing in one area
  - Reducing loss of spare part inventory by keeping control over how many and where those parts are located





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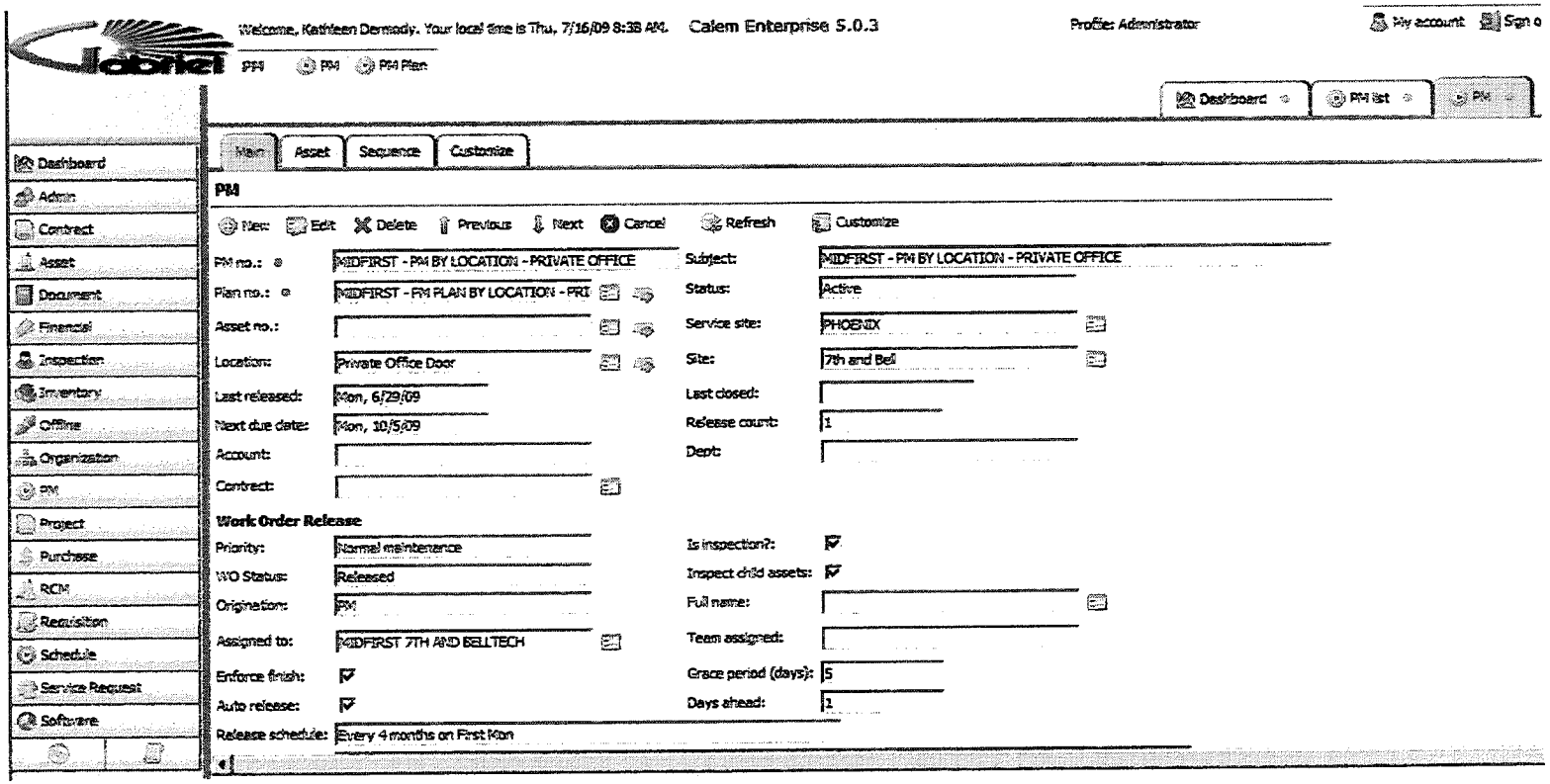
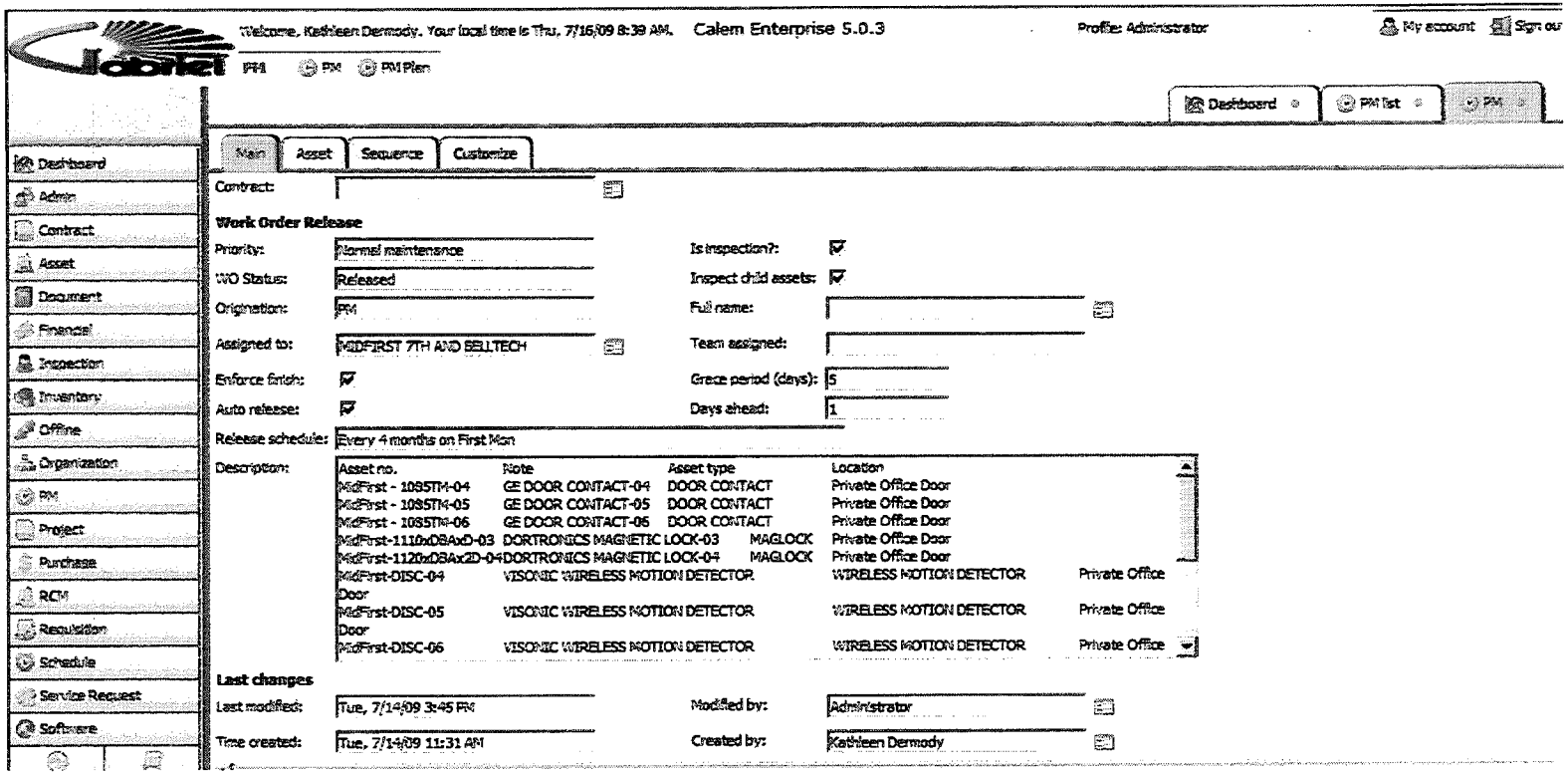
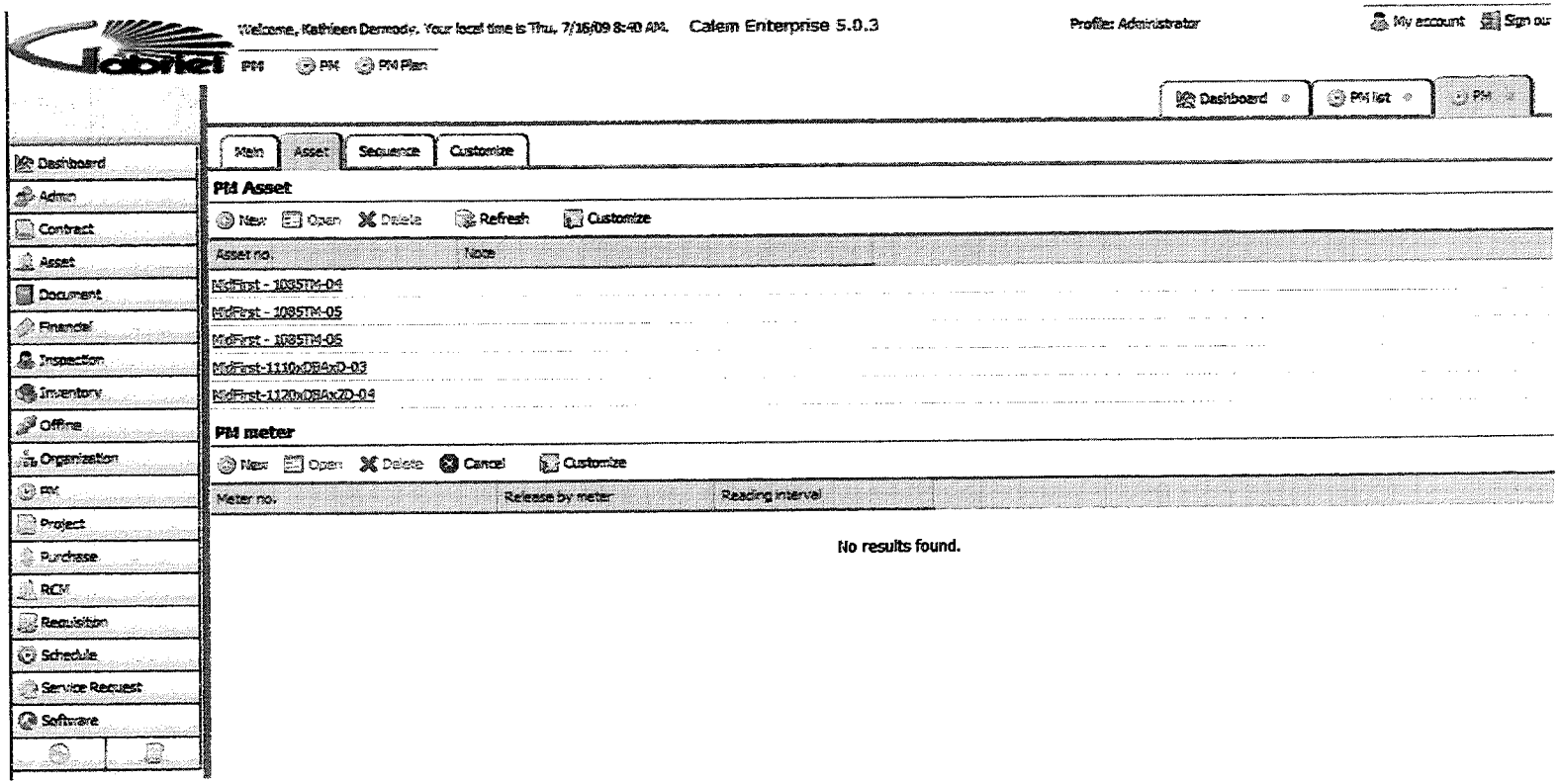
I. Example PM Schedule:

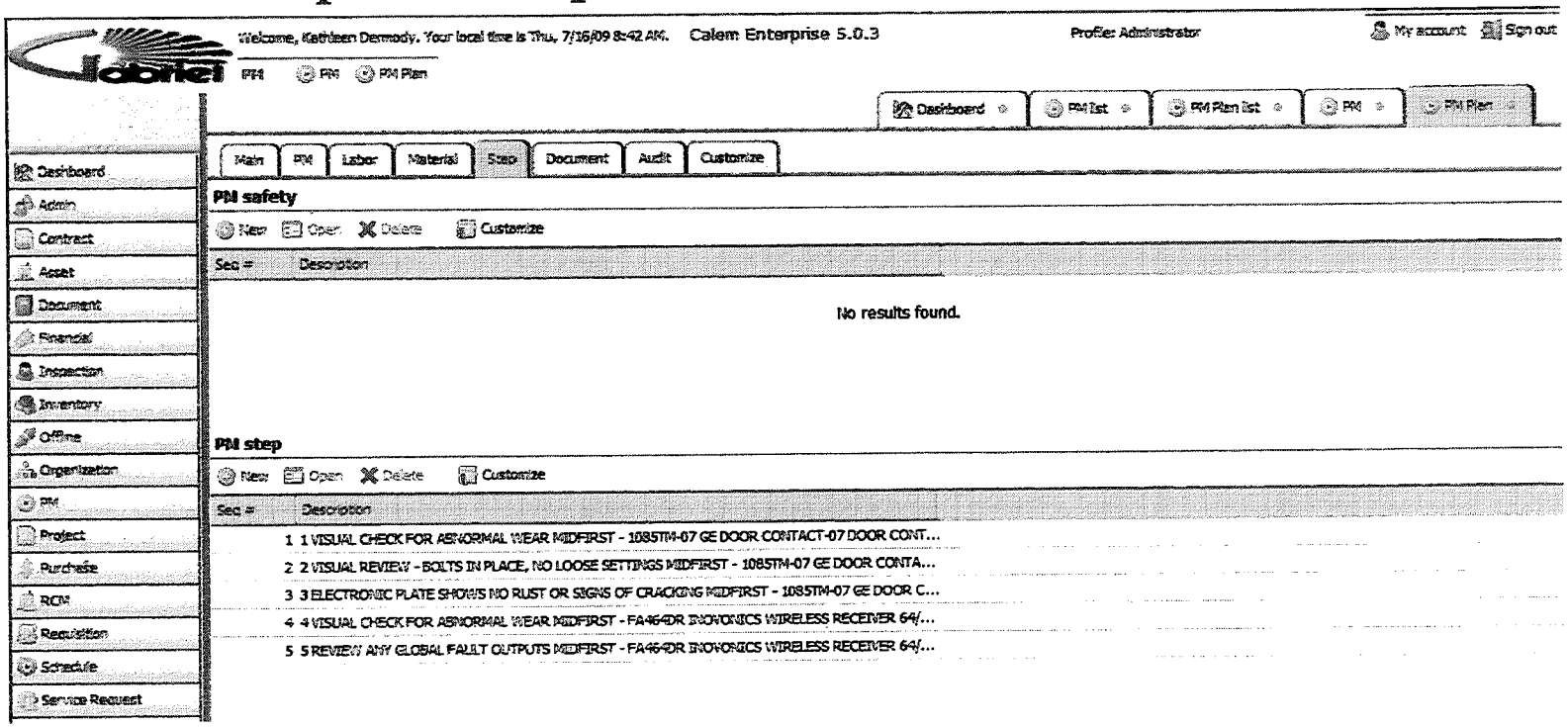



Welcome, Kathleen Dermody. Your local time is Thu, 7/16/09 8:39 AM. Calem Enterprise 5.0.3
Profile: Administrator
My account
Sign out
PM1
PM
PM Plan
Dashboard
PM list
PM
Dashboard
Admin
Contract
Asset
Document
Financial
Inspection
Inventory
Offline
Organization
PM
Project
Purchase
RCM
Requisition
Schedule
Service Request
Software
Main
Asset
Sequence
Customize
Contract:
Work Order Release
Priority: Normal maintenance
WO Status: Released
Origination: PM
Assigned to: MIDFIRST 7TH AND BELLTECH
Enforce finish:
Auto release:
Release schedule: Every 4 months on First Mon
Description:
Is inspection?:
Inspect child assets:
Full name:
Team assigned:
Grace period (days): 5
Days ahead: 1
Asset no. Note Asset type Location
MidFirst - 1085TM-04 GE DOOR CONTACT-04 DOOR CONTACT Private Office Door
MidFirst - 1085TM-05 GE DOOR CONTACT-05 DOOR CONTACT Private Office Door
MidFirst - 1085TM-06 GE DOOR CONTACT-06 DOOR CONTACT Private Office Door
MidFirst-1110xDBAxD-03 DORTRONICS MAGNETIC LOCK-03 MAGLOCK Private Office Door
MidFirst-1120xDBAx2D-04 DORTRONICS MAGNETIC LOCK-04 MAGLOCK Private Office Door
MidFirst-DISC-04 VISONIC WIRELESS MOTION DETECTOR WIRELESS MOTION DETECTOR Private Office Door
MidFirst-DISC-05 VISONIC WIRELESS MOTION DETECTOR WIRELESS MOTION DETECTOR Private Office Door
MidFirst-DISC-06 VISONIC WIRELESS MOTION DETECTOR WIRELESS MOTION DETECTOR Private Office
Last changes
Last modified: Tue, 7/14/09 3:45 PM
Time created: Tue, 7/14/09 11:31 AM
Modified by: Administrator
Created by: Kathleen Dermody

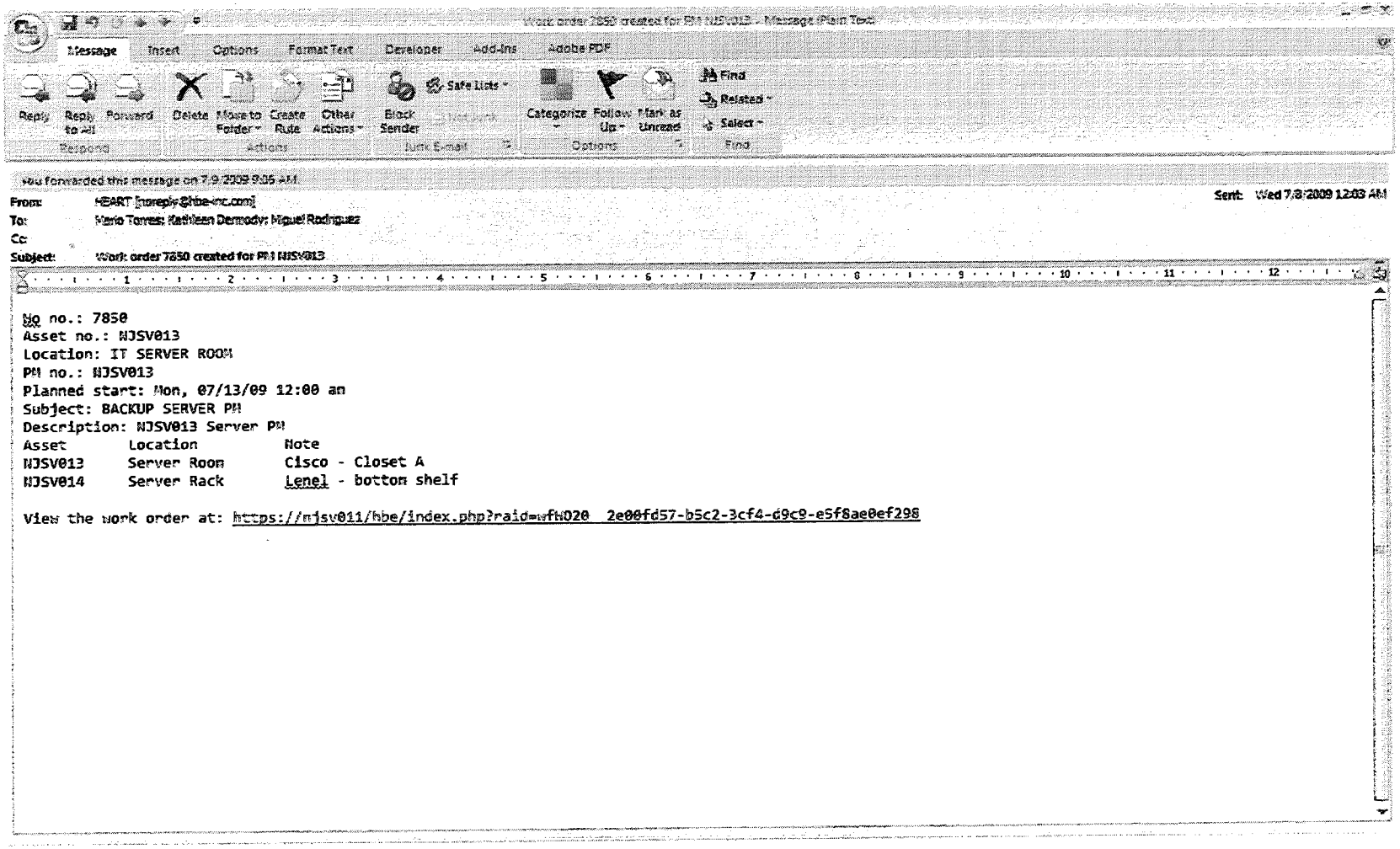
II. Assets Attached to a PM:



III. Example PM Steps:



IV. Sample E-mail Trouble Ticket



Work order 7850 created for PM NJSV013 - Message (Plain Text)

Message | Insert | Options | Format Text | Developer | Add-Ins | Adobe PDF

Reply | Reply to All | Forward | Delete | Move to Folder | Create Rule | Other Actions | Block Sender | Safe Lists | Categorize | Follow Up | Mark as Unread | Find | Related | Select

Respond | Actions | Junk E-mail | Options | Find

You forwarded this message on 7/9/2009 9:05 AM.

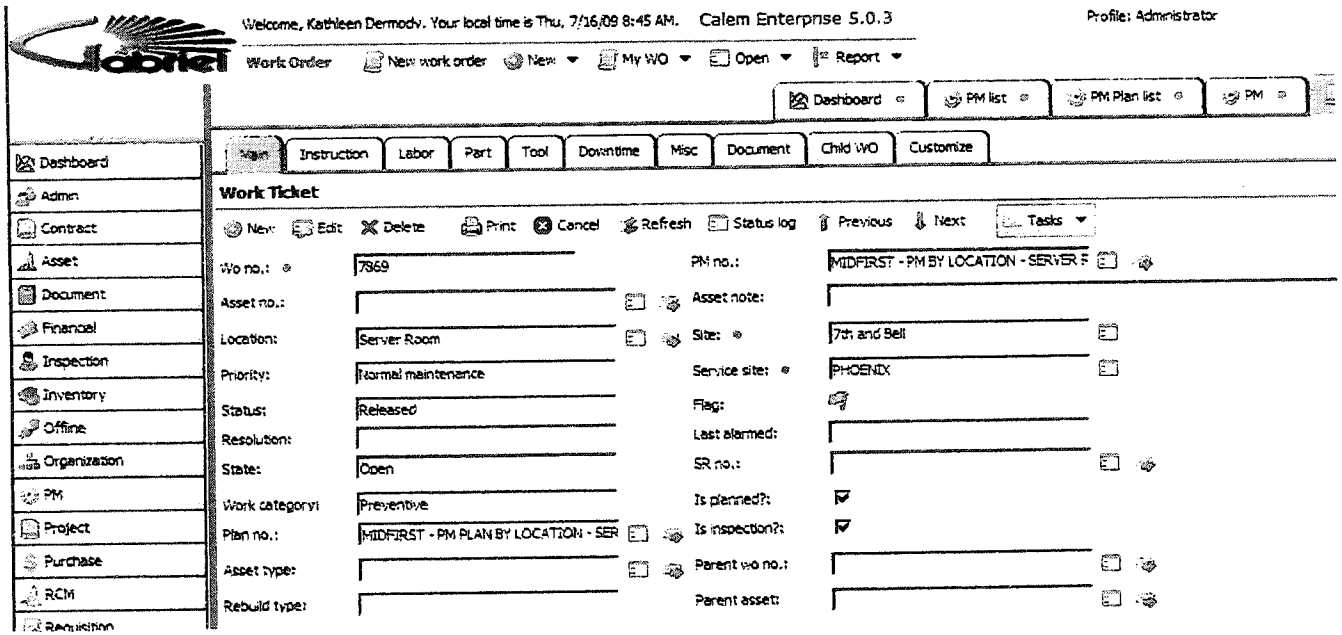
From: HEART [noreply@hbe-inc.com]
Sent: Wed 7/8/2009 12:03 AM
To: Mario Torres; Kathleen Dermody; Miguel Rodriguez
Cc:
Subject: Work order 7850 created for PM NJSV013

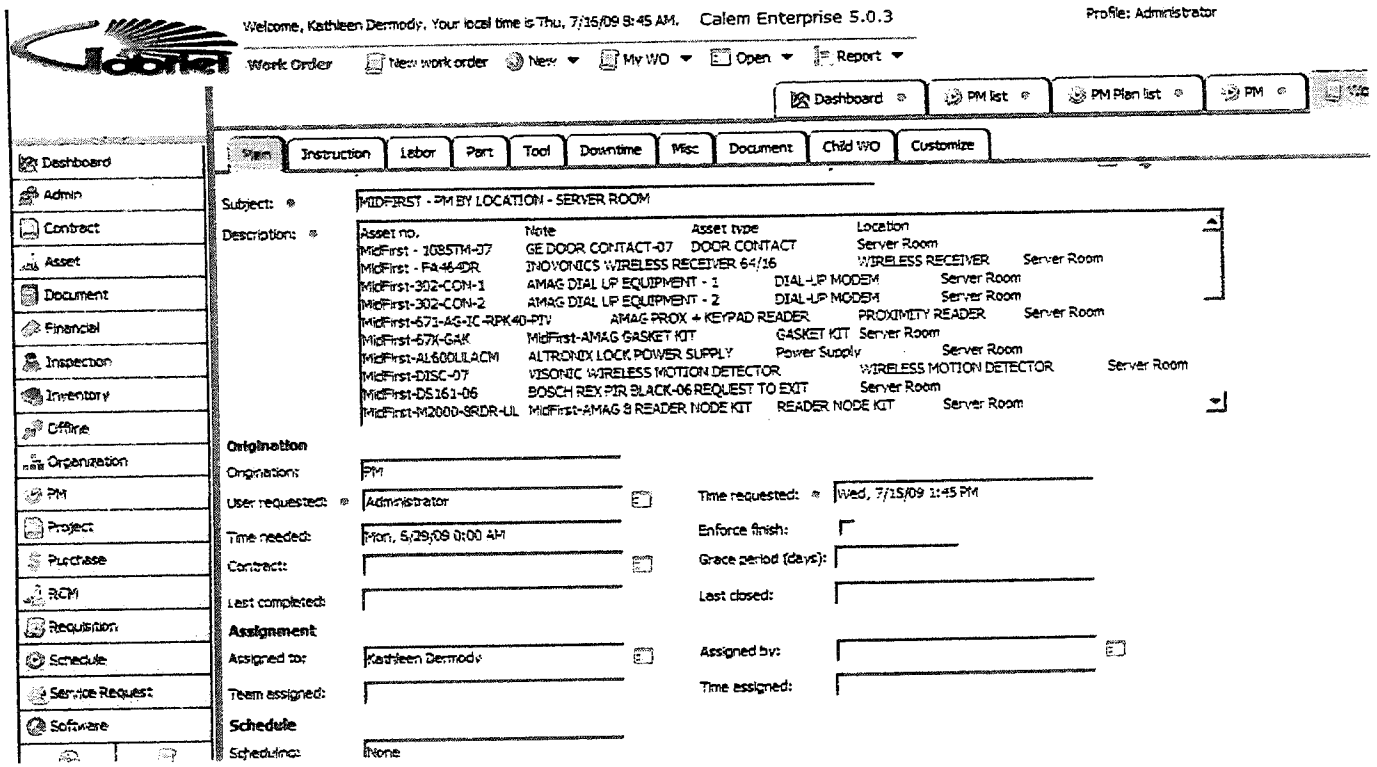
WO no.: 7850
Asset no.: NJSV013
Location: IT SERVER ROOM
PM no.: NJSV013
Planned start: Mon, 07/13/09 12:00 am
Subject: BACKUP SERVER PM
Description: NJSV013 Server PM

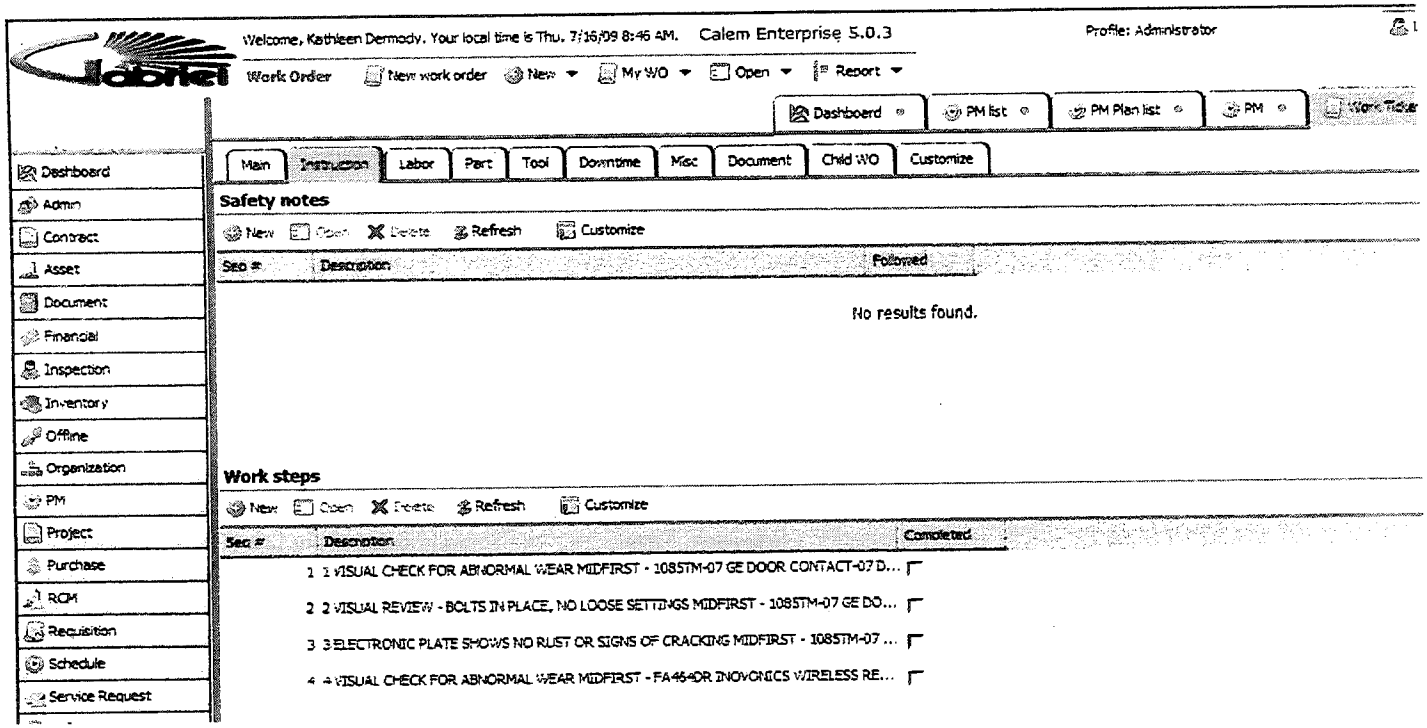
Asset	Location	Note
NJSV013	Server Room	Cisco - Closet A
NJSV014	Server Rack	Lenel - bottom shelf

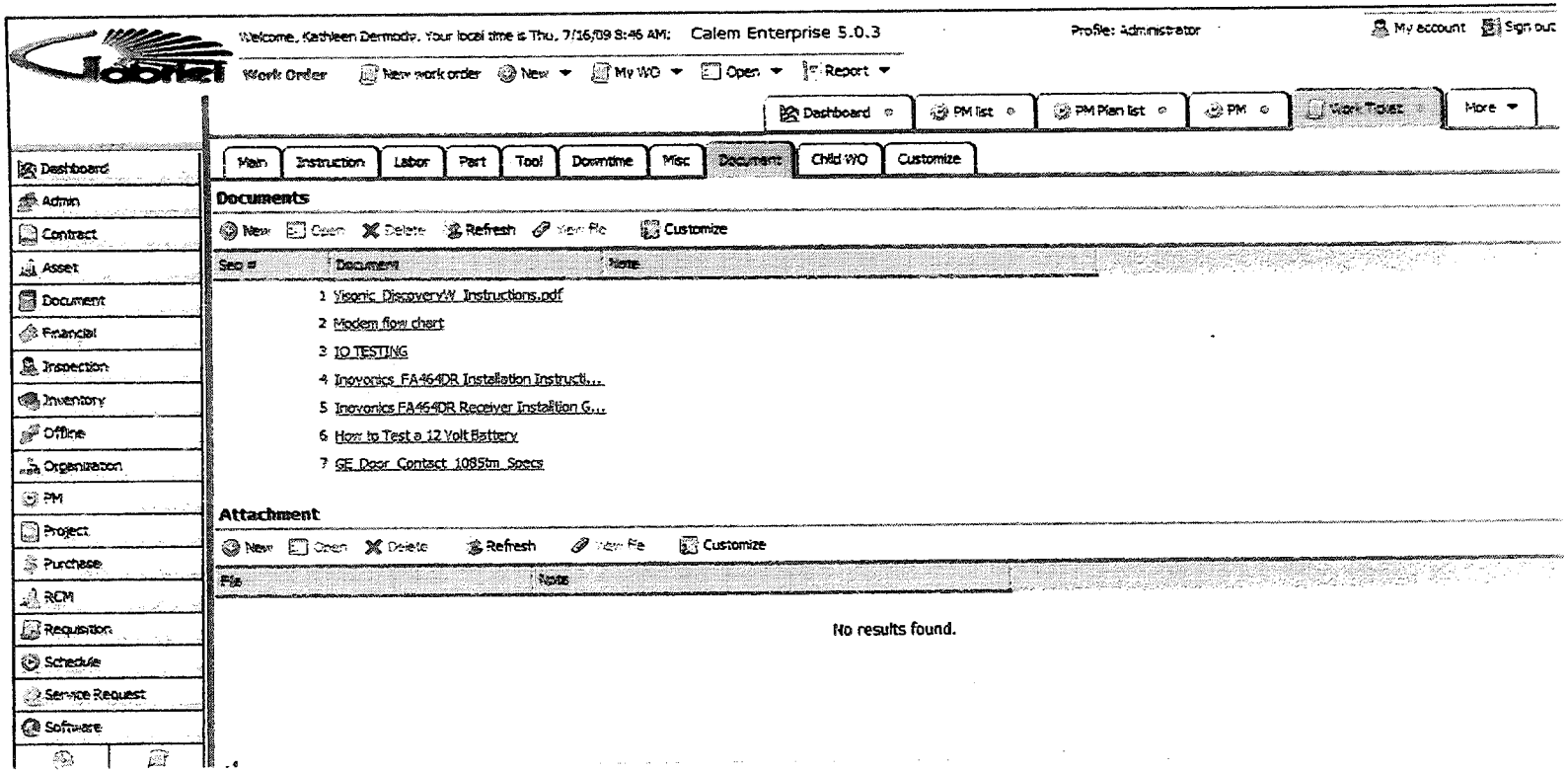
View the work order at: https://njsv011/hbe/index.php?raid=wfWO20_2e00fd57-b5c2-3cf4-d9c9-e5f8ae0ef298

V. Example PM Ticket



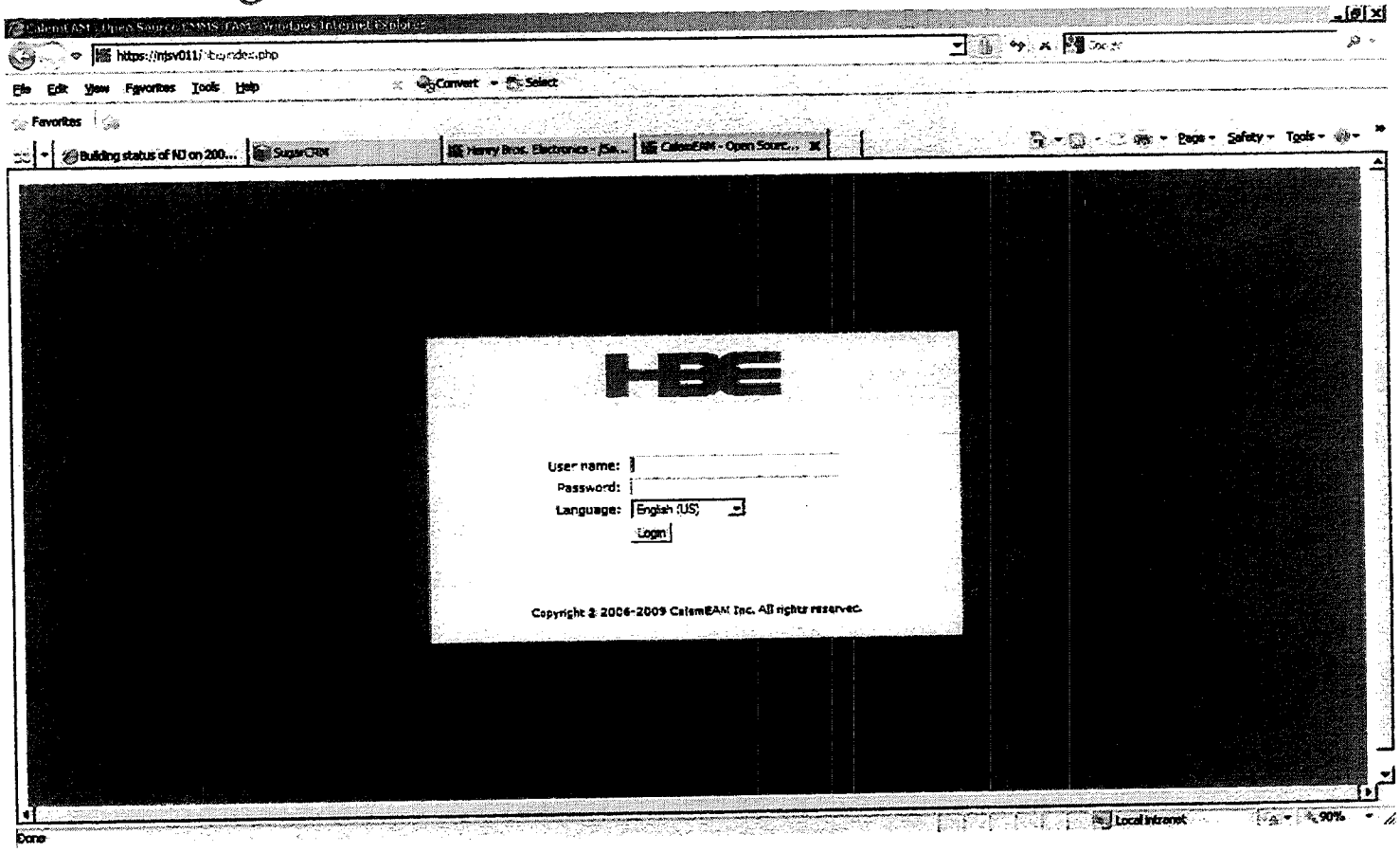

Welcome, Kathleen Dermody. Your local time is Thu, 7/16/09 8:45 AM.
Calem Enterprise 5.0.3
Profile: Administrator
Work Order
New work order
New
My WO
Open
Report
Dashboard
PM list
PM Plan list
PM
Dashboard
Admin
Contract
Asset
Document
Financial
Inspection
Inventory
Offline
Organization
PM
Project
Purchase
RCM
Requisition
Schedule
Service Request
Software
Plan
Instruction
Labor
Part
Tool
Downtime
Misc
Document
Child WO
Customize
Subject: *
MIDFIRST - PM BY LOCATION - SERVER ROOM
Description: *
Asset no. Note Asset type Location
MidFirst - 1085TM-07 GE DOOR CONTACT-07 DOOR CONTACT Server Room
MidFirst - Fa46-4DR INOVONICS WIRELESS RECEIVER 64/16 WIRELESS RECEIVER Server Room
MidFirst-302-CON-1 AMAG DIAL UP EQUIPMENT - 1 DIAL-UP MODEM Server Room
MidFirst-302-CON-2 AMAG DIAL UP EQUIPMENT - 2 DIAL-UP MODEM Server Room
MidFirst-671-AS-IC-RPK40-PTV AMAG PROX + KEYPAD READER PROXIMITY READER Server Room
MidFirst-67X-GAK MidFirst-AMAG GASKET KIT GASKET KIT Server Room
MidFirst-AL600ULACM ALTRONIX LOCK POWER SUPPLY Power Supply Server Room
MidFirst-DISC-07 VISONIC WIRELESS MOTION DETECTOR WIRELESS MOTION DETECTOR Server Room
MidFirst-DS161-06 BOSCH REX PIR BLACK-06 REQUEST TO EXIT Server Room
MidFirst-M2000-SRDR-UL MidFirst-AMAG 8 READER NODE KIT READER NODE KIT Server Room
Origination
Origination:
PM
User requested: *
Administrator
Time requested: *
Wed, 7/15/09 1:45 PM
Time needed:
Mon, 5/29/09 0:00 AM
Enforce finish:
Contract:
Grace period (days):
Last completed:
Last closed:
Assignment
Assigned to:
Kathleen Dermody
Assigned by:
Team assigned:
Time assigned:
Schedule
Scheduling:
None


Welcome, Kathleen Dermody. Your local time is Thu, 7/16/09 8:46 AM.
Calem Enterprise 5.0.3
Profile: Administrator
Work Order
New work order
New
My WO
Open
Report
Dashboard
PM list
PM Plan list
PM
Dashboard
Admin
Contract
Asset
Document
Financial
Inspection
Inventory
Offline
Organization
PM
Project
Purchase
RCM
Requisition
Schedule
Service Request
Main
Instruction
Labor
Part
Tool
Downtime
Misc
Document
Child WO
Customize
Safety notes
New
Open
Delete
Refresh
Customize
Seq #
Description
Followed
No results found.
Work steps
New
Open
Delete
Refresh
Customize
Seq #
Description
Completed
1 1 VISUAL CHECK FOR ABNORMAL WEAR MIDFIRST - 1085TM-07 GE DOOR CONTACT-07 D...
2 2 VISUAL REVIEW - BOLTS IN PLACE, NO LOOSE SETTINGS MIDFIRST - 1085TM-07 GE DO...
3 3 ELECTRONIC PLATE SHOWS NO RUST OR SIGNS OF CRACKING MIDFIRST - 1085TM-07 ...
4 4 VISUAL CHECK FOR ABNORMAL WEAR MIDFIRST - FA464DR INOVONICS WIRELESS RE...

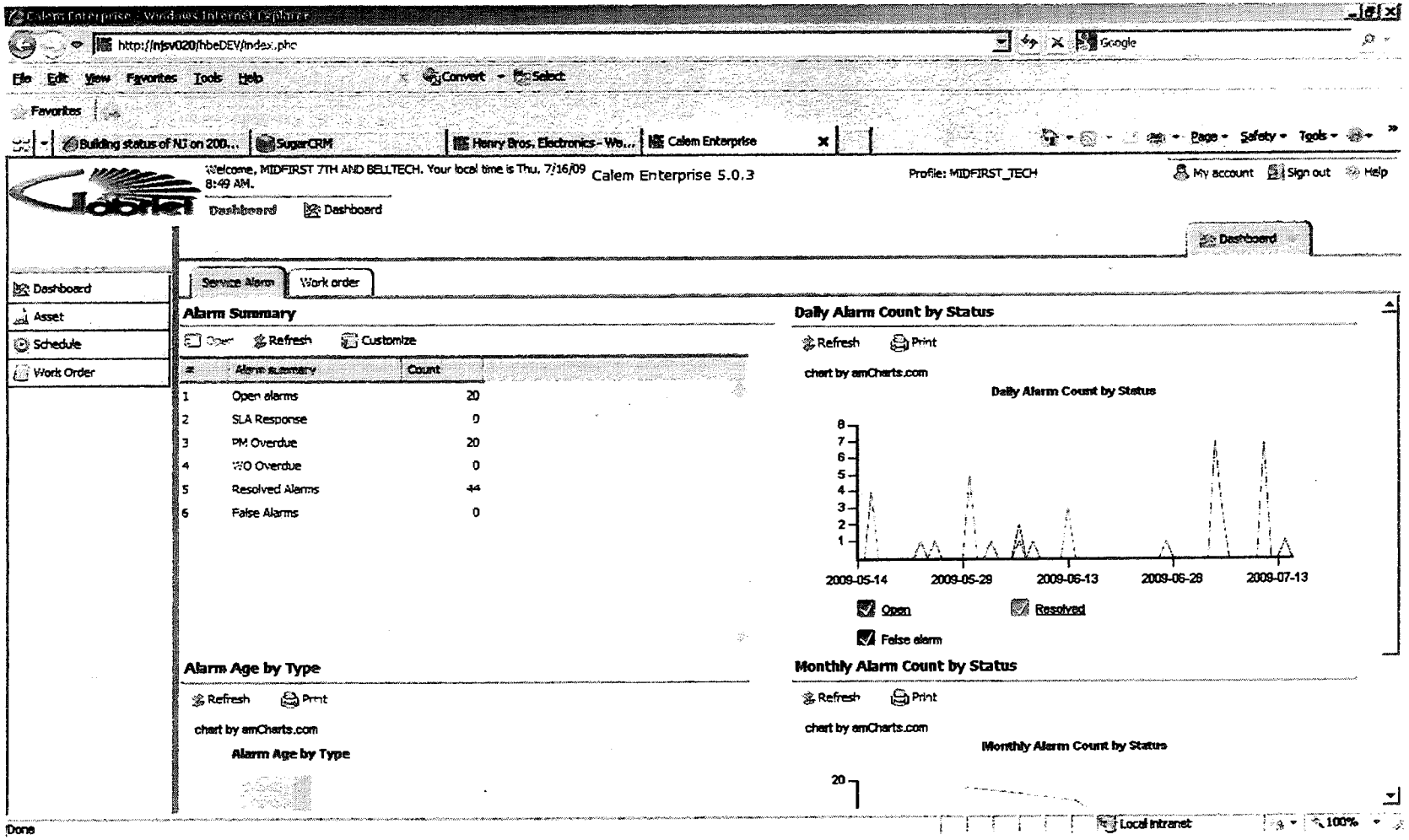

Welcome, Kathleen Dermody. Your local time is Thu, 7/16/09 8:46 AM:
Calem Enterprise 5.0.3
Profile: Administrator
My account
Sign out
Work Order
New work order
New
My WO
Open
Report
Dashboard
PM list
PM Plan list
PM
More
Dashboard
Admin
Contract
Asset
Document
Financial
Inspection
Inventory
Offline
Organization
PM
Project
Purchase
RCM
Requisition
Schedule
Service Request
Software
Main
Instruction
Labor
Part
Tool
Downtime
Misc
Document
Child WO
Customize
Documents
New
Open
Delete
Refresh
View File
Customize
Seq #
Document
Note
1 Visonic_DiscoveryW_Instructions.pdf
2 Modem flow chart
3 IO TESTING
4 Inovonics_FA464DR Installation Instructi...
5 Inovonics FA464DR Receiver Installation G...
6 How to Test a 12 Volt Battery
7 GE_Door_Contact_1085tm_Specs
Attachment
New
Open
Delete
Refresh
View File
Customize
File
Note
No results found.

VI. Technician Screen Shots

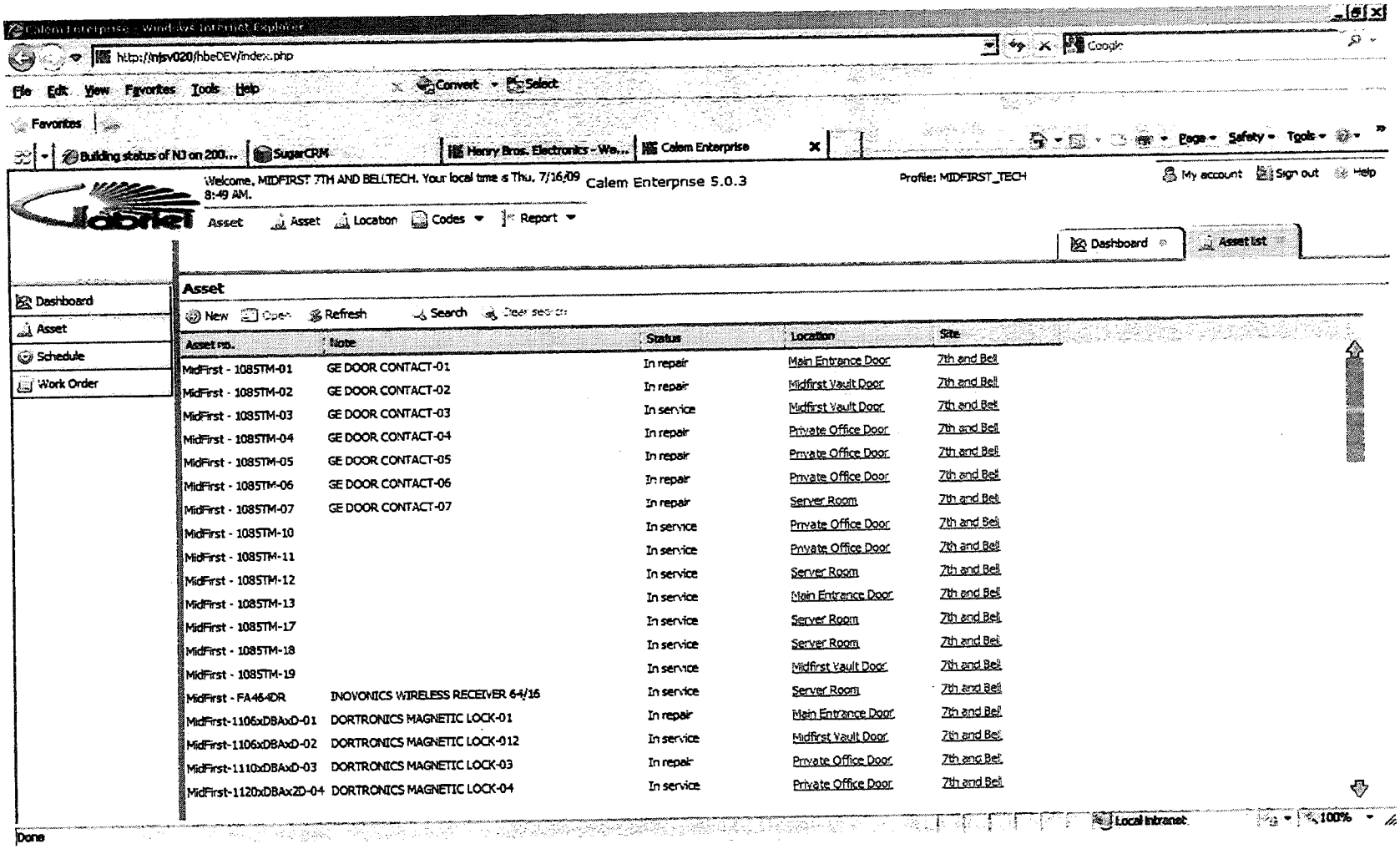
A. Log in screen



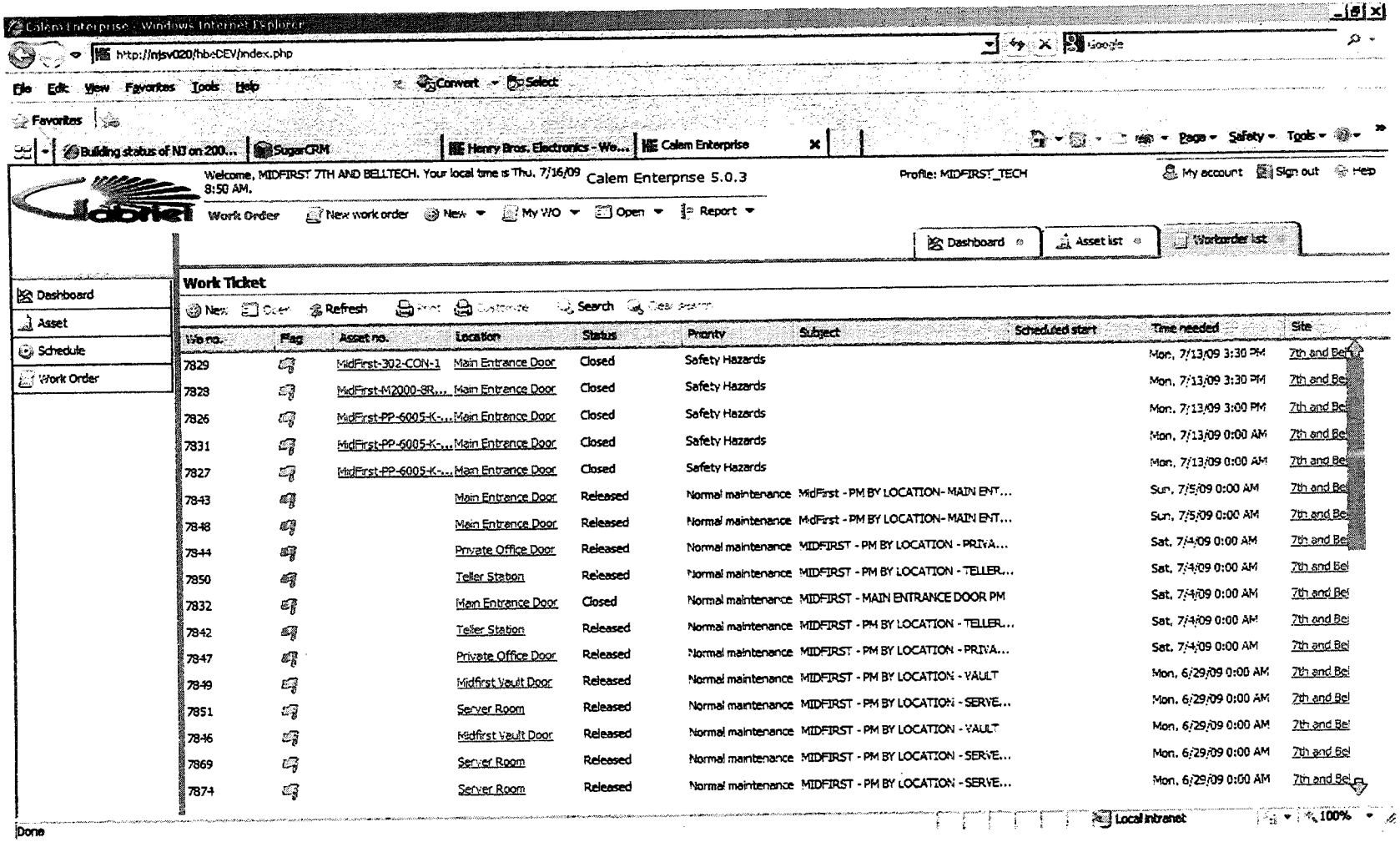
B. Dashboard Screen



C. Asset screen



D. Trouble Ticket Screen


Calem Enterprise - Windows Internet Explorer
http://mjsv020/hbsDEV/index.php
File Edit View Favorites Tools Help
Favorites
Building status of NJ on 200...
SugarCRM
Henry Bros. Electronics - We...
Calem Enterprise
Welcome, MIDFIRST 7TH AND BELLTECH. Your local time is Thu, 7/16/09 8:50 AM.
Calem Enterprise 5.0.3
Profile: MIDFIRST_TECH
My account
Sign out
Help
Work Order
New work order
New
My WO
Open
Report
Dashboard
Asset list
Workorder list
Dashboard
Asset
Schedule
Work Order
Work Ticket
New
Refresh
Search
Wo no.
Flag
Asset no.
Location
Status
Priority
Subject
Scheduled start
Time needed
Site
7829 MidFirst-302-CON-1 Main Entrance Door Closed Safety Hazards Mon, 7/13/09 3:30 PM 7th and Bel
7828 MidFirst-M2000-8R,... Main Entrance Door Closed Safety Hazards Mon, 7/13/09 3:30 PM 7th and Bel
7826 MidFirst-PP-6005-K-... Main Entrance Door Closed Safety Hazards Mon, 7/13/09 3:00 PM 7th and Bel
7831 MidFirst-PP-6005-K-... Main Entrance Door Closed Safety Hazards Mon, 7/13/09 0:00 AM 7th and Bel
7827 MidFirst-PP-6005-K-... Main Entrance Door Closed Safety Hazards Mon, 7/13/09 0:00 AM 7th and Bel
7843 Main Entrance Door Released Normal maintenance MidFirst - PM BY LOCATION- MAIN ENT... Sun, 7/5/09 0:00 AM 7th and Bel
7848 Main Entrance Door Released Normal maintenance MidFirst - PM BY LOCATION- MAIN ENT... Sun, 7/5/09 0:00 AM 7th and Bel
7844 Private Office Door Released Normal maintenance MIDFIRST - PM BY LOCATION - PRIVA... Sat, 7/4/09 0:00 AM 7th and Bel
7850 Teller Station Released Normal maintenance MIDFIRST - PM BY LOCATION - TELLER... Sat, 7/4/09 0:00 AM 7th and Bel
7832 Main Entrance Door Closed Normal maintenance MIDFIRST - MAIN ENTRANCE DOOR PM Sat, 7/4/09 0:00 AM 7th and Bel
7842 Teller Station Released Normal maintenance MIDFIRST - PM BY LOCATION - TELLER... Sat, 7/4/09 0:00 AM 7th and Bel
7847 Private Office Door Released Normal maintenance MIDFIRST - PM BY LOCATION - PRIVA... Sat, 7/4/09 0:00 AM 7th and Bel
7849 Midfirst Vault Door Released Normal maintenance MIDFIRST - PM BY LOCATION - VAULT Mon, 6/29/09 0:00 AM 7th and Bel
7851 Server Room Released Normal maintenance MIDFIRST - PM BY LOCATION - SERVE... Mon, 6/29/09 0:00 AM 7th and Bel
7846 Midfirst Vault Door Released Normal maintenance MIDFIRST - PM BY LOCATION - VAULT Mon, 6/29/09 0:00 AM 7th and Bel
7869 Server Room Released Normal maintenance MIDFIRST - PM BY LOCATION - SERVE... Mon, 6/29/09 0:00 AM 7th and Bel
7874 Server Room Released Normal maintenance MIDFIRST - PM BY LOCATION - SERVE... Mon, 6/29/09 0:00 AM 7th and Bel
Done
Local intranet
100%

Pre-employment Screening Procedures

Co-employment Relationship With Administaff

Administaff has a contractual agreement with Henry Brothers Electronics ("HBE") under which certain employment responsibilities are shared as to worksite employees. As a part of its fee-inclusive services, Administaff provides Payroll and Benefits services to HBE. HBE, at is election, can also contract to use Administaff's Recruiting and Background services.

Administaff's Background Screening Services

Administaff utilizes HireRight to conduct Background Screening Services.

Length of Time To Obtain Information

The normal processing time to complete a background check is 3 to 5 business days. There may be extenuating circumstances that will require additional time, ie., school closures, holidays, etc.

Pre-Employment Services Provided

- **Criminal**: 7 year county criminal (search for convictions in city/county where the individuals has lived/worked) in last 7 years (Administaff does not provide a Federal Court or Civil Court Search, sex offender, national securities check, etc.)
- **Employer Verification**: 5 year and up to 10 years Employer Verification - Based on information provided by candidate and "approval" given to contact. (Administaff does not confirm personal references)
- **Motor vehicle**: (with applicable state specific forms if required) and complete Drivers License number
- **Credit check**: (applicable only to positions dealing with cash, confidential information (such as access to social security numbers, personal data).
- **Education**: Highest level or highest degree obtained
- **Professional Licenses**: (such as RN # or other (must have license number to validate)

Criminal History Search
Determines if the applicant's background includes misdemeanor or felony criminal convictions or guilty pleas and includes a series of confirmation checks on the applicant and the social security number to identify all residence locations per county checked.

Credit History
Uncovers the applicant's spending habits along with any debt or financial problems that could lead to dishonesty while employed with HBE. Administaff generally recommends that credit checks be completed only on those individuals applying for cash handling positions or those positions where an individual has access to confidential information (like employee data).

Employment History
Identifies dates of employment, skills and abilities, attendance, performance.

Education
Verifies highest degree obtained to include date of graduation, degree acquired.

Motor Vehicle History
A report disclosing D.W.I. (Driving While Intoxicated), and D.U.I.D. (Driving Under Influence of Drugs) incidents along with moving violations, accidents and license suspensions.

Written Disclosure and Authorization

Before Administaff can procure a consumer report for employment purposes, the applicant must be notified in writing. This notice cannot be incorporated in any other document. In addition, the applicant's written authorization must be obtained before HireRight is contacted with a request for a report.

Adverse Action Procedures

When HBE uses Administaff's background services, it becomes a joint user with Administaff of consumer reports and investigative consumer reports. HBE must abide by any federal, state, local, and foreign laws and regulations applicable to HBE in its use of the reports. Any reports procured will be used for employment purposes only and for no other reason.

HBE must ensure that the disclosure requirements under sections 604(b)(2) and 606(a)-(c) of the Fair Credit Reporting Act ("FCRA"). Those disclosure requirements are met when HBE uses Administaff's Disclosure Statement and Authorization forms along with any state-specific summary of rights and motor vehicle release forms provided by Administaff. Under FCRA section 604(b)(3)-(4), there are conditions on the use of information contained in a report, which may include sending an applicant pre- and post-adverse actions letters. When using Administaff's background services, Administaff will provide any necessary pre- or post-adverse action letters, provided that HBE timely advises Administaff of its intent to take adverse action based, in whole or in part, on information contained in a consumer report or investigative consumer report. To ensure that pre- and post-adverse actions letters are timely provided under the FCRA, HBE must contact Administaff's Background Check Team before deciding not to hire an applicant or rescinding a conditional offer of employment based, in whole or in part, on information contained in a background report.

HBE

Firm Experience and Management Commitment

Attachment "J" – Relevant Experience and Past Performance

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

The following forms have been organized to provide a standardized mechanism for responding to the Qualifications and Information requirements of this Request for Proposal. THESE FORMS ARE NOT A SUBSTITUTE FOR A WRITTEN PROPOSAL; THEY ARE INTENDED TO SUMMARIZE KEY INFORMATION IN THE PROPOSAL AND MUST BE SUBMITTED WITH THE PROPOSAL.

The information in these forms has been ordered for ease of review and comparison of responses. Each part of a form represents a collection of related information that may have been described or specified in different, separate, and non-contiguous areas of this document.

Each of the parts of a form carries a reference to the area in the Request for Proposal where the definition of the information requested may be found. Such references, however, are presented as an aid to the Proposer, and in no way imply that other, unreferenced Sections are to be ignored with respect to a form or any of its parts. It is the responsibility of the Proposer to apply the entire Request for Proposal information and definitions, as needed, to prepare the following statements.

1. Prime Proposer's Business Information

- Check how bid will be submitted:

☒ Single Entity ☐ Joint Venture

If a Joint Venture, each participant in such Joint Venture must submit all the information that is required for a single entity. A complete set of forms must be provided for each participant in a joint venture.

Indicate the type of work generally performed with your own work force.

_____

_____

- Indicate which part of the work indicated in this Request For Proposal you plan on performing with your own forces and what work you plan on sub-contracting to another firm?

  - **Work to be performed with own forces:**

    Design, Project Management, Service, Maintenance, Engineering

    Contract Management, Documentation

  - **Work to be performed with sub-Proposers:**

    Electrical Installation

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

2. Proposer's General Business Information

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Henry Bros. Electronics, Inc.

Name(s) of Proposed Subcontractor :

☐ Statement submitted by:

Name of Organization: Henry Bros. Electronics, Inc.

Address: 17-01 Pollitt Drive
Fair Lawn NJ 07410

Telephone No.: 201-794-6500

Name of Contact Person: Bernard Drury

Title: Sr Account Executive

Address (if not above).

Telephone No (if not above).:

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

3. Additional Information about Proposer Company:

This form must be completed by each organization included in the proposal	
Primary Proposer's Name	: Henry Bros. Electronics, Inc.
Name(s) of Proposed Subcontractor	:

Primary Banking Institution:	TD Bank
Institution Address:	1000 MacArthur Boulevard
	Mahwah Nj 07430
Banking Representative:	Mark Murray - VP
Representative Phone #:	201-236-2626
Proposer's Federal EIN:	Exemption (1/4)
Proposer's D&B #:	12-293-6607
Other Credit Service Name:	
Proposer's # with Other Service	

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

4. Certifications and Validations

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Henry Bros. Electronics, Inc.

Name(s) of Proposed Subcontractor : _____

Is your firm in a certified Lenel relationship as described in the Request for Proposal?

[X] Yes [ ] No

Does your firm have the required certification(s) and/or license(s) described under the Request for proposal?

[X] Yes [ ] No

If No, indicate how you plan on meeting this requirement:

_____

_____

➢ **Submit documentation of required certification(s) and/or license(s)**

Documentation is submitted as part of the Proposer Prerequisites

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

5. Other Submissions

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Henry Bros. Electronics, Inc.

Name(s) of Proposed Subcontractor : _____

Has your firm reviewed **Attachment A, "Agreement on Terms of Discussion"**, and submitted a copy of that attachment signed by an authorized representative of all parties participating in your proposal?

☒ Yes ☐ No

Has your firm reviewed **NDA, Security Information Handbook** prior to signing the letter of transmittal?

☒ Yes ☐ No

If your firm reviewed **NDA, Security Information Handbook** and could not make the required certifications, has your firm enclosed an explanation of that inability?

☐ Yes ☐ No

ATTACHMENT J - PROPOSER QUALIFICATION FORMS
6. Relevant Experience and Past Performance

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Henry Bros. Electronics, Inc.

Name(s) of Proposed Subcontractor : _____

- **Has your firm ever failed to complete any security system support contract awarded it?** ☐ **Yes** ☒ **No**
  If yes, describe the circumstances on a separate piece of paper.
- **In the last five years, has your firm ever failed to substantially complete a contract in a timely manner?** ☐ **Yes** ☒ **No**
  If yes, describe the circumstances on a separate piece of paper.

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Date Completed	Contract Price **	Percent of Work Performed By Own Forces
PANYNJ - Newark Liberty, JFK Laguardia Airports-Maintenance Contract	Port Authority of NY&NJ	M	12/09	$808,000 Annual	95%
MTA (TBTA) - Wireless Service Contract Brookly Battery and Queens Midtown Tunnel	TBTA 2 Broadway-New York 10004	M	On Going	$525,910 Prime	100%
MTA Bridges and Tunnels-Maintenance Various Facilities	MTA-James Mulcahy 2 Broadway-New York 10004	M	On Going	$2.750M Prime	100%
CCTV, Access Control-Charles Poletti Power Project - Queens NY	NY Power Authority - Ed Hahn 123 Main St - White Plains	W/M	04/08	$7.36M Prime	100%
Access Controll, CCTV, Digital 7 World Trade Center	Tishman Technologies John Covax -	W	04/06	$5.5 M	90%

Notes: Use additional copies of this form, if needed
*** Include Name, Address and Phone No. of Reference Contact**
****Indicate amount of Proposer's contract and if work was done as a Prime Contractor or Subcontractor**

ATTACHMENT J - PROPOSER QUALIFICATION FORMS
7. Key Personnel

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Henry Bros. Electronics, Inc.

Name(s) of Proposed Subcontractor : _____

Name	Position	Date started with this organization	Date started in profession	Prior relevant positions and experience
John Batsch	Vice President/General Manager	April 2003	1969	See Personnel Qualifications and Experience for Resume
Chris Peckham	Chief Information/ Security Officer	2008	1997	See Personnel Qualifications and Experience for Resume
Emil Marone	Chief Technical Officer	1965	1965	See Personnel Qualifications and Experience for Resume
Giuseppe Motta	Engineering Manager	2002	2002	See Personnel Qualifications and Experience for Resume
Neel Keer	Senior Systems Engineer	May 2008	1995	See Personnel Qualifications and Experience for Resume
Wayne Sempiti	Senior Systems Engineer	2004	1997	See Personnel Qualifications and Experience for Resume

Notes: **Include a resume for each individual listed**
Use additional copies of this form, if needed

ATTACHMENT J - PROPOSER QUALIFICATION FORMS
7. Key Personnel

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Henry Bros. Electronics, Inc.

Name(s) of Proposed Subcontractor : _____

Name	Position	Date started with this organization	Date started in profession	Prior relevant positions and experience
Al Baduklu	Systems Engineer	2003	1996	See Personnel Qualifications and Experience for Resume
Ed Sonnenschein	Systems Engineer	2005	1999	See Personnel Qualifications and Experience for Resume
Jason	Systems Engineer	2007	2007	See Personnel Qualifications and Experience for Resume
Ruben Crespo	AutoCad Administrator	2005	1990	See Personnel Qualifications and Experience for Resume
Walter Bertram	Project Manager	2001	1980	See Personnel Qualifications and Experience for Resume
Michael Murray	Senior Project Mgr	2001	1975	See Personnel Qualifications and Experience for Resume

Notes: **Include a resume for each individual listed**
Use additional copies of this form, if needed

ATTACHMENT J - PROPOSER QUALIFICATION FORMS
7. Key Personnel

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Henry Bros. Electronics, Inc.

Name(s) of Proposed Subcontractor : _____

Name	Position	Date started with this organization	Date started in profession	Prior relevant positions and experience
Charles White	Project Manager	2006	1973	See Personnel Qualifications and Experience for Resume
Greg Vickers	Service Supervisor Airports	2001	1997	See Personnel Qualifications and Experience for Resume
Lou Anderson	OnSite Technician	2007	2001	See Personnel Qualifications and Experience for Resume
James Barron	OnSite Technician	2001	1996	See Personnel Qualifications and Experience for Resume
James Breland	OnSite Technician	2008	1983	See Personnel Qualifications and Experience for Resume
Barrington Scott	OnSite Technician	2002	1993	See Personnel Qualifications and Experience for Resume

Notes: **Include a resume for each individual listed**
Use additional copies of this form, if needed

ATTACHMENT J - PROPOSER QUALIFICATION FORMS

2. Work on Hand / Bids Submitted

This form must be completed by each organization included in the proposal.

Primary Proposer's Name : Henry Bros. Electronics, Inc.

Name(s) of Proposed Subcontractor : _____

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Contract Price **	Scheduled Completion Date	
Installation of CCTV in 48 Buildings	New York City Housing 90 Church St - New York NY	WO	$6.45M Prime	04/2010	Henry Goldstein
Intrusion Detection in Comm Room NYC Subways	NYCTA 224 W 35th St-NYC 10001	WO	$8.24M Prime	11/2009	Vartan Zohrabian
CCTV, Access Control BBT	TBTA-Jeff Cass 2 Broadway - NYC 10004	WO	$10.3M Prime	12/2009	
CCTV, Digital Video, Access Control NYC	NY Power Authority 123 Main Street-White Plains	WO	$1.14M Prime	09/2009	Rich Korenski

BIDS SUBMITTED:

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Bid Price **	Low Bidder (Yes or No)	Anticipated Award Date/ Contract Duration
Design Install IP Digital Surveillance System	Brooklyn Navy Yard Redevelopment Corp	WO	$1.5M Prime	Undetermined	Sept 2009
Digital Video At Bayonne Harbor	Bayonne Local Redevelopment	WO	$473,700	Undetermined	Sept 2009
Electronic Security at Cross Co Mall	Macerich Property Mgmt	WO	$1.5M	Undetermined	Sept 2009

Notes: * **Include Name, Address and Phone No. of Reference Contact**
** **Indicate amount of Proposer's contract and if work was done as a prime or general Subcontractor**

ATTACHMENT J - PROPOSER QUALIFICATION FORMS

2. Work on Hand / Bids Submitted

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Henry Bros. Electronics, Inc.

Name(s) of Proposed Subcontractor : _____

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Contract Price **	Scheduled Completion Date
Port Authority of NY & NJ GWB, Holland and Lincoln Tunnels	The Port Authority of New York & New Jersey	M	$2.8M Prime	12/2010

BIDS SUBMITTED:

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Bid Price **	Low Bidder (Yes or No)	Anticipated Award Date/ Contract Duration

Notes: * Include Name, Address and Phone No. of Reference Contact

**Indicate amount of Proposer's contract and if work was done as a prime or general Subcontractor

HBE

Lenel Certification

LENEL Systems International, Inc.
Authorized OnGuard Value Added Reseller Agreement
2009 - 2012

Mailing Address: 1212 Pittsford-Victor Road, Pittsford, New York 14534 USA
Telephone: +1-585-248-9720 **FAX:** +1-585-248-9185

THIS AUTHORIZED ONGUARD VALUE ADDED RESELLER AGREEMENT (the "Agreement") is by and between:

Company Name:	Henry Bros. Electronics, Inc.

("**OnGuard VAR**"), having a principal place of business at:

Street Address:	17-01 Pollitt Drive,
City, State/Country:	Fair Lawn, NJ 07410 USA
Telephone:	201-794-6500
FAX:	201-794-8341
Corporate Contact:	James E. Henry

and designating the following individual as recipient for notices as set forth herein in Section 19.1.1:

Name:	
Address:	
City, State/Country:	

and Lenel Systems International, Inc. ("**Lenel**").

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered on the dates set forth below.

Lenel Systems International, Inc.		OnGuard VAR	
Signature:	M. Quilter	**Signature:**	
Name:	Matthew Quilter	**Name:**	James E. Henry
Title:	CFO	**Title:**	CEO
Date:	5/13/09	**Date:**	5-1-09

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This Agreement, is dated and effective on April 1, 2009 (the "Effective Date") and expires on March 31, 2012 (the "Term"). Lenel and OnGuard VAR may each be referred to herein as a "Party" and together as the "Parties". Now, therefore, in consideration of the mutual covenants and conditions set forth herein, the Parties agree as follows:

1. APPOINTMENT OF ONGUARD VAR

1.1. Subject to OnGuard VAR complying with its obligation to complete appropriate training courses, as provided for in Section 4.2 of this Agreement, Lenel appoints OnGuard VAR as a non-exclusive reseller of the Lenel products listed in Exhibit A (the "Products") in the following location(s):

A. Metropolitan New York City (the counties of Bergen, Passaic, Essex, Hudson, Union, Middlesex, Sussex, Warren, Morris, Hunterdon, Somerset, Monmouth, Ocean, Mercer and Burlington in the state of New Jersey, the counties of New York (Manhattan), Kings (Brooklyn), Queens, Richmond (Staten Island), Bronx, Nassau, Suffolk, Westchester, Putnam, Duchess, Ulster, Sullivan, Orange and Rockland in New York state, the counties of Wayne, Pike, Monroe, Northampton and Bucks in the state of Pennsylvania, and Fairfield county in the state of Connecticut);

B. Washington, D.C.;

C. Dallas, Texas (the counties of Dallas, Tarrant, Collin, Denton, Wise, Parker, Rockwall, Johnson, Ellis, Hood, Smith, Gregg, Rusk, Harrison and Panola);

D. the counties of Los Angeles, Orange, Riverside, San Bernardino, Imperial, Ventura, Kern, San Diego, and Santa Barbara in California;

E. the states of Arizona, Maryland, Colorado, Virginia, West Virginia, and Wyoming;

F. Puerto Rico; and

G. elsewhere in the continental United States for sales to U.S. government entities, to U.S. military entities, and to entities in the public sector which shall include commercial entities (including retail entities) which are tenants on public sector property (for example only: retailers and airlines which are tenants at public airports)

(the "Territory"), and OnGuard VAR hereby accepts such appointment. OnGuard VAR agrees that nothing herein shall serve to restrict Lenel from appointing other parties to sell Products in the Territory.

1.2. To the extent permitted by applicable laws, OnGuard VAR may sell Products solely within the Territory. OnGuard VAR shall not sell Products outside of the Territory without receiving prior written permission from the Lenel Regional Sales Manager of the region into which OnGuard VAR desires to sell the Product, which permission may be withheld or granted at Lenel's discretion.

1.3. Where applicable international, national or other laws, such as laws which regulate competitive practices, prohibit restrictions on a reseller/distributor's activities outside of a prescribed territory such as the restriction in Section 1.2, Section 1.2 shall be read to prohibit OnGuard VAR to the extent allowed by law from actively pursuing sales outside OnGuard VAR's Territory, but OnGuard VAR shall be permitted to engage in those sales that result from or arise out of unsolicited requests from potential customers. To the extent permitted by law, OnGuard VAR shall promptly notify Lenel upon OnGuard VAR receiving an unsolicited request or an order from a customer outside of its Territory.

2. PRODUCTS

2.1. Lenel may at any time discontinue any Product, add new Products, or make changes to Products, including but not limited to changes relating to performance, serviceability, recommended uses and application. Lenelwill use reasonable efforts to provide OnGuard VAR with advance notice of such changes, however OnGuard VAR understands that advance notice will not always be feasible. Lenel may use a channel memo as described in Section 19.1.2 to provide such notice.

3. LENEL OBLIGATIONS

Lenel will:

3.1. sell Products to OnGuard VAR in accordance with this Agreement.

3.2. market and support the Products.

3.3. promote the Products through marketing campaigns targeted to potential end users of the Products to the extent Lenel deems is reasonable.

3.4. provide OnGuard VAR, to the extent reasonable and subject to availability, with price books and marketing literature relating to the Products.

3.5. assist OnGuard VAR, should Lenel so elect, in the development of OnGuard VAR's programs to promote the Products provided that Lenel shall not incur or be liable to OnGuard VAR for any costs arising out of OnGuard VAR's promotion, sale and/or support of the Products.

3.6. make available to OnGuard VAR's employees technical training programs, at the prices listed in the current price book, regarding the Products. Lenel may make such technical training available to consultants, subcontractors or affiliates of OnGuard VAR, but is under no obligaton to do so.

4. ONGUARD VAR OBLIGATIONS

OnGuard VAR will:

4.1. purchase and resell the Products in accordance with this Agreement.

4.2. no later than thirty (30) days after the Effective Date, cause at least two qualified employees from each of OnGuard VAR's locations that will be servicing and supporting Products to enroll in Lenel's technical training, attend such training, and successfully complete such training. Upon successful completion of the training, OnGuard VAR shall receive the applicable demonstration software.

4.3. maintain at least two (2) employees at each of OnGuard VAR's locations supporting or selling the Products who have successfully completed Lenel's certified technical training.

4.4. provide warranty service for the Products to the entities to whom OnGuard VAR sells the Products.

4.5. in the case of a sale of software, OnGuard VAR shall provide the purchaser or end user, whichever is applicable, with a copy of the OnGuard Standard Software License Agreement, attached hereto as Exhibit E, and the purchaser or end user shall agree with its terms prior to installing the software.

4.6. make no false or misleading representations concerning the Products, and will provide only those representations and warranties for the Products that are provided in writing by Lenel.

4.7. sell the Products in Lenel's original packages without removing, defacing, concealing, or altering trade names, trademarks, logos, numbers or other symbols of Lenel prior to sale, unless otherwise agreed by Lenel in writing .

4.8. purchase from Lenel a minimum of **$4,090,000** of any combination of the Products over a period of twelve (12) consecutive months, beginning on the Effective Date.

4.9. upon Lenel's request, provide: (a) information concerning the sale of the Products, (b) identity and address of those entities to which OnGuard VAR sold Products, and (c) sales forecasts in the format specified by Lenel.

4.10. comply with all international, national and local laws in the performance of its obligations under this Agreement, and ensure that its contracts with entities to which OnGuard VAR sells Products contain a provision substantially similar to this Section 4.10. OnGuard VAR shall abide by all U.S. export laws in relation to all documentation, hardware, software and other technical information delivered hereunder (collectively, "Technical Data"). OnGuard VAR acknowledges that Technical Data is subject to export controls imposed by the U.S. Export Administration Act of 1979, as amended (the "Act"), and the regulations promulgated thereunder. On Guard VAR shall not export or re-export, directly or indirectly, any Technical Data without complying with the Act and the regulations thereunder, and OnGuard VAR shall ensure that its contracts with those entities to which it sells or provides the Products and Technical Data shall contain a provision placing obligations on the recipients which are at least equivalent to the obligations placed on OnGuard VAR in this Section 4.10. OnGuard VAR shall not: (a) ship or export the Technical Data or the Products to any embargoed country to which the U.S. has prohibited shipment, or (b) use the Technical Data or the Products for any purposes prohibited by the Act or the regulations thereunder, including without limitation, nuclear proliferation or chemical/biological weapons or missiles. A list of embargoed countries is available at the official website of the U.S. Bureau of Export Administration at http://www.bxa.doc.gov.

4.11. OnGuard VAR shall not publish or reference the Products in any government contract, wherein such publication or reference could reasonably be construed by the government entity as enabling that government entity to purchase such Products for future projects or bids which are not the subject of the government contract in question, without the prior written permission of Lenel, which permission may be withheld or granted at Lenel's discretion.

5. WARRANTY

5.1. All Products are sold to Onguard VAR solely with the warranty that is expressly stated on, packaged with, or accompanies the Product, or, if no warranty accompanies the Product, the warranty stated in the price book which is current on the date of the sale to OnGuard VAR.

5.2. Notwithstanding anything to the contrary in this Agreement or otherwise, Lenel shall have no obligation or responsibility with respect to any Product that: (a) has been modified or altered without Lenel's written authorization, (b) has not been used in accordance with Lenel's documentation, (c) has been subjected to unusual electrical or physical stress, fire, lightning, neglect, misuse, abuse, improper storage, testing or connection, power or air conditioning failure or other hazard or unreasonable use, or servicing by any party not authorized by Lenel to perform such work, or (d) is no longer under the applicable warranty period.

5.3. Third-party products purchased from Lenel carry solely the warranty from the manufacturer of such third-party product, which warranty shall be passed to OnGuard VAR.

5.4. EXCEPT AS PROVIDED IN THE WARRANTY ACCOMPANYING THE PRODUCT, LENEL SELLS AND/OR LICENSES (IN THE CASE OF SOFTWARE)

THE PRODUCTS ON AN "AS IS" BASIS. THE WARRANTIES DESCRIBED HEREIN AND/OR ACCOMPANYING PRODUCTS ARE IN LIEU OF ALL OTHER WARRANTIES OR CONDITIONS AND, SAVE AS OTHERWISE PROVIDED HEREIN, LENEL MAKES, AND THERE ARE, NO OTHER WARRANTIES OR CONDITIONS OR REPRESENTATIONS OF ANY KIND WHETHER EXPRESS OR IMPLIED, AND LENEL EXPRESSLY DISCLAIMS THE IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY, MERCHANTABLE QUALITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, INFRINGEMENT, AND THOSE ARISING BY STATUTE OR OTHERWISE IN LAW OR FROM A COURSE OF DEALING OR USAGE OF TRADE. FURTHER, LENEL DOES NOT REPRESENT OR WARRANT THAT THE PRODUCTS WILL MEET ANY OR ALL OF AN ORGANIZATION'S REQUIREMENTS, THAT THE OPERATION OF THE PRODUCTS WILL BE ERROR-FREE OR UNINTERRUPTED OR THAT THE PRODUCTS WILL PREVENT OCCURRENCES OF PROPERTY DAMAGE, THEFT, LOSS, OR PERSONAL INJURY.

6. INSURANCE

6.1. OnGuard VAR will at its expense, procure and maintain insurance covering all of its operations from insurance companies licensed to do business in the Territory and rated no lower than A: 10 in the most current edition of A.M. Best's Rating Guide as follows:

(a) Worker's Compensation insurance, inclusive of an alternate employer endorsement, in an amount sufficient by virtue of the laws of the U.S., foreign county, state, or other governmental subdivision in which services or any portion of service is performed, and Employer's Liability subject to a limit of no less than $1,000,000 each accident for bodily injury by accident, $1,000,000 each employee for bodily injury by disease, and $1,000,000 policy limit for bodily injury by disease;

(b) Commercial General Liability ("CGL") insurance for liability due to bodily injury and/or property damage, including coverage for (i) premises and operations, (ii) products and completed operations, (iii) contractual liability, (iv) broad form property damage, with limits of $1,000,000 per occurrence Bodily Injury and Property Damage combined, $1,000,000 per occurrence Personal and Advertising Injury, $2,000,000 aggregate for Products and Completed Operations, $300,000 Fire Legal Liability, and $2,000,000 General Aggregate. The policy shall be written on an "occurrence" form basis. CGL Insurance shall not exclude liability for acts covered by the Terrorism Risk Insurance Act ('TRIA") and, with respect to hazards associated with the products-completed operations hazard shall be continuously renewed/maintained by OnGuard VAR for a period of at least four (4) years following the termination of this Agreement.

(c) Automobile Liability for bodily injury and property damage in the amount of $1,000,000 combined single limit, covering all owned, non-owned and hired vehicles.

(d) Excess Liability at not less than a $2,000,000 limit providing excess coverage over all limits and coverages noted in (b) and (c) above; and

(e) Property insurance shall be required if OnGuard VAR takes possession of property owned by Lenel. Coverage shall be for all risks with limits sufficient to meet the replacement value of product in OnGuard VAR's care.

6.2. All policies will be endorsed to include a waiver of subrogation in favor of Lenel and to name Lenel, its officers, directors, employees, agents and representatives as an additional insured on OnGuard VAR's insurance policies. Coverage for the additional insured shall apply on a primary and non-contributory basis, irrespective of any other insurance whether collectible or not. OnGuard VAR shall furnish Lenel with such separate endorsement in a form acceptable to Lenel.

6.3. OnGuard VAR will furnish Lenel with certificates of insurance verifying the coverage required in this Section 6 (Insurance) in conjunction with OnGuard VAR's execution of this Agreement. The certificates of insurance shall be on an Accord form or equivalent and will provide that there will be no cancellation or reduction of coverage without thirty (30) days prior written notice to Lenel. Any acceptance of insurance certificates by Lenel will in no way limit or relieve OnGuard VAR of the duties and responsibilities in this Agreement. If higher limits or other forms of insurance are required by Lenel, OnGuard VAR will comply with such requirement.

6.4. Should OnGuard VAR fail to maintain any insurance coverage required hereunder, Lenel may obtain the required insurance coverage at the expense to OnGuard VAR.

6.5. The indemnities in this Agreement are not limited by the insurance requirements or limits set forth in this Section 6 (Insurance).

7. TRADEMARKS

7.1. During the Term and subject to the terms of this Agreement,, Lenel grants to OnGuard VAR a non-exclusive, non-transferable right to use the trademarks and service marks set forth in Exhibit B (collectively, the "Trademarks") in its distribution of Products in the Territory.

7.2. OnGuard VAR acknowledges that Lenel is the owner of the Trademarks and all trade dress incorporated

in or associated with the Trademarks. Should OnGuard VAR acquire, by operation of law or otherwise, any rights in the Trademarks or any such trade dress, it will assign such rights and any goodwill associated with such rights to Lenel at no cost to Lenel.

7.3. Upon expiration or termination of this Agreement, OnGuard VAR's right to use the Trademarks will terminate, and OnGuard VAR will (a) immediately discontinue its use of the Trademarks, and (b) promptly provide to Lenel all material bearing the Trademarks in OnGuard VAR's possession or control.

7.4. OnGuard VAR will promptly notify Lenel of any infringement or misuse of the Trademarks or Lenel trade dress of which OnGuard VAR becomes aware, and will cooperate with Lenel to the extent reasonably requested, in any action taken by Lenel with respect to such infringement or misuse.

7.5. OnGuard VAR agrees not to contest, or to use or attempt to register any trademark or trade dress confusingly similar to the Trademarks or Lenel trade dress.

7.6. Lenel may at any time discontinue or alter any of the Trademarks. Lenel will use reasonable efforts to provide OnGuard VAR with advance notice of such changes, including notice through a channel memo as described in Section 19.1.2..

8. INTELLECTUAL PROPERTY

The Products are, and may contain, the intellectual property of Lenel, and are in whole or in part protected by U.S. and international copyright, patent and/or trade secret laws. This Agreement is not intended to grant, and shall in no way be construed to grant, to OnGuard VAR any rights in the intellectual property of Lenel, including the intellectual property in the Products.

9. PURCHASE ORDERS AND TERMS

9.1. OnGuard VAR will place all orders for Products in the form of a purchase order from OnGuard VAR to Lenel, which purchase orders are subject to acceptance by Lenel.

9.2. The terms and conditions applicable to each purchase order are stated in Exhibit C, except to the extent that any other terms have been agreed to in writing by Lenel, as evidenced by the signature of an officer of Lenel on the relevant purchase order.

9.3. Unless otherwise agreed, OnGuard VAR will be invoiced and will pay the prices for the Product which are set forth in Lenel's published price book for OnGuard VARs (international or domestic, whichever is applicable) at the time of the purchase order's acceptance by Lenel.

9.4. Lenel may alter the terms and conditions contained in Exhibit C at any time. Lenel will use reasonable efforts to provide OnGuard VAR with advance notice of such changes, however OnGuard VAR understands that advance notice will not always be feasible. Lenel may use a channel memo as described in Section 19.1.2 to provide such notice.

10. TAXES

OnGuard VAR is solely responsible for the payment of income or other taxes, fees or governmental dues of any kind, arising out of this Agreement or resulting from the performance of the obligations of OnGuard VAR set forth in this Agreement. OnGuard VAR shall keep Lenel harmless and indemnified against any taxes or other levies owed by OnGuard VAR as a result of this Agreement.

11. CONFIDENTIAL INFORMATION

Confidential Information, as that term is defined in Exhibit D, shall be treated in accordance with the terms set forth in Exhibit D.

12. TERMINATION

12.1. Termination for Convenience. OnGuard VAR may terminate this Agreement for convenience by giving Lenel at least one hundred twenty (120) days prior written notice of such termination.

12.2. Material Breach. Either Party may terminate this Agreement in the event of a material breach of this Agreement by the other Party, which material breach is not cured within ten (10) days after providing written notice to the breaching Party specifying the nature of the breach. Material breaches include, without limitation: Selling Products outside of the Territory without the required permission, failure to satisfy the purchasing requirement set forth in Section 4.8, and failure to maintain the insurance coverage required herein.

12.3. Violation of Law, Assignment, Change of Control. Upon notice Lenel may terminate this Agreement in the event OnGuard VAR violates any international, national or local laws in the performance of its obligations hereunder, attempts to assign this Agreement without Lenel's prior written consent or undergoes a change in control.

13. EFFECT OF TERMINATION OR EXPIRATION

13.1. In the event of expiration or termination of this Agreement, OnGuard VAR may sell its inventory of Products for one hundred twenty (120) days after the expiration date or after the effective date of termination, whichever applies (the "Grace Period"). The terms of this Agreement shall apply during the Grace Period, and the Parties shall execute any documentation necessary to carry out their application. Prior to the expiration of the Grace

Period, OnGuard VAR may elect, which election shall be subject to Lenel's agreement if this Agreement has been terminated under Section 12.3 (Violation of Law, Assignment, Change of Control), to participate in Lenel's maintenance plan to provide support to OnGuard VAR's existing customers, by executing a document substantially in the form of Exhibit F attached hereto (the "Maintenance Plan Agreement") in which event Exhibits C, D, and E, and other relevant sections of this Agreement as set forth in the Maintenance Plan Agreement shall survive during the term of the Maintenance Plan Agreement.

13.2. Except to the extent contemplated in Section 13.11 above, upon termination or expiration of this Agreement OnGuard VAR shall immediately cease all advertising related to the Products.

13.3. Upon termination of the Agreement or upon the expiration of the Grace Period, if applicable, Lenel may, respond to queries from end user customers of OnGuard VAR using the Products and may direct such end user customers to authorized OnGuard VARs in the Territory for future servicing of Products. OnGuard VAR understands that Lenel desires to serve the customers using its Products and shall support Lenel's efforts in directing such customers to authorized OnGuard VARs in the Territory, whether or not they are competitors of OnGuard VAR.

13.4. Except as provided in the Maintenance Plan Agreement, Lenel has no obligation to accept purchase orders received from OnGuard VAR after the effective date of expiration or termination of this Agreement, and Lenel's acceptance of any such purchase order will not be deemed an extension of this Agreement. Any purchase orders accepted will be governed by the terms of this Agreement.

14. LIMITATION OF LIABILITY

14.1. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT AND TO THE FULLEST EXTENT PERMITTED BY LAW, IN NO EVENT SHALL LENEL'S LIABILITY ARISING OUT OF THIS AGREEMENT OR FROM THE RELATIONSHIP BETWEEN THE PARTIES EXCEED THE AMOUNT RECEIVED BY LENEL FROM ONGUARD VAR AS PAYMENT FOR THE PRODUCTS HEREUNDER WITH RESPECT TO WHICH LOSSES OR DAMAGES ARE CLAIMED.

14.2. EXCEPT AS SET FORTH HEREIN, LENEL SHALL NOT BE LIABLE FOR COSTS OF SUBSTITUTE PRODUCTS OR SERVICES.

14.3. EXCEPT WITH RESPECT TO ONGUARD VAR'S OBLIGATIONS DESCRIBED IN SECTION 15 (Indemnification) HEREIN, IN NO EVENT WILL EITHER PARTY BE LIABLE IN CONTRACT, LAW, TORT, OR ANY OTHER THEORY OF LAW, FOR ANY INDIRECT, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT (INCLUDING LOSS OF PROFITS, SAVINGS, REVENUES, INFORMATION, USE, DATA, OR OTHER ECONOMIC ADVANTAGE, INCREASED COST OF OPERATIONS, BUSINESS INTERRUPTION) OR THE RELATIONSHIP BETWEEN THE PARTIES EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

14.4. THE PARTIES EXPRESSLY AGREE THAT THE LIMITATIONS ON DAMAGES SET FORTH IN THIS AGREEMENT ARE AGREED ALLOCATIONS OF RISK CONSTITUTING IN PART THE CONSIDERATION OF LENEL'S SALE OF PRODUCTS TO ONGUARD VAR, AND THAT SUCH LIMITATIONS SHALL SURVIVE THE DETERMINATION OF ANY COURT OF COMPETENT JURISDICTION THAT ANY REMEDY PROVIDED HEREIN OR AVAILABLE AT LAW FALLS SHORT OF ITS ESSENTIAL PURPOSE.

15. INDEMNIFICATION

15.1. Notwithstanding any other provision of this Agreement, OnGuard VAR agrees to indemnify, defend and hold harmless Lenel and its officers, directors, agents, employees, shareholders, legal representatives, successors and assigns, from any and all claims, actions and suits asserted by any person or entity, and from and against any and all liabilities, judgments, losses, damages, costs, charges, attorney fees and other expenses of every nature and character resulting directly or indirectly from (i) the improper installation of Products by OnGuard VAR or its agents or subcontractors, or an installation of Products performed by a non-authorized person or entity; (ii) any negligent or maliciously willful act by OnGuard VAR or its agents or subcontractors in relation to the installation of Products or its presence at the site of the end user; (iii) any damages arising from the combination with, or interconnection to, and/or use of, the Products with software or hardware devices which are supplied, serviced or installed by OnGuard VAR or its agents or subcontractors but which are not supplied and/or authorized by Lenel; (iv) modifications performed by OnGuard VAR, or at its request, to the Products without Lenel's authorization; (v) the commission by OnGuard VAR or its agent or subcontractor of any criminal act or violation of any laws or regulations applicable to the Agreement; (vi) any violation by OnGuard VAR or its

agent or subcontractor of its confidentiality or non-disclosure obligations to Lenel; (vii) any misrepresentation by OnGuard VAR or its agent or subcontractor relative to Products; and/or (viii) any material breach committed by OnGuard VAR of this Agreement.

15.2. Lenel shall notify OnGuard VAR within ten (10) business days of the filing of any claim subject to indemnification, and OnGuard VAR may elect to defend or settle such action or proceeding, in which event Lenel shall provide reasonable cooperation to OnGuard VAR in such defense or settlement efforts.

16. FORCE MAJEURE

Neither Party shall be responsible for its failure or inability to complete any obligation by reason of any fire, explosion, war, riot, strike, walk-out, labor controversy, flood, shortage of water, power, labor, transportation facilities or necessary materials or supplies, default or failure of carriers, breakdown in or the loss of production from plant or equipment, act of God or public enemy, any law, act or order of any court, board, government or other authority of competent jurisdiction, or any other direct cause (whether or not of the same character as the foregoing) beyond the reasonable control of that Party, and that Party shall not be liable to the other Party during the period and to the extent of such inability or failure. Deliveries by Lenel omitted in whole or in part while such inability remains in effect shall be canceled.

17. NON-HIRE/NON COMPETE

17.1. During the Term and for one (1) year after the expiration or termination of this Agreement, neither Lenel nor OnGuard VAR shall solicit or hire employees from the other party, provided that this prohibition against solicitation and hiring does not apply to a general solicitation (and subsequent hiring) for applications for employment made through advertising, contacts through employment agencies or other means not involving a direct solicitation of a specific person.

17.2. During the Term and for one year after the expiration or termination of this Agreement, OnGuard VAR agrees that it shall not undertake in any way the development, or outsource the development, of software, hardware, communication protocols, interfaces or any aspect of integrated security management products or solutions that would be competitive with Products, in that such software, hardware, protocols or interfaces would perform similar and/or comparable function(s) as the Products and/or could be used to replace Products.

18. SPECIFIC PERFORMANCE

OnGuard VAR acknowledges that it is impossible to measure the damage to Lenel caused by any failure of OnGuard VAR to comply with any of its obligations set forth in this Agreement solely in monetary damages, and that in the event of any such failure Lenel will not have an adequate remedy at law or in damages. Therefore, OnGuard VAR consents to the issuance of an injunction or the enforcement of other equitable remedies against it at the suit of Lenel, without bond or other security, to compel performance of all of the terms of this Agreement, and waives the defense of the availability of relief in damages.

19. MISCELLANEOUS

19.1. NOTICES

19.1.1. Except as set forth in Section 19.1.2 below, all notices required under this Agreement shall be in writing and shall be deemed duly given when personally delivered, or sent by registered or certified mail, or overnight carrier to the individual and the address set forth on the first page of this Agreement.

19.1.2. Lenel may notify OnGuard VAR of new, modified or discontinued Products, new or discontinued Trademarks, terms and conditions relative to Exhibit C and/or pricing, and by delivering such information to OnGuard VAR in a channel memo or similar document sent via e-mail to the corporate contacts and email addresses identified by OnGuard VAR, or to another e-mail address as directed by OnGuard VAR in writing, the information contained in such channel memos shall be deemed to have been received and acknowledged by OnGuard VAR.

19.2. WAIVER

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the Party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy, whether or not similar, constitute a continuing waiver unless the writing so specifies.

19.3. CONSENT TO FORUM SELECTION

The Parties hereto agree that all actions or proceedings arising in connection with this Agreement shall be initiated and litigated exclusively in the state and federal courts located within the County of Monroe, State of New York. The aforementioned choice of venue is intended by the Parties to be mandatory and not permissive in nature, thereby precluding the possibility of litigation between the Parties with respect to or arising out of this Agreement in

any jurisdiction other than that specified in this paragraph. Each Party hereby waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to venue with respect to any proceeding brought in accordance with this paragraph, and stipulates that the state and federal courts located in the County of Monroe, State of New York shall have in personam jurisdiction and venue over each of them for the purpose of litigating any dispute, controversy, or proceeding arising out of or related to this Agreement. Any final judgment rendered against a Party in any action or proceeding shall be conclusive as to the subject of such final judgment and may be enforced in other jurisdictions in any manner provided by law.

19.4. JURY WAIVER

To the fullest extent permitted by law, and as separately bargained-for-consideration, each Party hereby waives any right to trial by jury in any action, suit, proceeding, or counterclaim of any kind arising out of or relating to this Agreement.

19.5. GOVERNING LAW

This Agreement shall be deemed to have been made and entered into in Pittsford, New York, and shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any choice-of-law rules that may require the application of the laws of another jurisdiction, and excluding the United Nations Convention on Contracts for the International Sale of Goods.

19.6. AMENDMENTS

Except as otherwise provided for in this Agreement, changes or modifications to this Agreement shall not be binding upon the Parties unless made in writing and signed by a duly authorized representative of each Party. Any terms and conditions varying from this Agreement on any purchase order, invoice or other notification from OnGuard VAR are hereby rejected.

19.7. ENTIRE AGREEMENT; SURVIVAL

This Agreement constitutes the entire understanding of the Parties with regard to the subject matter of this Agreement, and supersedes all prior discussions, representations, agreements and understandings. The expiration or termination of this Agreement for any reason will not release either Party from any liabilities or obligations set forth herein which (a) the Parties have expressly agreed will survive any such expiration or termination or (b) remain to be performed or by their nature would be intended to be applicable following any such expiration or termination.

19.8. INDEPENDENT CONTRACTORS

OnGuard VAR shall at all times be an independent contractor, and nothing in this Agreement shall constitute OnGuard VAR as partner, joint venturer, agent, or fiduciary of Lenel, nor shall create any other form of legal association that would impose liability on one Party for the act or failure to act of the other or as providing either Party with the right, power or authority (express or implied) to create any duty or obligation on behalf of the other. No third-party beneficiaries are intended by this Agreement.

19.9. BINDING NATURE; ASSIGNMENT

This Agreement will be binding on the Parties and their successors and permitted assigns, it being understood and agreed that nothing contained in this Agreement is intended to confer upon any party other than Lenel and OnGuard VAR any rights, benefits or remedies of any kind or character whatsoever under or by reason of this Agreement. This Agreement may not be assigned by OnGuard VAR, including where such assignment results from an acquisition of or merger with OnGuard VAR, without the prior written consent of Lenel, and any attempted assignment will be void.

19.10. AMBIGUITIES

Each Party and its counsel have participated fully in the review and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.

19.11. COUNTERPARTS AND FACSIMILE

The Section headings and table of contents used in this Agreement are for convenience of reference only and will not enter into the interpretation hereof. If any provision of this Agreement is held to be invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the Parties as nearly as possible in accordance with applicable law. This Agreement may be executed in multiple counterparts, and may be transmitted by either Party via facsimile, each of which will be deemed an original and all of which taken together will constitute one instrument.

19.12. INCORPORATION OF EXHIBITS

Exhibits A through F to this Agreement are incorporated into and deemed part of this Agreement and all references to this Agreement include the Exhibits.

19.13. FURTHER ASSURANCES

19.13.1. OnGuard VAR agree that, subsequent to the execution of this Agreement, should any additional procedures or acts be required of OnGuard VAR in its country to effectuate the purposes of this Agreement, OnGuard VAR shall successfully complete such activities within thirty (30) days of its execution of this Agreement. Further, each of the Parties shall, upon the request of the other Party and without any additional consideration, from time to time execute and deliver all such further documents and instruments and perform any acts which are or may become necessary to effectuate the purposes of this Agreement.

19.13.2. OnGuard VAR represents to Lenel that the individual executing this Agreement on behalf of OnGuard VAR has the power and authority to enter into on behalf of OnGuard VAR and that OnGuard VAR has the power and authority to perform all of obligations herein to be performed by, and further represents that the execution and performance of this Agreement by OnGuard VAR does not violate the provisions of any other agreement to which OnGuard VAR is a party.

LIST OF ATTACHMENTS:

Exhibit A – Products

Exhibit B – Trademarks

Exhibit C – Purchase Ordering Terms and Conditions

Exhibit D – Confidentiality Provisions

Exhibit E – OnGuard Standard Software License Agreement

Exhibit F – Maintenance Plan Agreement

EXHIBIT A - PRODUCTS

- OnGuard®
- OnGuard® Access
- OnGuard® MapDesigner
- OnGuard® MobileVerify
- OnGuard® ID CredentialCenter
- OnGuard® FormsDesigner
- OnGuard® BadgeDesigner
- OnGuard® MobileBadge
- OnGuard® Visitor
- OnGuard® Area Access Manager
- OnGuard® Intrusion
- OnGuard® Video
- OnGuard® VideoManager
- OnGuard® VideoViewer
- OnGuard® IntelligentVideo
- OnGuard® GO!
- OnGuard® IP-GO!
- OnGuard® DataExchange
- OnGuard® DataConduIT
- OnGuard® Enterprise
- OnGuard® OpenAccess Alliance
- OnGuard® OpenDevice
- OnGuard® OpenExchange
- OnGuard® OpenCard
- OnGuard® OpenCredential
- OnGuard® OpenWebServices

EXHIBIT B - TRADEMARKS

This sample is not intended to be photo-reproduced; camera-ready art is available through Lenel®

- Lenel®
- OnGuard®
- OnGuard® Access
- OnGuard® MapDesigner
- OnGuard® MobileVerify
- OnGuard® ID CredentialCenter
- OnGuard® FormsDesigner
- OnGuard® BadgeDesigner
- OnGuard® MobileBadge
- OnGuard® Visitor
- OnGuard® Area Access Manager
- OnGuard® Intrusion
- OnGuard® Video
- OnGuard® VideoManager
- OnGuard® VideoViewer
- OnGuard® IntelligentVideo
- OnGuard® GO!
- OnGuard® IP-GO!
- OnGuard® DataExchange
- OnGuard® DataConduIT
- OnGuard® Enterprise
- OnGuard® OpenAccess Alliance
- OnGuard® OpenDevice
- OnGuard® OpenExchange
- OnGuard® OpenCard
- OnGuard® OpenCredential
- OnGuard® OpenWebServices

LENEL
OnGuard® VALUE ADDED RESELLER

EXHIBIT C - PURCHASE ORDERING TERMS AND CONDITIONS

1. QUOTATIONS AND PRO FORMA INVOICES:

1.1. All quotations and pro forma invoices issued by Lenel are subject to these terms and conditions of sale.

1.2. Unless otherwise stated in writing thereon, the quotation expires sixty (60) days from date of quotation and may be withdrawn at any time within that period, prior to approval of order, upon written notification to OnGuard VAR.

1.3. Specifications, pricing, and availability are subject to change at any time. Lenel will use reasonable efforts to provide OnGuard VAR with advance notification of such changes as set forth in the Agreement.

2. APPROVAL OF ORDERS

2.1. All purchase orders must detail specific quantities, prices, and part numbers for the Products. All purchase orders must be firm and submitted by email or facsimile. Phone orders will not be accepted. Lenel will review each purchase order prior, and if accepted an acknowledgment will be emailed to the OnGuard VAR.

2.2. The commitment to fulfill purchase orders is subject to approval by Lenel's credit department.

2.3. Order Cancellation. OnGuard VAR has the right to cancel an accepted purchase order (for standard products only) when a written request for cancellation is received by Lenel from OnGuard VAR, and the purchase order is canceled thirty (30) or more calendar days in advance of previously requested and accepted shipment date, as set forth on purchase order. If the purchase order is canceled less than thirty (30) calendar days prior to the written request to the shipment date, OnGuard VAR agrees to pay Lenel a twenty per cent (20%) handling fee.

3. PRICES

3.1. Prices in any price list of Products do not include sales, use or other taxes, which shall be added to Lenel's invoices if applicable. Any changes in the price of Products shall apply as follows: (i) all purchase orders received based on quotations provided prior to the effective date of new pricing will be accepted at previous pricing levels for up to fifty-nine (59) days after the effective date of new pricing; (ii) all purchase orders received after the effective date of new pricing which are based on quotations made after the effective date of new pricing shall be subject to the new pricing levels; (iii) price decreases shall apply to all orders received on or after the effective date of the new prices.

3.2. All prices in connection with this Agreement and the price book are stated and payable in U.S. dollars.

3.3. OnGuard VAR may determine its own resale price for all Products; any suggested list price that may be published by Lenel for any Product is for reference only and is not binding on OnGuard VAR.

3.4. "Net Purchase Price" for Products shall mean the price charged by Lenel in the sale of Products minus any discounts, Products returned for credit, transportation costs, and any direct governmental charge or tax.

4. BILLING AND PAYMENT TERMS

4.1. OnGuard VAR must submit payment with order in the form of wire transfer or letter of credit, or have credit terms approved by Lenel's credit department.

4.2. If credit terms are not extended, then all orders must be prepaid via wire transfer or letter of credit.

4.3. Where credit is extended, invoices will be issued by Lenel on date of shipment and payment must be made by OnGuard VAR within thirty (30) days of date of invoice if OnGuard VAR is located in the United States or Canada or within forty-five (45) days of date of invoice if OnGuard VAR is located elsewhere.

4.4. If OnGuard VAR fails to pay invoice when due, Lenel will charge OnGuard VAR a late payment charge equal to the lesser of (1) 2% per month and (2) the maximum rate allowed by law.

4.5. All performance by Lenel under this Agreement or any other order may be suspended should OnGuard VAR be delinquent in making payment for Products, services, or other items, and in which case Lenel may place OnGuard VAR on cash on delivery and/or wire transfer terms.

4.6. If OnGuard VAR fails to make timely payments and Lenel employs the services of any collection agency or attorneys to collect such owed amounts from OnGuard VAR, then any and all collection agency fees and/or attorneys' fees shall be the sole responsibility of and be chargeable to the OnGuard VAR.

5. DELIVERY

5.1. Lenel shall deliver all Products purchased hereunder F.O.B. shipping point (currently Pittsford, New York). OnGuard VAR is responsible for notifying Lenel in writing of preferred shipping method, freight forwarder and/or any other special instructions for the particular country to which shipment will be made. Lenel shall not be held responsible for any delays or additional duty charges as a result of the way products are shipped.

5.2. Special shipping instructions must be specified at the time of order placement. If no instructions are given, Lenel will ship the products via DHL Expedited or similar courier service. Risk of loss passes to the OnGuard VAR at the time of delivery to the carrier.

5.3. Lenel will attempt to schedule shipments as closely as possible in accordance with OnGuard VAR's request. However, Lenel will not be liable for any damages or charges to the OnGuard VAR or OnGuard VAR's customers for late delivery.

5.4. OnGuard VAR is responsible for making any claims for shipment damage (evident or concealed) with the freight carrier.

5.5. Lenel must be notified within fifteen (15) days of shipment of incorrect materials.

6. TRANSFER OF TITLE

The titles for ownership of materials and Products, and the rights contained in software licenses, transfer from Lenel to OnGuard VAR as stated in Section 5.1, a subsection of Section 5 (DELIVERY), of this Exhibit C.

7. SOFTWARE

7.1. Lenel system software and firmware remain the property of Lenel. OnGuard VAR pays for systems, software and firmware with the understanding that it has purchased, to be re-sold to its end-users, a "License to Use" the software programs, and that all ownership of such systems, software and firmware remain with Lenel.

7.2. Lenel grants to OnGuard VAR the nonexclusive right to distribute the software included in the Products to its end user customers in accordance with the terms and conditions of the OnGuard Standard Software License Agreement attached to the Agreement as **Exhibit E**, which each such end user customer will be required to view and accept prior to use of the software. OnGuard VAR shall not have the right to copy, reproduce, or modify any software or firmware included in the Products for any purpose.

7.3. Each software license sold is for use on a single CPU unless otherwise stated in the license agreement. OnGuard VAR must purchase additional licenses when using or installing the Lenel software on more than the originally contracted number of CPUs. OnGuard VARs and end users are strictly prohibited from attempting to alter Lenel software programs. Any attempt to alter said programs will immediately void any remaining applicable warranty or maintenance contract and break the terms and conditions of the OnGuard Standard Software License Agreement attached to the Agreement as **Exhibit E**.

8. RETURN OF GOODS

8.1. OnGuard VAR must obtain a Return Material Authorization (RMA) from Lenel prior to returning Products or components. OnGuard VAR must make a request for an RMA within thirty (30) days after Lenel's date of shipment of the Products or components. Lenel is not obliged to accept returns of Product after the expiration of thirty (30) days from Lenel's date of shipment. One RMA number is required for each returned shipment.

8.2. The OnGuard VAR shall ship the Product prepaid and in its original packaging to Lenel in order that the Product is received by Lenel within fifteen (15) days of OnGuard VAR's receipt of the RMA number. If Lenel has not received the Product within fifteen (15) days of the RMA issue date, the RMA becomes void and receipt of the Product will be refused by Lenel.

8.3. Returned Product shall be shipped Freight Pre-Paid F.O.B. destination (currently Pittsford, New York), and shall include the RMA Number, a

description of item(s) being returned, and reason for the return.

8.4. All special orders and custom Products, including non-standard software features, may not be returned.

8.5. A restocking charge of twenty-five per cent (25%) of the purchase price will be charged for items returned in unused condition with the original packaging intact. Lenel will not accept the return of used equipment.

EXHIBIT D - CONFIDENTIALITY PROVISIONS

1. "Confidential Information" shall mean information of Lenel not already available to the general public which OnGuard VAR has acquired prior to the Effective Date and may acquire during the Term, including but not limited to: information related to Lenel's inventions, designs, methods, improvements, trade secrets, price lists, schedules, presentations, information embodied in a device, samples, materials, products, printed matters, written matters, drawings, charts, diagrams, sketches, notes, e-mails, graphs or figures, quotations, information relating to released or unreleased Lenel software or hardware products, the marketing or promotion of any Lenel product, Lenel's business policies or practices, customer information including the identity of Lenel's customers, or other business and technical information, which information Lenel designates as being confidential or which, under the circumstances surrounding disclosure, ought to be treated as confidential. In the event that Lenel furnishes sample products or other equipment or material to OnGuard VAR which are suitably marked to identify them as encompassing Confidential Information, the items so received shall be used and the information derived from said Items shall be treated as Confidential Information.

2. Confidential Information shall not include that information defined as Confidential Information above that OnGuard VAR can conclusively establish: (i) is or subsequently becomes publicly available through no fault of OnGuard VAR; (ii) became known to OnGuard VAR on a non-confidential basis prior to Lenel's disclosure of such information to OnGuard VAR, (iii) became known to OnGuard VAR from a third party, without restrictions similar to these herein imposed, subsequent to disclosure by Lenel; (iv) is independently developed by OnGuard VAR without violation of the Agreement; or (v) which is or may hereafter be disclosed by the Lenel to a third party, without restrictions similar to those herein imposed, on disclosure or use.

3. OnGuard VAR shall use Lenel's Confidential Information only for the purposes contemplated in the Agreement. Lenel's Confidential Information disclosed to OnGuard VAR shall not be disclosed to any third party without Lenel's prior written approval, and OnGuard VAR agrees to safeguard such Confidential Information by using reasonable efforts, consistent with those used in the protection of its own proprietary information of a similar nature, to prevent such disclosure and will disclose such Confidential Information to its employees on a need-to-know basis. OnGuard VAR shall execute appropriate written agreements with its employees containing terms substantially similar to those in this Exhibit D.

4. If Confidential Information is required to be disclosed pursuant to governmental or judicial process and unless prohibited thereunder, notice of such process shall be promptly provided to the Lenel in order that it may have every opportunity to intercede in such process to contest such disclosure.

5. The obligations of the OnGuard VAR to protect Confidential Information under the terms of this Agreement shall expire three (3) years from the termination date of this Agreement.

6. Except for the limited right of OnGuard VAR to use Lenel's trademarks granted in Section 7 (Trademarks) of the Agreement, no right or license, either express or implied, to or in any Lenel Confidential Information is granted hereunder.

7. OnGuard VAR shall not reverse engineer, decompile, or disassemble any software or hardware disclosed to OnGuard VAR hereunder, and shall not assist or cooperate with others to do the same.

8. Upon termination or expiration of the Agreement, OnGuard VAR shall, upon the written request of the Lenel, exert reasonable efforts to return all Confidential Information disclosed by the Lenel pursuant to the Agreement or, at Lenel's option, certify destruction of the same.

9. OnGuard VAR shall notify Lenel immediately upon discovery of any unauthorized use or disclosure of Confidential Information, and will cooperate with Lenel in every reasonable way to help Lenel regain possession of the Confidential Information or Materials and prevent its further unauthorized use.

10. Any software and documentation which is Lenel Confidential Information is provided to OnGuard VAR with RESTRICTED RIGHTS. Use, duplication or disclosure by the Government is subject to restrictions as set forth in subparagraph h(c)(l)(ii) of The Rights in Technical Data and Computer Software clause at DFARS 252.227-7013 OR SUBPARAGRAPHS (c)(l) and (2) of the Commercial Computer Software - Restricted Rights at 48 CFR 52.227-19, as applicable. Manufacturer is LENEL Systems International Inc., 1212 Pittsford-Victor Road, Pittsford, NY 14534, USA.

For LENEL

For OnGuard VAR

5/1/09

EXHIBIT E

END USER SOFTWARE LICENSE ACCEPTANCE FORM

THIS PAGE IS DESIGNED AND APPROVED FOR DUPLICATION.

You should carefully read the following License Agreement before proceeding with this installation. This Agreement is between you and Lenel Systems International, Inc. having a principal place of business at 1212 Pittsford-Victor Road, Pittsford, NY 14534-3816 ("Lenel"). By continuing with the installation, you indicate your acceptance of the terms of this legal License Agreement. If you do not agree to the terms of this License Agreement, promptly return this product to Lenel.

Copyright/Proprietary Protection
This Lenel OnGuard Software (the "Software") and the Documentation (all of the online help files and manuals, and all of the printed material included with this Software) are owned by Lenel and are protected by the United States and international copyright laws and international treaty provisions. You must treat this software like any other copyrighted material, with the exceptions outlined in the following License Grant. Any violation of this agreement will automatically terminate your right to use this Software, and you must immediately return it to Lenel.

License Grant
Lenel grants you a nonexclusive license to use this Software on a single (dedicated) computer. You may copy this Software onto the hard disk of this computer, and make one copy for archival purposes. You may not make copies of the Software for any purpose other than what is stated above. You may not copy the Documentation for any reason. You may not reverse-engineer, disassemble, decompile or attempt to discover the source code of the Software. You may not modify the Software or create derivative products using this Software. You may not sublicense, rent or lease any portion of the Software. You may transfer your rights under this agreement on a permanent basis to another person or entity provided that you transfer this License Agreement, all original and updated Software and Documentation, and that you not retain any copies of the Software or Documentation. You must notify Lenel in writing of your transfer, and the recipient must also agree to the terms of this License Agreement.

If you want to share the Software on a network, please contact Lenel to request a Network License Agreement.

No Warranties
Lenel disclaims all warranties, either expressed or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose, with respect to this Software and the accompanying Documentation.

CONFIDENTIAL INFORMATION
PAGE 1 OF 4

For LENEL mg

For OnGuard VAR 5/1/09

Limitation of Liability

Under no circumstances, including negligence, shall Lenel, its employees, or its suppliers or resellers be liable for any direct, indirect, incidental, special, consequential, or any damages whatsoever (including, without limitation, damages for loss of profits, business interruption, attorneys fees, loss of information or other pecuniary loss) arising out of the use of or inability to use this Lenel product, even if Lenel has been advised of the possibility of such damages. Notwithstanding the foregoing, in no event shall the total liability of Lenel, or its employees, suppliers or resellers, for all damages, losses and causes of action, either jointly or severally, exceed the amount paid by you to Lenel or its resellers in the twelve (12) months prior to the claimed injury or damage.

Indemnity

YOU AGREE TO INDEMNIFY, DEFEND AND HOLD LENEL AND ITS AFFILIATES HARMLESS FROM AND AGAINST ANY AND ALL LIABILITY, DAMAGES AND COSTS, INCLUDING REASONABLE ATTORNEYS' FEES INCURRED BY SUCH PARTIES, IN CONNECTION WITH OR ARISING OUT OF YOUR (A) VIOLATION OR BREACH OF ANY TERM OF THIS AGREEMENT OR ANY APPLICABLE LAW OR REGULATION, WHETHER OR NOT REFERENCED HEREIN, OR (B) VIOLATION OF ANY RIGHTS OF ANY THIRD PARTY, OR (C) USE OR MISUSE OF THE SOFTWARE BY YOU OR ANY THIRD PARTY, EXCEPT TO THE EXTENT THAT ANY SUCH LIABILITY, DAMAGES AND COSTS RESULT FROM THE ACTS, OMISSIONS OR NEGLIGENCE OF LENEL. YOUR INDEMNIFICATION OBLIGATION CONTAINED IN THIS PARAGRAPH SHALL EXPIRE ON THE TERMINATION OR EXPIRATION OF YOUR LICENSE TO THE SOFTWARE, EXCEPT WITH REGARD TO CLAIMS WHICH ORIGINATED PRIOR TO EXPIRATION.

Miscellaneous

a. Nothing contained herein shall be deemed to convey to you any title or ownership interest in the Software or intellectual property rights related to such Software.
b. Any failure of Lenel to enforce any of the provisions of this License Agreement will not be construed as a waiver of such right of Lenel to enforce each and every such provision.
c. If any provision of this License Agreement shall be invalid, the invalid provision shall not affect the validity or enforceability of the remaining provisions of this License Agreement.
d. This License Agreement constitutes the entire agreement between you and Lenel and supersedes any prior agreement concerning the contents of the disc/diskette envelope. Lenel is not bound by any provision of any purchase order or any other type of correspondence (written or verbal).
e. This agreement is governed by the laws of the State of New York. You hereby consent to personal jurisdiction of the State of New York, County of Monroe, in any action arising out of this License Agreement.

CONFIDENTIAL INFORMATION
PAGE 2 OF 4

For LENEL mg

For OnGuard VAR 5/1/09

US Government Restricted Rights
This Software is provided with restricted rights. Use, duplication or disclosure by the government is subject to restrictions set forth in subparagraph (b)(1)(ii) of The Rights in Technical Data and Computer Software clause at DFARS 252-227-7013 or subparagraphs (b)(1) and (2) of the Commercial Computer Software-Restricted Rights at 48CFR 52.227-19, as applicable. Contractor/manufacturer is Lenel Systems International, Inc.

Export Controls:
This Software is subject to the export control laws of the United States and applicable export and import control laws of other countries. You agree to comply with and use the Software in a manner consistent with such applicable laws. All rights to use the Software are granted on condition that such rights are forfeited if you fail to comply with this License Agreement.

General Provisions:
This License Agreement constitutes the entire agreement between you and LENEL and supersedes any prior agreement concerning the Software. LENEL is not bound by any provision of any purchase order or any other type of correspondence (written or verbal). Should any court of competent jurisdiction find any provision in this License Agreement to be illegal, unenforceable, invalid, or to be overreaching, in whole or in part and for any reason, such illegal, unenforceable, invalid or overreaching provisions or part thereof shall be stricken from this License Agreement, and such provision shall not affect the legality, enforceability, or validity of the remainder of this License Agreement. This License Agreement is governed by the laws of the State of New York, excepting its laws concerning the selection of jurisdiction, and any disputes or claims arising hereunder shall be under the exclusive jurisdiction of the state and federal courts situated in the County of Monroe, State of New York.

Information Page Follows

CONFIDENTIAL INFORMATION
PAGE 3 OF 4

For LENEL mg

For OnGuard VAR 5/1/09

(TYPE OR PRINT THE FOLLOWING INFORMATION)

End User Information

CONTACT NAME: _____ COMPANY NAME: _____

ADDRESS: _____ CONTACT TITLE: _____

COUNTRY: _____ CITY, STATE, ZIP: _____

PHONE: _____ CITY/COUNTRY OF INSTALLATION _____

E-MAIL: _____ FAX: _____

WEB SITE: _____

Reseller Information

CONTACT NAME: _____ COMPANY NAME: _____

ADDRESS: _____ CONTACT TITLE: _____

COUNTRY: _____ CITY, STATE, ZIP: _____

PHONE: _____ FAX: _____

E-MAIL: _____ WEB SITE: _____

Reseller Signature & Date: _____

RESELLER'S P.O. NUMBER: _____

TYPE OF DONGLE NEEDED: ☐ **USB (Default)**

CONFIDENTIAL INFORMATION
PAGE 4 OF 4

EXHIBIT F

Maintenance Plan Agreement

This Maintenance Plan Agreement (the "MPA") is dated the ___ day of _____ 200__ (the "MPA Date") and is between Lenel Systems International, Inc. ("Lenel"), having an office and place of business at 1212 Pittsford-Victor Road, Pittsford, New York 14534 and _____ ("OnGuard VAR"), having an office and a place of business at _____. Lenel and OnGuard VAR may each be referred to herein as a "party" and together as the "parties".

Background

I. Lenel and OnGuard VAR entered into that certain VAR Agreement dated _____ (the "VAR Agreement"), which VAR Agreement is no longer in effect;

II. OnGuard VAR has support obligations to system owners in its former Territory, as that term is defined in the VAR Agreement, which system owners are specified herein;

III. Lenel is willing to offer certain support under the terms of this MPA to enable OnGuard VAR to fulfill its support obligations referenced above;

IV. OnGuard VAR desires to take advantage of such maintenance plan by executing this MPA.

Now, therefore, in consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. **TERM AND CANCELLATION.** The term of this MPA begins on the MPA Date and ends on the date five (5) years after the MPA Date (the "Term"). OnGuard VAR maycancel this MPA at any time and for any reason by giving Lenel at least thirty (30) days prior written notice of such cancellation. Either party may terminate this MPA in the event of a material breach of this MPA by the other party, which material breach is not cured within ten (10) days after providing written notice to the breaching party specifying the nature of the breach. Further, Lenel may terminate this Agreement in the event OnGuard VAR violates any international, national or local laws in the performance of its obligations hereunder, attempts to assign this MPA without Lenel's prior written consent or undergoes a change in control.

2. **SCOPE.** During the Term OnGuard VAR may order Products (as defined in the VAR Agreement) from Lenel for: (a) resale solely to those customers of OnGuard VAR made known to OnGuard VAR's Regional Sales Manager and specified in Attachment A which is incorporated herein, and (b) for outstanding bids which OnGuard VAR has made known to OnGuard VAR's Regional Sales Manager which are also specified in Attachment A ((a) and (b) are together referred to herein as the "Customers"). Lenel shall fulfill any such orders for Products, provided said orders are in conformity with the terms of this MPA.

3. **PURCHASE ORDERS.**

3.1 OnGuard VAR shall obtain a quotation from Lenel prior to placing any purchase order.

3.2 Subject to Section 3.3 below, the terms and conditions applicable to each purchase order shall be those stated in Section 9 (Purchase Orders and Terms) and Exhibit C of the VAR Agreement, and the applicable prices shall be the then-current OnGuard VAR pricing published at the time of each purchase order's acceptance by Lenel.

3.3 OnGuard VAR shall pre-pay for all purchase orders.

4. **TRADEMARKS AND MARKETING COMMUNICATIONS.** Should OnGuard VAR require Lenel support and/or operations manuals for the Products purchased hereunder, OnGuard VAR shall be entitled to same.

5. **SUPPORT**

5.1 Calls to Lenel's Technical Support Group by OnGuard VAR for technical support shall be made by Lenel-certified technicians.

5.2 Calls to Lenel's Technical Support Group from OnGuard VAR from or with regard to Customers that do not have a valid Software Upgrade and Support Plan in effect, and calls from individuals who are not Lenel-certified technicians shall be invoiced to OnGuard VAR at Lenel's prevailing rates for technical support. OnGuard VAR shall pay such invoices in accordance with the terms of the VAR Agreement.

6. **SURVIVAL OF TERMS**

6.1 ANY AND ALL PROVISIONS RELATIVE TO LIMITATION OF LIABILITY, INDEMNIFICATION, AND INSURANCE SET FORTH IN THE VAR AGREEMENT SHALL SURVIVE DURING THE TERM OF THIS MPA.

6.2 Any provisions and Exhibits of the VAR Agreement referenced herein shall be incorporated into this MPA as if fully set forth herein.

7. **HOLD HARMLESS.** ONGUARD VAR SHALL HOLD LENEL HARMLESS should Lenel, during the Term or otherwise, direct any system owner using Lenel products to other authorized resellers of Lenel products.

8. **CONFIDENTIALITY.** The terms of the VAR Agreement, including Exhibit D thereto, relative to each party's obligations of confidentiality shall survive during the Term.

9. **MISCELLANEOUS**

9.1 **NOTICES.** Notices under this MPA shall be in writing and shall be deemed duly given when personally delivered, or sent by registered or certified mail, or overnight carrier to the individual and the address set forth in the first paragraph of this MPA.

9.2 **WAIVER.** No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this MPA shall be effective unless it is in writing and signed by the Party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy, whether or not similar, constitute a continuing waiver unless the writing so specifies.

9.3 **CONSENT TO FORUM SELECTION.** The parties hereto agree that all actions or proceedings arising in connection with this MPA shall be initiated and

litigated exclusively in the state and federal courts located within the County of Monroe, State of New York. The aforementioned choice of venue is intended by the parties to be mandatory and not permissive in nature, thereby precluding the possibility of litigation between the parties with respect to or arising out of this MPA in any jurisdiction other than that specified in this paragraph. Each party hereby waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to venue with respect to any proceeding brought in accordance with this paragraph, and stipulates that the state and federal courts located in the County of Monroe, State of New York shall have in personam jurisdiction and venue over each of them for the purpose of litigating any dispute, controversy, or proceeding arising out of or related to this MPA. Any final judgment rendered against a party in any action or proceeding shall be conclusive as to the subject of such final judgment and may be enforced in other jurisdictions in any manner provided by law.

9.4 **JURY WAIVER.** To the fullest extent permitted by law, and as separately bargained-for-consideration, each party hereby waives any right to trial by jury in any action, suit, proceeding, or counterclaim of any kind arising out of or relating to this MPA.

9.5 **GOVERNING LAW.** This MPA shall be deemed to have been made and entered into in Pittsford, New York, and shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any choice-of-law rules that may require the application of the laws of another jurisdiction, and excluding the United Nations Convention on Contracts for the International Sale of Goods.

9.6 **AMENDMENTS.** Except as otherwise provided for in this MPA, changes or modifications to this Agreement shall be binding upon the parties unless made in writing and signed by a duly authorized representative of each party. Any terms and conditions varying from this MPA on any purchase order, invoice or other notification from either party are not binding on the other unless specifically accepted by the other.

9.7 **ENTIRE AGREEMENT; SURVIVAL.** This MPA constitutes the entire understanding of the parties with regard to the subject matter of this MPA, and supersedes all prior discussions, representations, agreements and understandings. The expiration or termination of this MPA for any reason will not release either party from any liabilities or obligations set forth herein which (a) the parties have expressly agreed will survive any such expiration or termination or (b) remain to be performed or by their nature would be intended to be applicable following any such expiration or termination. Should any purchase order for Product remain unfilled on the expiration date of this MPA, the terms and conditions of this MPA shall survive with regard to such purchase order.

9.8 **INDEPENDENT CONTRACTORS.** OnGuard VAR shall at all times be an independent contractor, and nothing in this MPA shall constitute OnGuard VAR as partner, joint venturer or fiduciary of Lenel, nor shall create any other form of legal association that would impose liability on one party for the act or failure to act of the other or as providing either party with the right, power or authority (express or implied) to create any duty or obligation of the other.

9.9 **BINDING NATURE; ASSIGNMENT.** This MPA will be binding on the parties and their successors and permitted assigns, it being understood and agreed that nothing contained in this MPA is intended to confer upon any party other than Lenel and OnGuard VAR any rights, benefits or remedies of any kind or character whatsoever under or by reason of this MPA. OnGuard VAR may not, nor will it have the power to, assign this MPA or any part hereof, including where such assignment results from an acquisition of or merger with OnGuard VAR, without the prior written consent of Lenel, and any attempted assignment will be void.

9.10 **AMBIGUITIES.** Each party and its counsel have participated fully in the review and revision of this MPA. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this MPA. The language in this MPA shall be interpreted as to its fair meaning and not strictly for or against any party.

9.11 **COUNTERPARTS AND FACSIMILE.** The Section headings used in this MPA are for convenience of reference only and will not enter into the interpretation hereof. If any provision of this MPA is held to be invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the Parties as nearly as possible in accordance with applicable law. This MPA may be executed in multiple counterparts, and may be transmitted by either party via facsimile, each of which will be deemed an original and all of which taken together will constitute one instrument.

9.12 **FURTHER ASSURANCES**

9.12.1 OnGuard VAR agrees that, subsequent to the execution of this MPA, should any additional procedures or acts be required of OnGuard VAR in its country to effectuate the purposes of this MPA, OnGuard VAR shall successfully complete such activities within thirty (30) days of its execution of this MPA. Further, each of the parties shall, upon the request of the other party and without any additional consideration, from time to time execute and deliver all such further documents and instruments and perform any acts which are or may become necessary to effectuate the purposes of this MPA.

9.12.2 OnGuard VAR represents to Lenel that the individual executing this MPA on behalf of OnGuard VAR has the power and authority to enter into on behalf of OnGuard VAR and that OnGuard VAR has the power and authority to perform all of obligations herein to be performed by, and further represents that the execution and performance of this MPA by OnGuard VAR does not violate the provisions of any other agreement to which OnGuard VAR is a party.

The parties have executed and delivered this MPA as of the MPA Date.

LENEL SYSTEMS INTERNATIONAL, INC. **ONGUARD VAR**

By: _____ By: _____

Name:

Title:

Name:

Title:

Attachment A

The Customers for which OnGuard VAR may purchase Product are listed below:

[List existing customers and outstanding bids; information needed: customer name, address, dongle #, product version]

Verint Certification

VERINT
IP Video Made Easy

Verint Video Solutions

Eastern Regional Sales Office

14900 Conference Center Drive, Suite 100

Chantilly, VA 20151

Verint Partner Program

Verint Video Solutions strives to provide its customers with only the best service and support available. As such any potential Verint Integrators undergo both a stringent credit screening but also must fulfill a commitment to extensive training.

Additional requirements of Integrator applications include an onsite visit to the prospective dealer's office and a review of their technical qualifications. After fulfillment of these criteria, the dealer can then move forward with making arrangements for entering into the training phase of the process. Once they have successfully completed and passed the training phase, a letter of certification will be issued to the technician and an invitation to become an integrator is sent out to the company with the necessary contract documents to be signed and returned.

Only after this process is completed will the dealer be listed as a signed "Authorized Integrator" and be eligible to sell, warranty and service Verint installed equipment. Verint reserves the right to refuse technical support requested by a non-authorized dealer and if such work is preformed, can void any remaining factory warranty on the system.

Bronze

Verint Partners Just entering the program or only maintaining existing Verint Video product customers.

- Must have a minimum of (1) currently trained Technician
- Must maintain at least (2) end user accounts who are current with Nextiva maintenance
- Must maintain yearly sales volume of $100k

Silver

Existing Verint Partners who exhibit their commitment to the Verint Nextiva product line by bring incremental business to the region. New Verint Partners who are focused on the Security Market and qualified to sell, service and install IP CCTV solutions. By initially providing competitive pricing to an SI we can offer them the best chance for success in their region against competitive products.

- Must have a minimum of (2) currently trained Technicians
- Must maintain at least (3) end user accounts who are current with Nextiva maintenance
- Must maintain a yearly sales volume of $300k
- Must have active selling strategy for Nextiva with quarterly review of system quotations
- Must provide a quarterly forum in which the Verint RSM will present new Nextiva products and software enhancements to their sales associates

Gold

Verint Partners with a minimum of one year experience selling, installing and servicing Nextiva systems and have met the Silver discount requirements.

- Must have a minimum of (2) currently trained Technicians
- Must maintain more than (3) end user accounts who are current with Nextiva maintenance
- Must maintain a yearly sales volume of $500k
- Must have active selling strategy for Nextiva with quarterly review of system quotations
- Must provide a quarterly forum in which the Verint RSM will present new Nextiva products and software enhancements to their sales associates
- Must have a demonstration system installed in their facility which is represent the current Nextiva product offering

Platinum

Verint Partners with a minimum of one year experience selling, installing and servicing Nextiva systems and have met the Gold discount requirements.

- Must have a minimum of (6) currently trained Technicians
- Must maintain more than (6) end user accounts who are current with Nextiva maintenance
- Must maintain a yearly sales volume of $750k
- Must have active selling strategy for Nextiva with quarterly review of system quotations
- Must provide a quarterly forum in which the Verint RSM will present new Nextiva products and software enhancements to their sales associates
- Must have a demonstration system installed in their facility which is represent the current Nextiva product offering
- National coverage, vertical account presence or strategic customer targeted.

LORONIX INFORMATION SYSTEMS, INC.
RESELLER LICENSE AND DISTRIBUTION AGREEMENT
DOMESTIC
(X Stocking or ___ Non-Stocking)

This Reseller Agreement made this 24 day of APRIL, 1997 (the "Effective Date") is an agreement between HENRY DAVIS ELECTRONICS ("You" or "Reseller"), a company incorporated under the laws of the State of NEW JERSEY, USA and LORONIX INFORMATION SYSTEMS, INC. ("Loronix"), a company incorporated under the laws of the State of Nevada, USA. By signing in the place indicated below, we are agreeing to become legally bound by the terms and conditions contained in this Agreement.

1. **Grant of License** You are granted a non-transferable and non-exclusive terminable right and license to market the Product listed in Schedule 1 by granting dealer and end-user licenses under the terms stated in this Agreement. You understand that the Product contains Loronix proprietary software programs (the "Software") and documentation and may also include third-party software licenses. You will purchase the Product from Loronix, but Loronix retains all title and ownership of the Software and documentation.

2. **Marketing** You will use your best efforts to promote and market the Product. This includes providing training, marketing and support personnel to promote, sell, install and maintain the Product. Loronix will provide technical training to your staff in accordance with Loronix's established policies. You are authorized to market the Product in the form and packaging delivered by Loronix. You are not authorized to market the Product directly or indirectly outside of the United States. No use of Loronix's trademarks is authorized except to display the trademarks to identify and market the Product.

   You will provide Loronix with a six (6) month rolling forecast setting forth estimated requirements for Product by month. These forecasts are for planning purposes only and will not be binding on either party.

   You represent and warrant that you have made a full disclosure (by name and capability) of the items you currently sell. If you choose to market, promote or distribute additional items that compete with the Product, you will notify Loronix of your intent at least sixty (60) days prior to beginning such activity, and Loronix will have the right to terminate this Agreement on thirty (30) days notice to you without any liability to Loronix. A competing item provides substantial overlap of functionality of the Product listed in Schedule 1.

3. **Products and Pricing.**

   A. Reseller shall make an initial order for the Product as set forth in Schedule 1.

   B. Reseller shall maintain stocking levels as set forth in Schedule 1.

   C. Reseller shall employ sufficient efforts to promote and distribute the Product in the Territory such that Loronix receives orders from Reseller for the Product and deliverable directly by Loronix in the aggregate minimum USD amount set forth at Schedule 1 ("Quota"). Reseller acknowledges that, beginning on the Effective Date, failure to achieve such volumes shall, at Loronix's sole option, result in the termination of this Agreement.

4. **Product Orders and Shipment** You will order the Product (by fax or otherwise) using a written purchase order. All orders are subject to acceptance by Loronix. Loronix will ship the Product F.O.B. place of origin to the location specified by you, at your expense, using the carrier of your choice.

5. **Price and Payment** Loronix's Product Price Schedule is set out in Schedule 1. Loronix may adjust the Price Schedule without notice. Payment for the Product will be due upon or prior to delivery unless open account credit (net 30 days) is approved by Loronix in writing (to request a line of credit you must complete, in full, the credit application, attached hereto as Schedule 4). Any invoice not paid when due is subject to interest on the unpaid balance at the rate of 1.5% per month until paid. Loronix may withhold any shipment or require prepayment where, in its sole discretion, a reasonable question exists concerning your payment record, financial condition or creditworthiness. You will pay all applicable taxes, whether levied by Federal, State or local governmental authority.

6. **Copyrights** The Software and documentation are owned (or, in the case of third-party software, licensed) by Loronix and are protected by United States copyright laws, international treaty provisions and all other applicable national laws. Except as provided in this Agreement, you have not been granted any right, title, or interest to any intellectual property rights in the Software and documentation.

7. **Other Restrictions** You may not copy the Software (except, in the case of badge issuance Software, you may copy the Software to a computer hard disk or other permanent electronic storage device for demonstration purposes), modify, reverse engineer, de-compile, or disassemble the Software, or loan, rent or provide access to the Software and documentation for a fee or otherwise, to any third party for the purpose of unauthorized copying.

8. **Loronix End-User Software License and Limited Warranty** Loronix licenses and warrants the Product under the terms and conditions set forth in the Loronix End-User Software License Agreement And Limited Warranty attached as Schedules 2a and 2b.

9. **Limitations** EXCEPT AS SPECIFICALLY SET IN THE LORONIX SOFTWARE LICENSE AGREEMENT AND LIMITED WARRANTY, LORONIX DISCLAIMS ANY AND ALL WARRANTIES, WHETHER EXPRESSED OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY. IN NO EVENT WILL LORONIX BE LIABLE FOR ANY DAMAGES, DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL (INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION, OR ANY OTHER PECUNIARY LOSS), ARISING OUT OF THE USE OR INABILITY TO USE THE PRODUCT AND DOCUMENTATION, EVEN IF LORONIX HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, OR ANY CLAIM BY ANY OTHER PARTY. Some states do not allow the exclusion or limitation of implied warranties or liability for incidental or consequential damages, so the above limitations or exclusions may not apply to you. In no event will the liability of Loronix for damages to you or any other person ever exceed the amount of a Product's most current suggested retail list price in effect at the time of a claim for such damages. Regardless of any claims by you against Loronix, Loronix will not be liable to you for any loss of profits or damages in connection with any claims brought against you by any third party.

10. **Indemnification** You will indemnify and hold Loronix harmless against any and all claims or actions and any costs, liabilities, or losses arising out of failure of the Product to accomplish any given task or arising out of any statements or representations made by your employees, representatives or agents with respect to the Product, except for statements that are directly quoted from the documentation. This indemnification provision will survive the termination of this Agreement.

11. **Confidentiality** You agree to the terms and conditions contained in the Mutual Non-Disclosure Agreement attached as Schedule 3.

12. **Termination** Loronix or you may terminate this Agreement at any time, with or without cause, by giving thirty (30) days written notice. If you violate any of the terms of this Agreement, Loronix may immediately

terminate this Agreement or, at its sole election, provide notice that it will terminate this Agreement unless the breach is cured within 30 days of such notice. Upon termination of this Agreement, you will cease holding yourself out as an authorized Loronix Reseller and immediately make payment of any amounts due to Loronix prior to the date of termination, including reimbursement of costs incurred by Loronix in connection with such termination. At its option, Loronix may cancel any pending orders for unshipped Product.

13. **Notices** All notices pertaining to this Agreement will be in writing and sent to the addresses set forth below. Notices will be deemed given when delivered personally or five (5) business days after having been sent by certified or registered mail, commercial courier or similar reliable means of delivery, or by facsimile transmission (the receipt of which transmission is acknowledged within 24 hours of the receipt thereof) to the other party at the addresses contained herein.

14. **Additional Obligations of Reseller**

A. **Best Efforts** Reseller shall use its best efforts (at least equal to its other products) to advertise and promote the sale of the Products:

1. identifying End-Users that may benefit from use of the Product and are capable of paying the fees associated therewith;

2. arranging for and conducting competent and effective presentations relating to the Product;

3. providing marketing and support services of a depth and magnitude reasonably satisfactory to Loronix;

4. conducting, at all times, its business in a manner that will reflect favorably on Loronix and the Product, and not engage in any deceptive, misleading, illegal or unethical business practice; and

5. providing training to all End-Users purchasing Product through Reseller.

B. **Business Plan** Reseller shall develop and provide to Loronix within sixty (60) days of the Effective Date a business plan for the Product to be marketed and licensed.

C. **Intellectual Property Protection** Reseller shall notify Loronix of any unauthorized use or infringement of any of the intellectual property rights (insofar as it becomes aware), and shall at the request of Loronix take part in or give assistance in respect of any legal proceedings and execute any documents and do any things reasonably necessary to protect the intellectual property rights. Reseller may, at its sole option and expense, elect to participate in, but not control, any prosecution initiated by Loronix to protect the intellectual property rights.

D. **Marks** In any instance where any Loronix mark is contemplated for use in any advertising promotion, news release or other publication of any kind whatsoever, Reseller shall first submit such matters to Loronix for prior written approval prior to release, publication or other dissemination. Loronix shall have the right to require, at its discretion, the correction or deletion of any misleading, false, or objectionable material from any such advertising, promotion or publicity.

E. **Inspection** Reseller shall permit Loronix or its authorized representatives, at all reasonable times on any business day, to enter Reseller's facilities to conduct audits of Reseller's maintenance, support and training activities, subject to ten (10) business days prior written notice.

F. Reseller will abide by all rules, regulations and laws of the United States Government regarding exports.

15. **Miscellaneous** Your status under this Agreement is that of an independent contractor and nothing will be construed in this Agreement to create a partnership, joint venture, or agency relationship with Loronix. You may not assign this Agreement without the prior written consent of Loronix. This Agreement constitutes the entire agreement between Loronix and you, and supersedes all prior agreements and communications, whether oral or in writing, with respect to the subject matter of this Agreement. In the event of any conflict between a purchase order and this Agreement, the terms of this Agreement will control. No amendment or modification of this Agreement will be effective unless made in writing and signed by both parties. This Agreement and all amendments, modifications, alterations or supplements hereto are deemed to have been executed in the State of Colorado, and are governed and construed as to both substantive and procedural matters in accordance with the laws of the State of Colorado. You irrevocably waive any objection which you may now or hereafter have to the laying of venue of any proceedings under this provision in the United States District Court for the District of Colorado.

16. **Schedules**

1. Product & Pricing
2. End-User Software License & Limited Warranty
3. Mutual Non-Disclosure Agreement
4. Credit Application

IN WITNESS WHEREOF, Loronix and Reseller have caused this Agreement to be executed by their duly authorized corporate officers as of the day, month and year first above written.

LORONIX INFORMATION SYSTEMS, INC.

By: Jon Leighton

Its: CFO

Date: May 13, 97

Address: 820 Airport Road
Durango, Colorado 81301
Phone: (970) 259-6161
Fax: (970) 385-4886

HENRY BROS ELECTRONICS

By: JAMES E HENRY

Its: CEO

Date: 4/24/97

Address: 280 MIDLAND AVE
SADDLE BROOK, NJ 07663

Phone: 201-794-6500
Fax: 201-794-8341

Reseller.doc

HBE

Intelect Certification

Intelect
Technologies
Incorporated

July 10, 2009

Bernie Drury
Henry Bros. Electronics
17-01 Pollitt Drive
Fair Lawn, NJ 07410

Dear Mr. Drury,
This letter certifies that Henry Brothers Electronics is a Value Added Reseller and approved Maintenance Provider for the OmniLynx equipment having completed the training courses required for this certification in September of 2007.

Best regards,

Danny Moon
Danny Moon
Customer Service Manager
Intelect Technologies Inc.

HBE

Professional Licenses

THIS DOCUMENT IS PRINTED ON WATERMARKED PAPER WITH A MULTI-COLORED BACKGROUND AND MULTIPLE SECURITY FEATURES PLEASE VERIFY AUTHENTICITY

State Of New Jersey
New Jersey Office of the Attorney General
Division of Consumer Affairs

THIS IS TO CERTIFY THAT THE
Board of Exam. of Electrical Contractors

HAS LICENSED

H B C COMPANY INC
JORIS HOOGENDOORN
131 Washington St
Lodi NJ 07644

FOR PRACTICE IN NEW JERSEY AS A(N): Electrical Business Permit

02/26/2009 TO 03/31/2012
VALID

34EB00305500
LICENSE/REGISTRATION/CERTIFICATION #

Signature of Licensee/Registrant/Certificate Holder

DIRECTOR

UNIQUE ID NUMBER
12000007380

State of New York
Department of State

FOR OFFICE USE ONLY
Control No. 44762

DIVISION OF LICENSING SERVICES

EFFECTIVE DATE
MO. 10 | DAY 20 | YR. 08

PURSUANT TO THE PROVISIONS OF ARTICLE 6D OF THE GENERAL BUSINESS LAW AS IT RELATES TO THE BUSINESS OF INSTALLING, SERVICING, OR MAINTAINING SECURITY OR FIRE ALARM SYSTEMS.

EXPIRATION DATE
MO. 10 | DAY 19 | YR. 10

T F L ELECTRICAL INC
1462 73RD ST
BROOKLYN, NY 11228

HAS BEEN DULY LICENSED TO ENGAGE IN THE BUSINESS OF INSTALLING, SERVICING, OR MAINTAINING SECURITY OR FIRE ALARM SYSTEMS

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.

QUALIFIER: ARENA SALVATORE A

LORRAINE A. CORTES-VAZQUEZ
SECRETARY OF STATE

DOS-1098 (Rev. 3/01)

UNIQUE ID NUMBER
1200023598e6

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control
No.

EFFECTIVE DATE

MO.	DAY	YR.
12	21	09

EXPIRATION DATE

MO.	DAY	YR.
12	20	11

PURSUANT TO THE PROVISIONS OF ARTICLE 6D OF THE GENERAL BUSINESS LAW AS IT RELATES TO THE BUSINESS OF INSTALLING, SERVICING, OR MAINTAINING SECURITY OR FIRE ALARM SYSTEMS.

HENRY BROS ELECTRONICS
17 BATTERY PL
STE 701
NEW YORK, NY 10004

HAS BEEN DULY LICENSED TO ENGAGE IN THE BUSINESS OF INSTALLING, SERVICING, OR MAINTAINING SECURITY OR FIRE ALARM SYSTEMS

QUALIFIER: GJINI THEODORA N

LORRAINE A. CORTES-VAZQUEZ
SECRETARY OF STATE

HBE

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STELLAR

Stellar Services

Stellar Services, headquartered in New York City, is a Port Authority of New York and New Jersey certified M/SBE firm. Since its establishment in 1993, Stellar Services has distinguished itself for software development, engineering document management, project scheduling, construction contract management, design support services, and ability to finish a project with satisfaction of clients. Stellar Services is a CMMI certified firm.

Stellar Services, as a professional IT consulting firm, focuses on providing innovative and effective technology solutions. We specialize in IT support and system integration for government agencies at the Federal, State and local levels. In recent years, Stellar has become a strong IT asset for our customers, providing premiere consulting and advisory services to aviation and transportation clients such as the Port Authority of New York and New Jersey, Department of Aviation City of Atlanta, Metropolitan Transportation Authority, New Jersey Transit, Metropolitan Washington Airports Authority.

The Port Authority of New York and New Jersey has been Stellar's client for over a decade. We have provided technical services in software development, AutoCAD and other aviation planning support, network administration and document control management system in the JFK International Airport Redevelopment Program; designed and developed the Management Reporting System for the Newark International Airport Redevelopment Program; provided engineering services for North East Corridor Program including Newark Monorail project, and completed the Airport Tenant Alternation Management System for all three airports. Our staff are currently providing technical services to various departments of the Port Authority.

The Department of Aviation City of Atlanta is another long term client of Stellar. Stellar has designed and implemented the project management system for Hartsfield International Airport's $6 billion airport development program in 2002. Our team has successfully delivered the system and has been providing continuing application enhancement and support since then. This project management system gives project managers and executives access and control of the overall project progress.

Our Dulles Metrorail Project with Metropolitan Washington Airport Authority is another successful experience. The Stellar team has implemented Livelink ECMS system, an integrated and centralized repository of all project-related documents including mail messages and construction drawings, with CAD management, viewing and redlining capability. In addition to system design and implementation, our team has also scanned the project's documents and CAD drawings, and is currently providing support services to the project.

In addition to project management system design, implementation, application and enhancement support, Stellar Services also provided supporting staff doing project management, document management and scheduling work. Our schedulers are assisting NYC School Construction Authority and taking lead of the schedulers team in reaching their goal of implementing Primavera P6 and tracking all school construction projects in Primavera P6. Our CAD engineers are providing AutoCAD and other aviation planning services to JFK International Airport, Newark International Airport, TWA Airline, and Continental Airline. Our document control specialists are supporting the MTA Second Avenue, NYS Thruway Authority Tappan Zee Bridge/I-287 Corridor Project, MTA Eastside Access Project, to name a few.

Stellar's Clients

Stellar Services has managed, executed and supported many large-scale multi-billion dollar programs with their construction project control and document management services, status reporting and other design supporting services in the past decade. Our major clients include:

- Metropolitan Transportation Authority
  - East Side Access Project ($5.3 Billion)
  - Second Avenue Subway Project ($16.8 Billion)
- Port Authority of New York and New Jersey
  - Port Authority of NY and NJ Capital Program ($26 Billion)
  - World Trade Center PATH Train Restoration Project ($2 Billion)
  - Newark International Airport Redevelopment Program ($1 Billion)
  - Performance of Expert Professional Systems Application Services (Livelink)
  - JFK International Airport Redevelopment Program ($4.3 Billion)
  - LaGuardia Airport Tenant Management System
- Department of Aviation
  - Hartsfield-Jackson Atlanta International Airport Development Program ($5.4 Billion)
  - Raleigh-Durham International Airport ($350 Million)
  - JFK International Airport Redevelopment Program ($4.3 Billion)
  - Dulles Corridor Metrorail ($5 Billion)
- City of Atlanta Department of Watershed Management
  - Enterprise Content Management System for DWM ($3.3 Million)
  - Enterprise Content Management System for a Major Pharmaceutical Company in New Jersey

Stellar's Strategic Partners

Stellar Services has formed several strategic partnerships with industry leaders. We are Platinum partner of Open Text Corporation, Premier Primavera Partner of Primavera Technology, and Microsoft Gold partner of Microsoft.

Stellar's Employees

Our employees make the difference. Over 85% of our employees possess advanced Master or Post-Baccalaureate degrees as well as tremendous experience in IT Consulting. These dedicated, highly educated and competent professionals represent experts of system and network engineers, programmers, content management specialists, business process analysts, and project managers, fully equipped with superior technical and excellent interpersonal skills.

STELLAR

Services and Support for ASCS

For this ASCS proposal, we could support in the following tasks:

1. Project Management and Scheduling Support – coordinate project schedule, update project status, predict delay, solve conflict, etc.
2. Logistic Support - commission and decommission, add and move hardware, servers and other security equipments.
3. CAD Shop drawings - design, draft, review and modify any Shop construction drawings.
4. Document Management – manages RFIs, submittals, contracts, work orders, etc.
5. Web-based Software Development for Management System.

Point of Contact

Anna Hu
Vice President
57 West 38th Street, 11th Floor
New York, NY 10018
212-432-2848
ahu@stellar4.com

PRIMAVERA OPENTEXT Microsoft GOLD CERTIFIED CMMI CMMI Certified

Relevant Projects

JFK Redevelopment Program Project

Stellar Services was subcontracted to URS for the JFK International Airport Redevelopment Program. Stellar Services provided technical services in the following main functional areas: software development, AutoCAD and other aviation planning support, network administration and document control management system.

SOFTWARE DEVELOPMENT: Stellar team has performed extensive as-is and to-be business analysis through a series of user interviews and generated systems specifications for Project Financial Database system. The system was developed on the Windows NT environment using PowerBuilder, where it downloaded monthly actual charges of the project from the PA master database, generated management on-screen reports for the project managers, and uploaded financial data onto the cost control database. The system then stored the critical business and financial information, generating a set of management reports for project managers.

DOCUMENT CONTROL SYSTEM MAINTENANCE: Stellar team has maintained JFK's database integrity and system efficiency through planning and upgrading the JFK Document Control System. Stellar team also provided support services including assisting document control managers on defining folders, queries and other system parameters; organizing training session for the use of the Document Control System; system trouble shooting; system planning and upgrade.

AUTOCAD AND OTHER AVIATION PLANNING SUPPORT: Stellar team HAS installed JFK's AutoCAD 2000i and configure plotter, using visual LISP™ interactive development environment to develop and test AutoLISP programs. Our staff participate the planning team for the master study of JFK International Airport Central Terminal Area; prepared study plans on Terminal 5 & 6 roadways system and new domestic terminal; developed concept drawings for Terminal 6 light rail station and relocate columns for light rail connector; and designed sequence sheets for Terminal 6 redevelopment program. We have developed the conceptual and schematic design for the relocation of T/W "A" bridge over JFK Expressway (J8 Bridge) to be in compliance of FAA standard clearance for A380. We also worked with Aviation Planning on the A380 study on Taxiway "A" bridge over VWY and JFK Expressway to search for feasible solution to meet FAA standard clearance requirement.

NETWORK ADMINISTRATION: Stellar team has designed and implemented the JFK Novell network. We have upgraded the network in 1995 to 10/100 MB, one of the first and fastest Ethernet networks in the Port Authority. We have designed the network for the Operating Control Center at Building 145 in 1997. We have maintained the network since 1994.

Continental Airline Global Gateway Program Project

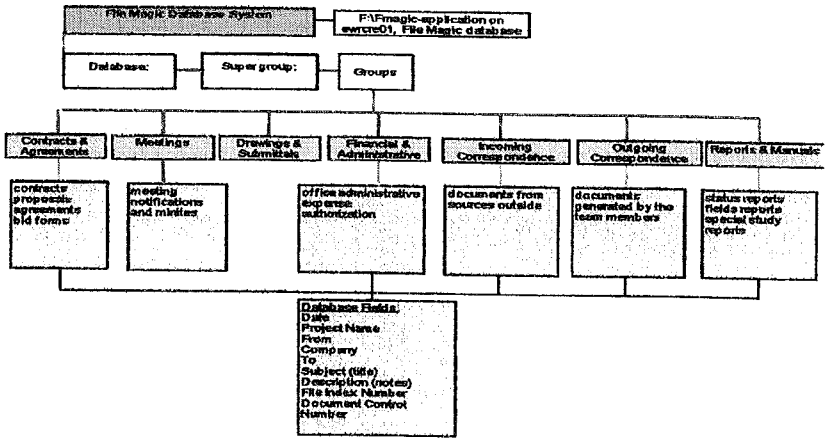
As part of the $1.4 billion expansion of Continental Airlines Global Gateway Program, Stellar Services was subcontracted to develop and implement a management information system, and for the design and maintenance of network operations and document control system.

Stellar Services has provided document control services including paper and electronic documents management and document imaging via LAN, fax, email and conventional printer. Our team has completed an innovative system design for document procedure and policy.

Stellar's project control services include:

- Email and Internet Access Management
- Database Application Support
- Performance Monitoring
- P3 Scheduling
- Asset Management with Tracking
- Helpdesk Support

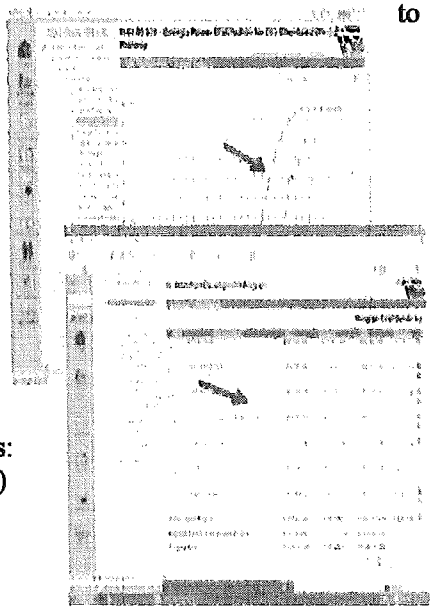
Continental Global Gateway
Document Control System Layout



STELLAR

Hartsfield International Airport Development Program

Stellar Services was contracted by the Dept. of Aviation, City of Atlanta to design and develop a P3e based, web-enabled Enterprise Information System (EIS) for a $5.4 billion airport development program. The Enterprise Program Management System is an innovative project management information system designed for project managers and executive managers to control the overall progress of their projects. With the EPMS system, users can access and control information for planning and budgeting of the project throughout its progression. Stellar Services have been providing continuing services in configuration, administration integration and cost management support, as well as system administration implementation, coordination and system administration support.

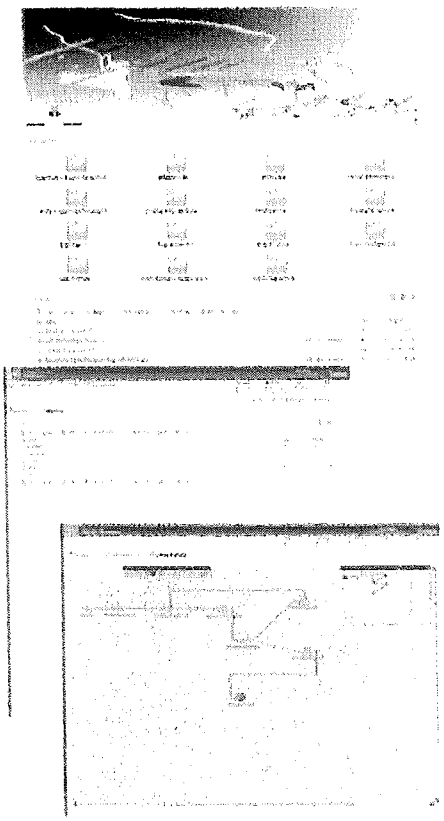


The system was designed by integrating different off-the-shelf products:

- Primavera Project Planner Enterprise/P3e (Primavera Systems)
- Expedition (Primavera Systems)
- Success (U.S. Cost)
- Cobra (Welcom)
- DocuPact (InterTech Information Management)

STELLAR

MWAA Dulles Metrorail Program



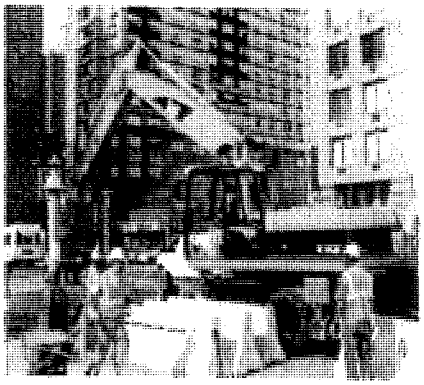
Stellar Services was hired to provide support to the Metropolitan Washington Airport Authority's Document Management System and conversion project. We scanned engineering documents and design CAD drawings and specifications, provide automatic review workflow and management reports.

Stellar has implemented Open Text Livelink ECMS as a centralized repository for MS Office documents, scanned documents and CAD drawings to support the $5 billion Dulles Metrorail Project. Stellar has designed and implemented Microsoft Server 2003 Active Directory and Exchange server 2007 environment for Dulles Metro Project. Stellar also provides technical support for Open Text Livelink ECMS implementation, including eLink, eSign, and workflow.

Stellar supports Dulles Metro's enterprise-wide Electronic Document Management System (EDMS) system on 200 local workstations, 70 remote workstations and 50-100 users accessing through their internet connections. This system helps enterprise access all project-related documents and mail messaging integration and provide CAD management, viewing and redlining capability.

Stellar supports Dulles Metro's enterprise-wide Electronic Document Management System (EDMS) system on 200 local workstations, 70 remote workstations and 50-100 users accessing through their internet connections. This system helps enterprise access all project-related documents and mail messaging integration and provide CAD management, viewing and redlining capability.

MTA Second Avenue Subway Project

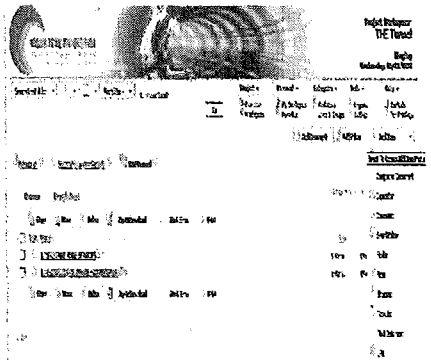


Stellar Services is subcontracted to DMJM+Harris *Arup in the Second Avenue Subway Two-track Subway Extension Project.

Stellar has provided the Second Avenue Project with services in Causeway ECM Document Control, Budget Control, Document Management, Risk Analysis, Budget Cost Analysis, GIS, Infrastructure Management, End-user Support, and Administrative Management since 2002. Our team has provided project control system services using Primavera P3E/C for Schedule Control, Prism Project Manager for Budget Control, and "Causeway Collaboration", an on-line and hosted version of Causeway ECM, for Document Control. Our Team also provides document management services for the 250-person project team with their IT requirements. To assure the project schedule and delivery, our team has performed risk analysis for the Second Avenue Subway project. We have developed Monte Carlo models to estimate the project schedule and project cost, an application of @Risk and Excel, PertMaster and SQL Server 2005. Our team has also conducted sensitivity analysis to identify the key variables that influence project cost and schedule, and used the results and findings to help decision making and mitigation plan development.

STELLAR

New Jersey Transit Trans-Hudson Express Tunnel Project



Stellar Services along with THE CM Consortium worked together to establish an enterprise content management system (ECMS) for use by the entire team engaged for the Trans-Hudson Express Tunnel Project (THE Tunnel Project). We provide the necessary hardware, installation, training and operational services that allow the organizations to operate in a seamless and collaborative manner.

Document Management solutions include hosting, software management and administration services. These services include, but not be limited to, refining user requirements and workflows; operation and maintenance of the system; training of project staff end-users; and training of project administrators to operate and maintain the ECMS for the duration of the THE Tunnel project and beyond. THE Project utilizes the industry standard Livelink ECM Document Management by Open Text to integrate Microsoft SharePoint Services, Microsoft Exchange Email, and CAD Drawing Manager.

Document Management solutions provide an Electronic Content Management capability, consisting of an Electronic Document Management System Records Management System, Unified E-Mail System, Web Content Management System, and a Document Management Center.

STELLAR

NTIA Network Infrastructure Consolidation Project

Stellar Services was retained by the Department of Commerce National Telecommunications Information Administration (NTIA) Office of Spectrum Management (OSM) to provide direct support to the OSM in their Federal Spectrum Management System (FSMS) project, focusing on their data center consolidation in production and COOP environment.

The spectrum policy is to foster economic growth, ensure national and homeland security, maintain U.S. global leadership in communications technology development and services, and satisfy other vital U.S. needs in areas such as public safety, scientific research, Federal transportation infrastructure, and law enforcement.

Stellar Services provided required hardware and software components for installation on two (2) networks, the Classified with Production and COOP environments, and the Unclassified network Production and Development environments. We installed the Security Technology Implementation Guides (STIGs) provided by NTIA and networked the acquired products. We defined exactly the hardware and software required to meet OSM's objective. We provided the Quality Assurance Plan. We have provided task order management and the Quality Assurance Plan, including a Microsoft Project Schedule of resources and costing, Risk Assessment, weekly updates on issues, assumptions, constraints, monthly earned value management report, maintenance of monitor and control plans, as well as weekly written status reports.

Stellar Services accomplished the task in three months and acquired, installed, configured and transferred knowledge for the hardware and software components needed to establish Production, Continuity of Operations and Development environments.

STELLAR

Proposed Staff Resumes

Rudolf Kalik
SQL DBA/Crystal Report Writer

Mr. Rudolf Kalik is a highly motivated senior level Software Developer/Programmer with experience using object oriented design techniques and programming languages, including Microsoft.NET Technologies. He has designed, developed, and documented many Windows and Web applications and has experience with Javascript and Crystal Reports, among other databases, languages and development tools. Mr. Kalik has strong teamwork skills and the ability to accomplish tasks under minimal direction and supervision.

EDUCATION

Master's Program, NET Developer 2006
SetFocus, LLC, Parsippany, NJ

Bachelor of Science in Mathematics, Tiraspol University 1979
Tiraspol, Moldova

PROFESSIONAL WORKING EXPERIENCE

Stellar Services, New York, NY 09/2008 – Present
Programmer/Analyst

- Develop ASP.NET Web Application for the collection and editing of Contract Data for the Port Authorities Engineering Contracts Group. This critical part of the CONTRACT MANAGEMENT SYSTEM brings data together from several Agency applications and enables the Contracts Unit to edit and finalize the data before the contract is sent utilized to "auto-generate" the actual Contract Book.
- Use Microsoft **.NET Framework** version **2.0,** Microsoft AJAX, JavaScript, Microsoft SQL Server 2005, and Crystal Reports. Application consists:
- Manage Users, Roles and all data validation processes for the CMS application and is integrated with both the Live Link-based Contract Questionnaire Workflow and the Present and Planned Workload.
- Provide User with the ability to Import/Export data list using MS Excel. This feature enables the system to be extended to "non-users" outside of the Contracts Unit by emailing attachments.
- Manage Contract Questionnaire, Pages, Contract Lists, Audit, Submittal Lists and Memos
- Manage Lookup tables and templates, generate reports for Contracts Group
- Develop CONTRACT MANAGEMENT DESK for the Port Authority of NY&NJ Engineering Department. Used Microsoft **.NET Framework** version **2.0,** Microsoft AJAX, JavaScript, Crystal Reports. Application consists of: Create and manage Vendors – view/search/print; CallSheet management – create new by contract/update/add correspondence; Manage reports – vendor/contract, labels for correspondence

Homes.org, LLC, South Plainfield, NJ 10/2006 – 08/2008
Developer
Develop ASP.NET Web Application: Call View to track campaign call volume and queue creation. Use C# in conjunction with ADO.NET, Stored Procedures, Web Services, and Microsoft AJAX, JavaScript, Crystal Reports in three-tier architecture.
Application consists:

- Custom reports by group/campaigns with ability to export to PDF/Excel format
- Campaign management – add/update/search campaign

- Group/category management – add /update/search group
- User management – add/update users, view user(s) log
- Assign access level for users with ability view specific campaigns/reports
- Calls view by group/campaigns with ability search and listen specific calls
- Windows application to upload files from FTP Server to SQL Server. Application is able to: Process separate file, Download file from FTP to user computer, Upload file from user computer to FTP, Batch process selected files in specific interval, View processing log file.
- Use TortoiseSVN version control software to maintain versioned copies of development projects
- Perform custom modifications to third-party purchased applications as required
- Perform on-going maintenance to existing in-house Windows Forms and Web Applications

AIG, Parsippany, NJ 04/1998 – 07/2006
Senior Programmer/Analyst

- Participated as BA in the Client Loss Reporting Initiative (CLRI) project dealing with data integrity, reconciliation, and mapping problems and recommended IT solutions. Created data tracking worksheet that was used to identify various issues.
- Developed and implemented Multinational Account Database (MARD) through Citrix for access by all MAS global team members. Extensive new Admin and AdHoc reports were implemented on time and were very well received in the business community.
- Responsible for over five years for setting up and maintaining various projects on PVCS for EMMA team including EMMA2 G3 and G4, Prospect, TPA, DM Web, DM Reports. Worked as a build master for the team.
- Designed and developed a scheduler for Batch jobs and reports for Direct Marketing Web application that enables the users to schedule jobs to run at specific time and check the results remotely.
- Provided effective solutions during the DMWeb development for the print engine taking into consideration existing documents in countries. Developed the application that can works either with the existing access documents or Docucorp.
- Participated in design, development and implementation of the International Direct Marketing Application. The main functionalities of EMMA DM system are from Campaign Cost and Statistics tracking, Budgeting, Policy Issuance, Endorsement, Enquiry, Billing, Reinstatement, Cancellation. DM Application supports all the International functionalities like Multiple Currency, Multi-language, Various Date formats, and Euro currency support.
- Designed and developed Common Pluggable ActiveX database Connection Object using Microsoft ADO technology to connect to various databases like SYBASE, Microsoft SQL server on Windows NT and UNIX. These Objects can be used independently or can be implemented as a wrapper to the SQL Sombrero. SQL Sombrero is an OCX control, which uses the Microsoft-DB Library to connect to Backend databases.
- Designed and developed TPA program that is an extension to EMMA. It allows policy information collected by third party agencies to be imported into the EMMA system.

DMR Trecom, Inc, Edison, NJ 1996 – 1998
Programmer/Analyst

Participated in three major projects: Application for Mass Marketing Administration of Accident and Health Insurance (EMMA2), Application for Potential Clients (PROSPECT) and Periodic Maintenance of Prospect data (MOP). All applications have language and international setting support, worldwide standardization of administrative functions, printing facilities. Data resides on Sybase or SQL Server.

- Design and development of a module for Campaign Profit & Loss integrating Excel calculating and graph facilities with VB front-end.

- Design and development of a module for Periodic Update of Prospect data collected/supplied by the external agencies to AIG. Implementation was using MS Access DAO & Sybase.
- Enhancement, changes, corrections of existing programs.
- Conversion from VB3 to VB4.
- Implementation of back-end stored procedures for all modules.

DR Consulting Co, New York, NY 1993 – 1996
Programmer/Analyst

- Participated in development of institutional management system, client profile database for a major brokerage company.
- Translated business specification into detailed program and logical database design and finished with coding, unit and system testing and implementation.
- Involved in all phases of software development life cycle.

Aelita Insurance Company, Tiraspol, Moldova 1991 – 1993
Programmer/Analyst

- Responsibilities included design and implementation of software using FoxPro programs including payroll, insurance benefits.

SKILLS

- Visual Basic Mastering 5.0, Chubb Training Division
- PowerPlay 6.6 OLAP Modeling
- JAVA
- Microsoft C# and .Net Training, AVTECH Institute Of Technology

STELLAR

Marina Biscoll
Project Scheduler/Coordinator

Ms. Marina Biscoll is a result and goal oriented Business Operations professional with significant experience in managing change and transition initiatives, MIS reporting, and application development and data/application integration. She has broad based background in leading operations teams and strategic programs related to operational processes, metric management, and job relocations. Highly adept in functioning proactively and productively in rapidly changing environments, her other core competencies include strong interpersonal, communication, analytical and technical skills, extensive expertise in document management and control procedure, operations management focused on execution, control and process improvement. Ms. Biscoll possesses planning and delivery experience using process-centered and quality-based project management practices resulting in operational/technical cost savings and on-time/at-budget release of applications to meet client requirements with highly reliable value.

EDUCATION

MS in Computer Science - Pace University, White Plains, NY
MA in Slavic Linguistics and Literature - Middlebury College, Middlebury, VT
BS in Mathematics/CIS - Pace University, New York, NY

PROFESSIONAL WORKING EXPERIENCES

Stellar Services, New York, NY 2009 – Present
Project Coordinator/Scheduler

- Support the Project Manager using project management tools, techniques, and methodologies such as MS Project, MS Word, MS Excel, MS PowerPoint.
- Analyze metrics of application management.
- Coordinate project activities.
- Manages work orders.
- Prepare cost proposals.
- Prepare status/progress reports.
- Maintain and update project schedule for day-to-day project status tracking.
- Perform schedule analysis and participate in project team planning.
- Identify/trouble-shoot schedule and cost conflicts and detect and resolve project cost and scheduling issues.

JPMorgan Chase, Newport, NJ 1986 – 2008
Vice President, Corporate and Planning Analysis Operations
Global Finance Operations (2003 – 2008)

- Operations Manager for PRF (Profitability Reporting Facility – Corporate MIS reporting system) and OASIS (Overseas and Subsidiary Information System). Oversaw daily PRF and OASIS production activities; managed onshore and offshore teams. Streamlined and enhanced client support and communications, managed new software releases and improved performance issues. Managed through systems issues, e.g. IPLs, database and application server reboots, break/fixes of production modules. Partnered with Global Finance Technology team to ensure successful delivery against service level agreements. Oversaw operational activities of four test PRF regions that were in continuous service throughout the year.
- Spearheaded the migration of the remaining four overseas units from OASIS two years ahead of the scheduled event. Negotiated and managed the development of a transparent workaround which satisfied the clients and saved the department $100,000 in monthly licensing fees and technical support.

- Managed Control and Compliance for the MIS Operations team. Oversaw the overall control agenda, supervised the maintenance of quarterly Control Self Assessments for Newport, Columbus and Mumbai hubs, conducted SOX compliance testing of operations functions, disaster recovery testing and business continuity testing.
- Led PRF takedown and data migration testing project for business operations team. Partnered with MIS Business Migrations business and technology teams which ensured that requirements for testing events were understood and captured. Managed a team of contractor resources who executed the PRF takedown testing defect management, reconciliation, and follow-up/escalation to senior project owners. Provided testing team with SME support including creating testing strategies, test plans and execution of testing for Enterprise Releases, Market Events and BAU Testing.
- Served as Project Manager for OASIS SOX compliance remediation as part of Bank-wide effort. Conducted unit, regression, system and UAT testing along with lines of business and operations staff. In concert with technology, set up and tested the SOX compliant environment that supported versioning and change control. Set up SOX compliant security environment in production and created functioning development and UAT regions. As part of remediation, made changes to over 36,000 lines of code.
- Acted as Project Manager for the decommissioning of a corporate interoffice allocations system. Identified and recruited subject matter experts, coordinated and led biweekly status meetings, ensured strict adherence to all SOX requirements. Created the business requirements documents, completed the technical specifications documents to satisfy SOX requirements. Worked closely with the appropriate departments, which ensured corporate tax and legal compliance.
- Served as Project Manager for the offshoring of nine business performance functions to India. The project was completed on time with results exceeding expectations. Completed legal and functional documentation. Designed core knowledge tools and functional training plans. In partnership with Technology, managed the technical set-up for training in London. Subsequently continued to manage eleven Mumbai team members.

Vice President, Chase Investment Services Corporation, Retail Financial Services (2002 – 2003)

- Managed variable compensation system (TrueComp Callidus software). Monitored and controlled data integrity of the incentive system for over 400 commission-based securities brokers. Tracked and assessed implications of commission processing to the broker/dealer business. Processed compensation rule changes as agreed with senior sales management and accounting teams.
- Led Personal Financial Services workstream for project that defined and documented reporting and data requirements across functional areas of business. Validated requirements with key business managers, identified sources of data and the data transformation requirements. Identified and tracked key milestones, escalating potential issues related to deliverables and assessing possible effect on the overall timeline.
- Served as key member of the Commission Processing Core Team, which was responsible for the stability and long-term system support of the TrueComp system. Developed detailed integrated technology plan with user teams, systems infrastructure and software vendor. Improved timeliness and accuracy of data and reports to the sales force, automated new product sales interfaces into TrueComp, improved performance and reliability of processing, streamlined the process which refined efficiency, reduced opportunity for errors, and improved customer service.

Vice President, Management Accounting and Operations, Corporate Business Services (1999 – 2002)

- Managed Profitability Reporting queue and testing. Coordinated worldwide testing, including operations and support. Supervised all phases of unit, system and integration test for Oracle-based releases; coordinated release documentation. Designed and implemented queue enhancements. Coordinated design of interfaces between heritage systems and PRF (JPMorgan, Flemings, H&Q, Beacon, Brown and Co.).

- Served as technical liaison for the Flemings integration team. Created a technology solution which enabled OASIS to accept multi-unit feeds from both UK and Asia hubs. Participated in developing and testing file transfer protocols utilized by the UK and Asia submission vehicles (FFI/ASAP).

Vice President, Global Financial Architecture, Investment Bank (1998 – 1999)

- As Project Manager was responsible for managing product systems interfaces that were instrumental to a redesign of the wholesale bank's general ledger and chart of accounts. Participated in the vendor software selection and evaluation process. Partnered with the business areas in order to collect and analyze product feeds. Designed and developed software supporting the creation of interpretational layer module of a universal general ledger, including transaction posting files. Participated in the development of the global chart of accounts designed to meet US and non US GAAP, regulatory and MIS requirements.

Vice President, Corporate Financial Management Reporting (1993 – 1998)

- Provided operational and systems support to the Corporate Financial Management Reporting System, OASIS and stand-alone applications. Designed and implemented OASIS system for overseas allocations processing. Developed stand-alone reporting system for Corporate Services area enabling the analysts to view financial data at GL account level.
- Managed Chase and Chemical MIS Integration. Performed technical assessment for the selection of the software to determine customization versus redesign. Conducted joint sessions with the applications programming team and representatives of business units. Managed standard testing phases for the data collected from both institutions. Oversaw the technical and business resources performing the testing tasks. Served as a primary contact for the project with overall responsibility for all data from Chase and Chemical International locations.

Database Manager, Corporate Reporting Systems (1986 – 1993)

- Served as Administrator of regulatory and management and financial reporting systems. Instrumental in converting a major system from a relational database in a digital equipment environment to a FOCUS - VM/CMS system.

SKILLS

PMI member, PMP candidate, Project Management, Transformation and Reengineering, Strategic Outsourcing/Offshoring, Business Objects, Hyperion Essbase, TOAD, MS Project, Oracle Sales Analyzer, Oracle Discoverer, Sybase Infomaker, PL/SQL, VM/CMS environment utilizing FOCUS, REXX, MS Access, MS Excel, MS Word, Mercury Quality Center

STELLAR

Dihan Lu

Document Management/CAD Engineer

Ms. Dihan Lu is an ambitious, detail-oriented architect with experience in architecture design (6 years) and professional experience in document management (3 years). She has extensive working experience with electronic document control, and is comfortable around design specifications and drawings, design calculations, etc. Prior leadership roles with multiple commercial and residential projects show that she is capable of operating, maintaining, organizing and continually updating a record-keeping system within the company. In addition to these technical abilities, Ms. Lu is a pleasant team worker and quick learner of new skills.

EDUCATION

M. Arch., *Urban Design* 2004
New York Institute of Technology

B. Arch., *Architecture* 1999
Zhejiang University, China

PROFESSIONAL WORKING EXPERIENCE

Stellar Services, Inc. 02/2009 - Present
Document Control Analyst

- Responsible for document filing and documentation; record management, cataloguing and classification;
- Operate various imaging equipments to scan documents into various formats;
- Manage, organize and transfer images to folder structures including Microsoft SharePoint;
- Update and maintain SharePoint site;
- Performing quality control on completed work.

Ismael Leyva Architects, P.C. 11/2007 – 01/2009
Job Captain

Responsible for all phases of project design, drawings and other electronic document management, market analysis and overseas office setup. Major projects included:

- High rise Residential: 155 West Street, Brooklyn, New York
- Institute Building: Bronx Community College Library, Bronx, New York

APA Architect 04/2005 – 11/2007
Jr. Architect/Document Control Specialist

Responsible for all phases of project design, various projects including commercial buildings, residential apartments and public buildings. Major projects included:

- Marshak Science Building Facade Repairs & Curtain Wall, CCNY
- Renovation Of Bookstore & Cafeteria And Related Asbestos Abatement At Roscoe Brown Jr. Student Center, Bronx, New York
- Khalidiya Apartment Building-Abu Dhabi, Uae

Also responsible for:

- Maintaining engineering document control system and data library;
- Hardcopy records filing and maintenance, document imaging and electronic file management; and
- Managing documents and drawings for large engineering project.

Stellar Services, Inc. 10/2001 – 10/2002

CAD Operator/Office support, New York
Implemented the construction design projects in AutoCAD and converted freehand sketch to AutoCAD drawings. Major projects included:

- 7th Avenue Bridge: designed a support structure for the maintenance service.
- Whitestone Bridge: designed a support structure for the maintenance service.
- Hunts Point foundation project: foundation structure design
- ConEdison: designed a support structure for the maintenance service.

Responsible for maintaining a register of all incoming and outgoing project documents and drawings to comply with document management policies, scanning engineering documents or drawings for future reference and paperwork filling.

SKILLS

Architectural Abilities
Designing, Freehand sketching, Detailing, Rendering, Animation Making, Chinese Landscape design, Urban Planning

ComputerAbilities
Excellent working knowledge of MS Office including Word, Excel, PowerPoint & Access, PageMaker 6.5, CAD skills (AutoCAD R14 - AutoCAD 2009), 3D MAX, Photoshop, QuickBooks (Accounting software), SharePoint

Staff Rate

Name	Title	Billing Rate (hour)
Rudolf Kalik	SQL DBA/Crystal Report Writer	$ 105.00
Marina Biscoll	Project Scheduler/Coordinator	$ 95.00
Dihan Lu	Document Management/CAD Engineer	$ 80.00

HBE

Certified Environmentally Preferable Products

ATTACHMENT M - Certified Environmentally Preferable Products/Practices

Proposer Name: Henry Bros. Electronics **Date:** July 29, 2009

In line with the Port Authority's efforts to promote products and practices which reduce our impact on the environment and human health, Proposers are encouraged to provide information regarding their environmentally preferable/sustainable business practices as they relate to this contract wherever possible. Proposers must complete this form and submit it with their response, if appropriate. Proposers must submit appropriate documentation to support the items for which the Proposer indicates a "Yes" and present this documentation in the proper sequence of this Attachment.

1. Packaging

Has the Proposer implemented any of the following environmental initiatives? (A checkmark indicates "Yes")

✓ Use of corrugated materials that exceed the EPA recommended post-consumer recycled content
✓ Use of other packaging materials that contain recycled content and are recyclable in most local programs
___ Promotes waste prevention and source reduction by reducing the extent of the packaging and/or offering packaging take-back services, or shipping carton return
___ Reduces or eliminates materials which have been bleached with chlorine or chlorine derivatives
___ Eliminates any packaging that may contain polyvinyl chloride (PVC), or polystyrene or heavy metals

If yes, a description of the practices being followed must be included with the submission.

2. Business Practices / Operations / Manufacturing

Does the Proposer engage in practices that serve to reduce or minimize an impact to the environment, including, but not necessarily limited to, the following items? (A checkmark indicates "Yes")

✓ Recycles materials in the warehouse or other operations
___ Use of alternative fuel vehicles or vehicles equipped with diesel emission control devices for delivery or transportation purposes
✓ Use of energy efficient office equipment or signage or the incorporation of green building design elements
✓ Use of recycled paper (that meets federal specifications) in their marketing and/or resource materials
___ Other sustainable initiative

If yes, a description of the practices being followed must be included with the submission.

3. Training and Education

Does the Proposer conduct/offer a program to train or inform customers and employees of the environmental benefits of the products to be offered under this contract, and/or does the Proposer conduct environmental training of its own staff?

☐ Yes ☑ No If yes, Proposer must attach a description of the training offered and the specific criteria targeted by the training.

4. Certifications

Has the Proposer or any of its manufacturers and/or subcontractors obtained any of the following product / industry certifications? (A checkmark indicates "Yes")

___ ISO 14000 or adopted some other equivalent environmental management system
___ Other industry environmental standards (where applicable), such as the CERES principles, LEED Certification, C2C Protocol, Responsible Care Codes of Practice or other similar standards
___ Third Party product certifications such as Green Seal, Scientific Certification Systems, Smartwood, etc.

If yes, Proposers must attach copies of the certificates obtained.

5. Other Environmental Criteria

Proposers are encouraged to respond to criteria specifically indicated in this RFP as "Management Approach" (and attach the appropriate documentation) to receive consideration in the evaluation.

I hereby certify, under penalty of the law that the above statements are true and correct.

John A Batsch — Name

July 29, 2009 — Date

HBE will make every effort to be conscious of environmental issues and take steps to reduce wastes and use environmentally friendly products (supplies, packing materials, etc.)

Sensitive Security Information

HENRY BROS. ELECTRONICS, INC.
Perfecting Security Integration

Data Security Policy Structure and Guidelines

Introduction

The purpose of this document is to define the Henry Bros. Electronics Data Security Policy. Data is considered a primary asset and as such must be protected in a manner commensurate to its value. Data security is necessary in today's environment because data processing represents a concentration of valuable assets in the form of information, equipment, and personnel. Dependence on information systems creates a unique vulnerability for our organization.

This is the basis for HBE policy related to the security of drawings, files and other sensitive client and project related documentation. HBE staff should be aware of the importance of the information associated with our clients and their facilities. HBE has signed agreements with many clients related to this document security. At any time, clients could make surprise inspections of our facilities and if necessary procedures are not followed, this could result in serious ramifications.

Security and privacy must focus on controlling unauthorized access to data. Security compromises or privacy violations could jeopardize our ability to provide service; lose revenue through fraud or destruction of proprietary or confidential data; violate business contracts, trade secrets, and customer privacy; or reduce credibility and reputation with its customers, shareholders and partners. This policy therefore discusses:

- Data content
- Data classification
- Data ownership
- Data security

The main objective of this policy is to ensure that data is protected in all of its forms, on all media, during all phases of its life cycle, from unauthorized or inappropriate access, use, modification, disclosure, or destruction. This policy applies to all of our and all customer data assets that exist, in any of our processing environments. Intellectual property is also considered a data asset by this policy. The processing environment is considered to be, collectively, all applications, systems, and networks that we own or operate or that are operated by our agents.

HBE is committed to ensuring that all sensitive data handled by the company is maintained securely and properly used. This policy defines the Henry Bros. Electronics overall security and risk control objectives that we endorse. The premise for the policy can be stated as:

> "Other than data defined as public, which is accessible to all identified and authenticated users, all data and processing resources are only accessible on a need to know basis to specifically identified, authenticated, and authorized entities."

This embodies the principle of least privilege.

ALL employees are responsible for safeguarding sensitive data. Every employee should know the type and location of all Sensitive Security Information (SSI) under their control, in any format. Sensitive data includes not only SSI but other operational data that is not publicly available. SSI is information related to HBE and client security activities that, if publicly disclosed, would be detrimental. It can only be shared with appropriate persons with a need to know.

This document forms part of your conditions of employment for employees, a part of the contractual agreement for vendors, suppliers, and third party processor or agents, hereafter referred to as vendors. All parties must read the policy completely, and confirm that they understand the contents of the policy and agree to abide by it.

Breach of Policy and Enforcement

A breach of this policy could have severe consequences to Henry Bros. Electronics, its ability to provide services, or maintain the integrity, confidentiality, or availability of services.

Intentional misuse resulting in a breach of any part of this policy will result in disciplinary action at the discretion of Henry Bros. Electronics senior management. Severe, deliberate or repeated breaches of the policy may be considered grounds for instant dismissal; or in the case of a Henry Bros. Electronics vendor, termination of their contracted services. All employees and vendors are bound by these policies and are responsible for their strict enforcement.

Scope of the Policy

This policy applies to all Henry Bros. Electronics and customer data assets that exist in any Henry Bros. Electronics processing environment, on any media during any part if its life cycle. The following entities or users are covered by this policy:

- Full or part-time employees of Henry Bros. Electronics who have access to Henry Bros. Electronics or customer data.
- Henry Bros. Electronics vendors or processors who have access to Henry Bros. Electronics or customer data.
- Other persons, entities, or organizations that have access to Henry Bros. Electronics or customer data.

Data Life Cycle

The security of data can be understood through the use of a data life cycle. The typical life cycle of data is: generation, use, storage and disposal. The following sections provide guidance as to the application of this policy through the different life cycle phases of data. Users of data assets are personally responsible for complying with this policy. All users will be held accountable for the accuracy, integrity, and confidentiality of the information to which they have access. Data must only be used in a manner consistent with this policy.

Data Usage

All users that access Henry Bros. Electronics or customer data for use must do so only in conformance to this policy. Uniquely identified, authenticated and authorized users must only access data. Each user must ensure that Henry Bros. Electronics data assets under their direction or control are properly labeled and safeguarded according to their sensitivity, proprietary nature, and criticality. Access control mechanisms must also be utilized to ensure that only authorized users can access data to which they have been granted explicit access rights.

Physical drawings and information shall be used with the following in mind:

- Each company location should have the means and location to secure sensitive information and drawings.
- During actual working hours, steps shall be taken to preclude access to confidential and privileged security information by unauthorized personnel.
- Before or after working hours or when a document is not actively being used, confidential and privileged security information shall be stored in an environment with password protection or in a secure container such as a safe, locked desk, or file cabinet.
- Documents that are not being actively used are not to be left in any open area at any time.
- Where necessary, proper storage procedures associated with individual projects shall be followed.
- When used, only authorized individuals are permitted access to the lock combinations or lock key. A list will be maintained as to which individuals have access to which container by the HBE Chief Information Officer/Chief Security Officer or designee. Authorized individuals must protect access controls, including combinations and keys.
- Access to the storage room(s) will be controlled with the company's access control system. A log of the documents removed from the room will be kept in a document logbook or online equivalent.
- Documents must be signed out when they are removed from locked cabinets and/or room. This sign-in is done in the document logbook or online equivalent.
- Documents must be signed in when they are returned to the locked cabinet and/or room. This sign-in is done in the document logbook or online equivalent.

There are some customers that require additional safeguards to in place when handling information associated with them. In these cases, there may be NDAs in place limiting who may view drawings, data, and other information.

Data Transmission/Reproduction

All users that access Henry Bros. Electronics or customer data to enable its transmission must do so only in conformance to this policy. Where necessary, data transmitted must be secured via cryptographic mechanisms. This may include the use of confidentiality and/or integrity mechanisms.

Confidential and privileged security information should only be reproduced to the minimum extent necessary, consistent with the needs of HBE to carry out work goals, provided that the reproduced material is marked and protected in the same manner as the original material.

Authorized individuals must perform all reproduction. Authorized service providers may be used for this task as long as the information remains safeguarded. Reproduction reference and copy identification numbers will be placed on each reproduced page.

All reproductions, reference numbers, and copy identification numbers must be logged in the data usage logbook or online equivalent.

Data Storage

All users that are responsible for the secure storage of Henry Bros. Electronics or customer data must do so only in conformance to this policy. Where necessary, data stored must be secured via cryptographic mechanisms. This may include the use of confidentiality and/or integrity mechanisms.

Where possible, job related information should be scanned and kept on the network. Transferring all documents into electronic format is essential to document security. Either through data entry or through scanning of documents employees can back them up in electronic format to help ensure their safety and recovery. Directories and files should have the appropriate permissions set so not to allow non-privileged access. Any job related information should be scanned and retained on server.

Access control mechanisms must also be utilized to ensure that only authorized users can access data to which they have been granted explicit access rights. This could include physical and logical/"soft" documents, drawings, data, and designs. Storage areas should be secured either electrically or physically. Access to sensitive information (electronic and physical) should be logged[1].

Data Disposal

Access control mechanisms must also be utilized to ensure that only authorized users can access data to which they have been granted explicit access rights during the disposal process.

When confidential and privileged security information is no longer needed, it shall be disposed of by any method that prevents unauthorized retrieval. All paper products will be destroyed, at a minimum, using a crosscut shredder. Authorized individuals must perform the destruction. Authorized service providers may be used for this task, provided that the information remains

[1] A document management system is being installed on a limited basis to allow the testing of this functionality. This system will include the ability to log and record access and download information. When copies are created, any document numbers will also be logged online (20Mar2009).

safeguarded until the destruction is completed. A "Certificate of Destruction" will be kept on file for one year, after the document shredding has been performed.

When a job is completed or the contract has been terminated, all physical drawings will be scanned to the network and secured. The physical drawings will then be destroyed.

If a section of bid documentation exists that is not required by the company for the work being performed, it will be returned to the sourcing agency or destroyed. If a bid proposal is not accepted, all related information will be scanned to the network and secured. The physical drawings will then be destroyed.

Data Security Policy Statement

This section describes the particulars of the data security policy.

Goals

This policy has been written with the following goals in mind:

- To educate Henry Bros. Electronics users and vendors about their obligation for protection all data assets.
- To ensure the security, integrity, and availability of all Henry Bros. Electronics and customer data.
- To establish the Henry Bros. Electronics baseline data security stance and classification schema.

Environment

The (long-term) vision of Document Security is to ensure that information in documents can be protected by mechanisms that enforce a security and privacy policy, and that the mechanisms are not limited to a particular platform or even document processor. The threat model is that a company's stakeholders (employees, consultants, shareholders etc.) who access sensitive documents are not trusted, because:

- They may be careless in their use and distribution of data;
- Their software might be untrustworthy (e.g., compromised by a Trojan horse) even when the users are trustworthy or;
- Some may actually be dishonest.

The Henry Bros. Electronics processing environment that this policy applies to is comprised of:

- ***Applications*** – Application software is system or network-level routines and programs designed by (and for) system users and customers. It supports specific business-oriented processes, jobs, or functions. It can be general in nature or specifically tailored to a single or limited number of functions.
- ***Systems*** – A system is an assembly of computer hardware (e.g., sub-networks, application servers, file servers, workstations, data, etc.) and application software configured for the purpose of processing, handling, storing, transmitting, and receiving data, which is used in a production or support environment to sustain specific applications and business organizations in their performance of tasks and business processes.
- ***Networks*** – A network is defined as two or more systems connected by a communication medium. It includes all elements (e.g., routers, switches, bridges, hubs, servers, firewalls, controllers, and other devices) that are used to transport information between systems.

Data and Physical Security Responsibilities

The Data Security organization is responsible for:

- Defining the security requirements, controls and mechanisms applicable to all physical and data assets.
- Defining the methods and guidelines used to identify and classify all data assets.
- Defining the procedures for identifying data owners for all data assets.
- Defining the labeling requirements for all data assets.
- Defining all other data security usage, processing, transmission, storage and disposal processes and procedures.
- Defining the procedures necessary to ensure compliance to this policy by all Henry Bros. Electronics users and vendors.
- Facilitating the evaluation of new regulatory, legal, and also best practice requirements as they are mandated or become recognized in industry.
- The groups within the company associated with data and physical security must ensure the activation of all security mechanisms.

Management Responsibilities

Other organizations within He nry Bros. Electronics also have various responsibilities for ensuring compliance with this policy, such as:

- All individual organizations must ensure that staff complies with this policy.
- The *Information Technology Operations and Systems Administration* organizations must ensure that adequate logs and audit trails are kept of all data access.
- The *Physical Securi*ty organizations (i.e., groups responsible for access cards and security systems across the various offices) must ensure the activation of all security mechanisms.
- The *Risk Management* Organization (i.e., members from the following areas: CFO, CIO/CSO, COO, appropriate GMs) is responsible for communicating business requirement and issues for business processes and the data those include to ensure their correct data classification.
- The *Internal Audit* Organization (i.e., members from the following areas: CFO, CIO/CSO, COO, appropriate GMs) is responsible for regularly evaluating the data classification schema for consistent application and use.

Other Responsibilities

Other organizations have responsibilities to comply with this policy, such as:

- All Henry Bros. Electronics agents, vendors, content providers, and third party providers that process customer data must have a documented security policy that clearly identifies those data and other resources and the controls that are being imposed upon them.
- All Henry Bros. Electronics agents, vendors, content providers, and third party providers that access the Henry Bros. Electronics processing environment and its data or provide content to it must have a security policy that complies with and does not contradict the Henry Bros. Electronics security policy.

- All agents, vendors, content providers, and third party providers must agree not to bypass any of our security requirements.

Documentation

This policy requires procedures be developed, managed and performed. As such, written documentation must be developed for all procedures necessary to fulfill this policy including:

- The management of all userids on all platforms.
- The management of all access control lists on all platforms.
- The execution and review of all audit trails.
- All incident response and reporting.
- All other tasks necessary to support this policy.

Policy Review

It is the responsibility of the Data Security organization to facilitate the review of this policy on a regular basis. Because of the dynamic nature of the Internet, this policy should be reviewed annually. Senior management, Systems administration, and Legal should, at a minimum, be included in the annual review of this policy.

Data Content

The nature of specific data content that exists in the processing environment, and the controls that should apply to these, is dependent upon various factors. This policy does not mandate or endorse particular data content. Rather, the business decision process used to evaluate the inclusion or exclusion of particular data content should consider those items listed below. Regardless as to the specific data content that exists in the environment, all aspects of this policy must be enforced. Considerations for evaluating data content include:

- Legal and regulatory obligations in the locales in which we operate.
- Can privacy, confidentiality, security, and integrity of the data be ensured to the satisfaction of customers and legal authorities?
- Is it in line with our business goals and objectives?
- Do customers require or demand access to specific data content.
- What is common local practice? (e.g., pornography is legal in some communities but strongly frowned upon in others.)
- What rules govern the movement across international boundaries of different data content, and do we have in place controls to enforce these rules?

Data Classification

Data classification is necessary to enable the allocation of resources to the protection of data assets, as well as determining the potential loss or damage from the corruption, loss or disclosure of data. To ensure the security and integrity of all data the default data classification for any data asset is either Confidential Customer Data or Proprietary Company Data. The Data Security organization is responsible for evaluating the data classification schema and

reconciling it with new data types as they enter usage. It may be necessary, as we enter new business endeavors, to develop additional data classifications.

All data found in the processing environment must fall into one of the following categories:

- ***Public Company Data*** – Public company data is defined as data that any entity either internal or external to *Henry Bros. Electronics* can access. The disclosure, use or destruction of Public company data will have limited or no adverse affects on Henry Bros. Electronics nor carry any significant liability. (Examples of Public company data include readily available news, stock quotes, or sporting information.)
- ***Proprietary Company Data*** – Proprietary company data is any information that derives its economic value from not being publicly disclosed. It includes information that Henry Bros. Electronics is under legal or contractual obligation to protect. The value of proprietary company information to Henry Bros. Electronics would be destroyed or diminished if such information were disclosed to others. Most Henry Bros. Electronics sensitive information should fall into this category. Proprietary company information may be copied and distributed within Henry Bros. Electronics only to authorized users. Proprietary company information disclosed to authorize external users must be done so under a non-disclosure agreement. (Examples of Proprietary company data include company policies, sales plans, and application source code.)
- ***Confidential Company Data*** – Confidential Company Data is information that is not to be publicly disclosed, regardless of its economic value. The disclosure, use, or destruction of Confidential Company Data can have adverse affects on Henry Bros. Electronics and possibly carry significant civil, fiscal, or criminal liability. This designation is used much less frequently. It is used for highly sensitive information whose access is restricted to selected, authorized employees. The recipients of confidential information have an obligation not to reveal the contents to another individual unless that person has a valid need to know for the information. Company confidential information must not be copied without authorization from the identified owner. (Examples of Confidential Company Data include company strategic plans or cryptographic keys.)
- ***Confidential Customer Data*** – Confidential customer data is defined as data that only authorized internal Henry Bros. Electronics entities or specific authorized external entities can access. The disclosure, use, or destruction of confidential customer data can have adverse affects on Henry Bros. Electronics and their relationship with their customers, and possibly carry significant liability for both. Confidential customer data is entrusted to and may transit or is stored by Henry Bros. Electronics (and others) over which they have custodial responsibility but do not have ownership. (Examples of Confidential customer data including customer bank or brokerage account information, cryptographic keys, or other data considered private.)
- ***Public Customer Data*** – Public customer data is defined as data that any entity either internal or external to Henry Bros. Electronics can access. The disclosure, use, or destruction of Public customer data will have limited or no adverse affects on Henry Bros. Electronics or the customer, and carry no significant liability. Public customer data is entrusted to, and may transit or be stored by Henry Bros. Electronics (and others) over which they have custodial responsibility but do not have ownership. (Examples of Public customer data include emails, public key certificates or other customer data that is readily available through other public channels or records.)

Data Ownership

In order to classify data it is necessary that an owner be identified for all data assets. The owner of data is responsible for classifying their data according to the classification schema noted in this policy. If an owner cannot be determined for a Henry Bros. Electronics data asset, the Data Security organization must act as its custodian.

The default classification for all data not classified by its owner must be either confidential customer data or Proprietary company data. The Data Security organization is responsible for developing, implementing, and maintaining procedures for identifying all data assets and associated owners.

The owner of all customer data is the individual owner who generates or is assigned ownership of that data. (Data such as public key certificates generated by an external Certificate Authority but assigned to a specific customer are considered owned by that customer.

Non-Disclosure Agreements

On occasion, data assets may need to be released to entities outside of Henry Bros. Electronics. When a legitimate business reason exists for releasing sensitive information, a written Non-Disclosure Agreement (NDA), requiring the data recipient's agreement to maintain that data in confidence and restrict its use and dissemination, must be obtained before disclosing the data.

The majority of the time, these NDAs will be reciprocal and cover disclosure by either party.

Data Security Principles

Henry Bros. Electronics' business goals, objectives, and needs for security can be derived from three principles: accountability, authorization, and availability. These three principles emphasize the need for security to function properly in Henry Bros. Electronics' processing environment, which is comprised of applications, network, and system resources. Non-compliance with these principles can have serious, adverse, and deleterious effects on Henry Bros. Electronics.

In the context of this policy, the following provides the overall concepts or security principles for which all users and vendors are responsible. It is the responsibility of the Data Security organization to define the specific mechanisms necessary to support these principles.

Accountability

All network, system, and application events should be attributable to a specific and unique individual. It should be possible to attribute a responsible individual to every event through an

identification service and to verify that the individual so assigned has been properly identified through an authentication service. It must also be possible to trace any event so as to reconstruct the time, place, and circumstances surrounding it through an audit service.

In this context identification refers to a security service that recognizes a claim of identity by comparing a userid offered with stored security information.

Authentication refers to a security service that verifies the claimed identity of the user, for example a password. Auditability refers to a security service that records information of potential security significance.

Authorization

All network, system, and application events must only result from allowable actions through access control mechanisms. Permission may be derived directly from an individual's identity, or from a job classification or administrative privilege based on that individual's identity. The principle of "least privilege" specifies that individuals only be granted permission for actions needed to perform their jobs.

Limiting actions to those properly authorized protects the confidentiality and integrity of data within the Henry Bros. Electronics processing environment.

In this context access control refers to a security service that allows or denies a user request based on privilege, group information, or context. Confidentiality refers to a security service that prevents disclosure of information to unauthorized parties while the information is in use or transit, or being storage or destroyed.

Availability

All permitted activity should operate with reliability. The data necessary to carry out such events must be readily retrieved and correct with high confidence. All results of an event must be completed, unless the event is aborted in its entirety. The results of an event should not depend in unexpected ways on other concurrent events. The security services themselves must be documented and easily administered.

In this context integrity refers to a security service that guarantees data has not been altered, deleted, repeated, or rearranged during transmission, storage, processing, or recovery.

Core Security Principles

The following are the common core security principles recommended by industry best practices.

- ***Accountability Principle*** – The accountability and responsibility of information systems security should be explicit.
- ***Awareness Principle*** – Owners, providers, and users of information systems, and other parties should be informed about (or readily able to gain appropriate knowledge of) the

existence and general extent of policies, responsibilities, practices, procedures, and organization for security of information systems.

- ***Ethics Principle*** – Information systems and the security of information systems should be provided and used in accordance with the ethical standards applicable to your operating environment.
- ***Multi-disciplinary Principle*** – Policies, responsibilities, practices, and procedures for the security of information systems should consider all relevant aspects of this effort, including technical (e.g. software and hardware engineering), administrative, organizational, operational, commercial, educational, and legal.
- ***Proportionality Principle*** – Security levels, costs, practices, and procedures should be appropriate and proportionate to the values of and degree of reliance on the information systems and to the severity, probability, and extent of potential for direct and indirect, tangible and intangible harm.
- ***Integration Principle*** – Policies, practices, and procedures for the security of information systems should be coordinated and integrated with each other and with other measures, practices, and procedures of the organization to ensure a coherent system of security.
- ***Timeliness Principle*** – All personnel, assigned agents, and third party providers, should act in a timely, coordinated manner to prevent and to respond to breaches of the security of information systems.
- ***Reassessment Principle*** – The security of information systems should be reassessed periodically.
- ***Democracy Principle*** – The security of an information system should be weighed against the rights of customers, users, data owners, data custodians and other individuals affected by the system, and against your rights as the owners and operators of these systems.
- ***Certification and Accreditation Principle*** – Information systems and information security professionals should be certified to be technically competent and management should approve them for operation.
- ***Internal Control Principle*** – Information security forms the core of an organization's information internal control system.
- ***Adversary Principle*** – Controls, security strategies, architectures, policies, standards, procedures, and guidelines should be developed and implemented in anticipation of attack from intelligent, rational, and irrational adversaries with harmful intent or harm from negligent or accidental actions.
- ***Least Privilege Principle*** – An individual should be granted only enough privilege to accomplish assigned tasks, but no more.
- ***Separation of Duty Principle*** – Responsibilities and privileges should be allocated in such a way that prevents an individual or a small group of collaborating individuals from inappropriately controlling multiple key aspects of a process and causing unacceptable harm or loss.
- ***Continuity Principle*** – Information security professionals should identify their organization's needs for disaster recovery and continuity of operations and should prepare the organization and its information systems accordingly.
- ***Simplicity Principle*** – Information professionals should favor small and simple safeguards over large and complex safeguards.

- ***Policy-Centered Security Principle*** – Policies, standards, and procedures should be established as a basis for managing the planning, control, and evaluation of information security activities.

Training

A training session will be offered to the various office locations on an annual basis. It is recommended that management and key personal be required to attend this training session covering data security and the associated company policies. A list of participants will be available at the end of each calendar year.

Issuing and Designated Security Officer Requirements

This section applies to the following agencies:

- State of NY Metropolitan Transportation Authority (MTA)
  - Bridges and Tunnels
  - Revenue
- The Port Authority of New York and New Jersey (PANYNJ)
  - S.I.D.A (Security Identification Display Area)
  - S.W.A.C. (Secure Worker Access Consortium)
- U.S. Nuclear Regulatory Commission (NRC)

When necessary, there will be a company employee(s) designated as the "Issuing Officer".

- The Issuing Officer(s) and Designated Security Officer(s) will be the liaison between a client's Security ID Office and the company regarding all vendor card matters.
- This person(s) will also be responsible for generating and validating the applications/personal identifications for those individuals who are applying for an ID badge at each facility.

Recommendations

This is a simple list of DOs and DON'Ts to follow:

- DO take information security seriously. If you see an unfamiliar person wandering in an area where sensitive information is used or kept, ask if they need assistance or report it to your supervisor.
- DO store SSI in a locked desk, cabinet or office when not in use.
- DO use the designated disposal bins or destroy sensitive data using an approved method such as cross-cut shredding.
- DO only use HBE issued equipment to store and process sensitive information and maintain positive control of that equipment.
- DO password-protect all SSI stored on HBE-issued external storage media, such as thumb drives or external hard drives.
- DO ensure that HBE-issued laptop computers are encrypted by the HBE Information Technology Group. All laptop computers MUST be attached to the intranet for at least one eight-hour period every two months to ensure that encryption software and other software updates are installed. Laptops may have encrypted hard drives. Hardware boot/secure tokens may also be required.
- DO lock your computer workstation when you step away.
- DO double check e-mail addresses when sending sensitive information.
- DO use registered mail or some other delivery system with tracking and delivery signatures required.
- DO secure physical mail when it arrives at a location. Document security extends to incoming mail as well.
- DO use password-protected attachments to e-mail any sensitive information.
- DON'T release sensitive information without a need to know. If in doubt, ask your supervisor.
- DON'T ever leave SSI unattended or in an open area.
- DON'T ever store sensitive information on personal electronic equipment such as personal thumb drives and personal hard drives.
- DON'T WAIT - ALWAYS immediately report a loss or suspected loss or compromise of sensitive information, including SSI, to your supervisor.

Revision History

Version Number	Issue Date	Summary of Changes
0.9	2008-04-10	Initial HBE draft
1.0 RC1	2008-06-18	RC1 circulated for comments
1.0	2008-09-01	Policy
1.1	2009-03-20	Added/changed the following: • Soft copy and hard copy logs for subcontractors • Soft copy and hard copy logs for documents leaving the building • Training changes related to document security • Designee update for combinations and keys. • Laptop encryption requirement

The policy is based on information from:

http://www.sun.com/blueprints/tools/samp_sec_pol.pdf
http://sun.com/blueprints/1201/secpolicy.pdf .
http://www.fas.org/sgp/othergov/dhs/spii.pdf, TSA's Protection of Sensitive Data
http://www.sans.org/resources/policies/Information_Sensitivity_Policy.pdf

Acknowledgment of
Addenda

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date May 29, 2009

ADDENDUM #1

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS NETWORK COMPUTING RESOURCE MANAGEMENT SERVICES

☒ Due back on July 8, 2009, no later than 2:00 PM

☐ Originally due on , no later than

The following changes are hereby made in the documents:

THE SITE INSPECTIONS ARE RESCHEDULED TO THE FOLLOWING DATES LISTED BELOW:

Thursday, June 11, 2009, at 9:00am, Building 14, at John F. Kennedy International Airport
Thursday, June 11, 2009 at 2:00pm, Central Terminal Building 3870 at LaGuardia Airport
Friday, June 12, 2009 at 9:00am, Building 1, at Newark Liberty International Airport

Proposers that are interested in attending the site inspections scheduled June 11 – 12, 2009 must call Courtney Fong at (212) 435-3848 no later than noon on Tuesday, June 9, 2009.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

PS11All

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

BIDDER'S/PROPOSER'S FIRM NAME: HENRY BROS. ELECTRONICS INC.

INITIALED: _____

DATE: 6-1-09

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO
Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date : June 22, 2009

ADDENDUM #2

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS NETWORK COMPUTING RESOURCE MANAGEMENT SERVICES

☐ Due back on , no later than

☒ Originally due on July 8, 2009, no later than 2:00PM

The following changes are hereby made in the documents:

1. THE SITE INSPECTIONS ARE SCHEDULED ON THE FOLLOWING DATES:

Tuesday, June 30, 2009 at 9:00am, Central Terminal Building 3870 at LaGuardia Airport
Tuesday, June 30, 2009 at 1:00 pm, Building 14, at John F. Kennedy International Airport
Wednesday, July 1, 2009 at 9:30am, Building 1, at Newark Liberty International Airport

Proposers that are interested in attending the site inspections scheduled June 30, 2009 – July 1, 2009 must call Courtney Fong at (212) 435-3848 no later than noon on Friday, June 26, 2009.

2. COMMUNICATIONS REGARDING THIS REQUEST FOR PROPOSALS (RFP)

All questions regarding this RFP should be submitted in writing to the Buyer at the address or facsimile number listed on the cover page of the RFP document, no later than July 7, 2009 at 3:00 PM.

3. PROPOSAL DUE DATE IS RESCHEDULED FOR WEDNESDAY, JULY 15, 2009 AT 2:00 PM.

4. Sign-In Sheet for Site Inspection held on June 11, 2009 – June 12, 2009 attached hereto.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

BIDDER'S/PROPOSER'S FIRM NAME: HENRY BROS. ELECTRONICS INC.

INITIALED: _____

DATE: 6-23-09

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

JFK - SITE INSPECTION
9:00 AM
THURSDAY, JUNE 11, 2009

NAME	FIRM	PHONE #	EMAIL
Bernie Drury	HBE	201-805-1410	bdrury@hbe-inc.com
Gregory Vickers	HBE	732 803 7137	GVickers@HBE-inc.com
Rich Conklin	ADESTA	908-756-1181	rconklin@adestagroup.com
Michele Delgado	PANYNJ	516-375-2890	MDelgado@panynj.
Karl Niedt	Romani International	908-686-3773	Exemption (1)
A. J. Robusta Sr	Romani Int.	954-520-0655	RomaniTech@Aol.com
Nelson Barreto	Diebold	914-872-4450	Nelson.Barreto@diebold.com
Courtney Fong	PANYNJ	212-435-3848	cfong@panynj.gov
Ami Patel	PANYNJ	(718) 244-4223	atpatel@panynj.gov
Nicolette Rozas	PANYNJ	(212) 435-3301	Nrozas@panynj.gov
MARIA CHEN	PANYNJ	212-435-3760	mchen@PANYNJ.gov
Jeanette Anderson	PANYNJ	212 435 3930	jsantos@panynj.gov

SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

LGA - SITE INSPECTION
2:00 PM
THURSDAY, JUNE 11, 2009

NAME	FIRM	PHONE #	EMAIL
Gregory Vickers	HBE	732 803 7137	GVickers@HBE-inc.com
Nelson Barreto	Diebold	914-872-4480	Nelson.Barreto@diebold.com
Tom Reilly	Diebold	914-755-5816	reillyt@diebold.com
Courtney Fong	PANYNJ	212-425-3848	cfong@panyj.gov
Caleb Chu	PA	(718)533-4001	cachu@panynj.gov
MARIA CHEN	PANYNJ	212-435-3760	mchen@PANYNJ.gov
Orlando Benitez	PA	212-435-3740	obenitez@panynj.gov
Jeanette Anderson	PANYNJ	212435 3930	jeantos@panynj.gov
Rich Conklin	ADESTA	908-756-1181	RConklin@Adestagroup.com
Nwelent Rozans	PANYNJ	212-435-3304	NRozans@PANYNJ.GOV

SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

EWR - SITE INSPECTION
9:00 AM
FRIDAY, JUNE 12, 2009

NAME	FIRM	PHONE #	EMAIL
Priscilla Duncan	PA	212-435-3946	
Nicholas Homer	PA	973-792-5955	
PAUL WOODS	DIEBOLD	914-872-4418	PAUL.WOODS@DIEBOLD.COM
Nelson Barreto	Diebold	914-872-4450	Nelson.Barreto@Diebold.com
GREGORY VICKERS	HBE	732 803 7137	GVICKERS@HBE-INC.COM.
BERNIE DRURY	HBE	301-805-1410	bdrury@hbe-inc.com
[illegible]	PA EWR	973-961-6320	RCODA@PANYNJ.GOV
[illegible]	PA TSD	212 435 5304	NRiseus@panynj.com
BILL FARNAN	PROBARD	609-780-5592	BFARNAN@PROBARD.COM
Courtney Fong	PANYNJ	212-435-3848	cfong@panynj.gov
Denise Dugan	PA	(973) 792-5954	ddugan@panynj.gov
JESSICA MILLS	PA EWR	973 961-6361	jmills@panynj.gov

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date : July 9, 2009

ADDENDUM #3

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

☒ Due back on July 29, 2009, no later than 2:00PM

☒ Originally due on July 15, 2009, no later than 2:00PM

The following changes are hereby made in the documents:

1. Sign-In Sheets for Site Inspection held on June 30, 2009 and July 1, 2009 attached hereto.
2. See attached handbook entitled: "The Port Authority of New York & New Jersey - Information Security Handbook"
   dated October 15, 2008, corrected as of February 9, 2009.
3. Proposal Due Date is extended to Wednesday, July 29, 2008 no later than 2:00p.m.
4. See attached Questions and Responses.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

BIDDER'S/PROPOSER'S FIRM NAME: HENRY BROS ELECTRONICS INC

INITIALED: _____

DATE: 7-10-09

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

PROPOSER QUESTIONS & ANSWERS

The following information is made available in response to questions submitted by prospective Proposers. It should not be deemed to answer all questions, which have been submitted by Proposers to the Port Authority. It addresses only those questions, which the Port Authority has deemed to require additional information and/or clarification. The fact that information has not been supplied with respect to any questions asked by a Proposer does not mean or imply, nor should it be deemed to mean or imply, any meaning, construction, or implication with respect to terms.

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

Note: Similar and related questions have been consolidated. Therefore, you should carefully read all questions and responses, as your questions may be answered in a slightly different format than submitted. Responses to questions will be provided through Addenda to the RFP. All potential Proposers will receive the same comprehensive list of questions and responses.

Question 1
Within the RFP is a list of existing equipment. What is "Total Lenel Users" referring to? Is this equipment, a license or other?

Answer 1
"Total Lenel Users" are the individuals authorized to access the system and should be considered licenses.

Question 2
As above the existing equipment lists refers to "Total Alarm inputs" and "Total Alarm Outputs". Are the input and output devices included within the RFP? If so, what type of devices are they?

Answer 2
Input and Outputs Alarm quantities are provided for information purposes only. Devices that require connection for alarm purposes are items such as card readers, tamper switch, and alarm strobe.

Exemption (4)

Question 4
Attachment E, Cost Proposal Form #2, you ask for Port Authority price. Is this price supposed to be our cost from our supplier? If so, where (what form) are we to supply that would indicate our percentage mark-up for work order and remedial maintenance parts?

Answer 4
No, the Port Authority price is the invoice price the Contractor will charge the Port Authority, which is expected to be less than the list price.

Question 5
Attachment E, Cost Proposal Form #2. There are a number of items that do not give a specific part number. How are we to handle these items?

Answer 5
For equipment without part numbers please use the manufacturer's list price for items that are equivalent to the item descriptions.

Exemption (4)

Question 8
If so, does the use of a [redacted] connection satisfy the response requirement or does the response requirement mean that a qualified technician must show up at the site within the mandated time frame?

Answer 8
VPN connection is not recommended at this time. Therefore the emergency and non-emergency service level agreement applies.

Question 9
Can the Port Authority database be transported off site to a service facility for testing purposes?

Answer 9
The Port Authority CACS database is not authorized for removal from the airports.

Question 10
The reference list of CACS equipment shown on pages 150-171 at each airport does not include the systems Lenel dongle numbers. In order for us to obtain the necessary information for supporting your current system, this number(s) are required for accurate pricing assessment. Please forward

Answer 10
The Port Authority will not provide the Lenel dongle numbers to the Proposers, because of proprietary system information that it contains. Please provide your specific questions and the Port Authority will respond.

Question 11
Is it the contractor's responsibility to provide bucket truck's or lifts to outdoor cameras located on poles and roof's or will the PANYNJ provide at each airport?

Answer 11
Yes

Question 12
Does the PANYNJ own spare parts outside what is described in the RFP document? If so, will the awarded contractor have accessibility to utilize this equipment for repairs? Please clarify what is available at each airport.

Answer 12
Yes, the Port Authority owns some spare parts at each airport and they will be made available to the successful contractor. Please note that on page 19 of the RFP, item "d" states: "Proposer shall submit a recommended list of equipment and quantities of each device to be available as spare parts and submit its description of the computation to be used for billing the Port Authority for equipment and materials purchased for the purpose of fulfilling the requirements of a Work Order or in maintaining and repairing the system."

Question 13
a) On page 151,159, & 166 it states: The CACS Lenel OnGuard application, CACS servers, workstations, Network equipment and Operating System software will be maintained by others and they are listed in the table below for reference only.
b) This statement contradicts the table which lists client workstations which states the application software is Lenel OnGuard Pro 6.0.148. Is the contractor responsible to maintain the Lenel Onguard software as part of the RFP?
c) Is the responsibility of the contractor to maintain the hardware?
d) Please clarify

Answer 13
a) The Lenel OnGuard application, and all workstations (hardware) are the responsibility of the Contractor. The Contractor is required to price the network equipment separately reference on page 139.
b) The OnGuard application is the responsibility of the Contractor. The operating systems (OS) on the servers and on all workstations are the responsibility of others.
c) Yes, with the exception of the servers.
d) It is the intent of the Port Authority that all servers and workstations will be maintained by others in the future, but currently the workstations will be the responsibility of the Contractor.

SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

JFK - SITE INSPECTION
1:00 PM
TUESDAY, JUNE 30, 2009

NAME	FIRM	PHONE #	EMAIL
Greig Silver	Idesco Corp.	212 889 2530	gsilver@idesco.com
Scott Etess	Idesco Corp.	212 889 2530	setess@idesco.com
John Apicella	WMG Dist LLC	718-998-3636	[illegible]
Sergio Valqui	WMG Dist LLC	718 998-3636	Exemption (1)
Dean Moore	Data Ind	212-471-1082 x3041	dmoore@dataind.com
John Batsch	HBE	201-794-6500	jbatsch@hbe-inc.com
Greg Vickers	HBE	732-803 7137	GVickers@hbe-inc.com
Rick Oskam	Open System	914-241-0057	ROSKAM@OSMETRO.COM
Edward Newman	Universal Security	631-951-0604	NewmanE@univsystems.com
JOSEPH LEVY	UNIVERSAL SECURITY	631-951-0604	LEVYJ@UNIVSYSTEMS.com
Courtney Fong	PANYNJ	212-435-3848	cfong@panynj.gov
Michael O. Bollella	PANYNJ	(718)244-4202	mbollell@panynj.gov
Ami Patel	PA	(718)244-4227	atpatel@panynj.gov
[illegible]	PA-TSA	(212) 435-3304	[illegible]@panynj.gov
Jeanette Anderson	PANYNJ	212 435 3930	jsanfan@panynj.gov

SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

EWR - SITE INSPECTION
9:30 AM
WEDNESDAY, JULY 1, 2009

NAME	FIRM	PHONE #	EMAIL
John Apicella	WMG Dist LLC	718-998-3636	[illegible]
Sergio Vacqui	WMG Dist LLC	718998-3636	Exemption (1)
R Coda	PA EWR	14x6320	RCODA@Panynj.gov
Nick Humed	PA EWR	973-792-5955	Nhumed@PA[illegible]
JOSEPH LEVY	UNIVERSAL SECURITY	631-951-0604	[illegible]
Gregory Vickers	HBE	732 803-7137	GVickers@HBE-INC.com
Bernie Drury	HBE	201-805-1410	BDRURY@hbe-inc.co
Rick Oskam	OPEN SYSTEMS	914-241-0057	ROSKAM@OSMETRO.co
Greig Silver	IDESCO	212-889-2530	gsilver@idesco.com
Courtney Fong	PANYNJ	212-435-3848	cfong@panynj.gov
Jessica Mills	PA/EWR	973-961-6361	jmills@panynj.gov
[illegible]	PA TBD	212-435-3204	[illegible]
Vincent Ngan	Data Industries	917-434-9122	vngan@dataind.com
Denise Dugan	PA	(973)792-5954	
Dean Moore	Data Indust.	(212) 491-1082	dmoore@dataind.com

[illegible] PANYNJ

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date : July 10, 2009

ADDENDUM #4

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

☒ Due back on July 29, 2009, no later than 2:00PM

☐ Originally due on , no later than

The following changes are hereby made in the documents:

1. Proposal Due Date is Wednesday, July 29, 2009 no later than 2:00p.m.

4. See attached Questions and Responses.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

PS11All

BIDDER'S/PROPOSER'S FIRM NAME: HENRY BROS ELECTRONICS INC.

INITIALED: _____

DATE: 9-10-09

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

PROPOSER QUESTIONS & ANSWERS

The following information is made available in response to questions submitted by prospective Proposers. It should not be deemed to answer all questions, which have been submitted by Proposers to the Port Authority. It addresses only those questions, which the Port Authority has deemed to require additional information and/or clarification. The fact that information has not been supplied with respect to any questions asked by a Proposer does not mean or imply, nor should it be deemed to mean or imply, any meaning, construction, or implication with respect to terms.

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

Note: Similar and related questions have been consolidated. Therefore, you should carefully read all questions and responses, as your questions may be answered in a slightly different format than submitted. Responses to questions will be provided through Addenda to the RFP. All potential Proposers will receive the same comprehensive list of questions and responses.

Question 1
What was the total expenditure under the current contract for 2008 (or any recent 12 month period)

Answer 1
The expenditure for the three airports was approximately $2,500,000.00. Note that this number is only for the Computerized Access Control System (CACS) and does not include the expenditures for the CCTV system.

Question 2
On page 34, the specification calls for $25 million ($25,000,000.00) for automobile liability single limit. Please confirm this is correct.

Answer 2
Yes the $25 million for automobile liability single limit is correct.

Exemption (4)

Question 4
On page 99, the specifications calls for a significant inventory of spare parts to be warehoused at each location. Will these spare parts be invoiced at inception of contract or only as used.

Answer 4
On page 99, the RFP does not specify the quantities of the spare equipment. It is the responsibility of the Contractor to stock, maintain and have quick access to frequently used parts and materials to meet the performance requirements. In addition, the Contractor shall submit a recommended list of spare part equipment to be readily available when needed (refer to page 19) and the list should be approved by the Airport Security Managers and/or Program Manager. The spare parts will be invoiced upon ordering.

Question 5
If the spare parts will be required to be purchased at inception by contractor and will only be invoiced upon use, please provide an exact quantity for each item that will be required.

Answer 5
Please refer to answer #17

Exemption (4)

Question 7
On page 152, the specifications call for 72 Lenel "users" at LGA, please clarify what is meant by this term.

Answer 7
The Seventy-Two (72) users are individuals who have the authorization to access the Lenel Database.

Question 8
On page 160, the specifications call for 72 Lenel "users" at JFK, please clarify what is meant by this term.

Answer 8
The Seventy-Two (72) users are individuals who have the authorization to access the Lenel Database.

Question 9
On page 167, the specifications call for 72 Lenel "users" at EWR, please clarify what is meant by this term.

Answer 9
The Seventy-Two (72) users are individuals who have the authorization to access the Lenel Database.

Exemption (4)

Question 11
Please clarify if TWIC or SWAC credentials will be required as part of this project.

Answer 11
Currently, there is no TWIC or SWAC credential required as part of this project.

Question 12
Please clarify if there is a "test" or "development" environment owned by the PANYNJ for the contractor to utilize for Lenel or Verint upgrade / integration testing and development.

Answer 12
There is a Port Authority owned test environment for the Computerized Access Control Security (CACS) system only.

Question 13
Please provide details on or copies of any procedures required by the PANYNJ related to development, testing and deploying upgrades or integrations to the Lenel system.

Answer 13
The Port Authority requires that prior to modification of the current Lenel system that a detailed script of tasks required to implement this change be prepared and presented for review, and that the specific modification be tested and the test results presented for Port Authority review and approval. The script must have a fall back plan in the event that issues are encountered during the modification that requires the Contractor to restore the system to the previous operational/working database.

Question 14
Please confirm that this project will be award to a single contractor.

Answer 14
Yes, this project will be awarded to a single Contractor. However, a proposal can be submitted by a joint venture. Please refer to Section 1, Subsection B on page 4 of the RFP.

Question 15
Please confirm that OSHA 10 training certificates will be required for all technicians, electricians, etc. working on this project.

Answer 15
Project personnel who are performing their duties in a work area are subject to OSHA requirements.

Question 16
On Attachment E - form # 1, how do we determine the "relative frequency of use" without specifics of what the PANYNJ is looking to accomplish in the next 7+ years? The use will be very different depending on the split of service to software upgrade / integration to construction / installation.

Answer 16
The Port Authority anticipates issuing thirty-five (35) work orders at JFK, EWR twenty-five (25) and LGA twenty (20) per year. As stated in the RFP these numbers are not guaranteed but an estimate.

Question 17
On Attachment E - form # 1, please clarify if the "Lenel Technician" is an employee of Lenel or a Lenel certified employee of the Lenel VAR.

Answer 17
This may be either an employee of the Contractor or Lenel. However, the employee must be Lenel certified.

Question 18
On Attachment E - form # 2, please clarify what the difference between "PA Price" and "Refurbish or Replacement Price" is? In concept a replacement would be the same as new and refurbish would be a repair and can not be determined without knowing what is wrong with the item.

Answer 18
The "PA price" is the equipment cost that the Contractor will charge to the Port Authority, which is expected to be less than the list price. "Refurbish or Replacement Price" is the price for used parts that have been tested and are in working condition.

Question 19
Please detail what is the current "assigned" staffing level for preventive and remedial maintenance at each location (i.e. 1 person M-F 8-4 at LGA)

Answer 19
The following is a current breakdown for Computerized Access Control Security (CACS) System staff only:

Technicians: JFK - 2, LGA - 1, EWR - 1
Supervisor: 1 for all airports
Manager: 1 for all airports
Engineers: 2 for all airports who provide support for major problems and any extra work
Sales/Marketing person, Administrative staff are provided
Other staff are provided as needed.

Refer to Section 8 entitled Proposal Submission Requirements, Subsection F entitled Proposal, Point A, page 20 for the staffing plan requirements.

Question 20
On Page 10, the document calls for "proposed mark-ups for labor and materials used in the performance of extra work and for extra work performed by subcontractors". Please clarify this is for civil, electrical and other work that will be performed by sub-contractors in the performance of this contractor.

Answer 20
Yes, this includes all work performed by a Subcontractor in performance of the Contractor. The Proposer shall add a line at the bottom on Attachment E entitled Cost Proposal Form #1to provide the percentage markup for Subcontractors only. This percentage shall exclude Lenel and Verint staff.

Question 21
On Page 10, the document calls for "proposed mark-ups for labor and materials used in the performance of extra work and for extra work performed by subcontractors". Please clarify where this percentage should be submitted.

Answer 21
The equipment percentage should be submitted on Attachment E entitled Cost Proposal Form #2.

Question 22
Please confirm is maintenance, upgrades, etc. of the Lenel OnGuard application is included in the scope of work. The bid documents contain contradictory information on this.

Answer 22
Routine Lenel upgrades to ensure that we are no more than two revision levels behind the manufactures current release is included in the cost of the PM maintenance agreement. If for whatever reason the Port Authority requests an upgrade for the sole purpose of taking advantage of a specific functionality and the contractor is in compliance with the contract, the Port Authority will issue and authorize payment via a work order.

Question 23
Please confirm is maintenance, repairs, etc. of the network equipment (TCP/IP, SONET, etc.) is included in the scope of work. The bid documents contain contradictory information on this.

Answer 23
Yes, currently maintenance, repairs, etc. of the network equipment (TCP/IP, SONET, etc.) is included in the scope of work. It is the intent of the Port Authority that all network equipment (TCP/IP, SONET, etc.) will be maintained and repaired by others in the future. The Proposer shall submit separate cost for this work on Attachment E entitled Cost Proposal Form #3, page 139.

Question 24
Please clarify if a remedial service request within the M-F 8-5 range requires additional personnel or resources to complete, will the contractor invoice for these under T&M or will these be considered part of the monthly lump sum?

Answer 24
During business hours and depending on the severity of the issue, if the Contractor determines ~~if~~ additional resources are required to correct the problem the Contractor must obtain Port Authority approval before commencing any extra work which will be paid under T & M.

Question 25
Is the contractor allowed to "transport" assigned personnel from one location to another in order to complete tasks with the PM or RM scope of work that may require larger workforces at on location?

Answer 25
The Contractor is responsible is to meet the requirements in the scope of work, so how the Contractors meets the requirement of the contract is at its own discretion.

Question 26
Please confirm that software updates / upgrades are not included in the scope of work for PM or RM.

Answer 26
Routine Lenel and Verint software updates and upgrades are a part of the PM maintenance contract.

Question 27
Can you please provide a list of unions and locals that claim jurisdiction for each of the three locations (i.e. IBEW Local 3 - JFK).

Answer 27
The listing below is for informational purposes and may not be inclusive of all available labor organizations that may claim jurisdiction under the Contract. It is the sole obligation of Proposers to make such determinations. Notice is given to all Proposers to become familiar with the requirements set forth in the following paragraphs of the RFP:

"Prevailing Wages" in Attachment B, entitled "Contract Specific Terms and Conditions, Section 5 entitled "Additional Contract Specific Terms and Conditions for All Services", Subsection C on page 48. In addition, the individual bidders must comply with "Harmony" in Attachment C, entitled Standard Contract Terms and Conditions, Part II entitled General Provisions, Subsection 9 on page 70.

IBEW Local 3 - JFK
IBEW Local 3 - EWR

Question 28
Does the computerized workorder system need to be web based or can is be application over secure VPN? The later may offer better security for this sensitive information.

Answer 28
The RFP asks the bidders to provide a cost effective proposal that meets the requirement of the contract. Whatever is provided will be evaluated.

Question 29
Please confirm that the contractor will only be obligated to support a product as long as the manufacturer is solvent and supporting such product(s).

Answer 29
Yes the Contractor will only be obligated to support a product as long as the manufacturer is solvent and supporting such product(s).

Question 30
Please consider extending the bid date to provide 15 working days from the receipt of the responses to the RFCs.

Answer 30
A two-week extension will be granted therefore making the submission due date July 29, 2009 at 2:00pm.

Question 31
Please confirm: Our understanding is that, in the event of an equipment failure, this contract provides for payment for repair or replacement according to Attachment E. In bidding, we do not have to "carry" costs for equipment. Rather, we must only indicate what we would charge in the event a repair or replacement is required.

Answer 31
Yes, that is correct, the Contractor will not have to "carry" costs for equipment.

Question 32
Pls confirm:

Bids are to be delivered to:
Purchasing Services Division
One Madison Avenue, 7th Flr
New York, NY
10010

Answer 32
Yes, that address is correct.

Exemption (4)

MBE/WBE Plan

Acceptance of
Standard Contract
Terms/Conditions

THE PORT AUTHORITY & NJ

CONSTRUCTION M/WBE PARTICIPATION PLAN

PA3749 / 03-09

Office of Business and Job Opportunity

PAGE _____ OF _____

NOTE: The Contractor is required to submit to the Engineering Dept. a MODIFIED PLAN for any changes to the original plan: i.e.; subcontractor, dollar amount or work performed.
If more than 1 page is used, complete totals on last page.

Contract Number: RFP # 18473

Contract Description: Services and Materials for Enhancement and Maintenance at JFK, LGA and EWR

Contractor Name: Henry Bros. Electronics, Inc.

Mailing Address: 17-01 Pollitt Drive-Fair Lawn NJ 07410

Contract Amount:

Telephone Number: 201-794-6500

Contract Goals: **MBE** 12% **WBE** 5% **DBE**

Name, Address, Phone Number of PA Certified MBE/WBE/DBE subcontractor (including name of contact person)	Indicate MBE, WBE Or DBE	Description of Work, Services to be provided. Where applicable, specify, "supply" or "install or both "supply" and "install."	Anticipated date work will start and finish	*Approximate $ amount of M/W/DBE Subcontract	MBE/WBE/DBE % of Total Contract Amount
Stellar Servises 57 West 58th Street - 11th Floor New York NY 10018 Mr. Liang Chen/Ms Anna Lu	MBE	Database modifications, integrratiion	12/09 - 12/12	$500K	
GMA Electrical Corp 201 Edward Curry Avenue-2nd Floor Staten Island NY 10314 718-477-9600 John Reilly	WBE	Electrical Contracting, Installation	12/09 - 12/12	$500K	
Maureen Data Systems Inc. 500 West 43rd Street - Ste 33B New York NY 10036 212-328-1713	WBE	IT Services	12/09 - 12/12		
			TOTAL:		

Signature of Contractor: John A Batsch

Print Name: John A Batsch

Title: Vice President/Generak Nabager Date 07/29/09

FOR OBJO USE ONLY
Contract Goals: ☐ Approved ☐ Waived ☐ Rejected
Reviewed by: _____
OBJO Business Development Representative
Print Name: _____ Date _____

Distribution: Original – OBJO; Copy 2 – Engineer of Construction; Copy 3 – Contractor; Copy 4 – Line Department
*Please Note: supplies, equipment and material men are only credited 60% towards the M/W/DBE goal. Please adjust calculations accordingly.

Attachment K – Non-Disclosures and Confidentiality Agreements

ATTACHMENT K - Non-Disclosure and Confidentiality Agreements

NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT BETWEEN

(INSERT NAME OF COMPANY)

AND

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

THIS NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT (this "Agreement") is made as of this 29th day of July , 2009 XXXX, 2008, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (the "Port Authority") a body corporate and politic created by Compact between the States of New York and New Jersey, with the consent of the Congress of the United States, and having an office and place of business at 225 Park Avenue South, New York, New York, 10003, and Henry Bros. Electronics, Inc. having an office and place of business at 17-01 Pollitt Dr - Fair Lawn NJ 07410 (address) ("Recipient").

WHEREAS, the Port Authority desires, subject to the terms and conditions set forth below, to disclose to Recipient Confidential Information (as defined below) in connection with Enhancement and Maintenance of ASCS at JFK - LaGuardia - Newark Liberty Airports (insert description of project/work) (collectively, the "Project(s)", or "Proposed Project(s)"); and

WHEREAS, the Recipient acknowledges that the Port Authority, in furtherance of its performance of essential and critical governmental functions relating to the Project, has existing and significant interests and obligations in establishing, maintaining and protecting the security and safety of the Project site and surrounding areas and related public welfare matters; and

WHEREAS, in furtherance of critical governmental interests regarding public welfare, safety and security at the Project site, the Port Authority has collected information and undertaken the development of certain plans and recommendations regarding the security, safety and protection of the Project site, including the physical construction and current and future operations; and

WHEREAS, the Port Authority and Recipient (collectively, the "Parties") acknowledge that in order for Recipient to undertake its duties and/or obligations with regard to its involvement in the Project, the Port Authority may provide Recipient or certain of its Related Parties (as defined below) certain information in the possession of the Port Authority, which may contain or include confidential, privileged, classified, commercial, proprietary or sensitive information, documents and plans, relating to the Project or its occupants or other matters, the unauthorized disclosure of which could result in significant public

breach, or threatened breach, of this Agreement by Recipient or its Related Parties. The Port Authority shall be entitled, in addition to all other rights or remedies, to seek such restraining orders and injunctions as it may deem appropriate for any breach of this Agreement, without being required to show any actual damage or to post any bond or other security.

8. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflict of laws principles. The Port Authority (subject to the terms of the Port Authority Legislation (as defined below)) and the Recipient specifically and irrevocably consent to the exclusive jurisdiction of any federal or state court in the County of New York and State of New York with respect to all matters concerning this Agreement and its enforcement. The Port Authority (subject to the terms of the Port Authority Legislation (as defined below)) and the Recipient agree that the execution and performance of this Agreement shall have a New York situs and, accordingly, they each consent (and solely with respect to the Port Authority, subject to the terms of the Port Authority Legislation (as defined below)) to personal jurisdiction in the State of New York for all purposes and proceedings arising from this Agreement. "**Port Authority Legislation**" shall mean the concurrent legislation of the State of New York and State of New Jersey set forth at Chapter 301 of the Laws of New York of 1950, as amended by Chapter 938 of the Laws of New York of 1974 (McKinney's Unconsolidated Laws §§7101-7112) and Chapter 204 of the Laws of New Jersey of 1951 (N.J.S.A. 32:1-157 to 32:1-168).

9. **Notices.** Any notice, demand or other communication (each, a "**notice**") that is given or rendered pursuant to this Agreement by either party to the other party, shall be: (i) given or rendered, in writing, (ii) addressed to the other party at its required address(es) for notices delivered to it as set forth below, and (iii) delivered by either (x) hand delivery, or (y) nationally recognized courier service (e.g., Federal Express, Express Mail). Any such notice shall be deemed given or rendered, and effective for purposes of this Agreement, as of the date actually delivered to the other party at such address(es) (whether or not the same is then received by other party due to a change of address of which no notice was given, or any rejection or refusal to accept delivery). Notices from either party (to the other) may be given by its counsel.

The required address(es) of each party for notices delivered to it is (are) as set forth below. Each party, however, may, from time to time, designate an additional or substitute required address(es) for notices delivered to it, provided that such designation must be made by notice given in accordance with this Paragraph 9.

If to the Port Authority:

The Port Authority of New York and New Jersey
225 Park Avenue South, __th Floor
New York, NY 10003

with a copy to:

The Port Authority of New York and New Jersey
225 Park Avenue South - 15th Floor
New York, NY 10003
Attn: General Counsel

If to the Recipient: Henry Bros. Electronics, Inc.
17-01 Pollitt Drive
Fair Lawn NJ 07410

with a copy to:

10. **Entire Agreement.** This Agreement contains the complete statement of all the agreements among the parties hereto with respect to the subject matter thereof, and all prior agreements among the parties hereto respecting the subject matter hereof, whether written or oral, are merged herein and shall be of no further force or effect. This Agreement may not be changed, modified, discharged, or terminated, except by an instrument in writing signed by all of the parties hereto.

11. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be one and the same document.

12. **Parties Bound.** This Agreement shall be binding upon the Recipient and its respective successors. The foregoing shall not be affected by the failure of any Related Party to join in this Agreement or to execute and deliver an Acknowledgement hereof.

13. **Authority.** The undersigned individual(s) executing this Agreement on behalf of the Recipient below represent(s) that they are authorized to execute this Agreement on behalf of the Recipient and to legally bind such party.

14. **Disclosure of Ownership Rights or License.** Nothing contained herein shall be construed as the granting or conferring by the Port Authority of any rights by ownership, license or otherwise in any Information.

15. **No Liability.** Neither the Commissioners of the Port Authority, nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Recipient with any liability, or held liable to the Recipient under any term or provision of this Agreement, or because of its execution or attempted execution or because of any breach, or attempted or alleged breach thereof.

16. **Construction.** This Agreement is the joint product of the parties hereto and each provision of this Agreement has been subject to the mutual consultation, negotiation, and agreement of the parties hereto, and shall not be construed for or against any party hereto. The captions of the various sections in this Agreement are for convenience only and do not, and shall not be deemed to, define, limit or construe the contents of such Sections.

[*No further text on this page; signatures appear on next page*]

IN WITNESS WHEREOF, the Recipient has executed this Agreement as of the date first above written.

Dated: New York, New York

_____, ____

RECIPIENT:

Henry Bros. Electronics, Inc.

By: _____

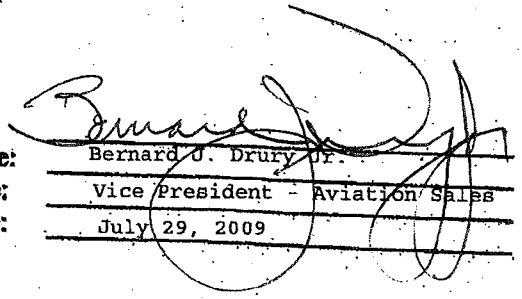
Title: VP - Sales - Aviation

Date: 07-29-09

EXHIBIT A

ACKNOWLEDGMENT BY RELATED PARTY ENTITY

The undersigned, Bernard J. Drury Jr. (name of authorized signatory), is the VP-Sales - Aviation (Title) of Henry Bros. Electronics, Inc. (name of entity), a Corporation - Delaware (type of entity and jurisdiction of formation) ("**Related Party**"), located at 17-01 Pollitt Drive - Fair Lawn NJ 07410 (address of entity), and is duly authorized to execute this Acknowledgment on behalf of the above Related Party. The above Related Party is involved with the functions of Enhancement and Maintenance (describe scope of work of Related Party) in connection with ASCA at JFK, LGA, Newark Liberty Airports (describe Project) for The Port Authority of New York and New Jersey (the "**Port Authority**"). I acknowledge and confirm that the above named Related Party has been provided with a copy of and shall be bound and shall abide by all of the terms, requirements and conditions set forth in the Non Disclosure and Confidentiality Agreement dated July 29, 2009 between Henry Bros. Electronics (the "**Recipient**") and the Port Authority (hereinafter the "**Agreement**"), and by the Port Authority Handbook described in the Agreement. Appropriate and responsible officers and employees of the Related Party have carefully read and understand the terms and conditions of the Agreement. The Related Party has notice and acknowledges that any breach or violation of such terms, requirements and conditions may result in the imposition of remedies or sanctions as set forth or otherwise described therein against such Related Party.

Signed: 

Print Name: Bernard J. Drury Jr.

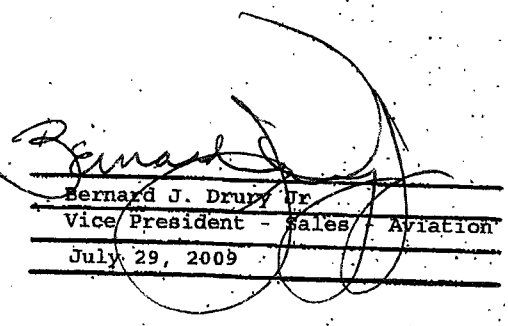
Title: Vice President - Aviation Sales

Date: July 29, 2009

ACKNOWLEDGMENT BY RELATED PARTY INDIVIDUAL

I, Bernard J. Drury Jr. (name of employee) ("Related Party"), am employed as a(n) VP- Aviation Sales (job title) by Henry Bros Electronics, Inc. (name of employer). I have been provided with and have read the Non Disclosure and Confidentiality Agreement between Henry Bros. Electronics, Inc (the "Recipient") and The Port Authority of New York and New Jersey (the "Port Authority") dated July 29, 2009 (hereinafter the "Agreement"), and the Port Authority Handbook attached to the Agreement. I understand that because of my employer's relationship with Port Authority (name of Recipient, or the Port Authority if Related Party Individual is an employee of Recipient), both my employer and I may be provided with access to, and/or copies of, sensitive security materials or confidential information. If it is required for me to review or receive Confidential Information, as it is defined in the aforementioned Agreement, I acknowledge that I will be bound by each and every term and provision contained therein, and that failure to do so may include, but is not limited to, the imposition of disciplinary action and sanctions, and/or the institution of legal action seeking injunctive relief, monetary and/or criminal penalties for violation of law and/or Port Authority policies and procedures, as well as for violation of federal and/or state regulations.

To the extent that I am currently in the possession of, or have previously come into contact with, marked information as it relates to the aforementioned Agreement, I agree to conform my handling procedures for Confidential Information to the practices and procedures set forth and defined herein, or risk loss of access to said Information, removal from said Project and/or subjecting myself to the aforementioned disciplinary actions and/or civil and criminal penalties.

Signed: 

Print Name: Bernard J. Drury Jr.

Title: Vice President - Sales - Aviation

Date: July 29, 2009

Attachment L – Standards and Guidelines

THE PORT AUTHORITY OF NY & NJ

PURCHASING SERVICES DIVISION
ONE MADISON AVENUE, 7TH FL.
NEW YORK, NY 10010

REQUEST FOR PROPOSALS

TITLE: **SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS**

NUMBER: ***18473***

SUBMIT PROPOSALS BEFORE THE DUE DATE AND TIME TO THE ABOVE ADDRESS

PROPOSAL DUE DATE: **July 8, 2009** **TIME: 2:00 PM**

QUESTIONS SHOULD BE SUBMITTED BY: **June 17, 2009** **TIME: 3:00 PM**
(Optional)

SITE VISIT: **June 9 – 11, 2009** **TIME: 9:00 AM**

June 9, 2009, 9:00am, Building 1, at Newark Liberty International Airport
June 10, 2009, 9:00am, Building 14, at John F. Kennedy International Airport
June 11, 2009, 9:00am, Central Terminal Building 3870 at LaGuardia Airport

BUYER NAME: **Jeanette Anderson**
PHONE#: (212) 435-3930
FAX#: (212) 435-3959
EMAIL: j.anderson@panynj.gov

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1. INFORMATION FOR PROPOSERS

A. General Information: The Port Authority of New York and New Jersey

The Port Authority of New York and New Jersey (the "Port Authority" or the "Authority") is an agency of the States of New York and New Jersey, created and existing by virtue of the Compact of April 30, 1921, made by and between the two States, and thereafter consented to by the Congress of the United States. It is charged with providing transportation, terminal and other facilities of trade and commerce within the Port District. The Port District comprises and area of about 1,500 square miles in both States, centering about New York Harbor. The Port District includes the Cities of New York and Yonkers in New York State, and the cities of Newark, Jersey City, Bayonne, Hoboken and Elizabeth in the State of New Jersey, and over 200 other municipalities, including all or part of seventeen counties, in the two States. The Port Authority manages and/or operates all of the region's major commercial airports (Newark Liberty International, John F. Kennedy International, Teterboro, LaGuardia and Stewart International Airports, marine terminals in both New Jersey and New York (Port Newark and Elizabeth, Howland Hook and Brooklyn Piers); and its interstate tunnels and bridges (the Lincoln and Holland Tunnels; the George Washington, Bayonne, and Goethals Bridges; and the Outerbridge Crossing), which are vital "Gateways to the Nation."

In addition, the Port Authority operates the Port Authority Bus Terminal in Manhattan, the largest facility of its kind in the world, and the George Washington Bridge and Journal Square Transportation Center bus stations. A key link in interstate commuter travel, the Agency also operates the Port Authority Trans-Hudson Corporation (PATH), a rapid rail transit system linking Newark, and the Jersey City and Hoboken waterfronts, with midtown and downtown Manhattan. A number of other key properties are managed by the Agency including but not limited to a large satellite communications facility (the Teleport) in Staten Island, and a resource recovery co-generation plant in Newark. Prior to September 11, 2001, the Port Authority's headquarters were located in the World Trade Center, and that complex is still owned and being partially redeveloped by the Port Authority.

B. Brief Summary of Contract

The Port Authority is seeking to retain a single firm to provide services and materials for the enhancement and maintenance of its Airport Security Control Systems (ASCS) located at LaGuardia (LGA), John F. Kennedy International (JFK), and Newark Liberty International (EWR) Airports as more fully set forth herein. Additional work of similar nature may be required at Teterboro (TEB) and Stewart International (SWF) Airports as well.

The Contract will be for a three (3) year period. The Port Authority shall have the sole right to extend the Contract for up to two (2) additional two-year option periods. In addition, the Port Authority will have the sole right to extend the Contract for one additional 120-day extension period.

It is anticipated that at some point during the term of this Contract, Teterboro (TEB) and Stewart International (SWF) airports may require similar services for Access Control Systems and CCTV systems. The Port Authority will have the option to add TEB and SWF to the Contract at any time during its term or extended term by thirty (30) days written notice to the Contractor, at the prices agreed upon by the parties hereunder.

C. Deadline for Receipt of Proposals
The due date specified on the cover page is the Proposal Due Date. Closing of the Proposal Due Date is 2:00 P.M. The Port Authority assumes no responsibility for delays caused by any delivery service. Post marking by the due date will not substitute for the actual proposal receipt.

D. Submission of Proposals
One reproducible original (containing original signatures and clearly designated as such) and ten (10) copies of the proposal must be submitted on or before the due date and time in accordance with the information on the cover page of this RFP and sent or delivered to the address specified on the cover page. Each copy of the proposal as well as the parcel(s) used for shipping must be conspicuously marked with the Proposer's name and address along with the title of this RFP, this RFP number and the Proposal Due Date.

The original and each copy of the submission should include, in a separate envelope marked "Proposer Prerequisites", all documentation necessary to demonstrate that the Proposer meets the double-sided prerequisites set forth in Part I, Section 3 entitled: "Proposer Prerequisites".

The Proposer should submit two (2) CD copies in Microsoft Word format of their proposal to assist in the review. If there is any difference between the CD and paper copy, the paper copy takes precedence.

E. Communications Regarding this Request for Proposals (RFP)
All communications concerning this RFP should be directed to the Buyer listed on the cover page. All questions regarding this RFP should be submitted in writing to the Buyer at the address or facsimile number listed on the cover page, no later than 3:00 PM Eastern Daylight Savings Time on June 17, 2009.

The Buyer is authorized only to direct the attention of prospective Proposers to various portions of this RFP so that they may read and interpret such portions themselves.

Neither the Buyer nor any other employee of the Port Authority is authorized to interpret the provisions of this RFP or give additional information as to its requirements. If interpretation or other information is required, it will be communicated to Proposers by written addenda and such writing shall form part of this RFP.

F. Proposal Acceptance or Rejection
Acceptance shall be only by mailing to or delivering at the office designated by the Proposer in its proposal, a notice in writing signed by an authorized representative on behalf of the Port Authority specifically stating that the proposal is accepted or by execution of a Contract covering the subject matter of this RFP signed by authorized representatives of the Port Authority and the Proposer. No other act of the Port Authority, its Commissioners, officers, agents, representatives, or employees shall constitute acceptance of a proposal. Rejection of a proposal shall be only by either (a) a notice in writing specifically stating that the proposal is not accepted, signed by an authorized representative of the Port Authority and mailed to or delivered to the Proposer at the office designated in the proposal, or (b) omission of the Port Authority to accept the proposal within 180 days after the Proposal Due Date. No other act of the Port Authority, its Commissioners, officers, agents, representatives or employees shall constitute rejection of a proposal.

G. Union Jurisdiction
Proposers are advised to ascertain whether any union now represented or not represented at the facility will claim jurisdiction over any aspect of the operations to be performed hereunder and their attention is directed to the Section of Attachment C of this RFP, Standard Contract Terms and Conditions, entitled: "Harmony".

H. City Payroll Tax
Proposers should be aware of the payroll tax imposed by the:

1. City of Newark, New Jersey for services performed in Newark, New Jersey;
2. City of New York, New York for services performed in New York, New York; and
3. City of Yonkers, New York for services performed in Yonkers, New York.

These taxes, if applicable, are the sole responsibility of the Contractor. Proposers should consult their tax advisors as to the effect, if any, of these taxes. The Port Authority provides this notice for informational purposes only and is not responsible for either the imposition or administration of such taxes. The Port Authority exemption set forth in the Section entitled: "Sales or Compensating Use Taxes", in Attachment C, Standard Contract Terms and Conditions, included herein, does not apply to these taxes.

I. Pre-Proposal Meeting(s)/Site Inspection(s)
Three site inspections, one for each airport, will be scheduled between June 9, 2009 and June 11, 2009.

June 9, 2009, 9:00am, Building 1, at EWR
June 10, 2009, 9:00am, Building 14, at JFK
June 11, 2009, 9:00am, Central Terminal Building 3870 at LGA

A site inspection allows Proposers to tour and physically inspect the actual site(s) of work prior to the submission of proposals. No questions or photos will be taken during a site inspection.

Attendance is strongly recommended. Information conveyed may be useful to Proposers in preparing their proposals and Proposers not attending assume all risks that may ensue from non-attendance.

Attendees interested in attending must RSVP to Courtney Fong at (212) 435-3848 no later than 12 noon Eastern Daylight Savings Time of the business day preceding the scheduled date(s) to confirm their attendance and/or receive traveling directions.

Two valid forms of photo identification are required to attend the site inspections.

J. Available Documents
The following documents may be examined by appointment only, and under constraints that will be described at the time an appointment is made. Contact Courtney Fong at (212) 435-3848 to make an appointment for examining the documents. The documents cannot be duplicated and removed from Authority premises. Proposers will be required to sign individual "Contractor Non-Disclosure and Confidentiality Agreements" attached as Attachment K.

These documents were not prepared for the purpose of providing information for Proposers on this RFP but they were prepared for other purposes, such as for other contracts or for design purposes for this or other contracts, and they do not form a part of this RFP. The Port Authority makes no

representation or guarantee as to, and shall not be responsible for, their accuracy, completeness or pertinence, and, in addition, shall not be responsible for inferences or conclusions drawn there from. They are made available to Proposers merely for the purpose of providing them with such information, whether or not such information may be accurate, complete, and pertinent or of any value to Proposers.

Said documents are as follows:

a. LaGuardia Airport as-built security drawings
b. John F. Kennedy International Airport as-built security drawings
c. Newark Liberty International Airport as-built security drawings

K. Additional Proposer Information

Prospective Proposers are advised that additional vendor information, including, but not limited to forms, documents and other information, including M/WBE Participation Plan Submission Forms and protest procedures, may be found on the Port Authority website at:
http://www.panynj.gov/DoingBusinessWith/contractors/html/other_info.html

2. SUMMARY OF SCOPE OF WORK, PAYMENT METHODS AND SKILL SETS REQUIRED

A. Scope of Work

The full Scope of Work is set forth in detail in Attachment D.

Exemption (4)

CACS and CCTV systems are intended to interface with a Perimeter Intrusion Detection System (PIDS). PIDS is not part of this Contract nor will the Contractor be responsible for its successful operation. However, the Contractor will be responsible for working collaboratively and harmoniously with the Contractor of the PIDS system to ensure its successful integration and continued operation.

The Port Authority has undertaken a reasonable effort to identify all ASCS equipment and related components, as described in this RFP. However, it will be the Contractor's responsibility to identify, inventory and maintain the entire ASCS system, which includes prior engineering project installations, updates, enhancements and subsequent engineering/maintenance changes.

There are two categories of work services described in this RFP. The first type of work is for enhancing and modifying the ASCS system other than SONET network on a work order basis. The other type of work is for providing day-to-day Preventative and Remedial Maintenance of the System.

Work Order Services

Within the first work category, five primary types of services are anticipated:

1. Adds, Moves & Changes – The Contractor will be required to modify and enhance the system as needed to comply with the plans of the Port Authority and mandates by the Transportation Security Administration (TSA). Such services include installing new equipment and software, and moving existing equipment. The Contractor will likely be required to change the System configuration and its components as defined and specified in Work Orders.

2. Integration – The Port Authority anticipates that the Contractor will develop interfaces to third party systems. The Contractor will likely be required to assist in requirements definition and review third party designs to assure consistency within and between requirements.

3. Pilot Project Support – The Contractor may be required to participate in the definition of requirements, provide staff support, and to provide equipment for Pilot Projects as described in this RFP.

4. Projects – The Contractor shall provide a dedicated individual from the Manufacturer (Lenel or Verint) to support all modifications to the ASCS system.

5. Training – The Contractor shall provide training classes as scheduled by the Airport Security Managers/ Program Manager for ASCS users.

In contrast with maintenance work (see following), enhancement and modification work will involve larger efforts requiring planning and coordinating and managing of resources over a more extended period of time. An example of this type of activity is the effort to equip new locations with access control, security devices and communication system modifications.

Maintenance Services

The other work category is maintenance of the ASCS system through the provision of Preventative and Remedial Maintenance services. These services shall ensure that the equipment and software continue to function as an operational whole.

Maintenance and support are required twenty-four hours per day and seven days per week year round, and will involve equipment preventive maintenance, repair and replacement. This type of work requires an immediate response.

In the performance of the Contract, the Contractor shall comply with the requirements of the Port Authority's Information Security Handbook ("Handbook"), included herewith and made a part hereof. The Handbook provides for safeguarding and handling Confidential Information that it is provided or developed in connection with the Contractor's services hereunder. The Contractor shall appoint a security officer who is responsible for implementing and maintaining the security requirements, identified in the "Handbook." All Confidential Information, as determined by the Port Authority, must be returned to the Port Authority upon completion of the Contract.

B. Payment Methods

As more fully set forth in the Contract Specific Terms and Conditions, it is anticipated that payment under this Contract will be made in accordance with the following:

1) The Port Authority and the Contractor shall negotiate a lump sum payment for each Work Order issued by the Port Authority following receipt of the Contractor's proposal therefor. Each proposal shall include an estimate of labor required to perform the work and the hourly cost of each labor category based on the all inclusive rates proposed by the Contractor and accepted by the Port Authority. Each Work Order proposal shall also include the Contractor's estimated net cost of materials and equipment including the Contractor's markup on such net costs.

   For Work Orders, a lump sum payment will be negotiated following receipt of the Contractor's Work Order proposal. The proposal should include an estimate of labor required to perform the work and the hourly cost of each labor category based on the all inclusive rates set forth in Attachment E, Cost Proposal Form #1 entitled "Skills and Hourly Billing Rates" (as such rates may be adjusted pursuant to the provisions of the Contract). The Work Order proposal should also set forth the Contractor's estimated net cost of materials and equipment and the Contractor's markup on such net costs. That markup must be included in the Proposer's response to this RFP.

2) For preventive maintenance services, a monthly lump sum price to be proposed by the Proposer in its response to this RFP (Attachment E, Cost Proposal Form #3).

3) For Remedial Maintenance services, a monthly lump sum price for labor to be proposed by the Proposer in his response to this RFP (Attachment E, Cost Proposal Form #3) plus the cost to the Contractor of the materials and equipment needed to perform the Remedial Maintenance services plus the Contractor's markup on such cost. That markup must be included in the Proposer's response to this RFP along with any markup proposed for work performed by Subcontractors. The Monthly Lump Sum shall not include compensation for work performed outside of normal business hours. Normal business hours are 8:00 AM to 5:00 PM, Monday through Friday, excluding Port Authority holidays. Payment for labor provided outside of those hours shall be computed based on hours of work performed using the applicable overtime rates set forth by the Contractor in Attachment E, Cost Proposal Form #1 entitled "Skills and Hourly Billing Rates".

The Proposer should include in its proposal suggested methods for revising the monthly lump sum for preventive maintenance services and the monthly lump sum for labor for Remedial Maintenance services to reflect additions to or deletions from the system being maintained, whether such modifications are performed under the Work Order Contract or otherwise.

The prices set forth by the Proposer for materials and supplies in Attachment E, Cost Proposal Form #2 entitled "Current Equipment – Price List" are for proposal evaluation purposes only. Where the Contractor's net cost of materials and supplies is the basis for payment to the Contractor, it will be computed based on actual net cost as defined in the above-referenced Section. (See the Section entitled "Definitions" in Contract Specific Terms and Conditions for the definitions of "Net Cost" and "Materials".)

The Proposer shall also set forth the proposed mark-ups for labor and materials used in the performance of Extra Work and for Extra Work performed by sub-contractors.

For purposes of applying markups, work performed by employees of Lenel or Verint ~~Intelect~~ will not be considered work performed by Subcontractors.

4) Notwithstanding the fact that separate lump sum prices are being quoted for preventive maintenance service and Remedial Maintenance service – labor, the Port Authority anticipates that both types of maintenance will be performed by the maintenance staff permanently assigned to each airport by the Contractor.

C. Skill Sets Required

The successful proposer will be required to provide personnel with the appropriate skills to satisfy the Work Order and Maintenance services as more fully set forth in Attachment E, Form #1 entitled "Skills and Hourly Billing Rates".

3. PROPOSER PREREQUISITES

Only Proposers who can demonstrate that they comply with the following should submit proposals, as only proposals from such Proposers will be considered. Proof of meeting the following prerequisites must be submitted with the proposal. It should be noted that a determination that a Proposers meets the prerequisites is no assurance that the Proposers will be deemed qualified in connection with other proposal requirements included herein. At a minimum, Proposers must meet all of the following qualification requirements:

a. The Proposer shall have had a minimum of five (5) years of continuous business experience providing security access control and CCTV system services immediately prior to the date of the submission of its proposal, including without limitation the design, purchase, installation, system integration, (software and hardware), commissioning, testing, training, and maintenance of security access control and CCTV systems. The Proposer may fulfill this prerequisite if the Proposer can demonstrate to the satisfaction of the Port Authority that the persons or entities owning and controlling the Proposer have a cumulative total of at least five (5) year(s) of experience immediately prior to the date of the submission of its bid in the management and operation of a business actually engaged in providing these services to commercial or industrial accounts under Contract during that time, or have owned and controlled other entities which have actually engaged in providing the above described services during that time period.

b. During the time period as stated in (a) above, the Proposer, or persons or entities owning and controlling the Proposer, shall have satisfactorily performed or be performing under at least one (1) Contract requiring similar services, scope and complexity to transportation, commercial or industrial business accounts utilizing Lenel Systems International, Inc., and Verint Systems, Inc.

c. The Proposer shall possess all applicable licenses and certifications. The Proposer shall provide supporting documentation with regard to licensing, and staff certification with the manufacturers with which they are associated. The categories include but are not limited to: Lenel Systems International Inc. (Access Control and Alarm Monitoring System), and Verint Systems, Inc. (Closed Circuit Camera Control, Display, and Digital Video Recording System).

d. The Proposer shall demonstrate that it has earned gross revenues of at least $8 million a year for each of the last two calendars and/or fiscal years from the type of services described herein.

e. In the event a proposal is submitted by a joint venture the foregoing prerequisites will be considered with respect to such proposal as follows:

   With respect to subparagraph (a), (b) and (c) above, the prerequisite will be considered satisfied if the joint venture itself, or any of its participants individually, can meet the requirements. With respect to subparagraph (d) the gross income of the participants in the joint venture may be considered cumulatively to meet the prerequisite.

   If the proposal is submitted by a common law joint venture, a joint venture that has not been established as a distinct legal entity, each participant of the joint venture shall be held jointly and severally liable and must individually execute and perform all acts required by this proposal. Documents signed by a common law joint venture, in connection with this proposal, shall include the names of all participants of the joint venture followed by the words "acting jointly and severally". All joint venture proposers must provide documentation of their legal status.

All Proposers must include documentation that they meet the above prerequisites. By furnishing this solicitation document to Proposers, the Port Authority has not made a determination that the Proposers have met the prerequisites or have otherwise been deemed qualified to perform the services. In addition, a determination that a Proposer has met the prerequisites is no assurance that they will be deemed qualified in connection with other proposal requirements included herein.

4. FINANCIAL INFORMATION

The Proposer will be required to demonstrate that it is financially capable of performing the Contract resulting from this RFP ("Contract"). The determination of the Proposer's financial qualifications and ability to perform this Contract will be in the sole discretion of the Port Authority. The Proposer shall submit, with its proposal, the following:

(1) Certified financial statements, including applicable notes, reflecting the Proposer's assets, liabilities, net worth, revenues, expenses, profit or loss and cash flow for the most recent year or the Proposer's most recent fiscal year.

(2) Where the certified financial statements in (1) above are not available, then reviewed statements from an independent accountant setting forth the aforementioned information shall be provided.

Where the statements submitted pursuant to subparagraphs (1) and (2) aforementioned do not cover a period which includes a date not more than forty-five days prior to the Proposal Due Date, then the Proposer shall also submit a statement in writing, signed by an executive officer or his/her designee, that the present financial condition of the Proposer is at least as good as that shown on the statements submitted.

A statement of work which the Proposer has on hand, including any work on which a bid and/or proposal has been submitted, containing a description of the work, the annual dollar value, the location by city and state, the current percentage of completion, the expected date for completion, and the name of an individual most familiar with the Proposer's work on these jobs. The Proposer shall use Attachment J, Proposal Qualification Forms, Form #6, entitled: "Relevant Experience Past Performance".

The name and address of the Proposer's banking institution, chief banking representative handling the Proposer's account, the Proposer's Federal Employer Identification Number (i.e., the number assigned to firms by the Federal Government for tax purposes), the Proposer's Dun and Bradstreet number, if any, the name of any credit service to which the Proposer furnished information and the number, if any, assigned by such service to the Proposer's account. The Proposer shall use Attachment J, Proposal Qualification Forms, Form #3, entitled: "Additional Information about Proposer Company".

5. EVALUATION CRITERIA AND RANKING

All proposals will be reviewed by the Port Authority to determine if they adhere to the format required in this RFP, if they contain all required submissions, and if the Proposer meets the prerequisites required for submission of a proposal. For proposals meeting such requirements, the following criteria, set forth in order of importance, will be utilized in the evaluation of proposals.

A. Financial Approach:
The degree and extent to which the proposal is cost effective to the Port Authority and the overall cost of the service. The Proposer's clear description of the methods, practices, tools and techniques that will result in cost containment, and the likelihood of those methods, practices, tools and techniques to be successfully deployed.

B. Technical Approach:
The extent to which the proposal demonstrates the Proposer's ability to execute the required services, including but not limited to:

- Demonstrated technical ability to provide required services under this RFP for the same or similar access control systems and CCTV technology

An evaluation of the following will be conducted:

- Staffing plans
- Standard operating procedure
- Approach to maintenance management reporting
- Quality of start-up approach and business transition plan for start and termination of Contract
- Provision and features of the web enabled Computerized Work Order and Maintenance Management System to track work performed by the Contractor
- Approach to each heading included in Attachment D, Scope of Work
- Background screening method conducted on employees, Subcontractors, principals and concerned parties

C. Firm Experience and Management Commitment:

- The extent and quality of relevant and successful experience, demonstrated ability, and management commitment of the Proposer, in providing the required services on a scale comparable to that described in the RFP Attachment D, Scope of Work. Special emphasis is to be given to the extent the Proposer has demonstrated a high degree of performance in past contracts for access control and CCTV technology, which reflect current business best practices.
- The Proposer's size, financial capability and stability, industry track record, and capability to provide the managerial, technical and physical resources and experienced and trained staff to deliver the required services over an extended time period.
- The Proposer's ability, through relationships with the vendors and experience with other clients, to provide strategic advisory services, to bring alternative solutions and insight into product growth, and to upgrade and bring new functionality to the Port Authority's operating environment, while ensuring the overall integrity and security of the environment.
- Prior experience between firms proposing a joint venture or prime and subcontracting relationship will also be evaluated in this category. This criterion also includes the quality and effectiveness of the MBE/WBE Plan and the extent to which it meets or exceeds Port Authority standards.
- Certification of Environmentally Preferable Products/Practices

D. Work Approach:
The quality and responsiveness of the Proposer's approach and the demonstrated ability to provide the required services described Attachment D, Scope of Work, of this RFP including:

- The Proposer's Work Order Management Plan

- The Proposer's Maintenance Management Plan including Preventative Maintenance and warranty repair programs and staff plan assigned to Remedial Maintenance
- Procedures to protect Sensitive Security Information (SSI) provided by the Port Authority pursuant to 49 CFR 15 and 1520, and other Confidential Information as required in Attachment K, Non-Disclosure and Confidentiality Agreement.
- The completeness of the services proposed, the ability to satisfy or exceed the requirements of this RFP and the quality of the management, technical approach to be used to ensure consistently high quality service

6. M/WBE SUBCONTRACTING PROVISIONS

The Port Authority has a long-standing practice of making its business opportunities available to Minority Business Enterprises (MBEs) and Women-Owned Businesses (WBEs) and has taken affirmative steps to encourage such firms to seek business opportunities with the Port Authority. The successful Proposer will use good faith efforts to provide for meaningful participation by Port Authority certified MBE/WBEs as defined in this document, in the purchasing and subcontracting opportunities associated with this Contract, including purchase of equipment, supplies and labor services.

Minority Business Enterprise (MBE) - shall mean a business entity which is at least 51% owned and controlled by one or more members of one or more minority groups, or, in the case of a publicly held corporation, at least 51% of the stock of which is owned by one or more minority groups, and whose management and daily business operations are controlled by one or more such individuals who are citizens or permanent resident aliens.

"Minority Group" means any of the following racial or ethnic groups:

(a) African-American persons having origins in any of the Black African racial groups not of Hispanic origin;

(b) Latino Americans of Mexican, Puerto Rican, Dominican, Cuban, Central or South American culture or origin, regardless of race;

(c) Asian and Pacific Islander persons having origins in any of the original peoples of the Far East, Southeast Asia, The Indian Subcontinent, or the Pacific Islands;

(d) Native American or Alaskan native persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification.

Women-Owned Business Enterprise (WBE) - shall mean a business enterprise which is at least 51% owned by one or more women, or, in the case of a publicly held corporation, at least 51% of the stock of which is owned by one or more women and whose management and daily business operations are controlled by one or more women who are citizens or permanent or resident aliens.

The Contractor shall use good faith efforts to achieve participation equivalent to 12% of the total Contract price for MBEs and 5% of the total Contract price for WBEs.

Good faith efforts to include participation by MBE/WBEs shall include, but not be limited to the following:

a. Dividing the services and materials to be procured into small portions where feasible;
b. Giving reasonable advance notice of specific subcontracting and purchasing opportunities to such firms as may be appropriate;
c. Soliciting services and materials from MBE/WBEs, which are certified by the Port Authority;
d. Ensuring that provision is made for timely progress payments to the MBE/WBEs and;
e. Observance of reasonable commercial standards of fair dealing in the respective trade or business.

Proposers are directed to use form PA3749B as the recording mechanism for the MBE/WBE participation Plan, annexed hereto as Attachment O or may be downloaded at http://www.panynj.gov/DoingBusinessWith/contractors/html/other_info.html.

The MBE/WBE Plan submitted by the Contractor to the Port Authority shall contain, at a minimum, the following:

a. Identification of MBE/WBE's: Provide the names and addresses of all MBE/WBEs included in the Plan. If none are identified, describe the process for selecting participant firms in order to achieve the good faith goals under this Contract.
b. Level of Participation: Indicate the percentage of MBE/WBE participation expected to be achieved with the arrangement described in the Plan.
c. Scope of Work: Describe the specific scope of work the MBE/WBE's will perform.
d. Previous MBE/WBE Participation: Describe any previous or current MBE/WBE participation, which the Proposer has utilized in the performance of its Contracts.

All MBE/WBE Subcontractors listed on the MBE/WBE Participation Plan must be certified by the Port Authority in order for the Contractor to receive credit toward the M/WBE goals set forth in this Contract. Port Authority MBE/WBE certified vendor information is available to all vendors who are registered with the Port Authority. Please log on to https://panynjprocure.com/VenLogon.asp to search for MBE/WBEs by a particular commodity or service. The Port Authority makes no representation as to the financial responsibility of such firms or their ability to perform work under this Contract.

Proposers shall include their MBE/WBE Participation Plan with their proposals, to be reviewed and approved by the Port Authority's Office of Business and Job Opportunity ("OBJO"). Proposers may request a waiver of the MBE/WBE participation goals set forth in this Contract by providing with its proposal, information in accordance with this provision and the provision entitled: "MBE/WBE Good Faith Participation" in the Standard Terms and Conditions of this Contract.

If the Contractor wishes to subcontract a portion of the Work through a firm not listed in the Directory, but which the Contractor believes should be eligible because it is (1) an MBE/WBE, as defined above and (2) competent to perform portions of the Work, the Contractor shall submit an MBE/WBE Uniform Certification Application to the Port Authority of New York and New Jersey, Office of Business and Job Opportunity ("OBJO"), 233 Park Avenue South, 4th Floor, New York, NY 10003. The application is available online at http://www.panynj.gov/DoingBusinessWith/economic/html/objo.html. In addition, to update your certification file and to advise OBJO of changes to any information, please email these changes to OBJOcert@panynj.gov. Credit toward applicable goals will be granted only to Port Authority certified vendors. For more information about MBE/WBE Programs, call (212) 435-7819.

7. CERTIFICATION OF RECYCLED MATERIALS PROVISION

Proposers shall submit, with their proposal, Attachment M, the Certified Environmentally Preferable Products / Practices Form, attesting that the products or items offered by the Proposer contain the minimum percentage of post-consumer recovered material in accordance with the most recent guidelines issued by the United States Environmental Protection Agency (EPA), or, for commodities not so covered, the minimum percentage of post-consumer recovered materials established by other applicable regulatory agencies.

Recycling Definitions:

For purposes of this solicitation, the following definitions shall apply:

a. **"Recovered Material"** shall be defined as any waste material or by-product that has been recovered or diverted from solid waste, excluding those materials and by-products generated from, and commonly reused within, an original manufacturing process.

b. **"Post-consumer Material"** shall be defined as any material or finished product that has served its intended use and has been discarded for disposal or recovery having completed its life as a consumer item. "Post-consumer material" is included in the broader category of "Recovered Material".

c. **"Pre-consumer Material"** shall be defined as any material or by-product generated after the manufacture of a product but before the product reaches the consumer, such as damaged or obsolete products. Pre-consumer Material does not include mill and manufacturing trim, scrap, or broken material that is generated at a manufacturing site and commonly reused on-site in the same or another manufacturing process.

d. **"Recycled Product"** shall be defined as a product that contains the highest amount of post-consumer material practicable, or when post-consumer material is impracticable for a specific type of product, contains substantial amounts of Pre-consumer Material.

e. **"Recyclable Product"** shall be defined as the ability of a product and its packaging to be reused, reconditioned for use, or recycled through existing recycling collection programs.

f. **"Waste Reducing Product"** shall be defined as any product that will result in less waste generated due to its use rather than another product designed to serve the same function with an greater waste generation rate. This shall include, but not be limited to, those products that can be reused, refilled or have a longer life expectancy and contain a lesser amount of toxic constituents.

8. PROPOSAL SUBMISSION REQUIREMENTS

In order to expedite the evaluation of proposals, the Proposer's response to this RFP shall follow the format and order of items, using the same paragraph identifiers, as set forth below.

A. Letter of Transmittal

The Proposer shall submit a letter on its letterhead, signed by an authorized representative, stating its experience and qualifications in meeting the requirements of this RFP. This letter shall include a statement on whether the Proposer is submitting a proposal as a single entity or a joint venture. In all cases, information for a single entity is required for each participant in a joint venture. Explain all prime Subcontractor relationships.

The Letter of Transmittal shall contain:

(1) Name and address of the Proposer and an original signature on the Letter of Transmittal by an authorized representative on behalf of the Proposer;

(2) Name(s), title(s) and telephone number(s) of the individual(s) who are authorized to negotiate and execute the Contract;

(3) Name, title and telephone number of a contact person to which the Port Authority can address questions or issues related to this RFP;

(4) Name and address of proposed Subcontractors, if any

(5) If a corporation: (a) a statement of the names and residences of its officers, and (b) a copy of its Certificate of Incorporation, with a written declaration signed by the secretary of the corporation, with the corporate seal affixed thereto, that the copy furnished is a true copy of the Certificate of Incorporation as of the date of the opening of the proposals;

If a partnership: a statement of the names and residences of its principal officers, indicating which are general and which are special partners;

If an individual: a statement of residence;

If a joint venture: information on each of the parties consistent with the information requested above;

If a joint venture which has not been established as a distinct legal entity submits a proposal, it and all participants in the joint venture shall be bound jointly and severally and each such participant in the joint venture shall execute the proposal and do each act and thing required by this RFP. On the Letter of Transmittal and wherever else the Contractor's name would appear, the name of the joint venture Proposer should appear if the joint venture is a distinct legal entity. If the Proposer is a common law joint venture, the names of all participants should be listed followed by the words "acting jointly and severally". All joint venture proposers must provide documentation of their legal status.

B. Executive Summary

The Proposer shall submit an Executive Summary of the overall approach to be used to satisfy the requirements contained herein. This Executive Summary shall be no more than two (2) 8.5 x 11 typed pages.

The focus of this Executive Summary is to provide a high-level introduction to the Proposer's project plan as to how the requirements of the RFP as documented below, contained herein, will be provided and managed. The Executive Summary should set forth main objectives, identify key success factors, performance measures, anticipated problem areas, if any, and how the Proposer would address these. Special attention should be paid to explaining:

- Relevant organizational background/history and pertinent work experience;
- What makes the Proposer unique in the way it will approach this project;
- How the requirements identified will be realized by the Port Authority; and
- What differentiates the Proposer's product/approach

C. Agreement on Terms of Discussion
The Proposer shall submit a copy of the "Agreement on Terms of Discussion", signed by an authorized representative of the Proposer. The Agreement format is included as Attachment A and shall be submitted by the Proposer without any alterations or deviations. Any Proposer who fails to sign the Port Authority's "Agreement on Terms of Discussion" will not have its proposal reviewed. If the Proposer is a joint venture, an authorized representative of each party must sign the Agreement.

D. Certifications With Respect to the Contractor's Integrity Provisions
The Proposer, by signing the Letter of Transmittal, makes the certifications in the "Contractor's Integrity Provisions, included in Attachment C, Part III, Standard Contract Terms and Conditions of this RFP. If the Proposer cannot make any such certifications, it shall enclose an explanation of that inability.

E. Documentation of Proposer Prerequisites
The Proposer shall submit documentation to demonstrate that it meets all prerequisites, as set forth in Section 3 above.

F. Proposal
The Proposer must submit a proposal, which details and clearly describes its capability to perform the Scope of Work described in this RFP, its approach to such work and the cost of such work to the Port Authority. At a minimum, the proposal shall address the following:

(1) Financial Approach
The Proposer shall describe in detail all financial compensation it expects to receive from Port Authority for the performance of the work described in Attachment D, Scope of Work. The Cost Proposal shall be complete and inclusive of all work required by this RFP and shall include, but not be limited to, material and labor costs, fuel costs, any salaries, health benefits and other benefits, overheads, profits, etc. The Cost Proposal should be submitted through forms found in Attachment E, Cost Proposal Forms #1 – 4.

a) Labor Cost
The Proposer must detail and clearly describe the hourly cost of labor for Work Order and Maintenance Services.

The Proposer shall utilize the skill set table, found in Attachment E, Cost Proposal Form #1 entitled: "Skills & Hourly Billing Rates", and provide the hourly rates, including over-time rates, for those titles and functions. The Proposer should indicate whether the identified skill is expected to be involved in Work Order activities, Maintenance activities or both. The hourly rates will form the basis for establishing the cost of labor for Work Orders and must be "all inclusive", incorporating the Contractor's total cost and markup for such labor. The rates in this table will also be used to establish the monthly maintenance cost (preventive and remedial), which must be provided.

b) Work Order Cost
The Port Authority cannot anticipate the number of or type of Work Orders that may be issued under the awarded contact.

The proposal should include an estimate of labor required to perform the work as set forth in the Work Order Samples and the hourly cost of each labor category based on the all-inclusive rates set forth in, Attachment E, Cost Proposal Form #1, entitled: "Skills & Hourly Billing Rates". The

Work Order Cost Proposal should also set forth the Contractor's estimated net cost of materials and equipment and the Contractor's markup on such net costs. That markup must be included in the Proposer's response to this RFP.

For purpose of evaluation, the Proposer shall provide cost estimates for four Work Order samples found in Attachment F, Sample Work Orders. The Proposer shall enter the pricing information in Attachment E, Cost Proposal Form #4, entitled: "Cost Summary for Work Order Samples". In addition, the Proposer shall submit all information as specified in Attachment D, Scope of Work, under "Work Order Services" entitled: "General Description of the System Enhancement Responsibilities Expected of the Contractor".

c) Monthly Preventive and Remedial Maintenance Cost

- For Preventative Maintenance as set forth in Attachment D, Scope of Work, the Proposer shall provide a monthly lump sum price for CACS and for CCTV systems in Attachment E, Cost Proposal Form #3 entitled: "Cost Summary for Preventative and Remedial Maintenance"

- For Remedial Maintenance as set forth in Attachment D, Scope of Work, the Proposer shall provide a monthly lump sum labor price for CACS and for CCTV systems in Attachment E, Cost Proposal Form #3, entitled: "Cost Summary for Preventative and Remedial Maintenance"

- For preventative and remedial maintenance, the Proposer should include in the proposal suggested methods for revising the monthly lump sum for Preventative Maintenance and the monthly lump sum for labor for Remedial Maintenance to reflect additions to or deletions from the system being maintained, whether such modifications are performed under Work Orders or otherwise.

For markups, the Proposer shall also set forth the proposed mark-ups for labor and materials used in the performance of Extra Work and for Extra Work performed by Subcontractors.
For purposes of applying markups, work performed by employees of Lenel, Verint Systems, Inc. or Enterprise Air will not be considered work performed by Subcontractors.

d) Equipment & Materials Cost

The Proposer shall submit a recommended list of equipment and quantities of each device to be available as spare parts and submit its description of the computation to be used for billing the Port Authority for equipment and materials purchased for the purpose of fulfilling the requirements of a Work Order or in maintaining and repairing the system.

The Proposer shall complete Attachment E, Cost Proposal Form # 2, entitled: "Current Equipment – Price List", providing current pricing available to the Contractor for the listed products. For each listed item, the Proposer shall provide documentation in the form of recent manufacturer's/provider's invoices that demonstrates the Proposer's capability to purchase the items at the price listed by the Proposer. The Proposer shall clearly describe any formal or contractual agreements with providers and manufacturers that document any pricing advantage available to the Proposer for any of the listed equipment. The Proposer percentage mark-up for work order and Remedial Maintenance parts and materials shall also be provided.

(2) Technical Approach

The Proposer shall describe in detail its technical approach that addresses all the requirements in Attachment D, Scope of Work, including: performance standards, scheduling and milestones and a quality control/assurance plan, safety and work plans including an overall description of its employee safety training programs. Attach supporting documents where applicable.

a) The Proposer shall provide a staffing plan that clearly outlines staffing needed to perform each function as described in Attachment D, Scope of Work. In addition, the Proposer shall submit training requirements for all technical employees. The Proposer shall describe how availability and response time requirements will be achieved. The Proposer shall describe the anticipated location of staff as well as the planned locations of the Proposer's nearest offices.

b) The Proposer should provide a statement indicating the qualifications and experience of managerial and supervisory personnel employed by the firm who are to be exclusively dedicated to the Contract, including:

- Length of service with the firm
- Anticipated function of each person to be assigned to this Contract
- Summary of the relevant experience of each person listed

The resumes of the individuals who are being recommended for these positions should be included in the proposal. Resumes for key staff who will perform their designated responsibilities as shown on the organization chart as required in Part 1, Section 8, Proposal Submission Requirements, subsection F, Proposal, Item C entitled: "Firm Experience and Management Commitment". These resumes will provide a description of the staff members' experience and will be limited to the type of work they will be responsible for on the project. Key staff members should be factory-trained and certified on the proposed equipment for this project. Proof of certification shall be submitted with resumes. Proposer will demonstrate that personnel with training, skills and appropriate experience will be available and provided to fulfill system support responsibilities.

c) The Proposer should provide a complete description of all employee management programs (covering both supervisory and non-supervisory personnel), currently utilized by your firm, including, but not limited to:

- Access Control and Alarm Monitoring systems, CCTV systems, ID Badging system, and Mobile ID Verification system
- Security training
- Occupational Safety and Health Administrator (OSHA) safety training
- Quality Assurance/Quality Control programs
- Recruitment procedures
- Staffing retention plan

d) The Proposer shall submit to the Port Authority, a detailed itemized description explaining technical expertise and past experience the Proposer has in the following areas:

- Utilization of technological advances in Access Control and CCTV systems, and resulting benefits
- Management of Access Control systems, CCTV systems, ID Badging system, and Mobile ID Verification system

e) The Proposer shall submit a description of relationships with key vendors, including a description of all existing and planned agreements, with the terms thereof. Beginning at Contract commencement,

these third parties, Lenel Systems International, Inc. and Verint Systems, Inc., and Enterprise Air, are expected to be utilized as a source of labor and materials by the Contractor throughout the Contract period. It is expected that the Contractor will be able to utilize such resources on behalf of the Port Authority's Work Order and Maintenance activities. Proposer must include a discussion of all existing and planned agreements, with the terms thereof.

f) The Proposer shall describe its methodology and approach to the system enhancement and maintenance of the ASCS equipment including but not limited to the Access Control System, CCTV cameras, Mobile ID Verification system, and ID Badging system, included in Attachment D, Scope of Work.

g) The Proposer shall submit the number of factory trained and certified service technicians employed at the Proposer's New York and New Jersey Metropolitan area offices for Lenel, Verint Systems, Inc., and Enterprise Air and each of the major system components.

h) The Proposer shall provide a detailed engagement and transition plan that addresses all of the requirements as described in Attachment D, Scope of Work. The Proposer shall describe the methodology previously employed by them in other engagements to transition current staff.

i) The Proposer shall describe a web enabled Computerized Work Order and Maintenance Management System to be used in this Contract as stated in Attachment D, Scope of Work. In addition, the Proposer shall submit their approach to maintenance management reporting.

j) The Proposer shall provide detailed descriptions of its pre-employment screening procedures and safety and emergency procedures including, but not limited to, disaster recovery plans. The Proposer shall identify and provide key management and resources for program administration.

(3) Firm Experience and Management Commitment

a) The Proposer shall submit a listing on Attachment J, Form #6, entitled: "Relevant Experience and Past Performance", of all Physical Security, Maintenance and Work Order Contracts that were performed by or are currently being performed by the Proposer within the last five (5) years. For each Contract listed, include:

- The project name, locations, and descriptions where the work was performed
- Duration of the Contract (start and end dates)
- Approximate dollar amount of the Contract
- Annual staff hours and percentage of full and part time labor expended in the performance of the Contract
- Names, addresses and telephone numbers of the owners
- Representatives familiar with the work whom the Port Authority may contact

b) The Proposer shall describe in detail its experience, its financial capability, management structure and proposed staffing, certifications, applicable licenses (i.e. electrical), skills and experiences and capability of proposed staff and other supporting documentations demonstrating its ability to perform the work.

c) The Proposer shall provide a Project Management Plan, which clearly indicates the anticipated roles and responsibilities of the Proposers as well as the Proposer's expectations concerning the Port Authority's role. The management plan must describe the Proposer's:

- Intended organizational and operational structure to be employed for contract management. This should include:
  i) The Proposer's principal personnel and provide a profile of their qualifications, experience and length of time as employees.
  ii) A company organization chart for the Proposer's staff as it will exist for the work. This chart should show areas of responsibility and the anticipated function of each key staff member. If the Proposer plans to utilize sub-contractors, the Proposer must clearly delineate the functional area of responsibility. The information submitted is expected to be used for the duration of the project. Any changes during the project will have to be submitted to the Port Authority for approval.
- The management plan must include the criteria used to determine the number of full time personnel and the processes the Proposer will employ to ensure proper management and execution of the Contract. The project management plan must demonstrate sufficient staffing and expertise to address Attachment D, Scope of Work.

d) The Proposer is encouraged to provide a detailed work plan which clearly exceeds the minimum requirements stated by including and explaining any value added services which would be provided by the Proposer and how they benefit the Port Authority.

e) The Proposer shall describe its methodology and approach to the maintenance of Airport Security Control System - equipment including but not limited to the: (a) CACS System, (b) ID Badging System, (c) Mobile ID Verification system, and (d) Close-Circuit-Television (CCTV) system for each heading in Attachment D, Scope of Work.

f) The Proposer shall provide the Port Authority with a listing of skill sets to complete the seven types of services as discussed in Attachment D, Scope of Work. The seven types described are:

1. Adds, Moves & Changes
2. Integration
3. Pilot Project Support
4. Projects
5. Training
6. Preventive Maintenance
7. Remedial Maintenance

g) Proposals must detail and clearly describe the Proposer's capability to perform the work described in this Request for Proposal and its approach to such work. Proposers must be able to demonstrate the capacity for providing the wide variety of related skills and experience needed to support enhancements and changes to the present system as well as the ability to support routine maintenance and repair of the system. The Proposer shall submit documentation to demonstrate the degree to which the Proposer meets the qualifications described below:

- <u>Lenel System & Equipment</u>

The Proposer shall be certified by Lenel Systems International, Inc for the New York and New Jersey Metropolitan Area, as of the date on which proposals are opened.

- Verint CCTV Systems & Equipment

The Proposer shall be certified by Verint Systems, Inc. for the New York and New Jersey Metropolitan Area, as of the date on which proposals are opened.

- Professional Licenses

The entity actually performing the work, whether that entity is the Proposer or a Subcontractor, must have the following licenses:

1. Electrical Contractor License from the State of New York
2. Electrical Contractor License from the State of New Jersey

h) The Proposer shall address MBE/WBE provisions as to what efforts it has taken for subcontracting provisions.

i) The Proposer's Certified Environmentally Preferable Products/Practices Form ensuring compliance with all applicable federal, state and local standards in their business practices, in accordance with the Certified Environmentally Preferable Products/Practices Provision.

(4) Work Approach

The Proposer shall address the quality and responsiveness of the Proposer's approach and demonstrated ability to provide the following required services:

a) The Proposer shall submit and describe its Work Order Management Plan, including how it will handle anticipated staff mobilization requirements for systems integration projects and pilot projects, should they be required. The Contractor shall describe how the Agency's integration requirements will be met, including any significant issues of assumptions, which may have a bearing on completion of the work.

b) The Proposer shall provide a Maintenance Management Plan, which describes:

(1) Day-to-day activities that will be completed by assigned maintenance personnel at each facility. The Port Authority assumes that at least one (1) full time equivalent personnel is required at each facility to complete the Scope of Work, including both preventative and Remedial Maintenance. The Proposer however shall set forth and justify its proposed staffing level. Additionally, the Proposer shall describe the approach for adjusting the staff level periodically, if approved.

(2) A methodology in the detailed Preventative Maintenance Plan for actively monitoring and reporting on system performance especially as it pertains to key points of failure.

(3) Remedial Maintenance approach in detail. Include the proposed strategy for resolving system malfunctions during business hours, non-business hours and weekends.

(4) How availability and response time requirements will be met on the off shifts.

(5) Service level escalation procedures and tracking process for service calls and escalating recurring problems or problems not resolved in a timely manner as described in Attachment B, Contract Specific Terms and Conditions, Section 4 entitled: "Required Service Levels and Liquidated Damages for Non-Performance for Work Order and Maintenance Services". Provide concise definitions of threshold "triggers" that cause escalation of a service call to a

higher support level and indicate the level and timeframe at which manufacturer's support personnel are involved. Describe the roles and responsibilities of personnel at each level.

c) The Proposer shall submit a procedure describing how to protects Sensitive Security Information, as defined by 49 CFR Parts 15 and 1520, and other Confidential Information as required in Attachment K, Non-Disclosure and Confidentiality Agreement.

G. Acknowledgment of Addenda
If any Addenda are sent as part of this RFP, the Proposer shall complete, sign and include with its proposal the addenda form(s). In the event any Proposer fails to conform to these instructions, its proposal will nevertheless be construed as though the Addenda had been acknowledged.

H. Acceptance of Standard Contract Terms and Conditions
The Port Authority has attached to this RFP as Attachment C, Standard Contract Terms and Conditions governing the Contract. The Proposer is expected to agree with these Standard Contract Terms and Conditions. However, if the Proposer has any specific exceptions, such exceptions should be set forth in a separate letter included with its response to this RFP. After the proposal due date, the Proposer will be precluded from raising any exceptions unless such exceptions are justified by and directly related to substantive changes in the business or technical requirements and are agreed to by the Proposer and the Port Authority.

I. MBE/WBE Plan
The Proposer shall submit an MBE/WBE Plan in accordance with the MBE/WBE Subcontracting Provisions hereunder.

9. CONDITIONS FOR THE SUBMISSION OF A PROPOSAL
In addition to all other requirements of this RFP, the Proposer agrees to the following conditions for the submission of its proposal.

A. Changes to this RFP
At any time, in its sole discretion, the Port Authority may by written addenda, modify, correct, amend, cancel and/or reissue this RFP. If an addendum is issued prior to the date proposals are due, it will be provided to all parties to whom RFP's were mailed. If an addendum is issued after proposals have been received, the addendum will be provided only to those whose proposals remain under consideration at such time

B. Proposal Preparation Costs.
The Port Authority shall not be liable for any costs incurred by the Proposer in the preparation, submittal, presentation, or revision of its proposal, or in any other aspect of the Proposer's pre-contract activity. No Proposer is entitled to any compensation except under an agreement for performance of services signed by an authorized representative of the Port Authority and the Proposer.

C. Disclosure of Proposal Contents / Use of Ideas and Materials
Proposal information is not generally considered confidential or proprietary. All information contained in the proposal is subject to the "Agreement on Terms of Discussion" attached hereto as Attachment A.

D. Ownership of Submitted Materials
All materials submitted in response to or in connection with this RFP shall become the property of the Port Authority. Selection or rejection of a proposal shall not affect this right.

E. Subcontractors
If a Proposer intends to use Subcontractor(s) the Proposer must identify in its proposal the names of the Subcontractor(s) and the portions of the work the Subcontractor(s) will perform.

F. Conflict of Interest
If the Proposer or any employee, agent or Subcontractor of the Proposer may have a possible conflict of interest, or may give the appearance of a possible conflict of interest, the Proposer shall include in its proposal a statement indicating the nature of the conflict. The Port Authority reserves the right to disqualify the Proposer if, in its sole discretion, any interest disclosed from any source could create a conflict of interest or give the appearance of a conflict of interest. The Port Authority's determination regarding any questions of conflict of interest shall be final.

G. Authorized Signature
Proposals must be signed by an authorized corporate officer (e.g., President or Vice President), General Partner, or such other individual authorized to bind the Proposer to the provisions of its proposal and this RFP.

H. References
The Port Authority may consult any reference familiar with the Proposer regarding its current or prior operations and projects, financial resources, reputation, performance, or other matters. Submission of a proposal shall constitute permission by the Proposer for the Port Authority to make such inquiries and authorization to third parties to respond thereto.

I. Evaluation Procedures and Negotiation
Only Proposers, which meet the prerequisites, may have their proposals evaluated based on the evaluation criteria set forth in this RFP. The Port Authority may use such procedures that it deems appropriate to evaluate such proposals. The Port Authority may elect to initiate Contract negotiations with one or more Proposers including negotiation of costs/price(s) and any other term or condition, including modifying any requirement of this RFP. The option of whether or not to initiate Contract negotiations rests solely with the Port Authority.

J. Taxes and Costs
Purchases of services and tangible personal property by the Port Authority in the States of New York and New Jersey are generally exempt from state and local sales and compensating use taxes, and from most federal excises (Taxes). All costs associated with the Contract must reflect this exemption and be stated in U.S currency.

K. Most Advantageous Proposal/No Obligation to Award
The Port Authority reserves the right to award the Contract to other than the Proposer proposing the lowest price. The Contract will be awarded to the Proposer whose proposal the Port Authority believes, in its sole discretion, will be the most advantageous to the Port Authority. Neither the release of this RFP nor the acceptance of any response thereto shall compel the Port Authority to accept any proposal. The Port Authority shall not be obligated in any manner whatsoever to any Proposer until a proposal is accepted by the Port Authority in the manner provided in Part 1 of this RFP entitled: "Proposal Acceptance or Rejection."

L. Multiple Contract Awards

The Port Authority reserves the right to award multiple Contracts for the products, work and/or services that are the subject matter of this RFP and Proposers are hereby given notice that they may not be the Port Authority's only contractor for such products, work and/or services.

M. Right to Extend Contract

If this is a proposal for a Contract for a term of years, including specified options for renewal, the Port Authority reserves the additional right to extend the Contract term for an additional 120 days, upon the same terms and conditions of the original Contract negotiated between the Port Authority and the successful Proposer.

N. Rights of the Port Authority

(1) The Port Authority reserves all its rights at law and equity with respect to this RFP including, but not limited to, the unqualified right, at any time and in its sole discretion, to change or modify this RFP, to reject any and all proposals, to waive defects or irregularities in proposals received, to seek clarification of proposals, to request additional information, to request any or all Proposers to make a presentation, to undertake discussions and modifications with one or more Proposers, or to negotiate an agreement with any Proposer or third person who, at any time, subsequent to the deadline for submissions to this RFP, may express an interest in the subject matter hereof, to terminate further participation in the proposal process by a Proposer or to proceed with any proposal or modified proposal, which in its judgment will, under all circumstances, best serve the Port Authority's interest. The Port Authority may, but shall not be obliged to, consider incomplete proposals or to request or accept additional material or information. The holding of any discussions with any Proposer shall not constitute acceptance of a proposal, and a proposal may be accepted with or without discussions.

(2) No Proposer shall have any rights against the Port Authority arising from the contents of this RFP, the receipt of proposals, or the incorporation in or rejection of information contained in any proposal or in any other document. The Port Authority makes no representations, warranties, or guarantees that the information contained herein, or in any addenda hereto, is accurate, complete, or timely or that such information accurately represents the conditions that would be encountered during the performance of the Contract. The furnishing of such information by the Port Authority shall not create or be deemed to create any obligation or liability upon it for any reason whatsoever and each Proposer, by submitting its proposal, expressly agrees that it has not relied upon the foregoing information, and that it shall not hold the Port Authority liable or responsible therefor in any manner whatsoever. Accordingly, nothing contained herein and no representation, statement or promise, of the Port Authority, its directors, officers, agents, representatives, or employees, oral or in writing, shall impair or limit the effect of the warranties of the Proposer required by this RFP or Contract and the Proposer agrees that it shall not hold the Port Authority liable or responsible therefor in any manner whatsoever.

(3) At any time and from time to time after the opening of the proposals, the Port Authority may give oral or written notice to one or more Proposers to furnish additional information relating to its proposal and/or qualifications to perform the services contained in this RFP, or to meet with designated representatives of the Port Authority. The giving of such notice shall not be construed as an acceptance of a proposal. Information shall be submitted within three (3)

calendar days after the Port Authority's request unless a shorter or longer time is specified therein.

O. No Personal Liability

Neither the Commissioners of the Port Authority, nor any of them, nor any officer, agent or employee thereof shall be charged personally with any liability by a Proposer or another or held liable to a Proposer or another under any term or provision of this RFP or any statements made herein or because of the submission or attempted submission of a proposal or other response hereto or otherwise.

ATTACHMENT A

AGREEMENT ON TERMS OF DISCUSSION

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

Notwithstanding the above, and without assuming any legal obligation, the Port Authority will employ reasonable efforts, subject to the provisions of the Authority's Freedom of Information Policy and Procedure adopted by the Port Authority's Board of Commissioners on November 20, 2008, which may be found on the Authority website at *http://www.panynj.gov/AbouttthePortAuthority/ContactInformation/foi_policy.html*, not to disclose to any competitor of the undersigned, information submitted which are trade secrets or is maintained for the regulation or supervision of commercial enterprise which, if disclosed, would cause substantial injury to the competitive position of the enterprise, and which information is identified by the Proposer as proprietary, which may be disclosed by the undersigned to the Port Authority as part of or in connection with the submission of a proposal.

_____
(Company)

_____
(Signature)

_____
(Title)

_____
(Date

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

ATTACHMENT B

CONTRACT SPECIFIC TERMS AND CONDITIONS

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1. **Contract Specific Terms and Conditions for All Services**

   a. **General Agreement**

   The undersigned (hereinafter referred to as the "Contractor" or "you") agrees to provide, and The Port Authority of New York and New Jersey (hereinafter referred to as the "Port Authority" or "Authority") agrees to purchase Work Order and Maintenance Services for the Airport Security Control Systems (ASCS) of the Port Authority Airport facilities, including software and hardware support and management Services as more fully set forth in Attachment D, Scope of Work, attached hereto and made a part hereof. The Scope of Work requires the doing of all things necessary or proper for or incidental to the requirements as set forth in the Scope of Work. All tasks not expressly mentioned in the Scope of Work but involved in carrying out their intent shall be performed as though they were specifically mentioned, described and delineated.

   Subject only to the provisions of the clause herein entitled: "Extra Work", the Contractor's sole compensation in full consideration for the performance of all the Contractor's obligations under this Contract shall be the Work Order and Maintenance amounts computed in accordance with the Pricing Sheets annexed hereto and made a part hereof.

   b. **Definitions**

   To avoid undue repetition, the following terms whenever they occur in this Contract or any of the other papers forming a part of the Contract shall be construed as follows:

   The term **"Contractor"** shall mean the Port Authority's Contractor for the operation, modification, maintenance and supplementation of the Airport Security Control System.

   "OT" or "Overtime" refers to work performed outside of normal business hours. The Normal Business Hours are 8:00am to 5:00pm, Monday through Friday, excluding Port Authority Holidays.

   The term **"Site of the Work", "Work Site", "Facility", "Facilities",** or words of similar import shall mean: Newark Liberty International Airport in the Cities of Newark and Elizabeth, State of New Jersey; LaGuardia and John F. Kennedy International Airports in the Borough and County of Queens in the City and State of New York; and if applicable, at the option of the Port Authority, Tereboro Airport in the Cities of Teterboro and Moonachie, State of New Jersey and Stewart International Airport in Orange County in the City of Newburgh in the State of New York, and shall include property, which may have been heretofore or may hereafter be acquired or leased by the Port Authority and made a part of any such Facility.

   "Director" shall mean the Director of the Port Authority's Aviation Department, acting personally or through one of his/her authorized representatives for the purpose of this Contract.

   "Airport Security Manager", "Airport Security Managers", "Program Manager" shall mean the person designated by the Director to manage all aspects of this Contract or his/her successor in duties for the purpose of this Contract, acting personally or through his/her duly authorized representative.

"Materialmen" or **"Materialman"** shall mean anyone who furnishes materials, plant or equipment (including temporary or consumable materials) to the Contractor or any Subcontractor for use at or about the work site in the performance of work.

The term **"Specifications"** shall refer to the detailed definitions, requirements and all other descriptions of the products and/or services required under a Work Order or in connection with Maintenance services hereunder.

"Notice" shall mean a written notice

"ASCS" shall refer to the Airport Security Control System

"CCTV" shall refer to Close Circuit Television

"Lenel" shall refer to Lenel Systems International, Inc.

"Verint" shall refer to Verint Systems, Inc.

"CACS System" shall refer to the Computerized Access Control Security System

"SONET" shall refer to the Exemption (4) fiber network and its components

"Contracts" or **"Contract"** shall refer to the Work Order and Maintenance Contracts

"Net cost" shall mean the Contractor's actual cost after deducting all permitted cash and trade discounts, rebates, allowances, credits, sales taxes, commissions, and refunds (whether or not any or all for the same shall have been taken by the Contractor) of all parts and materials purchased by the Contractor solely for the use in performing its obligations hereunder, provided such purchase has received the prior written approval of the Port Authority. The Port Authority shall reimburse the Contractor for all purchasing taxes incurred except for New York and New Jersey state and local sales and compensating use taxes, and Federal and other State sales and compensating use tax which the Port Authority can demonstrate it is immune from. The Contractor shall promptly furnish to the Program Manager or his authorized representative such bills of sale and other instruments as may be required by him, executed, acknowledged and delivered, assuring to the Port Authority title to such materials, supplies, equipment, parts and tools free of encumbrances.

"Materials" means temporary and consumable materials as well as permanent materials; and "cost of materials" means the price (including such materials) for which such materials are sold for cash by the manufacturers or producers thereof, or by regular dealers therein, whether or not such materials are purchased directly from the manufacturer, producer or dealer (or if the Contractor is the manufacturer or producer thereof, the reasonable cost to the Contractor of the manufacture and production), plus the reasonable cost of delivering such materials to the site of work in the event that the price paid to the manufacturer, producer or dealer does not include delivery and in the case of temporary materials, less their salvage value, if any. The Port Authority reserves the right to renegotiate pricing of materials and equipment based on a published price list, if available.

c. **Duration of Contract**

The term of this Contract will commence on the specific date set forth in the Port Authority's notice of Contract award, and shall expire on the day preceding the third (3rd) anniversary of the commencement date (hereinafter the "Base Term") unless otherwise terminated or extended in accordance with the provisions hereof.

The Port Authority shall have the right at its sole option to extend this Contract for up to two (2) additional two-year periods ("Option Periods") and one (1) an additional 120 day period, from the date originally fixed for expiration upon the same terms and conditions except as expressly set forth elsewhere in this Contract, to be effected by written notice to the Contractor given no later than thirty (30) days prior to original expiration date or the expiration date of the Option Period then in effect, if applicable.

d. **Escalation – Initial Term & Option Years**

All Contract prices proposed by the Contractor and accepted by the Port Authority shall be applicable to the three years of the Base Term. For the first and second Option Periods that are applicable to this Contract and are exercised hereunder (excluding the 120 day Extension Period), the Port Authority shall adjust the amounts payable to the Contractor by utilizing the quarterly United States Bureau of Labor Statistics Employment Cost Index (NAICS) for Wages and Salaries for Private Industry Workers - Professional and related (non seasonally adjusted data, 2nd qtr 2005 = 100) Series ID = CIU2020000120000A (hereinafter the "Index") as follows:

i. For the first Option Period, the Index for the second quarter of 2010 and the second quarter of 2012 shall be obtained. The Contract prices payable to the Contractor in the final year of the Base Term of the Contract shall be multiplied by a fraction, the numerator of which shall be said Index for the second quarter of 2012 and the denominator of which shall be said Index for the second quarter of 2010. The resulting products shall be the Contract prices payable to the Contractor during the first Option Period.

ii. For the second Option Period, the Index for the second quarter of 2012 and the second quarter of 2014 shall be obtained. The Contract prices payable to the Contractor in the second year of the first Option Period shall be multiplied by a fraction, the numerator of which shall be said Index for the second quarter of 2014 and the denominator of which shall be said Index for the second quarter of 2012. The resulting products shall be the Contract prices payable to the Contractor during the second Option Period.

iii. No adjustment hereunder shall exceed six percent (6%) per Option Period.

In the event of a change in the basis or the discontinuance of the publication by the United States Department of Labor of the Price Index, such other appropriate index shall be substituted as may be agreed to by the parties hereto as properly reflecting changes in value of the current United States money in a manner similar to that established in the said Price Index used in the latest adjustment. In the event of the failure of the parties to so agree, the Port Authority may select and use such index, as it seems appropriate.

If after an adjustment referred to in this Section, the Index used for computing such adjustment shall be changed or adjusted then the amounts payable to the Contractor for that

period shall be recomputed. If such recomputation results in a smaller increase in the amounts paid for that period then after notification of the change or adjustment, the recomputed amounts shall be in effect and upon demand the Contractor shall refund to the Port Authority excess amounts theretofore paid by the Port Authority for such period.

The provisions in the foregoing paragraphs with respect to adjustment of the amounts payable to the Contractor may be modified if the Contractor has in its proposal set forth specific percentage adjustments at which renewal is offered which are acceptable to the parties or has committed to specific cost reductions during the Contract term and Option Periods.

The Contract prices payable to the Contractor for the 120-day extension period shall not be subject to adjustment. The Contract prices for the 120-day extension period shall be the same Contract prices in effect during the Contract year or Option Period immediately prior to the start of the 120-day extension period.

e. **Insurance Procured By The Contractor**

The Contractor shall take out, maintain, and pay the premiums on Commercial General Liability Insurance, including but not limited to premises-operations, products-completed operations, and independent contractors coverage, with a contractual liability endorsement covering the obligations assumed by the contractor under this contract, AND, if vehicles are to be used to carry out the performance of this Contract, then the Contractor shall also take out, maintain, and pay the premiums on Automobile Liability Insurance covering owned, non-owned, and hired autos in the following minimum limits:

Commercial General Liability Insurance - **$ 2** million combined single limit per occurrence for bodily injury and property damage liability.

Automobile Liability Insurance - **$ 25** million combined single limit per accident for bodily injury and property damage liability.

In addition, the liability policy (ies) shall name The Port Authority of NY and NJ as additional insured, including but not limited to premise-operations, products-completed operations on the Commercial General Liability Policy. Moreover, the Commercial General Liability Policy shall not contain any provisions for exclusions from liability other than provisions for exclusion from liability forming part of the most up to date ISO form or its equivalent unendorsed Commercial General Liability Policy. The liability policy (ies) and certificate of insurance shall contain cross-liability language providing severability of interests so that coverage will respond as if separate policies were in force for each insured. These insurance requirements shall be in effect for the duration of the contract to include any warrantee/guarantee period.

The certificate of insurance and liability policy (ies) must contain the following endorsement for the above liability coverages:

"The insurer(s) shall not, without obtaining the express advance written permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the Tribunal over the person of the Port Authority, the immunity of the

Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statues respecting suits against the Port Authority."

The Contractor shall also take out, maintain, and pay premiums on **Workers' Compensation Insurance** in accordance with the requirements of law in the state(s) where work will take place, and Employer's Liability Insurance with limits of not less than $1 million each accident.

Each policy above shall contain a provision that the policy may not be canceled, terminated, or modified without thirty (30) days' prior written notice to the Port Authority of NY and NJ, Att: Facility Contract Administrator, at the location where the work will take place and to the General Manager, Risk Management.

The Port Authority may at any time during the term of this agreement change or modify the limits and coverages of insurance. Should the modification or change results in an additional premium, The General Manager, Risk Management for the Port Authority may consider such cost as an out-of-pocket expense.

Within five (5) days after the award of this agreement or contract and prior to the start of work, the Contractor must submit an original certificate of insurance, to the Port Authority of NY and NJ, Facility Contract Administrator, at the location where the work will take place. This certificate of insurance MUST show evidence of the above insurance policy (ies), stating the agreement/contract number prior to the start of work. The General Manager, Risk Management must approve the certificate(s) of insurance before any work can begin. Upon request by the Port Authority, the Contractor shall furnish to the General Manager, Risk Management, a certified copy of each policy, including the premiums.

If at any time the above liability insurance should be canceled, terminated, or modified so that the insurance is not in effect as above required, then, if the Program Manager shall so direct, the Contractor shall suspend performance of the contract at the premises. If the contract is so suspended, no extension of time shall be due on account thereof. If the contract is not suspended (whether or not because of omission of the Program Manager to order suspension), then the Authority may, at its option, obtain insurance affording coverage equal to the above required, the cost of such insurance to be payable by the Contractor to the Port Authority.

Renewal certificates of insurance or policies shall be delivered to the Facility Contractor Administrator, Port Authority at least fifteen (15) days prior to the expiration date of each expiring policy. The General Manager, Risk Management must approve the renewal certificate(s) of insurance before work can resume on the facility. If at any time any of the certificates or policies shall become unsatisfactory to the Port Authority, the Contractor shall promptly obtain a new and satisfactory certificate and policy.

The requirements for insurance procured by the Contractor shall not in any way be construed as a limitation on the nature or extent of the contractual obligations assumed by the Contractor under this contract. The insurance requirements are not a representation by the Authority as to the adequacy of the insurance to protect the Contractor against the obligations imposed on them by law or by this or any other Contract **(CITS # 3334N).**

f. **Option for Teterboro (TEB) and Stewart (SWF) Airport Services**
The Port Authority, in its sole discretion, shall have the option, exercisable by thirty days written notice given at any time during the Base Term or any Option Period hereunder, to require the Contractor to perform all or a portion of the services hereunder, or comparable services, at TEB and/or SWF Airports in addition to those services required hereunder at JFK, LGA and EWR Airports. The Contractor's compensation for such services shall be payable in the same manner and at the same Contract prices then in effect for the same or comparable services being provided at JFK, LGA and EWR Airports provided, however that the lump sum prices for maintenance shall be subject to adjustment based on the scope of the maintenance services to be provided. All such services shall be subject to the applicable provisions of this Contract.

g. **Transportation Security Administration Requirements**
All work in Federal Aviation Administration Security Areas shall be subject to the requirements of the Transportation Security Administration (TSA) regarding badging, worker investigation, and security deposits or bonds. Work in enclosed areas shall be subject to the requirements of the Occupational Safety and Health Administration (OSHA) and the Port Authority Engineering Department.

2. Contract Specific Terms and Conditions for Work Order Services

a. General

The Contractor shall perform such Work Order services as may be requested and agreed to in writing by the Port Authority. Work Order services shall be performed subject to and in accordance with the provisions hereof, the provisions of the Scope of Work relating thereto and the terms and conditions of the Contract.

b. Payments for Work Orders

The Contractor shall invoice the Port Authority for Work Order services given at the below addresses. Fifty percent (50%) of the invoice shall be payable upon award of Work Order to the Contractor and the balance shall be payable upon satisfactory Work Order completion.

The Contractor shall submit all invoices to the attention of the Airport Security Manager, at the below addresses.

LaGuardia Airport
The Port Authority of NY & NJ
Central Terminal Building
3rd Floor
Flushing, NY 11371
Attention: Airport Security Manager, LGA

John F. Kennedy International Airport
The Port Authority of NY & NJ
Building 14
1st Floor
Jamaica, NY 11430
Attention: Airport Security Manager, JFK

Newark Liberty International Airport
The Port Authority of NY & NJ
Conrad Road, Building 1
2nd Floor
Newark, NJ 07114
Attention: Airport Security Manager, EWR

The Contractor shall breakout, per Facility, the amount due for all equipment provided and services performed in the previous month using the Contract prices for labor and materials proposed by the Contractor and accepted by the Port Authority as the same may be adjusted pursuant to the provisions hereof. Prices shall not include any New Jersey or New York State, or New York City sales or use taxes. The Contractor's attention is directed to the clause hereof entitled: "Tax Exemptions, Duties and Imposts".

The Port Authority shall, upon the receipt of Contractor invoice and upon certification by the Director (after receipt from the Contractor of such additional information as the Director may require including certification of payment of mandated wages and benefits), pay to the Contractor by check payments within thirty (30) days after certification of the Contractor's invoices by the Director.

c. **Payment in the event of Port Authority Stoppage of an Approved Work Order**
If the Contractor is specifically directed by the Airport Security Manager/Program Manager to suspend operations or not to start operations, at a time when operations are permitted to be performed or start as stipulated in a Work Order, and if solely because of such suspension or direction not to start any of the Contractor's or Subcontractors employees or equipment then engaged in or about to start such Work are necessarily kept idle at the construction site, during the hours when they would otherwise be engaged in the performance of the Work, then the Contractor's compensation under such Work Order shall include an amount equal to the salaries and wages in amounts approved by the Airport Security Manager/Program Manager which the employer is required to pay and actually pays to such employees for the period or periods of such idleness, plus a proper proportion of (i) taxes actually paid by the employer pursuant to law upon the basis of such salaries and wages, and (ii) vacation allowances and union dues and assessments which the employer actually pays pursuant to contractual obligations upon the basis of such salaries and wages, and in addition thereto such rental as the Airport Security Manager/Program Manager deems reasonable for such equipment during the period or periods of such idleness.

In the event that the Contractor deems that any payment should be made pursuant to this Section, it shall give prompt written notice to the Airport Security Manager/Program Manager stating the reasons why such payment(s) should be made and shall moreover, furnish to the Airport Security Manager/Program Manager at the end of each day, a memorandum showing the name, payroll title, salary rate and employer of each of the workingmen, and description, owner and claimed rental rate for each item of equipment claimed to have been kept idle. Said notice and memorandum are for the purpose of enabling the Airport Security Manager/Program Manager to verify the Contractor's claim at the time. Accordingly, notwithstanding any other provisions hereof, the failure of the Contractor to furnish such notice and memorandum shall constitute a conclusive binding determination on his part that he is not entitled to compensation as provided herein and shall constitute a waiver by the Contractor of all claims for such payment, such notice and memorandum being conditions precedent to payment under this numbered clause.

d. **Final Inspection**
When in the opinion of the Contractor the work under a Work Order is completed and ready for final inspection, it shall notify the Airport Security Managers/ Program Manager in writing and the Airport Security Managers/ Program Manager will inspect the work. Before a certificate of final completion for the Work Order will be issued by the Airport Security Managers/ Program Manager for work performed in conjunction with each Work Order, any defects or omissions noted on this inspection must be made good by the Contractor.

e. **Working Order**
An installed Work Order shall be referred to as performing in "Working Order" when all equipment and software furnished under the Work Order product performs in accordance with its specifications twenty-four (24) hours a day, seven (7) days a week. However the Contractor shall not be responsible for failures of the Systems due to failure of the existing telecommunications infrastructure or electrical power failure.

f. **Delays in Completion of an Approved Work Order**
The Contractor shall start work at the time set forth in each Work Order and shall complete all work within the time specified in the Work Order documentation. Any liquidated

damages incurred due to delays will be assessed pursuant to the applicable provisions of the Section of the Contract Specific Terms and Conditions, entitled: "Required Service Levels and Liquidated Damages for Non-Performance for Work Order and Maintenance Services" unless the work delayed is without fault on the Contractor's part and by reason of cause beyond its control for which it is not responsible as the Airport Security Managers/ Program Manager deems equitable but not longer than a period equal to the time lost because of the delay. The Contractor shall give written notice to the Program Manager of any delay within two days from the beginning thereof, and its failure so to do shall constitute a waiver of any extension of time therefor. Time is of the essence of the Contractor's obligations hereunder.

g. **Permit and Requirements for Welding**

Prior to the commencement of any cutting or welding operations at the work site, the Contractor shall notify the Airport Security Managers/ Program and obtain a Port Authority cutting and welding permit. The Port Authority will issue this permit without payment of a fee, and application forms may be obtained from any Resident Engineer of the Port Authority, at his/her office at the Facility. Unless otherwise approved by the Airport Security Managers/ Program Manager, all cutting and welding operations shall be performed in accordance with the conditions which form a part of said permit. The permit application must be filled out and submitted in duplicate to the Airport Security Managers/ Program Manager at least forty-eight hours prior to commencing welding or cutting operations at the construction site.

h. **Temporary Structures**

Unless otherwise provided in this Contract, the Contractor shall determine the need for and shall design, furnish and construct all barricades, fences, staging, falsework, formwork, shoring, scaffolding and other temporary structures required in the performance of the Contract, whether or not of the type enumerated in the Work Order documentation, including those which would be required by law or regulation as if this Contract were being performed for a private corporation. All such temporary structures shall be of adequate strength for the purposes for which they are constructed and shall be provided with graphics, warning signs and warning lights as required to inform personnel and the public of the hazards being protected against, and the Contractor shall maintain them in satisfactory condition. The design and drawings for such structures are to be prepared by the Contractor, and when requested by the Airport Security Managers/ Program Manager they shall be submitted for his review before being used. Neither such approval, however, nor any requirements of the Airport Security Managers/ Program Manager, the Work Order Documentation shall relieve the Contractor of his responsibility for the design, construction and use of the temporary structures or from any obligations and risks imposed on him under this Contract, and any such approval or requirements shall be deemed merely to relate to minimum standards and not to indicate that the temporary structures are adequate or that they meet the Contractor's obligations under this Contract.

Temporary structures shall be painted with an approved dark color paint and shall be repainted whenever necessary during the period that the Contract is being performed. Upon completion of all Work under this Contract, the temporary structures shall be removed from the construction site.

i. **Conditions and Precautions**

Contractor will be required to schedule and perform the work during the hours specified herein, and specified in individual Work Orders in such a manner as not to delay, endanger, or interfere with the Port Authority operations. All installation activities that interfere with airport use by the general public will be restricted to between the hours of 7:00 PM and 5:00 AM Monday through Friday, unless additional hours are approved by the Airport Security Managers and/or Program Manager. The Port Authority reserves the right to limit Contractor access at areas experiencing high demand due to special events or otherwise. Minor activities, which do not interfere with normal airport operations, may be permitted at other times at the discretion of the Airport Security Managers and/or Program Manager. All activities which require closing entrances to the general public or obstruction of more than 50% of operating gates at an entrance will be restricted to between the hours of 1:00 AM and 5:00 AM, unless additional hours are approved in advance by the Airport Security Managers and/or Program Manager. This shall include activities in adjacent areas, which create objectionable dust, noise or fumes in those public areas. Any work within airport vehicle normal operating areas, or which requires scaffolding or equipment replacement within five feet of airport vehicle normal operating areas, shall require Port Authority flagging protection. The cost of required protection shall be borne by the Contractor. Flagging protection shall be arranged through the Airport Security Managers and/or Program Manager.

3. Contact Specific Terms and Conditions for Maintenance Services

a. General

The Contractor shall perform Preventative and Remedial Maintenance services as set forth in the Scope of Work. All Maintenance services shall be performed subject and in accordance with the provisions hereof, the Scope of Work relating thereto and the terms and conditions of this Contract.

b. Payment for Maintenance Services

On or prior to the fifth (5th) day of each calendar month during the term of this Contract including the calendar month immediately following the expiration or termination of this Contract, the Contractor shall submit monthly invoices for the performance of Maintenance services in the prior month accompanied by a complete itemization thereof and such records and other information that the Director shall require. The Contractor's invoices for payment shall be a lump sum equal to the monthly total for Preventative and Remedial Maintenance purposed by the Contractor for each Facility and accepted by the Port Authority as the same may be adjusted pursuant to the provisions hereof, plus approved Extra Work, if any, and shall bear the Contractor's Federal Identification Number. The Contractor shall submit all invoices to the attention of the Airport Security Managers, at below addresses.

LaGuardia Airport
The Port Authority of NY & NJ
Central Terminal Building
3rd Floor
Flushing, NY 11371
Attention: Airport Security Manager, LGA

John F. Kennedy International Airport
The Port Authority of NY & NJ
Building 14
1st Floor
Jamaica, NY 11430
Attention: Airport Security Manager, JFK

Newark Liberty International Airport
The Port Authority of NY & NJ
Conrad Road, Building 1
2nd Floor
Newark, NJ 07114
Attention: Airport Security Manager, EWR

The Contractor shall break out, per Facility the amount due for maintenance services performed in the previous month using the monthly total lump sum Contract prices therefor proposed by the Contractor and accepted by the Port Authority as the same may be adjusted pursuant to the provisions hereof plus approved extra work, if any. Prices shall not include any New Jersey or New York State, or New York City sales or use taxes. The Contractor's attention is directed to the Section hereof entitled: "Sales or Compensating Use Taxes".

The Contractor shall not perform Extra Work or any additional services without prior written approval from the Airport Security Manager and/or Program Manager.

The Contractor shall furnish a quarterly report detailing all invoices submitted in that quarter. At a minimum, the report should include, invoice number, payment by type (i.e., monthly total lump sum, extra work, etc.). The report shall be submitted to the three above Airport Security Managers and:

The Port Authority of New York and New Jersey
Aviation Department
Aviation Security and Technology Division
Attention: Program Manager
233 Park Avenue South, 9th Floor
New York, NY 10003

c. **Extra Work**

Except as specifically hereinafter provided herein, the Contractor shall immediately make such changes in or additions to the products and services hereunder and supply such additional services as the Port Authority may direct ("Extra Work"). If such changes or additions are without fault on its part, or on the part of others performing on behalf of the Contractor whether or not in privity of Contract with the Contractor, and if solely as a result thereof, the Contractor incurs additional costs in the performance of its obligations hereunder, the Contractor may request compensation for such changes or additions in addition to the compensation provided for elsewhere herein. Contract by the Port Authority, if such is forthcoming, shall be in writing. The execution of the aforementioned written Contract shall be a condition precedent to payment of any additional compensation for changes or additions. Accordingly, if the Port Authority directs the Contractor to make any change in or addition to services which entitle it to compensation in addition to that provided for elsewhere herein, it shall not proceed with such changes or additions prior to execution of the aforementioned written agreement except as set forth in clause hereof entitled: "Compensation for Extra Work".

If, as a result of any changes in or additions to the products or services the Port Authority directs the Contractor to make, the costs of performance of its obligations hereunder are decreased, the parties shall agree to make such adjustments by way of reduction in the compensation provided for elsewhere herein as they may deem equitable and reasonable and, in making such adjustments, no allowance shall be made for anticipated profits.

The Director shall have the authority to order Extra Work up to an amount equal to six percent (6%) of the Total Estimated Contract Price of this Contract unless the Contractor is advised of a greater authorization in a letter signed by the Port Authority's Director of Procurement. Nothing herein shall be construed as a presentation that any changes or additions will be ordered.

d. **Compensation For Extra Work**

The Director and the Contractor may agree, in writing, on lump sum or other compensation for Extra Work. In the event that no such Contract is reached compensation shall be increased by the sum of the following amounts and such amounts only:

i. The actual cost in money of the labor (including premiums for workers' compensation insurance, taxes, vacation allowances and union dues and assessments required to be paid by the employer on the basis of such labor costs) and material required for such extra work

ii. Ten (10%) of the amount under (a) above

iii. In addition to the foregoing, if the extra work is performed by a Subcontractor, five percent (5%) of the amounts under (a) and (b) above. No extra work shall be performed by a Subcontractor without the prior written approval of the Director

iv. The Contractor shall be reimbursed for its actual costs of equipment rental if approved by the Airport Security Managers and/or Program Manager

e. **Extra Work Procedures**

Whenever any Extra Work is performed by the Contractor on a basis other than on a lump sum basis, the Contractor shall, as a condition precedent to payment for such work, furnish to the Director or authorized representative at the end of each day daily time slips showing (a) the name and employee number of each person employed thereon, and the number of hours in each day during which they performed Extra Work; and (b) a description of the nature of the work performed and a list of material and equipment used. Item (b) shall be supplemented by the Contractor at a later date with a statement indicating from whom materials or materials were purchased and the amount paid therefor. Such daily time slips are for the purpose of enabling the Director or his/her authorized representatives to determine the accuracy of the amounts claimed by the Contractor.

f. **Performance of Extra Work**

The provisions of this Contract relating generally to the work shall apply without exception to any Extra Work required and to the performance thereof, except to the extent that a written order in connection with any particular item of Extra Work may expressly provide otherwise.

4. Required Service Levels and Liquidated Damages for Non-Performance for Work Order and Maintenance Services

The Contractor's obligations for the performance of all work at the service levels specified in this Contract are of the essence. The Contractor guarantees that it can and will complete performance under this Contract at the service levels stipulated in the Scope of Work. The Port Authority may consider continued failure to meet performance under this Contract at the levels stipulated as a material breach of this Contract. Service level monitoring and liquidated damages assessed will begin immediately at the end of a sixty (60)calendar day transition period beginning on the date of Contract award. Inasmuch as the damage and loss to the Port Authority which will result from the Contractor's failure to perform at these levels will include items of loss whose amount will be incapable or very difficult to accurately estimate, the damages to the Port Authority for non-performance will be liquidated as follows:

Service	Service Level	Liquidated Damages resulting from non-compliance
Non-emergency on-call for minor outage & Preventative Maintenance	Response via phone or voicemail to the Port Authority or its designee, within 8 hours;	A credit of $100 for each hour or part thereof that service personnel arrive at the work site beyond the four-hour standard. This shall be added to other liquidated damages resulting from non-compliance, which the Contractor is liable.
	Resolution within 48 hours	3% of total monthly payment if resolution time is not met of maintenance services
Emergency on-call for major outage & Preventative Maintenance	Response via phone or voicemail to the Port Authority or its designee, within 4 hours;	A credit of $100 for each hour or part thereof that service personnel arrive at the work site beyond the four-hour standard. This shall be added to other liquidated damages resulting from non-compliance, which the Contractor is liable.
	Resolution within 24 hours	5% of total monthly payment is resolution time is not met of maintenance services.
Component Availability	Failure to meet the uptime component availability (see Attachment D, Scope of Work, Section entitled: "Availability, Reliability and Maintainability of Installed Work Orders")	A credit of $100 for each hour or part thereof that the Contractor exceed the monthly downtime allowed under the component availability standard. This shall be added to other liquidated damages resulting from non-compliance, which the Contractor is liable.
Host System Availability	Failure to meet host uptime availability standard (see Attachment D, Scope of Work, Section entitled: "Availability,	A credit of $1,000 for each hour or part thereof where there is an absence of host services at any of the airports covered by the Contract. This shall be

	Reliability and Maintainability of Installed Work Orders")	added to other liquidated damages resulting from non-compliance, which the Contractor is liable.
Establishment of a dedicated 24x7 Hotline Number for use by the Port Authority in accessing technical phone support and service	By the commencement of the Contract term	$500 per day for every day a hotline is not installed and deployed after Contract commencement
Work Order requests for project-based work	Written proposal for normal priority work order to Port Authority Program Manager within 15 business days of notification. Written proposal for high priority work order shall be within 7 business days.	$500 per occurrence
Work Order Performance – start day	After receiving an approved work order, the Contractor must start to perform work on site - within 15 days for priority work - within 30 days for normal priority work	$500 per occurrence
Schedule-based on-site Preventative Maintenance	On-site maintenance performed and completed within the timeframe stipulated by the manufacturers' system maintenance agreements.	$500 per occurrence
Install and test software upgrades/patches to ASCS and CCTV systems, in accordance with the manufacturers' system maintenance agreements, and as approved by the Port Authority	Critical security and operating upgrades/patches: installed within 24 hours of their approval by the Port Authority. All other upgrades/patches: installed within 10 business days after approval by the Port Authority	Critical upgrades/patches: 5% of total monthly payment for system per each 24-hour period patch that is not installed after initial 24 hours; All other upgrades/patches: 2% of total monthly payment for system per each 24-hour period patch is not installed after the initial 10 days
Audit and IT Standard and Guidelines	Satisfy 100% of each	$500 per each material instance of failure to meet standards
Equipment Delivery	All equipment ordered under this Contract shall be delivered to the specified Port Authority location within 30 calendar days from order placement; unless an alternate delivery schedule has been mutually agreed to prior to order placement.	5% of equipment value per business day (excluding PA holidays), or part thereof, starting at day 31 (or business day following the 30th day or mutually agreed date) until equipment is received on Port Authority site.
Equipment installation	All installation services shall be scheduled and start within 6 business days of equipment arriving at the specified location unless alternate scheduling has been mutually	$100 per business day (excluding PA holidays), or part thereof, starting at day 7 (or business day following the 7th day or mutually agreed date) until installation services are started at designated site

	agreed to prior to work order approval. Installation services must be completed within one week of the specified installation duration unless otherwise agreed to prior to work beginning.	 $200 per business day (Excluding PA holidays), or part thereof, starting on the 8th calendar day installation services are successfully completed at designated site.
Preparation of Equipment Orders	For Equipment Orders the completed order provided to Port Authority Project Program Manager within 5 business days of request.	$100 per occurrence
Returning Equipment Keys	Contractor is required to return keys back in working condition to the Port Authority after each time they are signed out. Contractor is required to return keys back in working conditions to the Port Authority upon Contract end.	$500 per occurrence $500 per occurrence

The above services refer specifically to the work described hereunder which is the Contractor's responsibility. The Port Authority will actively monitor the Contractor's performance and enforce contracted non-compliance and non-performance clauses by assessing liquidated damages. The Contractor shall not be charged with delay, or assessed Liquidated Damages for delay or failure, which occurs for reasons beyond the reasonable control of the Contractor or Subcontractors as determined by the Port Authority.

The Contractor shall track, calculate, monitor and report on performance against the Service Levels above and adjust invoices accordingly.

Computation of on-line availability and resolution of calls refers specifically to work covered in this Contract which is the Contractor's responsibility.

5. Additional Contract Specific Terms and Conditions for All Services

a. Time

The Contractor shall not commence the performance of any work on Port Authority premises until the Contractor has received notice from the Port Authority that the insurance provided by the firm in accordance with the Section hereof entitled: "Insurance to be Procured by the Contractor" is satisfactory, as evidenced by the certificate to be furnished under said clause. The Contract term shall not be extended on account of the time required to furnish the documents referred to above, but the Port Authority shall give notice to the Contractor within five (5) days after receipt of the Certificate of Insurance as to whether or not such insurance is satisfactory.

The Contractor's obligations for the performance and completion of all work within the time or times provided for in this Contract are of the essence of this Contract. The Contractor guarantees that it can and will complete performance under this Contract within the times herein stipulated.

b. Final Payment

After satisfactory completion of all services required hereunder, and upon receipt from the Contractor of such information as may be required, the Director shall certify in writing to the Contractor the total compensation earned by the Contractor.

If so required, the Contractor shall thereupon furnish to the Port Authority a detailed sworn statement of all claims, just and unjust, of Subcontractors, materialmen and other third persons then outstanding which he has reason to believe may thereafter be made on account of the services provided under this Contract.

Within thirty days (30) after issuance of such certificate of total compensation earned (or within thirty days (30) after receipt of the documents provided for in the immediately preceding paragraph, if required and if such date is later), the Port Authority shall pay to the Contractor by check the amount stated in said certificate, less all other payments and advances whatsoever to or for the account of the Contractor. All prior estimates and payments shall be subject to correction in this payment, which is throughout this Contract called the "Final Payment".

The acceptance by the Contractor, or by anyone claiming by or through him, of the Final Payment shall be and shall operate as a release to the Port Authority of all claims and of all liability to the Contractor for all things done or furnished in connection with this Contract and for every act and neglect of the Port Authority and others relating to or arising out of the this Contract, including claims arising out of breach of the Contract and claims based on claims of third persons.

No certificate, payment, acceptance of any work or any other act or omission of any representative of the Port Authority or the Airport Security Managers and/or Program Manager shall operate to release the Contractor from any obligation under or upon this Contract, or to estop the Port Authority from showing at any time that such certificate, payment, acceptance, act or omission was incorrect or to preclude the Port Authority from recovering any money paid in excess of that lawfully due and any damages sustained by the Authority. If payment is wrongfully delayed, the Contractor's damages shall be liquidated at the rate of six per cent per annum.

c. **Prevailing Wage (Davis-Bacon Act)**

The Contractor shall pay or provide (and shall cause all Subcontractors to pay or provide) to his workmen and laborers (who are employed by him or them to work on an hourly or daily basis at any trade or occupation at or about the Site of the Work) at least the prevailing rate of wage and supplements for others engaged in the same trade of occupation in the locality in which the work is being performed as determined by the Port Authority.

For the purposes of this Contract, the Port Authority has determined that the prevailing rates of wage and supplements are those established by the Secretary of Labor of the United States pursuant to the Davis-Bacon Act (40 U.S.C.A. 276a) for the locality in which the Work is to be performed. The applicable rates shall be those, which are in effect on the date of Contract execution.

The provisions hereof are inserted in this Contract for the benefit of such workmen and laborers as well as for the benefit of the Port Authority; and if the Contractor or any Subcontractor shall pay or provide any such workman or laborer less than the rates of wages and supplements above described, such workman or laborer shall have a direct right of action against the Contractor or such Subcontractor for the difference between the wages and supplements actually paid or provided and those to which the Contractor is entitled under this clause. If such workman or laborer is employed by any Subcontractor whose subcontract does not contain a provision substantially similar to the provisions of this clause (requiring the payment or provision of at least the above minimum and providing for a cause of action in the event of the Subcontractors failure to pay or provide such wages and supplements) such workman or laborer shall have a direct right of action against the Contractor. The Port Authority shall not be a necessary party to any action brought by any workman or laborer to obtain a money judgment against the Contractor or any Subcontractor pursuant to this numbered clause.

Nothing herein contained shall be construed to prevent the Contractor or any Subcontractor from paying higher rates or providing higher supplements that the minimum hereinbefore prescribed The Port Authority does not represent that required labor may be obtained for the specified wages/benefits.

d. **Intellectual Property**

i. Except expressly provided below: as between the Port Authority and the Contractor, all guides, training manuals and tutorials, quick reference cards, procedures, documentation, estimates, reports, records, data, charts, documents, models, designs, renderings, drawings, specifications, photographs, computations, computer tapes or discs, and other documentation of any type whatsoever, whether in the form of

writing, figures or delineations, which are prepared or compiled in connection with this Contract, shall become the exclusive property of the Port Authority, and the Port Authority shall have the exclusive right to use or permit the use of them and any ideas or methods represented by them for any purpose and at any time without other compensation than that specifically provided for herein. With regard to training manuals the Port Authority shall expressly have the right to use, alter and reproduce including electronically, said manuals for its internal business purposes. The Contractor hereby warrants and represents that the Port Authority will have at all times the ownership and rights provided for in the immediately preceding sentence free and clear of all claims of third persons whether presently existing or arising in the future and whether presently known to either of the parties to this Contract or not. Any information given to the Port Authority before, with or after submission of the Agreement on Terms of Discussion, either orally or in writing, is not given in confidence and may be used, or disclosed to others, for any purpose at any time without obligation or compensation and without liability of any kind whatsoever except as otherwise set forth in the "Agreement on Terms of Discussion".

ii. All pre-existing information or documentation including computer programs or code including source code, of the Contractor, utilized by the Contractor hereunder in the performance of its services hereunder shall be deemed perpetually licensed to the Port Authority for the purposes of this Contract, but shall remain the property of the Contractor.

iii. Third party software not specially prepared for the purpose of this Contract but utilized by the Contractor hereunder in the performance of its services hereunder shall be licensed to the Contractor and the Port Authority for the term of this Contract. The Contractor shall promptly obtain and provide all new releases and updates.

iv. The above-described software shall be furnished by the Contractor without additional compensation.

v. The right of the Port Authority as well as the Contractor, to use all patented material, compositions of matter, manufactures, apparatus, appliances, processes of manufacture or types of construction as well as any copyrightable matter, trade secrets or other proprietary matters, shall be obtained by the Contractor without separate or additional compensation whether the same is patented before, during or after the performance of the Work.

vi. If in accordance with the Contract the Contractor furnishes research, development of consultative services in connection with the performance of the work and if in the course of such research, development, or consultation patentable or copyrightable subject matter or trade secrets or other proprietary matter is produced by the Contractor, its officers, agents, employees, Subcontractors, or suppliers, the Port Authority shall have, without cost or expense to it, an irrevocable, non exclusive, royalty-free license to make, have made, and use, either itself or by anyone on its behalf, such subject matter in connection with any activity now or hereafter engaged in or permitted by the Port Authority. Promptly upon request by the Port Authority, the Contractor shall furnish or obtain from the appropriate person a form of license satisfactory to the Port Authority, but it is expressly understood and agreed that as

between the Contractor and the Port Authority the license herein provided for shall nevertheless arise for the benefit of the Port Authority immediately upon the production of said subject matter and shall not await formal exemplification in a written license agreement as provided for above. Such license may be transferred by the Port Authority to its successors, immediate or otherwise, in the operations of or ownership of any facility nor or hereafter operated by the Port Authority or the Authority but such license shall not be otherwise transferable.

e. **Contractor Personnel Standards of Performance and Qualifications**

The Contractor (and any Subcontractor) shall furnish competent and sufficiently trained management, supervisory, and operating personnel to perform the work hereunder. In addition, all staff assigned to the Contract must meet the following minimum requirements:

- must be a U.S. citizen of an alien legally authorized to work in the U.S. as required hereunder
- must possess a valid Social Security Number
- must possess a high school diploma obtained in the U.S. or a general equivalency diploma obtained in the U.S.

If, in the opinion of the Director, any of the Contractor's personnel are not satisfactory in the performance of services or meet the above stated qualifications to be furnished hereunder, they shall be replaced by the Contractor within twenty-four (24) hours following the Contractor's receipt of the Manager's request for such replacement.

All Contractor's employees performing Work hereunder shall have the ability to communicate in the English language to the extent necessary to comprehend directions given by either the Contractor's supervisory staff or by the Manager's staff. Any employee operating a motor vehicle must have a valid driver's license.

f. **Work Site Conditions and Procedures**

i. General Rules

The Airport Security Managers and/or Program Manager will, whenever possible, provide such cooperation as may be necessary to permit entry into locked areas. The Contractor shall give a minimum of 48 hours notice of its intention to perform work (other than Remedial Maintenance Services) under this Contract to the Airport Security Managers and/or Program Manager in order that any necessary arrangements may be made by the facility. This notice shall include the Contractor's expected hours of arrival and departure, areas to be serviced and the number of technicians that will be working. The Port Authority shall require the observance of these security procedures with respect to the high security areas, which may include the escort to, at, and/or from said high security areas by security personnel designated by the Contractor or any Subcontractor's personnel required to work herein.

Prior to the start of work, the Contractor shall request a description from the Airport Security Manager and /or Program Manager of the high security areas, which will be in effect on the commencement date. The description of high security areas may be changed from time to time and at any time by the Airport Security Manager and/or Program Manager during the term of the Contract.

The Contractor shall be required to sign in with the Airport Security Managers and/or Program Manager or designee upon arrival at the facility and upon departure. The Contractor will also be required to sign out all required keys and return the keys prior to signing out. In the event that the keys are not returned prior to Contractor's departure, service damage levels shall be assessed and liquidated as described in Attachment B, Contract Specific Terms and Conditions, entitled: "Required Service Levels and Liquidated Damages for Non-Performance for Work Order and Maintenance Services".

The Port Authority will not furnish any free facility use passes or public parking spaces for the Contractor. In addition, parking at Port Authority property for each Work Site may not be available and the Port Authority makes no guarantee that parking on Port Authority property will be provided to the Contractor.

All agents and employees of the Contractor and/or Subcontractor will present a neat clean orderly appearance at times when at the Work Site. Contractor's agents, employees and Subcontractor's agents and employees are required to be familiar with, and adhere to, the Port Authority's rules and regulations pertaining to security of controlled spaces.

ii. Work Area Safety

With respect to Contractor access to all facility areas and roadways, the Contractor will meet with Port Authority staff to fully document and understand the existing rules of each individual Work Site for safe operation. This will include but is not limited to OSHA safety regulations, safety plans and work plans, local, city, and state regulations, PA facility rules, and maintenance of traffic. The Contractor must adhere to all Port Authority safety rules and operation procedures.

iii. Asset Security

The Contractor shall ensure that the Port Authority and tenant assets are not removed from the facilities unless directed by the Port Authority Program Manager. The Contractor and others under the management of the Contractor shall adhere to Port Authority rules and regulations regarding physical access to all Port Authority property and Port Authority data centers.

iv. Data Security - Safeguarding Data

All information concerning the business of the Port Authority which becomes accessible, or known, to the Contractor, their employees or Subcontractors including, but not limited to, financial information, customers, customer lists, business plans, operational plans, data and computer programs, documentation, engineering/ technical data, design process, pricing, research and development, strategic plans, and operating data resident on magnetic media, or other media processed, stored, archived or maintained, shall be protected from loss, erroneous alteration, and shall be held in strict confidence and protected from unauthorized access. All confidential data shall be protected at all times. The Contractor shall provide the same care and processes to prevent unauthorized access, modification, theft or other loss of the Port Authority data via the same, or enhanced, processes that it presently employs to protect its own information of a similar nature. In the event of any non-authorized access, modification, disclosure, theft or other loss, or inability to account for any Port Authority data, the Contractor will provide immediate notification to the Port

Authority's Airport Security Manager and/or Program Manager. In addition, the Contractor will be held liable for damages or expense to the Port Authority, including the cost of recovery of lost or modified data, staff time in dealing with the ramifications of the disclosure of private information and corrective procedures and actions undertaken. The Non-Disclosure and Confidentiality Agreement is attached hereto as Attachment K.

g. **Security Requirements**

In addition to all other provisions of this Contract relating to security requirements, personnel assigned by the Contractor and/or Subcontractor to provide services on about the Work Site under this Contract must successfully complete the background investigation, training and testing required to receive a Port Authority Airport ID Card with appropriate privileges as required by TSR 1542 and Port Authority rules, policies and procedures pertaining to security. Personnel assigned by the Contractor and/or Subcontractor must have in their possession at all times while providing services on about the Work Site under this Contract their company ID card and approved Port Authority Airport ID Card.

The Port Authority may impose, increase, and/or upgrade security requirements for the Contractor, Subcontractors and their staffs during the term of this Contract to address changing security conditions and/or new governmental regulations.

h. **Title to Equipment**

Title to all equipment to be furnished hereunder by the Contractor shall be transferred to the Port Authority upon its delivery to the installation site.

The Contractor shall furnish such bills of sale and affidavits of title as the Port Authority shall reasonably request.

i. **Notice Requirements**

No claim against the Port Authority shall be made or asserted in any action or proceeding at law or in equity, and the Contractor shall not be entitled to allowance of such claim, unless the Contractor shall have complied with all requirements relating to the giving of written notice and of information with respect to such claim as provided in this clause. The failure of the Contractor to give such written notice and information as to any claim shall be conclusively deemed to be a waiver by the Contractor of such claim, such written notice and information being conditions precedent to such claim. As used herein "claim" shall include any claim arising out of this Contract (including claims in the nature of breach of contract or fraud or misrepresentation before or subsequent to execution of this Contract and claims of a type which are barred by the provisions of this contract) for damages, payment or compensation of any nature or for performance of any part of this Contract.

The requirements as to the giving of written notice and information with respect to claims shall be as follows:

i. In the case of any claims for which requirements are set forth elsewhere in this Contract as to notice and information, such requirements shall apply.

ii. In the case of all other types of claims, notice shall have been given to the Director, as soon as practicable, and in any case within forty eight (48) hours after occurrence of the

act, omission, or other circumstances upon which the claim is or will be based, stating as fully as practicable at the time all information relating thereto. Such information shall be supplemented with any further information as soon as practicable after it becomes or should become known to the Contractor, including daily records showing all costs which the Contractor may be incurring or all other circumstances which will affect any claim to be made which records shall be submitted to the Port Authority.

The above requirements for notices and information are for the purpose of enabling the Port Authority to avoid waste of public funds by affording it promptly the opportunity to cancel or revise any order, change its plans, mitigate or remedy the effects of circumstances giving rise to a claim or take such other action as may seem desirable and to verify any claimed expense or circumstance as they occur and the requirements herein for such notice and information are essential to this Contract and are in addition to any notice required by statue with respect to suits against the Port Authority.

The above referred to notices and information are required whether or not the Port Authority is aware of the existence of any circumstances which might constitute a basis for a claim and whether or not the Port Authority has indicated it will consider a claim.

No, act, omission or statement of any kind shall be regarded as a waiver of any of the provisions of this clause or may be relied upon as such waiver except only either a written statement signed by the Executive Director of the Port Authority or a resolution of the Commissioners of the Port Authority expressly stating that a waiver is intended as to any particular provision of this clause, and more particularly, no discussion, negotiation, consideration, correspondence or requests for information with respect to a claim by any Commissioner, officer, employees or agent of the Port Authority shall be construed as a waiver of any provision of this clause or as authority or apparent authority to effect such a waiver.

Since merely oral notice or information may cause disputes as to the existence or substance thereof, and since notice, even if written, to other than the Port Authority representative above designated to receive it may not be sufficient to come to the attention of the representative of the Port Authority with the knowledge and responsibility of dealing with the situation, only notice and information complying with the express provisions of this clause shall be deemed to fulfill the Contractor's obligation under this Contract.

j. Port Authority Technology Standards and Guidelines

The Contractor and any Subcontractors shall follow the Port Authority Technology Standard and Guidelines attached hereto and made a part hereof and shall comply with any updates to or changes in best practices related to such Standards and Guidelines.

k. Authority of the Director

Inasmuch as the public interest requires that the project to which this Contract relates shall be performed in the manner which the Port Authority, acting through the Director deems best, the Director shall have absolute authority to determine what is or is not necessary or proper for or incidental thereto and the Specifications shall be deemed merely the Director's present determination on this point. In the exercise of this authority, the Director shall have power to alter the Specifications, to require the performance of Work not

required by them in their present form, even though of a totally different character from that not required, and to vary, increase and diminish the character, quantity and quality of, or to countermand any Work now or hereafter required. If at any time it shall be, from the viewpoint of the Port Authority, impracticable or undesirable in the judgment of the Director to proceed with or continue the performance of the Contract or any part thereof, whether or not for reasons beyond the control of the Port Authority, the Director shall have authority to suspend performance of any part or all of the Contract until such time as the Director may deem it practicable or desirable to proceed. Moreover, if at any time it shall be, from the viewpoint of the Port Authority impracticable or undesirable in the judgment of the Director to proceed with or continue the performance of the Contract or any part thereof for reasons within or beyond the control of the Port Authority, the Director shall have authority to cancel this Contract as to any or all portions not yet performed and as to any materials not yet installed even though delivered. Such cancellation shall be without prejudice to the rights and obligations of the parties arising out of portions already satisfactorily performed, but no allowance shall be made for anticipated profits. To resolve all disputes and to prevent litigation, the parties to this Contract authorize the Director to decide all questions of any nature whatsoever arising out of, under, or in connection with, or in any way related to or on account of, this Contract (including claims in the nature of breach of contract or fraud or misrepresentation before or subsequent to acceptance of the Contractor's proposal and claims of a type which are barred by the provisions of this Contract) in the first instance. The Director's decision may be based on such assistance as he/she may find desirable. The effect of the decision shall not be impaired or waived by any negotiation or settlement offers in connection with the question decided, whether or not he/she participated therein, or by any prior decision of his/her or others, which prior decisions shall be deemed subject to review, or by any termination or cancellation of this Contract.

All such questions shall be submitted in writing by the Contractor to the Director for a decision together with all evidence and other pertinent information in regard to such questions, in order that a fair and impartial decision may be made. In any action against the Port Authority relating to any such question the Contractor must allege in the complaint and prove such submission, which shall be a condition precedent to any such action. No evidence or information shall be introduced or relied upon in such an action that has not been so presented to the Director.

In the performance of the Contract, the Contractor shall conform to all orders, directions and requirements of the Director and shall perform the Contract to his/her satisfaction at such times and places, by such methods and such manner and sequence as he/she may require, and the Contract shall at all stages be subject to his/her inspection. The Contractor shall employ no equipment, materials, methods or persons to which he/she objects, and shall remove no materials, equipment or other facilities from the Port Authority site without permission. Upon request, he/she shall confirm in writing any oral order, direction, requirements or determination.

The enumeration herein or elsewhere of particular instances in which the opinion, judgment, discretion or determination of the Director shall control or in which the Contract shall be performed to his/her satisfaction or subject to his/her inspection, shall not imply that only the matters of a nature similar to those enumerated shall be so governed and performed, but without exception the entire Contract shall be so governed and performed.

This provision shall be construed in accordance with the laws of the State of New York excluding its conflict of law provisions.

l. **Confidential Information**

Confidential information shall mean all information disclosed to the Contractor or the personnel provided by the Contractor hereunder which relates to the Port Authority's past, present, and future research, development and business activities including, but not limited to, software and documentation licensed to the Port Authority or proprietary to the Port Authority and all associated software, source code procedures and documentation. Confidential information shall also mean any other tangible or intangible information or materials including but not limited to computer identification numbers, access codes, passwords, and reports obtained and/or used during the performance of the Contractor's services under this Contract. The Contractor shall hold all such confidential information in trust and confidence for the Port Authority, and agree that the Contractor and the personnel provided by the Contractor hereunder shall not, during or after the termination or expiration of this Contract, disclose to any person, firm or corporation, nor use for its own business or benefit, any information obtained by it under or in connection with the supplying of services contemplated by this Contract. The Contractor and the personnel provided by the Contractor hereunder shall not violate in any manner any patent, copyright, trade secret or other proprietary right of the Port Authority or third persons in connection with their services hereunder, either before or after termination or expiration of this Contract. The Contractor and the personnel provided by the Contractor hereunder shall not willfully or otherwise perform any dishonest or fraudulent acts, breach any security procedures, or damage or destroy any hardware, software or documentation, proprietary or otherwise, in connection with their services hereunder. The Contractor shall promptly and fully inform the Director in writing of any patent, copyright, trade secret or other intellectual property rights or disputes, whether existing or potential, of which the Contractor has knowledge, relating to any idea, design, method, material, equipment or other matter related to this Contract or coming to the Contractor's attention in connection with this Contract.

The Contractor and all involved Subcontractors shall be required to sign a Non-Disclosure and Confidentiality Agreement (NDA) included herein as Attachment K prior to being granted access to documentation for the current system. In the event of a conflict between the provisions of this Section and the NDA, the NDA shall control.

The Contractor shall adhere to the Port Authority's information security policies and procedures set forth in the Port Authority's Technology Standards and Guidelines.

m. **Approvals by Airport Security Managers/ Program Manager**

Any approval by the Airport Security Managers/ Program Manager of anything done or proposed to be done by the Contractor shall be construed merely to mean that at that time the Airport Security Managers/ Program Manager knows of no good reason for objecting thereto; and no such approval shall relieve the Contractor from its full responsibility for the complete and accurate performance of the work in accordance herewith or from any duty, obligation or liability imposed upon him by the Contract or from responsibility for injuries to persons or damage to property.

n. **Contractor's Representative**

During the performance of any work at the site, the Contractor shall have a representative thereat who shall be authorized by the Contractor to receive and put into effect, promptly, all orders, directions and instructions when such orders or directions are given by the Airport Security Managers/ Program Manager. A confirmation in writing of such orders or directions will be given by the Airport Security Managers/ Program Manager when so requested by the Contractor.

o. **Safety Provisions**

The bringing of intoxicating substances onto the construction site and the use or consumption of intoxicating substances at the construction site are prohibited. It shall be the responsibility of the Contractor to ensure that all employees of the Contractor and of all Subcontractors, materialmen and any other persons under contract to or under the control of the Contractor shall comply with the provisions of this paragraph.

The Contractor shall daily clean up all refuse, rubbish, scrap materials and debris caused by his operations so that the risk of injury or damage therefrom shall be eliminated and so that the site shall present at all times a neat, orderly and workmanlike appearance. Before final inspection of the work by the Airport Security Managers/ Program Manager, the Contractor shall remove all surplus material and debris of every nature resulting from its operation. The Contractor shall exercise every precaution and take every measure that will prevent injury to persons and damage to property.

In the event the Contractor encounters at the construction site, material reasonably believed to be asbestos, polychlorinated biphenyl (PCB) or any other hazardous material, the Contractor shall immediately stop Work in the area affected and report the condition in writing to the Airport Security Managers/ Program Manager. Work in the affected area shall not thereafter be resumed by the Contractor except upon the issuance of a written order to that effect from the Airport Security Managers/ Program Manager.

Within 15 days of the acceptance of his proposal, the Contractor shall submit to the Airport Security Managers/ Program Manager, for his/her review and approval, the Contractor's Safety Program which shall comply with all applicable federal, state, municipal and local and departmental laws and shall include, among other things, the designation by the Contractor of a qualified individual to administer such Safety Program.

p. **Accidents and First Aid Provisions**

The Contractor shall provide such medical facilities as are necessary to supply first aid service in case of accident to anyone who may be injured during the performance of the work.

The Contractor shall immediately report in writing to the Airport Security Managers/ Program Manager and to the Port Authority's Manager, Claims Administration, all accidents whatsoever arising out of or in connection with the performance of the work which result in death, injury or property damage, giving full details and statements of witnesses. In addition, if death or serious injuries or serious damage is caused, the same shall be reported immediately by telephone to both of the said Port Authority representatives.

If any claim is made by third persons against the Contractor on account of any accident, the Contractor shall promptly report the facts in writing to the Airport Security Managers/ Program Manager and the Port Authority's Manager, Claims Administration, giving full details of the claim.

q. **Operations of Others**

During the time that the Contractor is performing either Work Order or Maintenance activities, other persons and organizations may be engaged in other operations either closely related to the work being performed by the Contractor or at the same physical site where the Contractor is performing work, including facility and maintenance operations. The Contractor is expected to carry out activities in a manner that ensures all other such related or physically collocated work shall remain uninterrupted.

The Contractor shall so plan and conduct its operations as to work in harmony with others engaged in work for the Port Authority and not to delay, endanger or interfere with the operations of others (whether or not specifically mentioned above), all to the best interests of the Port Authority and the public and as may be directed by the Airport Security Managers/ Program Manager.

The Port Authority reserves the right to engage other firms and personnel resources, separately and independently from the work of this Contract, to perform services similar or identical to those described herein. In all cases, the Contractor will be expected not to endanger or interfere with the execution of the duties of these third parties. Further, where their duties overlap with the duties of the Contractor, the Contractor shall extend all reasonable efforts to accept and utilize the support of, to support, and to work in close harmony with such other firms and personnel.

The Port Authority reserves the right to require the Contractor to utilize specific third parties where the Port Authority believes that the successful completion of work is dependent on the skills provided by such resources. At contract commencement, two third parties are expected to be utilized as a source of labor and materials by the Contractor throughout the contract period: Lenel Systems International, Inc. and Intelect, Inc. It is expected that the Contractor has a contractual relationship with Lenel and has a documented, verifiable and current working relationship with Intelect. It is further expected that under such relationships the Contractor has access to Lenel and Intelect resources, and that the Contractor may utilize such resources on behalf of the Port Authority's Work Order and Maintenance activities.

Directed third party resources shall be utilized to augment personnel and material supplied by the Contractor. When Work Orders are submitted to the Airport Security Managers/ Program Manager for authorization to proceed, the Airport Security Managers/ Program Manager may direct the Contractor to add such resources or increase their presence in the Work Order. The use of such directed third party resources shall in no way alter or diminish the Contractor's responsibility for managing, executing and completing Work Orders, nor shall it in any way relieve the Contractor from defined warranty obligations.

r. **Space Provided to the Contractor**

1. Subject to availability, the Port Authority may furnish to the Contractor, without charge, exclusive or non-exclusive space at a location or locations at the Facility (to be

designated by the Port Authority) (the "Space") to be used by the Contractor for the storage of the Contractor's equipment, materials and supplies used at the Facility. The Contractor must supply the office furniture, supplies, telephone equipment and telephone service for the Space. The Contractor shall keep the Space at all times in a clean and orderly condition and appearance. The use of the Space shall be subject to all of the terms, provisions and conditions of this Contract, including, but not limited to, indemnification, repair and removal of property.

2. The Port Authority by its officers, employees and representatives shall have the right at all times to enter upon the Space for the purpose of inspecting the same, for observing the performance of the Contractor of its obligations under this Contract, and for the doing of any act or thing which the Port Authority may be obligated to or have the right to do under this Contract or otherwise. The Contractor shall repair all damage to the Space and all damage to fixtures, improvements, and personal property of the Port Authority which may now or may hereafter be located thereon, which may be caused by the operations of the Contractor under this Contract or by any acts or omissions of the Contractor, its officers, agents, employees or representatives, whether the damage occurs during the course of their employment by the Contractor or otherwise. Without limiting the generality of the foregoing, the Port Authority shall have the right, for its own benefit and for the benefit of others at the Facility, to maintain existing and future utility systems or portions thereof on the Space and to enter upon the Space at all reasonable times to make such repairs, replacements, additions or alterations as may, in the opinion of the Port Authority, be deemed necessary or advisable. It is understood that the foregoing shall not impose or be construed to impose upon the Port Authority any obligations to inspect, construct or maintain the Space or to make repairs, replacements, alterations or additions to the Space, nor shall it create any liability for any failure to do so.

3. Upon the expiration or earlier termination or revocation of this Contract or upon the substitution by the Port Authority of any of the Space, the Contractor shall promptly vacate the facilities and the Space and leave the same in the condition existing as of the commencement of the Contractor's occupancy and use thereof, reasonable wear and tear excepted. Upon the expiration or earlier termination or revocation of this Contract, the Contractor shall remove its equipment, materials, supplies and other personal property from the Space and elsewhere at the Facility. If the Contractor shall fail to remove its property on or before the expiration, termination or revocation of this Contract, the Port Authority may remove such property to a public warehouse for deposit or retain the same in its own possession, and in either case may dispose of the same as waste material or sell the same at public auction, the proceeds of which shall be applied first to the expenses of removal, storage and sale, second to any sums owed by the Contractor with any balance remaining to be paid to the Contractor; if the expenses of such removal, storage and sale exceed the proceeds of sale, the Contractor shall pay such excess to the Port Authority upon demand. Without limiting any other term or provision of this Contract, the Contractor shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents, employees and contractors from all claims of third persons arising out of the Port Authority's removal and disposition of property pursuant to this Section, including claims for conversion, claims for loss of or damage to property, claims for injury to persons (including death), and claims for any other damages consequential or otherwise.

s. **Standards for Materials and Procedures**

The following standards shall be applicable to the work under this Contract in addition to any other requirements herein.

i. Replacement equipment shall be identical to the original or equal as approved by the Program Manager.

ii. Maintenance materials shall be of highest caliber and as recommended by the original equipment manufacturer of the equipment to be serviced.

iii. Procedures for maintenance including preventive maintenance shall follow the recommendation by the original equipment manufacturer and approved by the Program Manager.

iv. All cable and conduit in interior or occupied spaces shall be low-smoke, zero-halogen (.2% or less), non-toxic, non-corrosive materials.

v. All electrical work shall comply with National Electrical Code (NFPA 70), and for work in New York conform to the Electrical Code of the City of New York, whichever is more stringent.

vi. All costs associated with the proper disposal (e.g. UPS batteries) and removal of equipment from the Port Authority facility is the responsibility of the Contractor. The Contractor shall comply with all applicable federal, state and local laws, codes and regulations including but not limited to the regulations of the United States Environmental Protection Agency (USEPA), occupational Safety and Health Administration (OSHA), New Jersey Department of Environmental Protection (NJDEP), New Jersey Department of Health (NHDOH), New Jersey Department of Labor (NJDOL) New York State Department of Environmental Conservation (NYSDEC), New York State Department of Health (NYSDOH), New York State Department of Labor (NYSDOL) and New York City Department of Environmental Protection (NYCDEP) even if they are not specifically referenced herein.

vii. The Contractor shall furnish to the Port Authority copies of all hazardous and non-hazardous manifests and bill of lading for all waste materials generated by this work, including universal waste material.

viii. The Contractor shall furnish copies of the manufacturer's Material Safety Data Sheets (MSDS) for all chemicals and other potential hazardous material brought on site.

The Port Authority by its officers, employees, and representatives shall have the right at all times to examine supplies, materials, and equipment used by the Contractor and to observe the operations of the Contractor, its agents, servants and employees.

t. **Compliance with Web Site Terms and Use Privacy Policies**

Subject to all of the provisions of this Contract including, without limitation, the obligations of the Contractor under the Section hereof entitled: "Indemnification", the Contractor shall, and shall compel its employees, agents and Subcontractors, to strictly abide by and comply with the policies established by the Port Authority governing the use of the Port Authority's web sites as set forth in the Port Authority web sites Terms of Use and Privacy Statement as the same may be supplemented or amended. The Contractor shall immediately implement all procedures in connections with such policies and in furtherance thereof as directed by the Port Authority.

u. **Delivery, Storage and Handling**

The Contractor shall and hereby agrees to the following:

i. Deliver material in sealed protective packaging.

ii. Store materials in sealed packaging in a manner to prevent soiling, physical damage, wetting or corrosion prior to installation.

iii. Movement of material, either at the time of delivery, or subsequently, shall be the sole responsibility of the Contractor. All costs associated with this movement shall also be the responsibility of the Contractor.

iv. Handle in a manner to prevent damage to finished surfaces.

v. Where possible maintain protective coverings until installation is complete and remove such covers as part of the final clean-up.

vi. Disturbed surfaces shall be patched in a manner approved by the Port Authority and finishes restored to their original condition.

vii. Costs of all shipping to the site, and of all unusual storage requirements shall be borne by the Contractor. It shall be the responsibility of the Contractor to make appropriate arrangements and to coordinate with authorized personnel at the site for proper acceptance, handling, protection, and storage of equipment so delivered.

viii. The Contractor shall be responsible for safe storage of all equipment. In the event of equipment disappearance from the site, the Contractor shall bear full responsibility and all costs associated with equipment replacement at no additional cost to the Port Authority. Once title has passed to the Port Authority, the Contractor only bears responsibility if the disappearance is due to Contractor negligence.

v. **Port Authority Access to Records**

Without limitation to any other provisions of this Contract with respect thereto, the Port Authority shall have access during normal business hours to all records and documents of the Contractor relating to any amounts for which the Contractor has been compensated, or claims he should be compensated, by the Port Authority. All Contractor records shall be kept in the New York Port District. The Contractor shall obtain for the Port Authority similar access to similar records and documents of Subcontractors. Such access shall be given or obtained both before and within a period of three years after Final Payment to the Contractor, provided, however, that if within the aforesaid three years period the Port Authority has notified the Contractor in writing of a pending claim by the Port Authority under or in connection with this Contract to which any of the aforesaid records and documents of the Contractor or of his Subcontractors relate either directly or indirectly, then the period of such right of access shall be extended to the expiration of six years from the date of Final Payment with respect to the records and documents involved.

The Contractor shall provide, at no cost to the Port Authority, access for and reasonable assistance to such auditors from the Port Authority or the Port Authority's external auditors that may, from time to time, be designated to audit detail records which support Contractor charges to the Port Authority. The Port Authority shall have access to the detail records that support Contractor charges to the Port Authority for up to three years following the termination of the contract.

No provision in this Contract giving the Port Authority a right of access to records and documents is intended to impair or affect any right of access to records and documents which the Port Authority would have in the absence of such provision.

The Contactor will provide system access and reasonable assistance to the Port Authority's External and Internal Audit staff or its consultants in the performance of financial, system, security and operational reviews including producing specific requested information, extraction of data and reports. The Contractor shall support requests related to audits of the service level agreement and administration tasks and functions covered by the Contract.

Contractor shall provide continuous access to the Port Authority to electronic data relating to the Contractor's performance under this Contract.

The Port Authority reserves the right to use and load security and system software to evaluate the level of security and vulnerabilities in all systems that control this system.

Any External Audit staff or consultants accessing Contractor records shall be required to sign individual Contractor Non-Disclosure and Confidentiality Agreements or sign an Acknowledgment of a Related Party to an existing Contractor Non-Disclosure and Confidentiality Agreement, if Confidential Information will possibly be disclosed to such Contractor.

w. **M/WBE Subcontracting Provisions**

If specified as applicable to this Contract, the Contractor shall use every good-faith effort to provide for participation by certified Minority Business Enterprises (MBEs) and certified Women-owned Business Enterprises (WBEs) as herein defined, in all purchasing and subcontracting opportunities associated with this Contract, including purchase of equipment, supplies and labor services.

Good Faith efforts to include participation by MBEs/WBEs shall include the following: Dividing the services and materials to be procured into small portions, where feasible. Giving reasonable advance notice of specific contracting, subcontracting and purchasing opportunities to such MBEs/WBEs as may be appropriate.

Soliciting services and materials, to be procured, from the Directory of MBEs/WBEs, a copy of which can be obtained by contacting the Port Authority's Office of Business and Job Opportunity at (212) 435-7819 or seeking MBEs/WBEs from other sources. Insuring that provision is made to provide progress payments to MBEs/WBEs on a timely basis.

Observance of reasonable commercial standards of fair dealing in the respective trade or business.

Either prior or subsequent to Contract award, the Contractor may request a full or partial waiver of the M/WBE participation goals set forth in this Contract by providing documentation demonstrating to the Manager, for approval by the Port Authority's Office of Business and Job Opportunity, that its good faith efforts did not result in compliance with the goals set forth above because participation by eligible M/WBEs could not be obtained at a reasonable price or that such M/WBEs were not available to adequately perform as Subcontractors. The Contractor shall provide written documentation in support of its request to the Manager. The documentation shall include, but not be limited to, documentation demonstrating good faith efforts as described above, which may include, proof that the Port Authority's directory does not contain M/WBEs in this specific field of work, a list of organizations contacted to obtain M/WBEs, and/or a list of M/WBEs contacted and their price quotes. If approved by the Port Authority's Office of Business and Job Opportunity, the Manager will provide written approval of the modified or waived M/WBE Participation Plan.

Subsequent to Contract award, all changes to the M/WBE Participation Plan must be submitted via a modified M/WBE Participation Plan to the Manager for review and approval by the Port Authority's Office of Business and Job Opportunity. For submittal of modifications to the M/WBE Plan, Contractors are directed to use form PA3749C, which may be downloaded at http://www.panynj.gov/DoingBusinessWith/contractors/html/other_info.html. The Contractor shall not make changes to its approved M/WBE Participation Plan or substitute M/WBE Subcontractors or suppliers for those named in their approved plan without the Manager's prior written approval. Unauthorized changes or substitutions, including performing the work designated for a Subcontractor with the Contractor's own forces, shall be a violation of this Section. Progress toward attainment of M/WBE participation goals set forth herein will be monitored throughout the duration of this Contract.

The Contractor shall also submit to the Manager, along with invoices, the Statement of Subcontractor Payments as the M/WBE Participation Report, annexed hereto as an attachment. The Statement must include the name and business address of each M/WBE Subcontractor and supplier actually involved in the Contract, a description of the work performed and/or product or service supplied by each such Subcontractor or supplier, the date and amount of each expenditure, and such other information that may assist the Manager in determining the Contractor's compliance with the foregoing provisions.

If, during the performance of this Contract, the Contractor fails to demonstrate good faith efforts in carrying out its M/WBE Participation Plan and the Contractor has not requested and been granted a full or partial waiver of the M/WBE participation goals set forth in this Contract, the Port Authority will take into consideration the Contractor's failure to carry out its M/WBE Participation Plan in its evaluation for award of future Port Authority Contracts

x. **Transitioning Services at Start/Termination of the Contract**
The Contractor will be expected to support an orderly transition from the existing Contractor providing the services to the proposed Contract. The Contractor will be

expected to actively participate in discussions and agree to written plans that clearly specify the transition period and responsibilities.

y. **Manufacturer's Certification**

Where materials and equipment are required to conform to certain standard or tentative specifications or requirements for any organizations including, but not limited to, the American Society for Testing and Materials, American National Standards Institute, Association Rules for Grading Lumber, Federal Specifications, National Electrical Manufacturers Association, American Association of State Highway Officials, American Water Works Association and the International Municipal Signal Association, the Contractor shall furnish to the Airport Security Manager and/or Program Manager the manufacturer's written certification that each of the materials or equipment conforms to the foregoing standard or tentative specifications. The certification shall be delivered to the Airport Security Manager and/or Program Manager prior to installation of the materials to which it refers. Such certifications shall not be binding or conclusive on the Port Authority and may be rejected by the Airport Security Manager and/or Program Manager at any time if incorrect, improper or otherwise unsatisfactory in his opinion.

All Contractor personnel on the site responsible for installation and commissioning of equipment manufactured by Lenel Systems International, Inc. shall be certified by same. All Contractor personnel on the site responsible for installation and commissioning of equipment manufactured by Verint Systems, Inc. shall be certified by same. All Contractor personnel on the site responsible for installation and commissioning of equipment manufactured by Intelect Technologies, Incorporated shall be certified by same. All Contractor personnel on the site responsible for installation and commissioning of any other manufacturer's equipment shall be certified by that manufacturer.

z. **Contractor's Meetings**

The Contractor shall conduct job progress and coordination meetings with Subcontractors in its field office every two weeks, or as frequently as job conditions require or the Airport Security Managers/ Program Manager may request. The Airport Security Managers/ Program Manager shall be notified and, at his/her option, may attend these meetings. The Contractor shall prepare and distribute minutes to the Airport Security Managers/ Program Manager and the Subcontractors within forty- eight (48) hours of the day following the meetings.

The Contractor shall attend separate job progress and coordination meetings with the Airport Security Managers/ Program Manager every two weeks, or at times otherwise requested by the Airport Security Managers/ Program Manager.

ATTACHMENT C

STANDARD CONTRACT TERMS AND CONDITIONS

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PART I GENERAL DEFINITIONS

To avoid undue repetition, the following terms, as used in this Agreement, shall be construed as follows:

Authority or Port Authority - shall mean the Port Authority of New York and New Jersey.

Contract, Document or Agreement - shall mean the writings setting forth the scope, terms, conditions and Specifications for the procurement of Goods and/or Services, as defined hereunder and shall include, but not be limited to: Invitation for Bid (IFB), Request for Quotation (RFQ), Request for Proposal (RFP), Purchase Order (PO), Cover Sheet, executed Signature Sheet, AND PRICING SHEETS with Contract prices inserted," "STANDARD CONTRACT TERMS AND CONDITIONS," and, if included, attachments, endorsements, schedules, exhibits, or drawings, the Authority's acceptance and any written addenda issued over the name of the Authority's Manager, Purchasing Services Division.

Days or Calendar Days - shall mean consecutive calendar days, Saturdays, Sundays, and holidays, included.

Week - unless otherwise specified, shall mean seven (7) consecutive calendar days, Saturdays, Sundays, and holidays.

Month - unless otherwise specified, shall mean a calendar month.

Director - shall mean the Director of the Department which operates the facility of the Port Authority at which the services hereunder are to be performed, for the time being, or his/her successor in duties for the purpose of this Contract, acting personally or through one of his/her authorized representatives for the purpose of this Contract.

Manager - shall mean the Manager of the Facility for the time being or his successor in duties for the purpose of this Contract, acting personally or through his duly authorized representative for the purpose of this Contract.

No person shall be deemed a representative of the Director or Manager except to the extent specifically authorized in an express written notice to the Contractor signed by the Director or Manager, as the case may be. Further, no person shall be deemed a successor in duties of the Director unless the Contractor is so notified in writing signed by the Authority's Manager, Purchasing Services Division. No person shall be deemed a successor in duties of the Manager unless the Contractor is so notified in a writing signed by the Director.

Minority Business Enterprise (MBE) - shall mean a business entity which is at least 51% owned and controlled by one or more members of one or more minority groups, or, in the case of a publicly held corporation, at least 51% of the stock of which is owned by one or more minority groups, and whose management and daily business operations are controlled by one or more such individuals who are citizens or permanent resident aliens.

"Minority Group" means any of the following racial or ethnic groups:

(a) Black persons having origins in any of the Black African racial groups not of

Hispanic origin;

(b) Hispanic persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American culture or origin, regardless of race;

(c) Asian and Pacific Islander persons having origins in any of the original peoples of the Far East, Southeast Asia, The Indian Subcontinent, or the Pacific Islands;

(d) Native American or Alaskan native persons having origins in any of the original peoples of North
America and maintaining identifiable tribal affiliations through membership and participation or community identification.

Site of the Work - or words of similar import shall mean the Facility and all buildings and properties associated therewith as described in this Contract.

Small Business Enterprise (SBE) - The criteria for a Small Business Enterprise are:

- o The principal place of business must be located in New York or New Jersey;
- o The firm must have been in business for at least three years with activity;
- o Average gross income limitations by industry as established by the Port Authority.

Subcontractor - shall mean anyone who performs work (other than or in addition to the furnishing of materials, plant or equipment) in connection with the services to be provided hereunder, directly or indirectly for or on behalf of the Contractor (and whether or not in privity of contract with the Contractor), but shall not include any person who furnished merely his own personal labor or his own personal services. "Subcontractor", however, shall exclude the Contractor or any subsidiary or parent of the Contractor or any person, firm or corporation which has a substantial interest in the Contractor or in which the Contractor or the parent or the subsidiary of the Contractor, or an officer or principal of the Contractor or of the parent of the subsidiary of the Contractor has a substantial interest, provided, however, that for the purpose of the clause hereof entitled "Assignments and Subcontracts" the exclusion in this paragraph shall not apply to anyone but the Contractor itself.

Women-Owned Business Enterprise (WBE) - shall mean a business enterprise which is at least 51% owned by one or more women, or, in the case of a publicly held corporation, at least 51% of the stock of which is owned by one or more women and whose management and daily business operations are controlled by one or more women who are citizens or permanent or resident aliens.

Work - shall mean all services, equipment and materials (including materials and equipment, if any, furnished by the Authority) and other facilities and all other things necessary or proper for, or incidental to the services to be performed or goods to be furnished in connection with the service to be provided hereunder.

PART II GENERAL PROVISIONS

1. Facility Rules and Regulations of The Port Authority

a. The Contractor shall observe and obey (and compel its officers, employees, guests,

invitees, and those doing business with it, to observe and obey) the facility Rules and Regulations of the Port Authority now in effect, and such further reasonable Rules and Regulations which may from time to time during the term of this Agreement be promulgated by the Port Authority for reasons of safety, health, preservation of property or maintenance of a good and orderly appearance and efficient operation of the Facility. The Port Authority agrees that, except in case of emergency, it shall give notice to the Contractor of every Rule and Regulation hereafter adopted by it at least five days before the Contractor shall be required to comply therewith.

b. A copy of the facility Rules and Regulations of the Port Authority shall be available for review by the Contractor at the Office of the Secretary of the Port Authority.

2. Contractor Not An Agent

This Agreement does not constitute the Contractor the agent or representative of the Port Authority for any purpose whatsoever except as may be specifically provided in this Agreement. It is hereby specifically acknowledged and understood that the Contractor, in performing its services hereunder, is and shall be at all times an independent Contractor and the officers, agents and employees of the Contractor shall not be or be deemed to be agents, servants or employees of the Port Authority.

3. Contractor's Warranties

The Contractor represents and warrants:

a. That it is financially solvent, that it is experienced in and competent to perform the requirements of this Contract, that the facts stated or shown in any papers submitted or referred to in connection with the solicitation are true, and, if the Contractor be a corporation, that it is authorized to perform this Contract;

b. That it has carefully examined and analyzed the provisions and requirements of this Contract, and that from its own investigations it has satisfied itself as to the nature of all things needed for the performance of this Contract, the general and local conditions and all other matters which in any way affect this Contract or its performance, and that the time available to it for such examination, analysis, inspection and investigation was adequate;

c. That the Contract is feasible of performance in accordance with all its provisions and requirements and that it can and will perform it in strict accordance with such provisions and requirements;

d. That no Commissioner, officer, agent or employee of the Port Authority is personally interested directly or indirectly in this Contract or the compensation to be paid hereunder;

e. That, except only for those representations, statements or promises expressly contained in this Contract, no representation, statement or promise, oral or in writing, of any kind whatsoever by the Port Authority, its Commissioners, officers, agents, employees or consultants has induced the Contractor to enter into this Contract or has been relied upon by the Contractor, including any with reference to: (1) the meaning, correctness, suitability, or completeness of any provisions or requirements of this Contract; (2) the nature, quantity, quality or size of the materials, equipment, labor and other facilities needed for the performance of this Contract; (3) the general or local conditions which may in any way affect this Contract or its performance; (4) the price of the Contract; or (5) any other matters, whether similar to or different from those referred to in (1) through (4) immediately above, affecting or having any connection with this Contract, the bidding thereon, any discussions thereof, the performance thereof or those employed therein or connected or concerned therewith.

Moreover, the Contractor accepts the conditions at the Site of the Work as they may eventually be found to exist and warrants and represents that it can and will perform the Contract under such conditions and that all materials, equipment, labor and other facilities required because of any unforeseen conditions (physical or otherwise) shall be wholly at its own cost and expense, anything in this Contract to the contrary notwithstanding.

Nothing in the Specifications or any other part of the Contract is intended as or shall constitute a representation by the Port Authority as to the feasibility of performance of this Contract or any part thereof.

The Contractor further represents and warrants that it was given ample opportunity and time and by means of this paragraph was requested by the Port Authority to review thoroughly all documents forming this Contract prior to opening of Bids on this Contract in order that it might request inclusion in this Contract of any statement, representation, promise or provision which it desired or on which it wished to place reliance; that it did so review said documents, that either every such statement, representation, promise or provision has been included in this Contract or else, if omitted, that it expressly relinquishes the benefit of any such omitted statement, representation, promise or provision and is willing to perform this Contract without claiming reliance thereon or making any other claim on account of such omission.

The Contractor further recognizes that the provisions of this numbered clause (though not only such provisions) are essential to the Port Authority's consent to enter into this Contract and that without such provisions, the Authority would not have entered into this Contract.

4. Personal Non-Liability

Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Contractor with any liability, or held personally liable to the Contractor under any term or provision of this Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach, thereof.

5. Equal Employment Opportunity, Affirmative Action, Non-Discrimination

a. The Contractor is advised to ascertain and comply with all applicable federal, State and local statutes, ordinances, rules and regulations and, federal Executive Orders, pertaining to equal employment opportunity, affirmative action, and non-discrimination in employment.
b. Without limiting the generality of any other term or provision of this Contract, in the event of the Contractor's non-compliance with the equal opportunity and non-discrimination clause of this Contract, or with any of such statutes, ordinances, rules, regulations or Orders, this Contract may be cancelled, terminated or suspended in whole or in part.

6. Rights and Remedies of the Port Authority

The Port Authority shall have the following rights in the event the Contractor is deemed guilty of a breach of any term whatsoever of this Contract:

a. The right to take over and complete the Work or any part thereof as agent for and at the expense of the Contractor, either directly or through others.

b. The right to cancel this Contract as to any or all of the Work yet to be performed.
c. The right to specific performance, an injunction or any appropriate equitable remedy.
d. The right to money damages.

For the purpose of this Contract, breach shall include but not be limited to the following, whether or not the time has yet arrived for performance of an obligation under this Contract: a statement by the Contractor to any representative of the Port Authority indicating that the Contractor cannot or will not perform any one or more of its obligations under this Contract; any act or omission of the Contractor or any other occurrence which makes it improbable at the time that it will be able to perform any one or more of its obligations under this Contract; any suspension of or failure to proceed with any part of the Work by the Contractor which makes it improbable at the time that it will be able to perform any one or more of its obligations under this Contract.

The enumeration in this numbered clause or elsewhere in this Contract of specific rights and remedies of the Port Authority shall not be deemed to limit any other rights or remedies which the Authority would have in the absence of such enumeration; and no exercise by the Authority of any right or remedy shall operate as a waiver of any other of its rights or remedies not inconsistent therewith or to stop it from exercising such other rights or remedies.

7. Rights and Remedies of the Contractor

Inasmuch as the Contractor can be adequately compensated by money damages for any breach of this Contract which may be committed by the Port Authority, the Contractor expressly agrees that no default, act or omission of the Port Authority shall constitute a material breach of this Contract, entitling the Contractor to cancel or rescind this Contract or to suspend or abandon performance.

8. Submission To Jurisdiction

The Contractor hereby irrevocably submits itself to the jurisdiction of the Courts of the State of New York and New Jersey, in regard to any controversy arising out of, connected with, or in any way concerning this Contract.

The Contractor agrees that the service of process on the Contractor in relation to such jurisdiction may be made, at the option of the Port Authority, either by registered or certified mail addressed to it at the address of the Contractor indicated on the signature sheet, or by actual personal delivery to the Contractor, if the Contractor is an individual, to any partner if the Contractor be a partnership or to any officer, director or managing or general agent if the Contractor be a corporation.

Such service shall be deemed to be sufficient when jurisdiction would not lie because of the lack of basis to serve process in the manner otherwise provided by law. In any case, however, process may be served as stated above whether or not it might otherwise have been served in a different manner.

9. Harmony

a. The Contractor shall not employ any persons or use any labor, or use or have any equipment, or permit any condition to exist which shall or may cause or be conducive to

any labor complaints, troubles, disputes or controversies at the Facility which interfere or are likely to interfere with the operation of the Port Authority or with the operations of lessees, licensees or other users of the Facility or with the operations of the Contractor under this Contract.

The Contractor shall immediately give notice to the Port Authority (to be followed by written notices and reports) of any and all impending or existing labor complaints, troubles, disputes or controversies and the progress thereof. The Contractor shall use its best efforts to resolve any such complaint, trouble, dispute or controversy. If any type of strike, boycott, picketing, work stoppage, slowdown or other labor activity is directed against the Contractor at the Facility or against any operations of the Contractor under this Contract, whether or not caused by the employees of the Contractor, and if any of the foregoing, in the opinion of the Port Authority, results or is likely to result in any curtailment or diminution of the services to be performed hereunder or to interfere with or affect the operations of the Port Authority , or to interfere with or affect the operations of lessees, licensees, or other users of the Facility or in the event of any other cessation or stoppage of operations by the Contractor hereunder for any reason whatsoever, the Port Authority shall have the right at any time during the continuance thereof to suspend the operations of the Contractor under this Contract, and during the period of the suspension the Contractor shall not perform its services hereunder and the Port Authority shall have the right during said period to itself or by any third person or persons selected by it to perform said services of the Contractor using the equipment which is used by the Contractor in its operations hereunder as the Port Authority deems necessary and without cost to the Port Authority. During such time of suspension, the Contractor shall not be entitled to any compensation. Any flat fees, including management fees, shall be prorated. Prior to the exercise of such right by the Port Authority, it shall give the Contractor notice thereof, which notice may be oral. No exercise by the Port Authority of the rights granted to it in the above subparagraph shall be or be deemed to be a waiver of any rights of termination or revocation contained in this Contract or a waiver of any rights or remedies which may be available to the Port Authority under this Contract or otherwise.

b. During the time that the Contractor is performing the contract, other persons may be engaged in other operations on or about the worksite including Facility operations, pedestrian, bus and vehicular traffic and other Contractors performing at the worksite, all of which shall remain uninterrupted.

The Contractor shall so plan and conduct its operations as to work in harmony with others engaged at the site and not to delay, endanger or interfere with the operation of others (whether or not specifically mentioned above), all to the best interests of the Port Authority and the public as may be directed by the Port Authority.

10. Claims of Third Persons

The Contractor undertakes to pay all claims lawfully made against it by Subcontractors, suppliers and workers, and all claims lawfully made against it by other third persons arising out of or in connection with or because of the performance of this Contract and to cause all Subcontractors to pay all such claims lawfully made against them.

11. No Third Party Rights

Nothing contained in this Contract is intended for the benefit of third persons, except to the

extent that the Contract specifically provides otherwise by use of the words "benefit" or "direct right of action."

12. Provisions of Law Deemed Inserted

Each and every provision of law and clause required by law to be inserted in this Contract shall be deemed to be inserted herein and the Contract shall be read and enforced as though it were included therein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, the Contract shall forthwith be physically amended to make such insertion.

13. Costs Assumed By The Contractor

It is expressly understood and agreed that all costs of the Contractor of whatever kind or nature and whether imposed directly upon the Contractor under the terms and provisions hereof or in any other manner whatsoever because of the requirements of the operation of the service or otherwise under this Agreement shall be borne by the Contractor or without compensation or reimbursement from the Port Authority, except as specifically set forth in this Agreement. The entire and complete cost and expense of the Contractor's services and operations hereunder shall be borne solely by the Contractor and under no circumstances shall the Port Authority be liable to any third party (including the Contractor's employees) for any such costs and expenses incurred by the Contractor and under no circumstances shall the Port Authority be liable to the Contractor for the same, except as specifically set forth in this Section.

14. Default, Revocation or Suspension of Contract

a. If one or more of the following events shall occur:

1. If fire or other cause shall destroy all or a substantial part of the Facility.

2. If any governmental agency shall condemn or take a temporary or permanent interest in all or a substantial part of the Facility, or all of a part of the Port Authority's interest herein;

then upon the occurrence of such event or at any time thereafter during the continuance thereof, the Port Authority shall have the right on twenty-four (24) hours written notice to the Contractor to revoke this Contract, such revocation to be effective upon the date and time specified in such notice.

In such event this Contract shall cease and expire on the effective date of revocation as if said date were the date of the expiration of this Contract. Such revocation shall not, however, relieve the Contractor of any liabilities or obligations hereunder which shall have accrued on or prior to the effective date of revocation.

b. If one or more of the following events shall occur:

1. The Contractor shall become insolvent, or shall take the benefit of any present or future insolvency statute, or shall make a general assignment for the benefit of creditors, or file a voluntary petition in bankruptcy or a petition or answer seeking an arrangement or its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or

statute of the United States or of any State thereof, or consent to the appointment of a receiver, trustee, or liquidator of all or substantially all its property; or

2. By order or decree of a court the Contractor shall be adjudged bankrupt or an order shall be made approving a petition filed by any of the creditors, or, if the Contractor is a corporation, by any of the stockholders of the Contractor, seeking its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any law or statute of the United States or of any State thereof; or
3. A petition under any part of the federal bankruptcy laws or an action under any present or future insolvency law or statute shall be filed against the Contractor and shall not be dismissed within thirty (30) days after the filing thereof; or
4. The interest of the Contractor under this Contract shall be transferred to, passed to or devolve upon, by operation of law or otherwise, any other person, firm or corporation, or
5. The Contractor, if a corporation, shall, without the prior written approval of the Port Authority, become a surviving or merged corporation in a merger, a constituent corporation in a consolidation, or a corporation in dissolution; or
6. If the Contractor is a partnership, and the said partnership shall be dissolved as the result of any act or omission of its copartners or any of them, or by operation of law or the order or decree of any court having jurisdiction, or for any other reason whatsoever; or
7. By or pursuant to, or under authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, agency or officer having jurisdiction, a receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of the Contractor and such possession or control of all or substantially all of the property of the Contractor and shall continue in effect for a period of fifteen (15) days;

then upon the occurrence of any such event or at any time thereafter during the continuance thereof, the Port Authority shall have the right upon five (5) days notice to the Contractor to terminate this Contract and the rights of the Contractor hereunder; termination to be effective upon the date and time specified in such notice as if said date were the date of the expiration of this Contract. Termination shall not relieve the Contractor of any liabilities or obligations hereunder which have accrued on or prior to the effective date of termination.

c. If any of the following shall occur:

1. The Contractor shall cease, abandon any part of the service, desert, stop or discontinue its services in the premises for any reason whatsoever and regardless of the fault of the Contractor; or

2. The Contractor shall fail to keep, perform and observe each and every other promise, covenant and agreement set forth in this Contract on its part to be kept, performed or observed, within five (5) days after receipt of notice of default thereunder from the Port Authority (except where fulfillment of its obligations requires activity over a greater period of time, and the Contractor shall have commenced to perform whatever may be required for fulfillment

within five (5) days after receipt of notice and continues such performance without interruption except for causes beyond its control);

then upon the occurrence of any such event or during the continuance thereof, the Port Authority shall have the right on twenty four (24) hours notice to the Contractor to terminate this Contract and the rights of the Contractor hereunder, termination to be effective upon the date and time specified in such notice. Termination shall not relieve the Contractor of any liabilities which shall have accrued on or prior to the effective date of termination.

d. If any of the events enumerated in this Section shall occur prior to commencement date of this Contract the Port Authority upon the occurrence of any such event or any time thereafter during the continuance thereof by twenty-four (24) hours notice may terminate or suspend this Contract and the rights of the Contractor hereunder, such termination or suspension to be effective upon the date specified in such notice.

e. No payment by the Port Authority of any monies to the Contractor for any period or periods after default of any of the terms, covenants or conditions hereof to be performed, kept and observed by the Contractor and no act or thing done or omitted to be done by the Port Authority shall be deemed to be a waiver of the right of the Port Authority to terminate this Contract or of any other right or remedies to which the Port Authority may be entitled because of any breach thereof. No waiver by the Port Authority of any default on the part of the Contractor in the performance of any of the terms, covenants and conditions hereof to be performed, kept or observed by the Contractor shall be or be construed to be a waiver by the Port Authority of any other subsequent default in the performance of any of the said terms, covenants and conditions.

f. In addition to all other rights of revocation or termination hereunder and notwithstanding any other provision of this Contract the Port Authority may terminate this Contract and the rights of the Contractor hereunder without cause at any time upon five (5) days written notice to the Contractor and in such event this Contact shall cease and expire on the date set forth in the notice of termination as fully and completely as though such dates were the original expiration date hereof and if such effective date of termination is other than the last day of the month, the amount of the compensation due to the Contractor from the Port Authority shall be prorated when applicable on a daily basis. Such cancellation shall be without prejudice to the rights and obligations of the parties arising out of portions already performed but no allowance shall be made for anticipated profits.

g. Any right of termination contained in this paragraph, shall be in addition to and not in lieu of any and all rights and remedies that the Port Authority shall have at law or in equity consequent upon the Contractor's breach of this Contract and shall be without prejudice to any and all such other rights and remedies. It is hereby specifically agreed and understood that the exercise by the Port Authority of any right of termination set forth in this paragraph shall not be or be deemed to be an exercise by the Port Authority of an election of remedies so as to preclude the Port Authority from any right to money damages it may have for the period prior to the effective date of termination to the original expiration date of the Contract, and this provision shall

be deemed to survive the termination of this Contract as aforesaid.

h. If (1) the Contractor fails to perform any of its obligations under this Contract or any other agreement between the Port Authority and the Contractor (including its obligation to the Port Authority to pay any claim lawfully made against it by any supplier, Subcontractor or worker or other person which arises out of or in connection with the performance of this Contract or any other agreement with the Port Authority) or (2) any claim (just or unjust) which arises out of or in connection with this Contract or any other agreement between the Port Authority and the Contractor is made against the Port Authority or (3) any Subcontractor under this Contract or any other agreement between the Port Authority and the Contractor fails to pay any claims lawfully made against it by any supplier, Subcontractor, worker or other third person which arises out of or in connection with this Contract or any other agreement between the Port Authority and the Contractor or if in the opinion of the Port Authority any of the aforesaid contingencies is likely to arise, then the Port Authority shall have the right, in its discretion, to withhold out of any payment (final or otherwise) such sums as the Port Authority may deem ample to protect it against delay or loss or to assure the payment of just claims of third persons, and to apply such sums in such manner as the Port Authority may deem proper to secure such protection or satisfy such claims. All sums so applied shall be deducted from the Contractor's compensation. Omission by the Port Authority to withhold out of any payment, final or otherwise, a sum for any of the above contingencies, even though such contingency has occurred at the time of such payment, shall not be deemed to indicate that the Port Authority does not intend to exercise its right with respect to such contingency. Neither the above provisions for rights of the Port Authority to withhold and apply monies nor any exercise or attempted exercise of, or omission to exercise, such rights by the Port Authority shall create any obligation of any kind to such supplier, Subcontractors, worker or other third persons. If, however, the payment of any amount due the Contractor shall be improperly delayed, the Port Authority shall pay the Contractor interest thereon at the rate of 6% per annum for the period of the delay, it being agreed that such interest shall be in lieu of and in liquidation of any damages to the Contractor because of such delay.

i. If the Port Authority has paid any sum or has incurred any obligation or expense which the Contractor has agreed to pay or reimburse the Port Authority, or if the Port Authority is required or elects to pay any sum or sums or incurs any obligations or expense by reason of the failure, neglect or refusal of the Contractor to perform or fulfill any one or more of the conditions, covenants, or agreements contained in this Contract, or as a result of an act of omission of the Contractor contrary to the said conditions, covenants and agreements, the Contractor shall pay to the Port Authority the sum or sums so paid or expense so incurred, including all interests, costs and damages, promptly upon the receipt of the Port Authority's statement therefore. The Port Authority may, however, in its discretion, elect to deduct said sum or sums from any payment payable by it to the Contractor.

j. If the Port Authority pays any installment to the Contractor without reducing said installment as provided in this Contract, it may reduce any succeeding installment by the proper amount, or it may bill the Contractor for the amount by which the installment paid should have been reduced and the Contractor shall pay to the Port

Authority any such amount promptly upon receipt of the Port Authority's statement therefore.

k. The Port Authority shall also have the rights set forth above in the event the Contractor shall become insolvent or bankrupt or if his affairs are placed in the hands of a receiver, trustee or assignee for the benefit of creditors.

15. Sales or Compensating Use Taxes

Purchases of services and tangible personal property by the Port Authority in the States of New York and New Jersey are generally exempt from state and local sales and compensating use taxes, and from most federal excises (Taxes). Therefore, the Port Authority's purchase of the Contractor's services under this Contract is exempt from Taxes. Accordingly, the Contractor must not include Taxes in the price charged to the Port Authority for the Contractor's services under this Contract. The Contractor certifies that there are no such taxes included in the prices for this Contract. The Contractor shall retain a copy of this Contract to substantiate the exempt sale.

The compensation set forth in this Agreement is the complete compensation to the Contractor, and the Port Authority will not separately reimburse the Contractor for any taxes unless specifically set forth in this Agreement.

16. No Estoppel or Waiver

The Port Authority shall not be precluded or estopped by any payment, final or otherwise, issued or made under this Contract, from showing at any time the true amount and character of the services performed, or from showing that any such payment is incorrect or was improperly issued or made; and the Port Authority shall not be precluded or estopped, notwithstanding any such payment, from recovering from the Contractor any damages which it may sustain by reason of any failure on its part to comply strictly with this Contract, and any moneys which may be paid to it or for its account in excess of those to which it is lawfully entitled.

No cancellation, rescission or annulment hereof, in whole or as to any part of the services to be provided hereunder, or because of any breach hereof, shall be deemed a waiver of any money damages to which the Port Authority may be entitled because of such breach. Moreover, no waiver by the Authority of any breach of this Contract shall be deemed to be a waiver of any other or any subsequent breach.

17. Records and Reports

The Contractor shall set up, keep and maintain (and shall cause its Subcontractors to set up, keep and maintain) in accordance with generally accepted accounting practice during the term of this Agreement and any extensions thereof and for three years after the expiration, termination or revocation thereof, records, payroll records and books of account (including, but not limited to, records of original entry and daily forms, payroll runs, cancelled checks, time records, union agreements, contracts with health, pension and other third party benefit providers) recording all transactions of the Contractor(and its Subcontractors), at, through or in any way connected with or related to the operations of the Contractor (and its Subcontractors) hereunder, including but not limited to all matters relating to the charges payable to the Contractor hereunder, all wages and supplemental benefits paid or provided to or for its employees (and its Subcontractors' employees) and such additional information as

the Port Authority may from time to time and at any time require, and also including, if appropriate, recording the actual number of hours of service provided under the Contract, and keeping separate records thereof which records and books of account shall be kept at all times within the Port District. The Contractor shall permit (and cause its Subcontractors to permit) in ordinary business hours during the term of this Agreement including any extensions thereof and for three years thereafter the examination and audit by the officers, employees and representatives of the Port Authority of such records and books of account and also any records and books of account of any company which is owned or controlled by the Contractor, or which owns or controls the Contractor if said company performs services similar to those performed by the Contractor anywhere in the Port District. However, if within the aforesaid three year period the Port Authority has notified the Contractor in writing of a pending claim by the Port Authority under or in connection with this Contract to which any of the aforesaid records and documents of the Contractor or of its Subcontractors relate either directly or indirectly, then the period of such right of access shall be extended to the expiration of six years from the date of final payment with respect to the records and documents involved.

The Contractor (and its Subcontractors) shall, at its own expense, install, maintain and use such equipment and devices for recording the labor hours of the service as shall be appropriate to its business and necessary or desirable to keep accurate records of the same and as the general manager or the Facility Manager may from time to time require, and the Contractor (and its Subcontractors) shall at all reasonable times allow inspection by the agents and employees of the Port Authority of all such equipment or devices.

a. The Contractor hereby further agrees to furnish to the Port Authority from time to time such written reports in connection with its operations hereunder as the Port Authority may deem necessary or desirable. The format of all forms, schedules and reports furnished by the Contractor to the Port Authority shall be subject to the continuing approval of the Port Authority.
b. No provision in this Contract giving the Port Authority a right of access to records and documents is intended to impair or affect any right of access to records and documents which they would have in the absence of such provision. Additional record keeping may be required under other Sections of this Contract.

18. General Obligations

a. Except where expressly required or permitted herein to be oral, all notices, requests, consents and approvals required to be given to or by either party shall be in writing and all such notices, requests, consents and approvals shall be personally delivered to the other party during regular business hours or forwarded to such party by United States certified mail, return receipt requested, addressed to the other party at its address hereinbefore or hereafter provided. Until further notice the Contractor hereby designates the address shown on the bottom of the Contractors Signature Sheet as their address to which such notices, requests, consents, or approvals may be forwarded. All notices, requests, consents, or approvals of the Contractor shall be forwarded to the Manager at the Facility.
b. The Contractor shall comply with the provisions of all present and future federal, state and municipal laws, rules, regulations, requirements, ordinances, orders and directions which pertain to its operations under this Contract and which affect the Contract or the performance thereof and those engaged therein as if the said Contract were being performed for a private corporation, except where stricter requirements are contained in

the Contract in which case the Contract shall control. The Contractor shall procure for itself all licenses, certificates, permits or other authorization from all governmental authorities, if any, having jurisdiction over the Contractor's operations hereunder which may be necessary for the Contractor's operations. The Contractor's obligation to comply with governmental requirements are not to be construed as a submission by the Port Authority to the application to itself of such requirements.

c. The Contractor shall pay all taxes, license, certification, permit and examination fees and excises which may be assessed on its property or operations hereunder or income therefrom, and shall make all applications, reports and returns required in connection therewith.

d. The Contractor shall, in conducting its operations hereunder, take all necessary precautions to protect the general environment and to prevent environmental pollution, contamination, damage to property and personal injury. In the event the Contractor encounters material reasonably believed to be asbestos, polychlorinated biphenyl (PCB) or any other hazardous material, in conducting its operations hereunder, the Contractor shall immediately stop Work in the area affected and report the condition in writing to the Manager. Work in the affected area shall not thereafter be resumed by the Contractor except upon the issuance of a written order to that effect from the Manager.

e. The Contractor shall promptly observe, comply with and execute the provisions of any and all present and future rules and regulations, requirements, standard orders and directions of the American Insurance Association, the Insurance Services Office, National Fire Protection Association, and any other body or organization exercising similar functions which may pertain or apply to the Contractor's operations hereunder.

The Contractor shall not do or permit to be done any act which:

1. will invalidate or be in conflict with any fire insurance policies covering the Facility or any part thereof or upon the contents of any building thereon; or
2. will increase the rate of any fire insurance, extended coverage or rental insurance on the Facility or any part thereof or upon the contents of any building thereon; or
3. in the opinion of the Port Authority will constitute a hazardous condition, so as to increase the risk normally attendant upon the operations contemplated by this Contract; or
4. may cause or produce in the premises, or upon the Facility any unusual, noxious or objectionable smoke, gases, vapors, odors; or
5. may interfere with the effectiveness or accessibility of the drainage and sewerage system, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, if any, installed or located or to be installed or located in or on the Facility; or
6. shall constitute a nuisance in or on the Facility or which may result in the creation, commission or maintenance of a nuisance in or on the Facility.

f. If by reason of the Contractor's failure to comply with the provisions of this Section and provided the Port Authority has given the Contractor five (5) days written notice of its failure and the Contractor shall not have cured said failure within said five (5) days, any fire insurance, extended coverage or rental insurance rate on the Facility or any part thereof or upon the contents of any building thereon shall at any time be higher than it otherwise would be, then the Contractor shall on demand pay the Port Authority that part

of all fire insurance, extended coverage or rental insurance premiums paid or payable by the Port Authority which shall have been charged because of such violations by the Contractor.\

g. The Contractor shall conduct its operations hereunder so as not to endanger, unreasonably interfere with, or delay the operations or activities of any tenants or occupants on the premises or the Facility and, moreover, shall use the same degree of care in performance on the premises as would be required by law of the Port Authority and shall conduct operations hereunder in a courteous, efficient and safe manner.

h. The Contractor shall provide such equipment and medical facilities as may be necessary to supply first aid service in case of accidents to its personnel who may be injured in the furnishing of service hereunder. The Contractor shall maintain standing arrangements for the removal and hospital treatment of any of its personnel who may be injured.

19. Assignments and Subcontracting

a. The Contractor shall not sell, transfer, mortgage, pledge, subcontract or assign this Contract or any part thereof or any of the rights granted hereunder or any moneys due or to become due to it hereunder or enter into any contract requiring or permitting the doing of anything hereunder by an independent Contractor, without the prior written approval of the Port Authority, and any such sale, transfer, mortgage, pledge, subcontract, assignment or contract without such prior written approval shall be void as to the Port Authority.

b. All Subcontractors who provide permanent personnel to the Contractor for work under this Contract shall be given written notice to comply with all requirements of the Contract. The Contractor shall be responsible and liable for the performance and acts of each Subcontractor.

c. All persons to whom the Contractor sublets services shall be deemed to be its agents and no subletting or approval thereof shall be deemed to release this Contractor from its obligations under this Contract or to impose any obligations on the Port Authority to such Subcontractor or to give the Subcontractor any rights against the Port Authority.

20. Indemnification and Risks Assumed By The Contractor

To the extent permitted by law, the Contractor shall indemnify and hold harmless the Port Authority, its Commissioners, officers, representatives and employees from and against all claims and demands, just or unjust, of third persons (including employees, officers, and agents of the Port Authority) arising out of or in any way connected or alleged to arise out of or alleged to be in any way connected with the Contract and all other services and activities of the Contractor under this Contract and for all expenses incurred by it and by them in the defense, settlement or satisfaction thereof, including without limitation thereto, claims and demands for death, for personal injury or for property damage, direct or consequential, whether they arise from the acts or omissions of the Contractor, of the Port Authority, of third persons, or from the acts of God or the public enemy, or otherwise, including claims and demands of any local jurisdiction against the Port Authority in connection with this Contract.

The Contractor assumes the following risks, whether such risks arise from acts or omissions (negligent or not) of the Contractor, the Port Authority or third persons or from any other cause, excepting only risks occasioned solely by affirmative willful acts of the Port Authority done subsequent to the opening of proposals on this Contract, and shall to the extent permitted by law indemnify the Port Authority for all loss or damage incurred in connection

with such risks:

a. The risk of any and all loss or damage to Port Authority property, equipment (including but not limited to automotive and/or mobile equipment), materials and possessions, on or off the premises, the loss or damage of which shall arise out of the Contractor's operations hereunder. The Contractor shall if so directed by the Port Authority, repair, replace or rebuild to the satisfaction of the Port Authority, any and all parts of the premises or the Facility which may be damaged or destroyed by the acts or omissions of the Contractor, its officers, agents, or employees and if the Contractor shall fail so to repair, replace, or rebuild with due diligence the Port Authority may, at its option, perform any of the foregoing work and the Contractor shall pay to the Port Authority the cost thereof.

b. The risk of any and all loss or damage of the Contractor's property, equipment (including but not limited to automotive and/or mobile equipment) materials and possessions on the Facility.

c. The risk of claim, whether made against the Contractor or the Port Authority, for any and all loss or damages occurring to any property, equipment (including but not limited to automotive and/or mobile equipment), materials and possessions of the Contractor's agents, employees, materialmen and others performing work hereunder.

d. The risk of claims for injuries, damage or loss of any kind just or unjust of third persons arising or alleged to arise out of the performance of work hereunder, whether such claims are made against the Contractor or the Port Authority.

If so directed, the Contractor shall at its own expense defend any suit based upon any such claim or demand, even if such suit, claim or demand is groundless, false or fraudulent, and in handling such shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provision of any statutes respecting suits against the Port Authority.

Neither the requirements of the Port Authority under this Contract, nor of the Port Authority of the methods of performance hereunder nor the failure of the Port Authority to call attention to improper or inadequate methods or to require a change in the method of performance hereunder nor the failure of the Port Authority to direct the Contractor to take any particular precaution or other action or to refrain from doing any particular thing shall relieve the Contractor of its liability for injuries to persons or damage to property or environmental impairment arising out of its operations.

21. Approval of Methods

Neither the approval of the Port Authority of the methods of furnishing services hereunder nor the failure of the Port Authority to call attention to improper or inadequate methods or to require a change in the method of furnishing services hereunder, nor the failure of the Port Authority to direct the Contractor to take any particular precautions or to refrain from doing any particular thing shall relieve the Contractor of its liability for injuries to persons or damage to property or environmental impairment arising out of its operations.

22. Safety and Cleanliness

a. The Contractor shall, in the furnishing of services hereunder, exercise every precaution to prevent injury to person or damage to property or environmental impairment and avoid inconvenience to the occupants of or any visitors to the Facility. The Contractor shall, without limiting the generality hereof, place such personnel, erect such barricades and railings, give such warnings, display such lights, signals or signs, place such cones and exercise precautions as may be necessary, proper or desirable.

b. The Contractor shall in case of unsafe floor conditions due to construction, wetness, spillage, sickness and all other types of hazardous conditions proceed to rope off the unsafe area and place appropriate warnings signs to prevent accidents from occurring. The Contractor shall clean said area to the satisfaction of the Manager.

c. The Contractor shall at all times maintain in a clean and orderly condition and appearance any and all facilities provided by the Port Authority for the Contractor's operations, and all fixtures, sink closets, equipment, and other personal property of the Port Authority which are located in said facilities.

23. Accident Reports

The Contractor shall promptly report in writing to the Manager of the Facility and to the Deputy Chief, Litigation Management of the Port Authority all accidents whatsoever arising out of or in connection with its operations hereunder and which result in death or injury to persons or damage to property, setting forth such details thereof as the Port Authority may desire. In addition, if death or serious injury or serious damage is caused, such accidents shall be immediately reported by telephone to the aforesaid representatives of the Port Authority.

24. Trash Removal

The Contractor shall remove daily from the Facility by means provided by the Contractor all garbage, debris and other waste material (solid or liquid) arising out of or in connection with its operations hereunder, and any such garbage, debris and other waste material not immediately removed shall be temporarily stored in a clear and sanitary condition, approved by the Facility Manager and shall be kept covered except when filling or emptying them. The Contractor shall exercise care in removing such garbage, debris and other waste materials from the Facility. The manner of such storage and removal shall always be subject in all respects to the continual approval of the Port Authority. No equipment or facilities of the Port Authority shall be used in such removal unless with its prior consent in writing. No such garbage, debris or other waste materials shall be or be permitted to be thrown, discharged or disposed into or upon the waters at or bounding the Facility.

25. Lost and Found Property

The Contractor shall instruct its personnel that all items of personal property found by the Contractor's employees at the Site must be turned in to the Port Authority and a receipt will be issued therefor.

26. Property of the Contractor

a. All property of the Contractor at the Site by virtue of this Contract shall be removed on or before the expiration or sooner termination or revocation of this Contract.

b. If the Contractor shall fail to remove its property upon the expiration, termination or revocation of this Contract the Port Authority may, at its option, dispose of such property as waste or as agent for the Contractor and at the risk and expense of the Contractor, remove such property to a public warehouse, or may retain the same in its own possession, and in either event after the expiration of thirty (30) days may sell the same in accordance with any method deemed appropriate; the proceeds of any such sale shall be applied first, to the expenses of sale and second, to any sums owed by the Contractor to the Port Authority; any balance remaining shall be paid to the Contractor. Any excess of the total cost of removal, storage and sale and other costs incurred by the Port Authority as a result of such failure of performance by the Contractor over the proceeds of sale shall be paid by the Contractor to the Port Authority upon demand.

27. Modification of Contract

This Contract may not be changed except in writing signed by the Port Authority and the Contractor. The Contractor agrees that no representation or warranties shall be binding upon the Port Authority unless expressed in writing in this Contract.

28. Invalid Clauses

If any provision of this Contract shall be such as to destroy its mutuality or to render it invalid or illegal, then, if it shall not appear to have been so material that without it the Contract would not have been made by the parties, it shall not be deemed to form part thereof but the balance of the Contract shall remain in full force and effect.

29. Approval of Materials, Supplies and Equipment

Only Port Authority approved materials, supplies, and equipment are to be used by the Contractor in performing the Work hereunder. Inclusion of chemical containing materials or supplies on the Port Authority Approved Products List – Environmental Protection Supplies constitutes approval. The list may be revised from time to time and at any time by the Port Authority and it shall be incumbent upon the Contractor to obtain the most current list from the Manager of the Facility.

At anytime during the Solicitation, pre-performance or performance periods, the Contractor may propose the use of an alternate product or products to those on the Approved Products List – Environmental Protection Supplies, which product(s) shall be subject to review and approval by the Port Authority. Any alternate product so approved by the Port Authority may be used by the Contractor in performing the Services hereunder. Until such approval is given, only products on the Approved Products List – Environmental Protection Supplies may be used.

30. Intellectual Property

The right to use all patented materials, appliances, processes of manufacture or types of construction, trade and service marks, copyrights and trade secrets, collectively hereinafter referred to as "Intellectual Property Rights", in the performance of the work, shall be obtained by the Contractor without separate or additional compensation. Where the services under this Agreement require the Contractor to provide materials, equipment or software for the use of the Port Authority or its employees or agents, the Port Authority shall be provided with the Intellectual Property Rights required for such use without further compensation than is provided for under this Agreement.

The Contractor shall indemnify the Port Authority against and save it harmless from all loss and expense incurred as a result of any claims in the nature of Intellectual Property Rights infringement arising out of the Contractor's or Port Authority's use, in accordance with the above immediately preceding paragraph, of any Intellectual Property. The Contractor, if requested, shall conduct all negotiations with respect to and defend such claims. If the Contractor or the Port Authority, its employees or agents be enjoined either temporarily or permanently from the use of any subject matter as to which the Contractor is to indemnify the Port Authority against infringement, then the Port Authority may, without limiting any other rights it may have, require the Contractor to supply temporary or permanent replacement facilities approved by the Manager, and if the Contractor fails to do so the Contractor shall, at its expense, remove all such enjoined facilities and refund the cost thereof to the Port Authority or take such steps as may be necessary to insure compliance by the Contractor and the Port Authority with said injunction, to the satisfaction of the Port Authority.

In addition, the Contractor shall promptly and fully inform the Director in writing of any intellectual property rights disputes, whether existing or potential, of which it has knowledge, relating to any idea, design, method, material, equipment or any other matter related to the subject matter of this Agreement or coming to its attention in connection with this Agreement.

31. Contract Records and Documents – Passwords and Codes

When the performance of the contract services requires the Contractor to produce, compile or maintain records, data, drawings, or documents of any kind, regardless of the media utilized, then all such records, drawings, data and documents which are produced, prepared or compiled in connection with this contract, shall become the property of the Port Authority, and the Port Authority shall have the right to use or permit the use of them and any ideas or methods represented by them for any purpose and at any time without other compensation than that specifically provided herein.

When in the performance of the contract services the Contractor utilizes passwords or codes for any purpose, at any time during or after the performance of such services, upon written request by the Authority, the Contractor shall make available to the designated Authority representative all such passwords and codes.

32. High Security Areas

a. Services under the Contract may be required in high security areas, as the same may be designated by the Manager from time to time. The Port Authority shall require the observance of certain security procedures with respect to the high security areas, which may include the escort to, at, and/or from said high security areas by security personnel designated by the Contractor or any Subcontractor's personnel required to work therein.

b. Twenty-four hours prior to the proposed performance of any work in a high security area, the Contractor shall notify the Manager. The Contractor shall conform to the procedures as may be established by the Manager from time to time and at any time for access to high security areas and the escorting of personnel hereunder. Prior to the start of work, the Contractor shall request a description from the Manager of the high security areas which will be in effect on the commencement date. The description of high security areas may be changed from time to time and at any time by the Manager during the term of the Contract.

33. Notification of Security Requirements

The Port Authority operates facilities and systems, at which terrorism or other criminal acts may have a significant impact on life safety and key infrastructures. The Authority reserves the right to impose multiple layers of security requirements on the performance of the Contract work, including on the Contractor, its staff and Subcontractors and their staffs depending upon the level of security required, as determined by the Authority. The Contractor shall and shall instruct its Subcontractors to cooperate with Authority staff in adopting security requirements. These security requirements may include but may not be limited to the following:

i. Identity Checks and Background Screening

Contractor/Subcontractor identity checks and background screening shall include but shall not be limited to: (1) inspection of not less than two forms of valid/current government issued identification (at least one having an official photograph) to verify staff's name and residence; (2) screening of federal, state, and/or local criminal justice agency information databases and files; (3) screening of any terrorist identification files; (4) multi-year check of personal, employment and /or credit history; (5) access identification to include some form of biometric security methodology such as fingerprint, facial or iris scanning.

The Contractor may be required to have its staff, and any Subcontractor's staff, authorize the Authority or its designee to perform background checks. Such authorization shall be in a form acceptable to the Authority. If the Authority directs the Contractor to have identity checks and background screening performed by a particular firm designated by the Authority, the Authority will compensate the Contractor for the cost of such screening pursuant to the Extra Work provisions of the Contract.

ii. Issuance of Photo Identification cards:

If the Authority requires facility-specific identification cards for the Contractor's and Subcontractors' staff, the Authority will supply such identification cards at no cost to the Contractor.

iii. Access control, inspection, and monitoring by security guards:

The Authority will provide for facility access control, inspection and monitoring by Authority retained security guards. Should the Authority require the Contractor to hire security guards for the purpose of facility access control and inspection in lieu of or in addition to the Authority retained facility security guards, the Contractor will be reimbursed for the cost of such security guards pursuant to the Extra Work provisions of the Contract. However, this provision shall not relieve the Contractor of its responsibility to secure its equipment and work at the facility at its own expense.

The Authority may impose, increase, and/or upgrade security requirements for the Contractor, Subcontractors and their staffs during the term of this Contract to address changing security conditions and/or new governmental regulations.

34. Construction In Progress

The Contractor recognizes that construction may be in progress at the Facility and may continue throughout the term of this Contract. Notwithstanding, the Contractor shall at all times during the term hereof maintain the same standards of performance and cleanliness as prevails in non-affected areas as required by the standards hereunder.

35. Permit-Required Confined Space Work

Prior to commencement of any work, the Contractor shall request and obtain from the Port Authority a description of all spaces at the facility which are permit-required confined spaces requiring issuance of an OSHA permit.

Prior to the commencement of any work in a permit-required confined space at a Port Authority facility requiring issuance of an OSHA permit, the Contractor shall contact the Manager to obtain an Authority Contractor Permit-Required Confined Space Notification form. The notification form must be filled out and submitted prior to commencing permit-required confined space work. All confined space work shall be performed in accordance with all applicable OSHA requirements. The Contractor shall provide its employees with a copy of its own company permit and shall furnish the Port Authority with a copy of the permit upon completion of the work. The Contractor must supply all equipment required for working in a confined space.

36. Signs

Except with the prior written approval of the Port Authority, the Contractor shall not erect, maintain or display any signs or posters or any advertising on or about the Facility.

37. Vending Machines, Food Preparation

The Contractor shall not install, maintain or operate on the Facility, or on any other Port Authority property, any vending machines without the prior written approval of the Port Authority. No foods or beverages shall be prepared or consumed at the Facility by any of the Contractor's employees except in areas as may be specifically designated by the Port Authority for such purpose.

38. Non-Publication

The Contractor shall not issue nor permit to be issued any press release, advertisement, or literature of any kind, which refers to the Port Authority or to the fact that goods have been, are being or will be provided to it and/or that services have been, are being or will be performed for it in connection with this Agreement, unless the vendor first obtains the written approval of the Port Authority. Such approval may be withheld if for any reason the Port Authority believes that the publication of such information would be harmful to the public interest of is in any way undesirable.

39. Time is of the Essence

Time is of the essence in the Contractor's performance of this Contract inasmuch as the Work to be performed will affect the operation of public facilities.

40. Holidays

The following holidays will be observed at the Site:

New Year's Day	Labor Day
Martin Luther King Jr. Day	Columbus Day

Presidents Day	Veterans Day
Memorial Day	Thanksgiving Day
Independence Day	Day After Thanksgiving
Christmas Day	

This list is subject to periodic revision and the Contractor shall be responsible for obtaining all updated lists from the office of the Manager. If any such holiday falls on a Sunday then the next day shall be considered the holiday and/or if any such holiday falls on a Saturday then the preceding day shall be considered the holiday.

41. Personnel Standards

In addition to any specific personnel requirements that may be required under the clause entitled "Personnel Requirements" in the Specifications, the Contractor (and any Subcontractor) shall furnish competent and adequately trained personnel to perform the Work hereunder. If, in the opinion of the Manager, any employee so assigned is performing their functions unsatisfactorily, they shall be replaced by the Contractor within twenty-four (24) hours following the Contractor's receipt of the Manager's request for such replacement.

All Contractor's employees performing Work hereunder shall have the ability to communicate in the English language to the extent necessary to comprehend directions given by either the Contractor's supervisory staff or by the Manager's staff. Any employee operating a motor vehicle must have a valid driver's license.

42. General Uniform Requirements for Contractor's Personnel

In addition to any specific uniform requirements that may be required by the Specifications, uniforms must be worn at all times during which the Services are being performed hereunder. The Contractor agrees that his/her employees will present a neat, clean and orderly appearance at all times. Uniforms shall include the Contractor's identification badge with picture ID bearing the employee's name. All uniforms, colors, types and styles shall be subject to the prior approval of the Manager. The Contractor will also be responsible for ensuring that its employees are wearing shoes appropriate for the tasks performed. The Manager shall have the right to require removal of any employee who shall fail to wear the proper uniform and shoes, and the exercise of this right shall not limit the obligation of the Contractor to perform the Services or to furnish any required number of employees at a specific location at the Site as specified.

43. Labor, Equipment and Materials Supplied by the Contractor

The Contractor shall, at all times during the performance of this Contract, furnish all necessary labor, supervision, equipment and materials necessary for the prompt and efficient performance of the Work, whether such materials and equipment are actually employed in the furnishing of the Work or whether incidental thereto.

All materials used by the Contractor in furnishing Work hereunder shall be of such quality as to accomplish the purposes of this Contract and the Services to be furnished hereunder in such manner so as not to damage any part of the Site.

The Port Authority by its officers, employees and representatives shall have the right at all times to examine the supplies, materials and equipment used by the Contractor, to observe the operations of the Contractor, its agents, servants and employees and to do any act or thing which the Port Authority may be obligated or have the right to do under this Contract or otherwise.

All equipment, materials and supplies used in the performance of this Contract required hereunder shall be used in accordance with their manufacturer's instructions.

Materials and supplies to be provided by the Contractor hereunder shall comply with OSHA and all applicable regulations.

44. Contractor's Vehicles – Parking - Licenses

At the discretion of the Manager, the Port Authority may permit the Contractor during the effective period of this Contract to park vehicle(s) used by it in its operations hereunder in such location as may from time to time or at any time be designated by the Manager. The Contractor shall comply with such existing rules, regulations and procedures as are now in force and such reasonable future rules, regulations and procedures as may hereafter be adopted by the Port Authority for the safety and convenience of persons who park automotive vehicles in any parking area at the Site or for the safety and proper persons who park automotive vehicles in any parking area at the Site or for the safety and proper identification of such vehicles, and the Contractor shall also comply with any and all directions pertaining to such parking which may be given from time to time and at any time by the Manager. Any vehicle used by the Contractor hereunder shall be marked or placarded, identifying it as the Contractor's vehicle.

45. Manager's Authority

In the performance of the Work hereunder, the Contractor shall conform to all orders, directions and requirements of the Manager and shall perform the Work hereunder to the satisfaction of the Manager at such times and places, by such methods and in such manner and sequence as he/she may require, and the Contract shall at all stages be subject to his/her inspection. The Manager shall determine the amount, quality, acceptability and fitness of all parts of the Work and shall interpret the Specifications and any orders for Extra Work. The Contractor shall employ no equipment, materials, methods or staff or personnel to which the Manager objects. Upon request, the Manager shall confirm in writing any oral order, direction, requirement or determination.

The Manager shall have the authority to decide all questions in connection with the Services to be performed hereunder. The exercise by the Manager of the powers and authorities vested in him/her by this Section shall be binding and final upon the Port Authority and the Contractor.

46. Price Preference

If this solicitation has not been set aside for the purposes of making an award based on bids solicited from Port Authority certified Minority Business, Women Business or Small Business Enterprises as indicated by the bidder pre-requisites in Part II hereof, for awards of contracts, not exceeding $1,000,000, for:

(a) Services, a price preference of 5% is available for New York or New Jersey Small Business Enterprises (SBE); or

(b) Services (excluding Janitorial/Cleaning Services), a price preference of 10% is available for New York or New Jersey Minority or Women Business Enterprises (M/WBE), certified by the Port Authority by the day before the bid opening.

If the Bidder is a Port Authority certified MBE, WBE or SBE, enter the applicable date(s) certification was obtained in the space provided on the Signature Sheet attached hereto.

47. Good Faith Participation

If specified as applicable to this Contract, the Contractor shall use every good-faith effort to provide for meaningful participation by certified Minority Business Enterprises

(MBEs) and certified Women-owned Business Enterprises (WBEs) as defined in the Standard Contract Terms and Conditions, in all purchasing, subcontracting and ancillary service opportunities associated with this Contract, including purchase of equipment, supplies and labor services.

Good Faith efforts to include participation by MBEs/WBEs shall include the following:

a. Dividing the services and materials to be procured into small portions, where feasible.
b. Giving reasonable advance notice of specific contracting, subcontracting and purchasing opportunities to such MBEs/WBEs as may be appropriate.
c. Soliciting services and materials, to be procured, from the Directory of MBEs/WBEs, a copy of which can be obtained by contacting the Port Authority's Office of Business and Job Opportunity at (212) 435-7819 or seeking MBEs/WBEs from other sources.
d. Insuring that provision is made to provide progress payments to MBEs/WBEs on a timely basis.

PART III CONTRACTOR'S INTEGRITY PROVISIONS

1. **Certification of No Investigation (criminal or civil anti-trust), Indictment, Conviction, Debarment, Suspension, Disqualification and Disclosure of Other Information**

By bidding on this Contract, each Bidder and each person signing on behalf of any Bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, that the Bidder and each parent and/or affiliate of the Bidder has not

a. been indicted or convicted in any jurisdiction;
b. been suspended, debarred, found not responsible or otherwise disqualified from entering into any contract with any governmental agency or been denied a government contract for failure to meet standards related to the integrity of the Bidder;
c. had a contract terminated by any governmental agency for breach of contract or for any cause based in whole or in part on an indictment or conviction;
d. ever used a name, trade name or abbreviated name, or an Employer Identification Number different from those inserted in the Bid;
e. had any business or professional license suspended or revoked or, within the five years prior to bid opening, had any sanction imposed in excess of $50,000 as a result of any judicial or administrative proceeding with respect to any license held or with respect to any violation of a federal, state or local environmental law, rule or regulation;
f. had any sanction imposed as a result of a judicial or administrative proceeding related to fraud, extortion, bribery, bid rigging, embezzlement, misrepresentation or anti-trust regardless of the dollar amount of the sanctions or the date of their imposition; and
g. been, and is not currently, the subject of a criminal investigation by any federal, state or local prosecuting or investigative agency and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency.

2. **Non-Collusive Bidding, and Code of Ethics Certification, Certification of No Solicitation Based On Commission, Percentage, Brokerage, Contingent or Other Fees**

By bidding on this Contract, each Bidder and each person signing on behalf of any Bidder certifies, and in the case of a joint bid, each party thereto certifies as to its own organization, that

a. the prices in its bid have been arrived at independently without collusion,

consultation, communication or agreement for the purpose of restricting competition, as to any matter relating to such prices with any other bidder or with any competitor;

b. the prices quoted in its bid have not been and will not be knowingly disclosed directly or indirectly by the Bidder prior to the official opening of such bid to any other bidder or to any competitor;

c. no attempt has been made and none will be made by the Bidder to induce any other person, partnership or corporation to submit or not to submit a bid for the purpose of restricting competition;

d. this organization has not made any offers or agreements or taken any other action with respect to any Authority employee or former employee or immediate family member of either which would constitute a breach of ethical standards under the Code of Ethics dated April 11, 1996 (a copy of which is available upon request to the individual named in the clause hereof entitled "Bidder's Questions"), nor does this organization have any knowledge of any act on the part of an Authority employee or former Authority employee relating either directly or indirectly to this organization which constitutes a breach of the ethical standards set forth in said Code;

e. no person or selling agency other than a bona fide employee or bona fide established commercial or selling agency maintained by the Bidder for the purpose of securing business, has been employed or retained by the Bidder to solicit or secure this Contract on the understanding that a commission, percentage, brokerage, contingent, or other fee would be paid to such person or selling agency; and

f. the bidder has not offered, promised or given, demanded or accepted, any undue advantage, directly or indirectly, to or from a public official or employee, political candidate, party or party official, or any private sector employee (including a person who directs or works for a private sector enterprise in any capacity), in order to obtain, retain, or direct business or to secure any other improper advantage in connection with this Contract.

The foregoing certifications shall be deemed to be made by the Bidder as follows:

* if the Bidder is a corporation, such certification shall be deemed to have been made not only with respect to the Bidder itself, but also with respect to each parent, affiliate, director, and officer of the Bidder, as well as, to the best of the certifier's knowledge and belief, each stockholder of the Bidder with an ownership interest in excess of 10%;
* if the Bidder is a partnership, such certification shall be deemed to have been made not only with respect to the Bidder itself, but also with respect to each partner.

Moreover, the foregoing certifications, if made by a corporate Bidder, shall be deemed to have been authorized by the Board of Directors of the Bidder, and such authorization shall be deemed to include the signing and submission of the bid and the inclusion therein of such certification as the act and deed of the corporation.

In any case where the Bidder cannot make the foregoing certifications, the Bidder shall so state and shall furnish with the signed bid a signed statement which sets forth in detail the reasons

therefor. If the Bidder is uncertain as to whether it can make the foregoing certifications, it shall so indicate in a signed statement furnished with its bid, setting forth in such statement the reasons for its uncertainty. As a result of such disclosure, the Port Authority shall take appropriate action up to and including a finding of non-responsibility.

Failure to make the required disclosures shall lead to administrative actions up to and including a finding of non-responsibility.

Notwithstanding that the Bidder may be able to make the foregoing certifications at the time the bid is submitted, the Bidder shall immediately notify the Authority in writing during the period of irrevocability of bids on this Contract of any change of circumstances which might under this clause make it unable to make the foregoing certifications or require disclosure. The foregoing certifications or signed statement shall be deemed to have been made by the Bidder with full knowledge that they would become a part of the records of the Authority and that the Authority will rely on their truth and accuracy in awarding this Contract. In the event that the Authority should determine at any time prior or subsequent to the award of this Contract that the Bidder has falsely certified as to any material item in the foregoing certifications or has willfully or fraudulently furnished a signed statement which is false in any material respect, or has not fully and accurately represented any circumstance with respect to any item in the foregoing certifications required to be disclosed, the Authority may determine that the Bidder is not a responsible Bidder with respect to its bid on the Contract or with respect to future bids on Authority contracts and may exercise such other remedies as are provided to it by the Contract with respect to these matters. In addition, Bidders are advised that knowingly providing a false certification or statement pursuant hereto may be the basis for prosecution for offering a false instrument for filing (see e.g. New York Penal Law, Section 175.30 et seq.). Bidders are also advised that the inability to make such certification will not in and of itself disqualify a Bidder, and that in each instance the Authority will evaluate the reasons therefor provided by the Bidder. Under certain circumstances the Bidder may be required as a condition of Contract award to enter into a Monitoring Agreement under which it will be required to take certain specified actions, including compensating an independent Monitor to be selected by the Port Authority, said Monitor to be charged with, among other things, auditing the actions of the Bidder to determine whether its business practices and relationships indicate a level of integrity sufficient to permit it to continue business with the Port Authority.

3. Bidder Eligibility for Award of Contracts - Determination by an Agency of the State of New York or New Jersey Concerning Eligibility to Receive Public Contracts

Bidders are advised that the Authority has adopted a policy to the effect that in awarding its contracts it will honor any determination by an agency of the State of New York or New Jersey that a Bidder is not eligible to bid on or be awarded public contracts because the Bidder has been determined to have engaged in illegal or dishonest conduct or to have violated prevailing rate of wage legislation.

The policy permits a Bidder whose ineligibility has been so determined by an agency of the State of New York or New Jersey to submit a bid on a Port Authority contract and then to establish that it is eligible to be awarded a contract on which it has bid because (i) the state agency determination relied upon does not apply to the Bidder, or (ii) the state agency determination relied upon was made without affording the Bidder the notice and hearing to which the Bidder was entitled by the requirements of due process of law, or (iii) the state agency determination was clearly erroneous or (iv) the state determination relied upon was not based on a finding of

conduct demonstrating a lack of integrity or violation of a prevailing rate of wage law.

The full text of the resolution adopting the policy may be found in the Minutes of the Authority's Board of Commissioners meeting of September 9, 1993.

4. No Gifts, Gratuities, Offers of Employment, Etc.
During the term of this Contract, the Contractor shall not offer, give or agree to give anything of value either to a Port Authority employee, agent, job shopper, consultant, construction manager or other person or firm representing the Port Authority, or to a member of the immediate family (i.e., a spouse, child, parent, brother or sister) of any of the foregoing, in connection with the performance by such employee, agent, job shopper, consultant, construction manager or other person or firm representing the Port Authority of duties involving transactions with the Contractor on behalf of the Port Authority, whether or not such duties are related to this Contract or any other Port Authority contract or matter. Any such conduct shall be deemed a material breach of this Contract.

As used herein "anything of value" shall include but not be limited to any (a) favors, such as meals, entertainment, transportation (other than that contemplated by the Contract or any other Port Authority contract), etc. which might tend to obligate the Port Authority employee to the Contractor, and (b) gift, gratuity, money, goods, equipment, services, lodging, discounts not available to the general public, offers or promises of employment, loans or the cancellation thereof, preferential treatment or business opportunity. Such term shall not include compensation contemplated by this Contract or any other Port Authority contract. Where used herein, the term "Port Authority" shall be deemed to include all subsidiaries of the Port Authority.

The Contractor shall insure that no gratuities of any kind or nature whatsoever shall be solicited or accepted by it and by its personnel for any reason whatsoever from the passengers, tenants, customers or other persons using the Facility and shall so instruct its personnel.

In addition, during the term of this Contract, the Contractor shall not make an offer of employment or use confidential information in a manner proscribed by the Code of Ethics and Financial Disclosure dated April 11, 1996 (a copy of which is available upon request to the Office of the Secretary of the Port Authority).

The Contractor shall include the provisions of this clause in each subcontract entered into under this Contract.

5. Conflict of Interest
During the term of this Contract, the Contractor shall not participate in any way in the preparation, negotiation or award of any contract (other than a contract for its own services to the Authority) to which it is contemplated the Port Authority may become a party, or participate in any way in the review or resolution of a claim in connection with such a contract if the Contractor has a substantial financial interest in the contractor or potential contractor of the Port Authority or if the Contractor has an arrangement for future employment or for any other business relationship with said contractor or potential contractor, nor shall the Contractor at any time take any other action which might be viewed as or give the appearance of conflict of interest on its part. If the possibility of such an arrangement for future employment or for another business arrangement has been or is the subject of a previous or current discussion, or if

the Contractor has reason to believe such an arrangement may be the subject of future discussion, or if the Contractor has any financial interest, substantial or not, in a contractor or potential contractor of the Authority, and the Contractor's participation in the preparation, negotiation or award of any contract with such a contractor or the review or resolution of a claim in connection with such a contract is contemplated or if the Contractor has reason to believe that any other situation exists which might be viewed as or give the appearance of a conflict of interest, the Contractor shall immediately inform the Director in writing of such situation giving the full details thereof. Unless the Contractor receives the specific written approval of the Director, the Contractor shall not take the contemplated action which might be viewed as or give the appearance of a conflict of interest. In the event the Director shall determine that the performance by the Contractor of a portion of its Services under this Agreement is precluded by the provisions of this numbered paragraph, or a portion of the Contractor's said Services is determined by the Director to be no longer appropriate because of such preclusion, then the Director shall have full authority on behalf of both parties to order that such portion of the Contractor's Services not be performed by the Contractor, reserving the right, however, to have the Services performed by others and any lump sum compensation payable hereunder which is applicable to the deleted work shall be equitably adjusted by the parties. The Contractor's execution of this document shall constitute a representation by the Contractor that at the time of such execution the Contractor knows of no circumstances, present or anticipated, which come within the provisions of this paragraph or which might otherwise be viewed as or give the appearance of a conflict of interest on the Contractor's part. The Contractor acknowledges that the Authority may preclude it from involvement in certain disposition/privatization initiatives or transactions that result from the findings of its evaluations hereunder or from participation in any contract which results, directly or indirectly, from the Services provided by the Contractor hereunder.

6. Definitions

As used in this Section, the following terms shall mean:

Affiliate - Two or more firms are affiliates if a parent owns more than fifty percent of the voting stock of each of the firms, or a common shareholder or group of shareholders owns more than fifty percent of the voting stock of each of the firms, or if the firms have a common proprietor or general partner.

Agency or Governmental Agency - Any federal, state, city or other local agency, including departments, offices, public authorities and corporations, boards of education and higher education, public development corporations, local development corporations and others.

Investigation - Any inquiries made by any federal, state or local criminal prosecuting agency and any inquiries concerning civil anti-trust investigations made by any federal, state or local governmental agency. Except for inquiries concerning civil anti-trust investigations, the term does not include inquiries made by any civil government agency concerning compliance with any regulation, the nature of which does not carry criminal penalties, nor does it include any background investigations for employment, or Federal, State, and local inquiries into tax returns.

Officer - Any individual who serves as chief executive officer, chief financial officer, or chief operating officer of the Bidder by whatever titles known.

Parent - An individual, partnership, joint venture or corporation which owns more than 50% of the voting stock of the Bidder.

If the solicitation is a Request for Proposal:

Bid - shall mean Proposal;
Bidder - shall mean Proposer;
Bidding - shall mean submitting a Proposal.

In a Contract resulting from the taking of bids:

Bid - shall mean bid;
Bidder - shall mean Bidder;
Bidding - shall mean executing this Contract.

In a Contract resulting from the taking of Proposals:

Bid - shall mean Proposal;
Bidder - shall mean Proposer;
Bidding - shall mean executing this Contract.

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EXEMPTION (4)

3. Detailed Scope Requirement

The scope of work for the Airport Security Control Systems (ASCS) include:

- Work Order Services
- Maintenance Services (Preventive and Remedial Maintenance)
- Software Upgrades
- Software Support
- Error Correction
- Frequency of Repairs
- Computerized Work Order and Maintenance Management System
- Transition Services at Start of Contract and Termination of Contract
- Disaster Recovery Plan
- Status Meetings
- Personnel Requirements
- Change Control
- Organization
- Quality Assurance
- Key Vendor Relationships

The Contractor shall be responsible for the performance of all work as set forth in the Scope of Work in detail below, including meeting or exceeding the performance standards as stipulated in Attachment B, Contract Specific Terms and Conditions, Section 4 entitled: "Required Service Levels and Liquidated Damaged for Non-Performance for Work Order and Maintenance Services".

In addition, the Contractor will be held solely responsible for the uninterrupted operation of all software and hardware components/specifications of and management services for the ASCS system, including but not limited to:

- Provide staffing for daily operations and maintenance
- Supervise all Contract employees assigned to Port Authority
- Operate and maintain the ASCS System on a 24x7, 365 day basis, including Uninterruptible Power Source (UPS), batteries, cables, system records, back-ups and ancillary systems
- Maintain system back-ups, spare parts, etc.
- Manage system-wide upgrades and expansions, resolving any system maintenance issue(s)
- Manage and administrate all individual end-user access to the CCTV systems
- Provide interface to ASCS system with other system vendors, as well as other vendors that provide parts and services for system operation
- Process monthly invoices and other invoices for all work performed in the Scope of Work
- Manage a web enabled Computerized Work Order and Maintenance Management System
- Manage a Computerized Change Control Tracking system
- Provide monthly operational (stewardship) reports to the Port Authority, as well as daily status reports as necessary
- Maintain system records on configurations, application databases, repair logs, Work Orders, etc.

- Review daily Operational Measurements and address any discrepancies
- Work with System Administrators to apply software patches and updates as required
- Perform Preventive Maintenance of the ASCS system in accordance with the manufacturer's specifications
- Perform upgrade changes, as requested
- Provide technical support on day-to-day operational issues, offering recommendations and cost estimates for ASCS system solutions as necessary
- Coordinate, supervise, perform Move/Add/Change activities and Time and Material work, and support applicable project work efforts as described in detail below, participating in site surveys and planning meetings as necessary.
- Program field service and preventive and Remedial Maintenance on all equipment

Work performed on the ASCS must be in full compliance with the Port Authority's plans and rules, and Code of Federal Regulations (CFR) 1542, Transportation Security Administration (TSA) Security Directives, and all other applicable federal regulations as they are enacted by any applicable governing agency.

In addition, the Contractor will provide or purchase, for each airport, the necessary spare parts inventory from the listed manufacturers as listed in Attachment E, Cost Proposal Form # 2, 'Current Equipment – Prices List'. The Contractor must purchase this equipment from authorized resellers, and warehoused at designated locations at each airport facility. The Contractor will be required to stock, maintain, and have quick access to frequently used parts and materials, tools or other equipment as may be necessary to make replacements and repairs consistent with the terms described herein. Any delay in performing any of the requirements of this Contract resulting from lack of necessary parts, and/or materials may, at the discretion of the Airport Security Managers and/or Program Manager, result in the assessment of liquidated damages as per Attachment B, Contract Specific Terms and Conditions, Section 4, entitled: "Required Service Levels and Liquidated Damages for Non-Performance for Work Order and Maintenance Services".

All parts used from said inventory shall be replaced such that the available spare parts remain at a constant quantity suitable for ensuring that the system maintains its mandated availability requirements. The Contractor shall be required to inspect inventoried spare parts on a scheduled basis and assure that these parts are in good working order.

ASCS System Components

Each airport is equipped with the following components/specifications controlled by the Airport Security Control System. For detailed system components, please refer to Attachments G, H and I entitled: "The Airport Security Control System and Components" at JFK, LGA and EWR airports.

Exemption (4)

Exemption (4)

A. Work Order Services

i. General Description of the System Enhancement Responsibilities Expected of the Contractor (Work Orders)

The Contractor shall provide upgrades/changes/modifications to the Lenel security access systems, ID Badging System, Verint CCTV and components and Enterprise Air Mobile ID Verification system and their components at the airports.

The Contractor's Work Order price shall include all labor, materials, equipment, supplies, profit, overhead and all indirect costs. All Work Order price quotations also known as Work Order Documentation, must contain the following information:

- The general title "The Port Authority of New York and New Jersey - Work Order Contract- Contract xxxxxxxx", and be separately numbered
- Milestone schedule, with items as required by the Work Order terms
- Detailed staffing schedule including staff titles as required by Work Order in Attachment F, Staffing Allocations
- Detailed breakdown and explanation for all installation/supervision, and Engineering costs as required in scope of work
- Indicate the changes to the maintenance schedule as a result of the Work Order. Indicate addition/deletion of specific items from the schedule. Provide a total increment/decrement of monthly maintenance cost
- Miscellaneous costs such as equipment rental
- Engineered drawings depicting details of equipment installations to be performed as work of each individual Work Order, including, but not limited to, cabinet elevations, site plans, building plan drawings, equipment cabling connection schematic diagrams, configuration diagrams, and telecommunications interconnectivity diagrams

- Make, model, description and quantity of the equipment included in Work Order Contract - Attachment P, Federal Wage Schedules for New York and New Jersey, being supplied. Include columns for Contract price, unit price, extended cost, with subtotals. Present minimum cost solutions and costs of alternative solutions

- Statement of warranty

- Pricing summary

- The Port Authority will make their best effort to provide all CAD drawings in electronic format (.dwg) or whatever is available (e.g. system diagrams, sketches, etc.) for all new locations

a. **Work Order Compensation**

The negotiated amount for each Work Order to be stated as a lump sum amount, herein called the "lump sum", is full consideration for the performance of all the Contractor's obligations for each individual Work Order executed under this Contract.

b. **Performance of Services**

The Airport Security Manager and/or Program Manager shall have authority to increase, decrease and modify the work and may suspend performance of any work for any period during which he/she deems it undesirable to proceed therewith for any reason, whether or not either of the parties is responsible for such reason; and the Director may cancel this Contract as to any work not yet performed if he/she deems it undesirable to proceed therewith for any reason, without prejudice to rights and obligations arising out of work already performed.

The Contractor shall, within twenty-four (24) hours, comply with any oral or written requests given by the Airport Security Manager and/or Program Manager to correct or remedy a condition or situation deemed by the Airport Security Manager and/or Program Manager to require action. These requests will address conditions that threaten the safety of people, the facilities or the system availability. Immediate response shall be expected of the Contractor's personnel for any condition or situation determined by the Airport Security Manager and/or Program Manager to constitute any emergency. Contractor shall submit to the Airport Security Manager and/or Program Manager on the first day of each calendar month during the term of this Contract a written report setting forth the actions taken by the Contractor with respect to any matters which the Airport Security Manager and/or Program Manager may have, during the preceding month, requested the Contractor to correct or remedy.

c. **System Performance Standards**

Contractor will be responsible for maintaining System Performance Standards as defined below. All work delivered by the Contractor is expected to be implemented without deteriorating these performance standards. Contractor's delivered work product shall not diminish the ability of the system to meet its throughput capability, its capacity, and its availability requirements.

EXEMPTION (4)

d) Work Order Warranty

The Port Authority requires all new work be warranted against defects in material and workmanship for a period of at least twelve (12) months. Proposer shall provide detail concerning its warranty coverage in its proposal. At a minimum, it should include the following:

During the Work Order Product Warranty Period, commencing with the acceptance day of the Operations Test, the Contractor shall provide Warranty Service on all equipment and software furnished under the Contract such that the Work Order product will perform in accordance with the specifications as defined and specified in the Contractor's Work Order (the "Specifications"), twenty-four (24) hours a day, seven (7) days a week, including Holidays. Such performance of the Airport Security Control System shall be referred to as performing in "Working Order". During such a period, the Contractor is expected to provide a Warranty Service that shall include:

On-site diagnosis and repair of defects in the equipment and software furnished herein; as well as technical support regarding the operational use of the Airport Security Control System. Contractor shall provide diagnosis and fault isolation participation in any and all intra or inter facility communications troubles affecting the Airport Security Control System, whether maintenance is provided by the Contractor or a third party. In the event the Airport Security Control System Work Order is not in Working Order, the Contractor shall dispatch service personnel to the Work Site.

Inasmuch as the loss to the Port Authority which will result from delays in completing diagnosis and repair work within the time herein stipulated will include items whose loss will be difficult or impossible to accurately calculate, the parties agree that damages to the Port Authority shall be liquidated as specified in Attachment B, Contract Specific Terms and Conditions.

ii) **Types of Work Order Services**
Within this category of work, there are five types of work order services:

a. **Adds, Moves & Changes:**
The work performed in this category deals with the modification of the present system to address new operational needs, requirements, and factory software upgrade releases. These requirements may be specifically planned by the Port Authority, or may be mandated by a governing agency such as the Transportation Security Administration. In either case the requirements will be defined and presented to the Contractor through a "Work Order" process. The Work Order process will provide the task definition including specifying the scope and schedule for the planned work.

Work Orders will be processed in accordance with the requirements defined by the following prioritization method.

- High Priority: Expedited turnaround responses will be within seven (7) business days of the receipt of the Work Order. After receiving an approved Work Order, the Contractor must start to perform work on-site within 15 business days.

- Normal Priority: Standard turnaround responses will be within fifteen (15) business days of the receipt of the Work Order. After receiving an approved Work Order, the Contractor must start to perform work on-site within 30 business days.

These above timeframes will be subject to liquidated damages as set forth in Attachment B, Contract Specific Terms and Conditions, Section 4, entitled: "Required Service Levels and Liquidated Damages for Non-Performance for Work Order and Maintenance Services".

Work Orders may include work ranging in scope from minor system modifications up to the implementation of major changes to the existing system. Examples of such work include:

- Incorporating additional alarms
- Assisting in the relocation of primary and backup host computers to new locations
- Equipping new locations (e.g., Guardposts) with access control and other security devices
- Implementing Lenel enhancements (e.g., OpenIT, Biometrics, etc.)
- System integration
- Purchasing, installing, commissioning, terminating and testing equipment
- Adding, changing and modifying the systems, including equipment moves
- Coordinating, supervising, performing Add/Move/Change activities and Time and Material work, and supporting applicable project work efforts as described in the Scope of work, participating in site surveys and planning meetings as necessary
- Providing system documentation, including Computer Aided Drafting (CAD) to all modifications to the system

The Contractor shall furnish management reports on a regular monthly basis or whenever requested by the Port Authority that provides the progress and status of all Work Orders that are in progress and just recently completed. The Port Authority shall define the formats of these reports.

b. Integration

The Port Authority anticipates that the Contractor will be involved with interfaces enabling the installed Lenel system to interface and exchange information with other security systems and new security devices. The Contractor will be required to assist in requirements definition and review third party designs to ensure consistency within and between requirements.

The Contractor may also be required to assume the lead role in the implementation of interfaces such as Enterprise Air and the upload/download of biometrics to the AAAE Clearinghouse website. Such interfaces may require the use of specialized interface hardware and the modification to software.

c. Pilot Project Support

This type of Work Order involves researching, integrating, and demonstrating new system devices and capabilities. In addition to the skills required for support of the existing system, personnel assigned to such Work Orders will be required to perform product and technical research, analysis, design, and preparation of formal reports detailing the pilot project, its results, and recommendations for subsequent steps, if any. The format of such reports shall be as directed by the Airport Security Managers and/or Program Manager.

Due to the nature of these projects (involving new technologies), it may be necessary for the Contractor to provide additional personnel resources besides those specifically listed in Attachment E, Cost Proposal, Form #1, entitled: "Skills and Hourly Rates".

As an example of a "Pilot" effort, the Contractor may be directed by a Work Order to construct a working prototype subsystem based on advanced biometric technology (such as Biometric Credential validation), then demonstrating the feasibility and extent to which this prototype might be incorporated into the existing security system.

d. Projects

The Contractor shall provide a dedicated individual from the Manufacturer (Lenel) or Verint to support all modifications to the ASCS system. This is an additional resource that will work directly with the Port Authority Technology Services Department. Examples of such work:

- System modification and integration
- Project management and supervision of third party vendors
- Perform changes for compliancy with the Port Authority ASCS environment

e. Training

The Contractor shall provide training classes as scheduled by the Airport Security Managers/ Program Manager for ASCS users.

iii) Availability, Reliability and Maintainability of Installed Work Orders

Contractor shall be responsible for maintaining independent standards of system reliability and availability as defined below. All work delivered by the Contractor is expected to be implemented without deteriorating these standards.

Exemption (4)

Exemption (4)

iv. **Contractor Personnel Duties and Responsibilities**

a. Work Order Specifications

In response to a request for specific services hereunder and prior to the performance of any such services, the Contractor shall submit in writing to the Program Manager for approval, an estimated, detailed cost and staffing analysis of such services to the Port Authority, along with a proposed detailed performance and payment schedule, a technical proposal and such other information as may be requested by the Program Manager. The submission will provide all information and in the format presented in Attachment D, Scope of Work, unless the Program Manager provides a written, alternative definition for the submission.

Approval of such submitted Work Orders by the Program Manager in writing and with written direction to proceed shall constitute an agreed-to Work Order under this Contract,

subject to the terms and conditions of this Contract. Preparation of the cost estimate, staffing analysis, performance and payment schedule, technical proposal and other information requested by the Program Manager in connection with a request for services shall not be a compensable service under this Contract.

All work described in the Work Order Documentation and all things not specified in the Work Order Documentation but involved in carrying out their intent and in the complete and proper execution of the work, are required; and the Contractor shall perform the same as though they were specifically delineated, described and mentioned.

The Contractor's compensation for all work referred to in Work Order Documentation as issued, shall be deemed to be included in the price(s) set forth in each individual Work Order unless the Work Order expressly states that compensation in addition to such prices shall be payable for such items of work. The express statement in some cases to the effect that certain work shall be without additional cost to the Port Authority shall not impair the application of this paragraph in other cases.

The distribution of various parts of the work among the various Work Order Documentation is not intended as a representation of the most effective or logical method of organizing, scheduling, or subcontracting the work, and the Contractor shall ascertain how to do so unless otherwise expressly prescribed in this Contract.

The Contractor shall perform the work so that the work order product will perform in accordance with the specifications set forth in the Work Orders issued under this Contract. The performance of the Airport Security Control System Maintenance in accordance with the specifications on a twenty-four (24) hours per day, seven (7) days per week basis shall be herein after referred to as performance in "Working Order".

b. Shop Drawings and Catalog Cuts

The Contractor shall specifically prepare for this Contract all shop drawings that may be required in addition to the Work Order Documentation or in addition to any other drawings that the Program Manager may issue in supplementing the Work Order Documentation. The specific drawing types and quantities will be defined in each Work Order.

No requirements set forth in any portion of the Contract shall limit the obligation of the Contractor to furnish shop drawings and catalog cuts for any other portion when so required by the Program Manager.

The Contractor shall submit for review and approval a schedule of the dates to furnish such shop drawings and catalog cuts. Unless otherwise specified in the Work Order, a complete schedule for each individual Work Order shall be delivered to the Program Manager for approval within 20 days after receipt by the Contractor of the Work Order.

After checking and verifying all field measurements and after complying with applicable procedures specified hereunder, the Contractor shall submit to the Program Manager for review and approval, in accordance with the approved schedule of shop drawing submissions, or for other action if so indicated by the Program Manager, four copies and two reproducibles, unless otherwise requested, of all shop drawings which will bear a

specific written indication that the Contractor has reviewed the submission for conformance to the requirements of the Work Order Documentation and specifications. All submissions shall be identified as the Program Manager may require. The data shown on the shop drawings shall be complete with respect to quantities, dimensions, conformance to the specified performance and design criteria, materials, test results and similar information to enable the Program Manager to review the submittal as required.

The Contractor shall also submit six copies to the Program Manager for review and approval pursuant to the approved submittal schedule, of all catalog cuts for conformance to the requirements of the Work Order Documentation and specifications. All catalog cuts shall have been reviewed by the Contractor and shall be accompanied by a specific written indication that the Contractor has reviewed the submittal for conformance with the Work Order Documentation and specifications and shall be identified clearly as to material, supplier, manufacturer's procedures and pertinent data such as catalog numbers and the use for which intended.

Before submission of each shop drawing and catalog cut, the Contractor shall have determined and verified all quantities, dimensions, conformance to the specified performance and design criteria, installation requirements, materials, catalog numbers and similar data with respect thereto and reviewed and coordinated each shop drawing or catalog cut with other shop drawings and catalog cuts and with other requirements of the Work.

At the time of each submission, the Contractor shall give the Program Manager specific written notice of each variation in any shop drawing and catalog cut from the requirements of the Work Order Documentation or specifications and, in addition, shall cause a specific notation of each such variation to be made on each submittal to the Program Manager, for review and approval of each such variation.

The Program Manager's review and approval of shop drawings, catalog cuts or samples shall not relieve the Contractor from responsibility for any variation from the requirements of the Work Order Documentation or specifications unless the Contractor has in writing called the Program Manager's attention to each such variation at the time of submission as required hereunder and the Program Manager has given written approval of each by an express specific written notation thereof incorporated in or accompanying the shop drawing and catalog cut. Approval of shop drawings and catalog cuts which are inconsistent with the requirements of the Work Order Documentation and specifications shall not be deemed to waive or change such requirements or to relieve the Contractor of his obligations to perform such requirements unless the Program Manager shall expressly and specifically approve a waiver or change in such requirements utilizing the procedure set forth in this paragraph.

Where a shop drawing and catalog cut is required no related work shall be performed prior to the Program Manager's review and approval of the submission.
In preparing the shop drawings, the Contractor may adopt a sheet of any reasonable size which best suits his needs, but having adopted such size, all sheets thereafter of a similar nature shall be of the same size as that adopted. Each drawing shall have a margin on the top, bottom and right-hand side of one-half inch and on the left hand side a margin of one and one-half inches.

Upon receipt of the submittal, the Program Manager will review the shop drawing and catalog cut for conformance to the design information and materials shown in the Work Order Documentation and contained in the specifications. Approval by the Program Manager shall not constitute a complete review or approval of the means, methods, techniques, sequences or procedures of construction, except where a specific means, method, technique, sequence or procedure of construction is specifically delineated in or required by the Work Order Documentation, and the approval shall not constitute a review and approval in regard to safety precautions or programs incident thereto. The review and approval of a separate item will not in itself indicate approval of the assembly in which the item functions. Any design shown on the shop drawings and prepared by the Contractor, its Subcontractors, their detailers, or their professional engineers is the complete responsibility of the Contractor. Within ten business days after receipt of the shop drawing prints or 20 business days where design calculations are also submitted, the Program Manager shall approve the same or require corrections or additions to be made thereon. If additions or corrections are required, the Program Manager shall return within this period one of the two prints submitted and the Contractor shall make the corrections or additions shown thereon to be made. The Contractor shall resubmit four prints and one brownline (reproducible) showing the drawing corrected as required within ten business days. The Contractor shall direct specific attention in writing to revisions other than the corrections called for by the Program Manager on the previous submittal. Each drawing shall be corrected as required until the approval of the Program Manager is obtained. After each resubmission, the Program Manager shall have a period of ten days business days in which to approve corrections.

As soon as approval has been given to any shop drawing or catalog cut, the Contractor shall within five business days send to the Program Manager four prints, except that when the Program Manager specifically so directs, six prints shall be sent. After approval thereof, no change will be permitted thereon unless approved in writing by the Program Manager.

Before final payment for the Work Order product is made, the Contractor shall furnish to the Program Manager one set of shop drawings, all clearly revised, completed and brought up to date showing the permanent construction as actually made. These drawings shall be in the form of Mylar reproducibles, from which clear prints can be made.

All drawings, data, calculations and other papers of any type, whether in the form of writing, figures or delineations, which are prepared in connection with this Contract and submitted to the Port Authority shall become the property of the Port Authority. The Port Authority shall have the non-exclusive right to use or permit the use of all such drawings, data and other papers and any ideas or methods represented thereby for any purpose and at any time without additional compensation. No such papers shall be deemed to have been given in confidence. Any statement or legend to the contrary in connection with such drawings, data or other papers and in conflict with the provisions of this paragraph shall be void and of no effect.

c. Substitution

Where a proprietary item or make is specified or mentioned herein or called for or mentioned in the Work Order Documentation and the phrases "similar and equal to" or "approved equal" are used in connection therewith, the utilization of any other item or make will be deemed a substitution. Substitution for the proprietary item or make specifically named may be made only in accordance with Section d below hereof entitled: "Workmanship and Materials" and in accordance with the following:

Whenever materials or equipment are specified or described in the Work Order Documentation or specifications by using the name of a proprietary item or the name of a particular supplier, the naming of the item is intended to establish the type, function and quality required. Unless the name is followed by words indicating that no substitution is permitted, materials or equipment of another supplier or manufacturer may be accepted by the Program Manager if sufficient information and proof is submitted by the Contractor to permit the Program Manager to determine that the material or equipment proposed is equivalent or equal to that named and the Program Manager approves the substitution. Requests for review of substitute items of material and equipment will not be accepted by the Program Manager from anyone other than the Contractor.

The procedure for review by the Program Manager will include the following:

1) The Contractor shall make a timely written application to the Program Manager for approval thereof, certifying that the proposed substitution will perform at least the identical functions and achieve at least the identical results called for by the specified product and otherwise be equal to the specified product with regard to, but not limited to, durability, maintenance, strength, energy costs and record of proven performance.

2) The application shall state that the evaluation and approval of the proposed substitution shall not delay the Contractor's completion of the work as required by the Contract, whether or not approval of the substitution will require a change in the construction and, in no event will the Contractor be granted an extension of time for completion of any portion of the work for reasons related directly or indirectly to the evaluation of the proposed substitution or to the proposed substitution itself.

Any variations of the proposed substitution from that specified shall be identified in the application, and maintenance, repair and replacement services for the substitution shall be indicated.

The Program Manager may require the Contractor to furnish at the Contractor's expense additional laboratory test data concerning the proposed substitution.

Additionally, such submission to the Program Manager shall be made by including the requested substitution in the list of materials required to be submitted to the Program Manager in accordance with the Section hereof entitled: "Inspections and Rejections" within 20 calendar days after the receipt by the Contractor of the acceptance of the Work Order. After the approval of said list, no substitutions will be permitted, except that a brand or make named in the specifications may be submitted for approval in lieu of a brand or make on said list. Any such submission shall not imply, or impose on the

Program Manager, any obligation whatsoever to discuss, disclose or justify the reasons for his opinion, approval, acceptance or rejection.

The Program Manager shall be the sole judge of as to whether a proposed substitution will be approved, and no substitution shall be ordered or utilized without the Program Manager's prior written approval. The Program Manager may require the Contractor to furnish at the Contractor's expense a performance guarantee or other assurance with respect to any approved substitution. Furthermore, the approval of any substitute proprietary item or make shall not in any way entitle the Contractor to additional compensation therefor.

Notwithstanding such approval, however, the Contractor assumes the risk that such approved substitute item or make is not equal to that shown or specified and if at any time the substitution shall appear not to be so equal he shall replace the substitution with that originally shown in the Work Order Documentation or called for in the specifications at his own cost and reimburse the Port Authority for any loss occurring on account of the substitution failing to be equal, notwithstanding that it had been previously approved for use by the Program Manager.

The construction called for by the Work Order Documentation and specifications may be adapted for a particular proprietary item or make of material or equipment. Therefore, if any construction not required by the Work Order Documentation or specifications in their present form is necessary or desirable because of the use of substitute item or make of material or equipment (even though such other item or make is approved by the Program Manager), such construction shall be furnished or performed by the Contractor at his expense and subject to the approval of the Program Manager.

d. Workmanship and Materials

Workmanship and materials shall in every respect be free from defects of any kind and shall be in accordance with the best modern practice and whenever the Work Order Documentation or directions of the Program Manager admit of a doubt as to what is permissible or fail to note the quality of any construction the interpretation which calls for the best quality is to be followed. Workmanship shall conform to applicable specifications, manufacturer's instructions and recommendations for installation of products for the applications shown in the Work Order Documentation, all of which shall be subject to the provisions of the Section entitled "Inspections and Rejections".

Materials and equipment incorporated into the Work shall be new and of the most recent manufacture available except as may be otherwise herein specifically required, and shall comply with make, size, type and quality specified, or as specifically approved in writing by the Program Manager in accordance with the Section entitled "Substitution". Reference to standards of any society, institution, association, or governmental authority in the Contract or Work Order Documentation, whether specific or by implication, shall mean for the building codes: the provisions in effect at the time of work performance; and for other documents the latest edition in effect at the time of issuance of the Work Order unless specifically stated otherwise.

If required by the Program Manager, the Contractor shall furnish satisfactory evidence as to the kind and quality of materials and equipment to be employed by the Contractor in

performing the Work. All materials and equipment shall be applied, installed, connected, erected, used, cleaned and conditioned in accordance with the approved instructions of the applicable supplier except as otherwise provided in the Work Order Documentation. In case of a discrepancy between a description or requirement in the Work Order Documentation for any material or equipment and a catalog number or other designation for the same material or equipment (even though stated to be acceptable), the description or requirements shall control.

All inventions, ideas, designs and methods contained in Work Order Documentation in which the Port Authority has or may acquire patent, copyright or other property rights are hereby expressly reserved for the exclusive use of the Port Authority. The Work Order Documentation contains confidential information which is disclosed only to enable this Contract to be performed. All Work Order Documentation provided by the Port Authority shall be considered and kept confidential. Said Work Order Documentation shall not be used for any purpose detrimental to the interest of the Port Authority and shall not be produced or copied in whole or in part or used for furnishing information to others without the written consent of the Port Authority, provided, however, that the Contractor may, when the performance of the Contract so requires, furnish said information to others for the purpose of engaging or informing Subcontractors and materialmen after execution of a Port Authority approved non-disclosure agreement between the Contractor and said Subcontractors and materialmen. Any further disclosure shall require the written approval of the Program Manager and may require the execution of a separate confidentiality agreement.

e. Inspections and Rejections

All work and all construction, processes of manufacture and methods of construction involved in or related to the performance of the work shall be at all times and places subject to the inspection of the Program Manager and the enumeration in these specifications and Work Order Documentation of particular portions of such work, construction, processes of manufacture or methods of construction which will or may be inspected by the Program Manager or such Inspectors shall not be deemed to imply that only such Work, construction, processes of manufacture and methods of construction will or may be so inspected. The Program Manager shall be the judge of the quality and suitability of the work, construction, processes of manufacture and methods of construction for the purposes for which they are used or to be used. Should they fail to meet his approval they shall be forthwith reconstructed, made good, replaced or corrected, as the case may be, by the Contractor at his own expense. Rejected material shall be removed immediately from the site. The fact that the Inspectors have approved the materials and workmanship shall not relieve the Contractor from its obligation to supply other material and workmanship when so ordered by the Program Manager.

The Contractor, at its own expense, shall furnish such facilities and give such assistance for inspection as the Program Manager may direct. In the case of materials required by the specifications to be inspected in the factory or plant, and in the case of any other items which the Program Manager may designate, the Contractor shall secure for the Program Manager and its Inspectors free access to all parts of such factories or plants and shall furnish to the Program Manager three copies of purchase orders, two copies of mill shipping statements and four copies of shipping statements. Moreover, in the case of such materials to be factory or plant inspected, the Contractor shall give at least ten days notice

to the Program Manager of his intention to commence the manufacture or preparation of such materials.

Other than the materials and equipment specifically required to be inspected at the manufacturer's factory or plant, all materials will be inspected at the construction site and any portions thereof which are rejected by the Program Manager shall be immediately removed from the construction site by the Contractor and shall be replaced with new materials by the Contractor at its own expense.

In the case of materials to be inspected at the construction site, the Contractor shall submit a list of all such materials in triplicate to the Program Manager for his/her approval prior to ordering same. The list shall be submitted within 20 calendar days after receipt of the notice of acceptance and shall contain the following information:

(a) Classification of submittal in accordance with the following:
Class I - A submittal for record of an expressly specified item.
Class II - A submittal of an item which conforms to an express generic specification or a submittal which is deemed by the Contractor to be identical to an expressly specified item.
Class III - A submittal which is deemed by the Contractor to be functionally equivalent but not identical to a specified item.

(b) In the case of Class II and Class III, the Contractor shall supply adequate information to the Program Manager to enable the Program Manager to compare the specified item and the proposed substitution. Information shall include, but need not be limited to, technical specifications, catalog cuts, drawings, references to existing installations and test data, or any other data required by the Program Manager.

(c) In the case of fabricated materials for which shop drawings are to be prepared, a brief description of the material and the statement "see shop drawings and catalog cuts".

(d) In the case of materials or equipment listed in manufacturer's catalogs, the list shall contain the vendor's name, the manufacturer's name, brand name, style designation, catalog number and where the specifications require catalog cuts, the statement "see catalog cut".

(e) In the case of materials or equipment for which shop drawings are not to be prepared, and which are not listed in any catalog, the list shall contain a complete description of the material or equipment, which shall be in sufficient detail to describe completely the materials or equipment and quality thereof.

Within ten (10) business days after receipt of said list, the Program Manager shall notify the Contractor of which items are approved and which disapproved. Within two business days thereafter, the Contractor shall resubmit a new list covering those items which were disapproved. After each such re-submission the Program Manager shall have a similar period of ten (10) days in which to approve or disapprove.

Should materials or equipment be delivered to the construction site without having been placed on the aforementioned list and approved, it shall be immediately removed from the construction site by the Contractor at his own expense.

f. Errors and Discrepancies

If the Contractor discovers any errors or omissions, it shall immediately notify the Program Manager and the Program Manager shall verify the same and issue instructions in connection therewith. If, with the knowledge of such error or omission and prior to the correction thereof, the Contractor proceeds with any work affected thereby, it shall do so at its own risk and the work so done shall not be considered as work done under and in performance of the Contract unless and until accepted.

v. ASCS Testing

a. Acceptance Test Plan

Within fifteen (15) calendar days after receipt by the Contractor of the Work Order, the Contractor shall prepare and deliver to the Port Authority a comprehensive Acceptance Test Plan that describes all the activities and tasks associated with testing of the Work of the individual Work Order. At a minimum, the Contractor's Acceptance Test Plan shall contain the following elements:

- A statement of the purpose and goal of each test case and the method of testing.
- A specification of the conditions that shall exist at the start of the test, the action and or function to be tested, and the conditions/results expected to exist at the conclusion of the test.
- A description of the tables, charts, etc. to be provided to the Port Authority to document the test results.
- A description of the procedures to be used to control and resolve all failures encountered during the performance of each test.

The Contractor shall completely check, test, and calibrate all connected hardware and software to insure that the system performs in accordance with the requirements of the Work Order, approved specifications, and required sequences of operation.

b. Field Acceptance Testing

Field Acceptance Testing will be defined in each Work Order. The Contractor shall conduct a full program of Field Acceptance Testing, the purpose of which shall be to demonstrate to the Port Authority's satisfaction that the Airport Security Control System enhancement or modification fulfills all of the specifications as set forth in the Work Order. Contrasted with pre-acceptance testing, Field Acceptance Testing shall involve the direct monitoring of the testing process by the Port Authority, and shall be designed to exercise all components of the ASCS individually and collectively as one integrated system.

Test plans and procedures shall be provided by the Contractor within 15 days following receipt of the Work Order and the Contractor shall ensure that all of the Airport Security Control System functional parameters and performance specifications are thoroughly tested. The Field Acceptance Test Plan shall be subject to the prior review and approval by the Port Authority. Any errors detected during any testing period shall be noted and corrected by the Contractor before proceeding to the next testing period. Said testing shall

continue until the Port Authority is satisfied that the test results comply with those defined in the approved test plan. Any repairs, construction, or modifications as required to comply with this Section shall be performed by the Contractor without additional cost to the Port Authority.

c. Operational Acceptance Testing

Operational Acceptance Testing will be defined in each Work Order. After satisfactory completion of Field Acceptance Testing, a 30-day operational test shall commence, which shall consist of normal daily operation of the system by users, to be performed continuously for a thirty day period without interruption. The Contractor shall correct any malfunctions as they occur at no cost to the Port Authority, said malfunctions including, but not being limited to, equipment failure or failure of the ASCS to comply with this Section. After the Contractor corrects a malfunction, the 30-day test shall restart, at day one, and shall continue until the system has operated without malfunction for a continuous 30-day period. Following such successful operation the Port Authority will accept the work of the Work Order in writing.

d. Acceptance Test Reports

Following the completion of the Field Acceptance Test period, the Contractor shall prepare and deliver a Final Test Report that describes the results of the test period and the next steps to be taken. The Field Acceptance Test phase shall not be considered complete, nor may the Contractor proceed to the next phase of the project until the Port Authority has approved, in writing, the Contractor's test report. The report shall contain, but not be limited to:

- Summary of the test period results including an analysis of test results
- Descriptive narrative of individual test objective(s)
- System status prior to testing and after testing
- Expected test results
- Actual test results
- Exception condition report (when applicable)
- Explanation of exception conditions and Contractor corrections
- All applicable screen printouts, reports, interim processing dumps and other audit trail physical evidence to validate the test activity for each iteration of the test conducted

B. Maintenance Services:

General Requirements
The Contractor shall be responsible for Preventive and Remedial Maintenance of the Airport Security Control Systems (ASCS) so that the ASCS has twenty-four (24) hours a day, seven (7) days week coverage. The Preventive and Remedial maintenance program shall be performed to keep the Airport Security Control System compliant with manufacturer recommendations in an operating condition capable of accurate operation and reporting as defined in Attachment B, Contract Specific Terms and Conditions, Section 11, entitled: "Required Service Level and Liquidated Damages for Non-Performance for Work Order and Maintenance Services".

The Contractor shall be the single point of contact for operating and maintaining the system including interfacing with other manufacturer equipment and/ or third party vendors. The Contractor shall perform all system operations and maintenance, including furnishing all labor, transportation/travel, supervision, materials, supplies, parts, equipment, warning signs and other safety devices, and all other things necessary for proper maintenance and to perform the services in the Scope of Work described in this attachment and any future changes therein. The Port Authority made every reasonable effort to identify all ASCS equipment, ASCS systems, and related components, as described in this Contract. However, it is the Contractor's responsibility to identify, inventory, and maintain the entire ASCS system, which includes prior engineering project installations, updates, enhancements, and subsequent engineering/maintenance changes.

The maintenance performed by the Contractor shall consist of: scheduled Preventive Maintenance, Remedial Maintenance, and deploying any hardware/software updates, reinstallation of hardware/software or changes to equipment settings resulting from changes to the system. All system changes must be documented and submitted to the appropriate party immediately following the work and prior to leaving the site / facility. All system architecture and configuration changes shall be updated on a master document, which will be kept on site at a Port Authority secure location. A schedule of monthly preventive maintenance activities and a description of preventive maintenance procedures for each Work Site shall be submitted to the Airport Security Manager and/or Program Manager for review and approval, no later than 30 calendar days prior to the first of each month. All comments must be addressed to the satisfaction of the Airport Security Manager and/or Program Manager, prior to initiation of each month's maintenance. Prior to the initiation of each month's preventive maintenance schedule all comments made by the Airport Security Manager and/or Program Manager must be addressed and corrected by the Contractor.

All Preventative Maintenance (PM) work will be performed by a qualified representative that has been formerly trained and certified by the equipment manufacturer(s). All PM work on the system and related components shall adhere to the manufacturer specifications and recommendations.

i. Scheduled Preventive Maintenance (PM)
Scheduled Preventive Maintenance shall consist of, but not be limited to:

- Check and verify that the systems are running and operating as per manufacturer's specification and verify all logs. Record and adjust components to obtain the maximum

efficiency of the systems. (For example: check and verify battery load and life for the Uninterruptible Power Supply.)

- Perform a visual inspection of all related components as per manufacturer's specification on all physical connections and terminations are adequate for proper system function per preventative plan
- Perform preventive maintenance consisting of inspection, testing, lubricating, adjustments and repairs and cleaning all related system devices and components cleaning cameras lenses, housings, lenses & domes, card readers, CCTV head-end system equipment, and biometric enrollment readers in the ID offices and other airport security access locations) in accordance with the manufacturer's suggested Preventative Maintenance recommendations found on the manufacturer's website.
- Change any air filters that are in place. Vacuum cabinet areas inside and out, including any dust dirt or debris that may have covered equipment components
- Provide the following perishable items: laminate, cartridges, ribbons, and cards used in the operations system for the ID offices and other items necessary to keep the badging equipment functioning

Exemption (4)

- Verify recording devices are operational
- Monitor the performance of the CCTV system by performing the manufacturer's recommended routines
- Support general user administration including the adding, changing and deletion of CCTV system user accounts
- Perform quarterly Preventative Maintenance visits
- Replace parts that are approaching unserviceable status using trouble report log and manufacturer's recommended end of life determination
- For CCTV systems, PM activities shall include but not be limited to the following tasks:
    - Maintaining the Nextiva System, configure data, backup and recover the database
    - Support Global Settings
        - Managing Nextiva Users & Groups: Adding, Deleting and Renaming Users and Groups, Refreshing user information, Editing user Properties, Assigning Permissions
        - Video Quality Profiles
        - Coverage Profiles
        - Recording and Archiving
    - Supporting Investigative Management Application
        - Creating Investigations
        - Editing Investigations
        - Exporting Investigations
        - Searching Investigations
        - Deleting Investigations
    - Running Nextiva HealthCheck
        - System Logs
        - Audit trail
        - Performance

- System Alerts
- Troubleshooting Nextiva Control Center
- Troubleshooting Nextiva Review
- Troubleshooting Nextiva Components
- Preventive Maintenance of all equipment enclosed in cabinets (refer to manufacturer standards for each and all devices)
- Monthly cleaning of all equipment including the replacement of any filters located in the equipment cabinets.
- Periodic cleaning of domes and camera lenses.

The Contractor's personnel shall report to the Airport Security Managers and/or Program Manager at the start and upon completion of each maintenance visit. Service personnel shall keep the Airport Security Managers and/or Program Manager informed of the work performed by them by furnishing him with a completed "Service Maintenance Form" within twenty-four hours of completion of work. Said form shall include, in addition to any other pertinent data, data such as times of arrival and departure, materials replaced, the hours any item was out of service, the specific components which were inspected and/or adjusted and the workers' names, and shall notify the Airport Security Managers and/or Program Manager of additional repairs or replacements which have to be scheduled.

ii) **Remedial Maintenance (RM):**
Remedial Maintenance shall consist of all unscheduled actions necessary to diagnose and correct ASCS malfunctions and failures. The Contractor shall repair or replace at the option of the Airport Security Managers and/or Program Manager, any part or parts of the Airport Security Control System that becomes unsuitable for continued use. The Contractor shall make every possible effort to adhere to all original specified performance requirements found on the manufacturer's website. Such repair or replacement shall be performed so that any Airport Security Control System equipment shall not be out of service as stipulated in Attachment B, Specific Contract Terms and Conditions, Section 4 entitled: "Required Service Level and Liquidated Damages for Non-Performance for Work Order and Maintenance Services".

The Contractor shall provide the cost of the materials and equipment needed to perform Remedial Maintenance plus the Contractor's markup on such cost. That markup must be included in the Contractor's response to their work proposal along with any markup proposed for work performed by Subcontractors. The monthly lump sum shall not include compensation for work performed outside of normal business hours. Those hours are 8:00am to 5:00pm, Monday through Friday, excluding Port Authority Holidays. Payment for labor performed outside of those hours shall be computed based on hours of work performed using the applicable overtime rates set forth by the Contractor.

The Contractor shall provide a specified telephone number, or other Port Authority approved method, at no additional cost to the Port Authority for the purpose of call-in service that will be staffed 24 hours a day, 7 days a week. A qualified dispatcher rather than an electronic answering device must answer service calls. The Contractor shall send trained personnel fully familiar with the ASCS and its maintenance requirements, to the premises in response to telephone notification of an ASCS malfunction, and said personnel shall arrive at the premises and report to the Airport Security Managers and/or Program Manager within the

response period stipulated in the Attachment B, Specific Contract Terms and Conditions, Section 4 entitled: "Required Service Levels and Liquidated Damages for Non-Performance for Work Order and Maintenance Services".

The Contractor shall ensure that calls are recorded with all necessary information such as date and time of problem, location of problem, contact person, description of problem, etc., and are properly recorded in the Computerized Maintenance Management Reporting software system as described in the Tracking Methodology in "Additional Services" Section below.

The Contractor shall establish and provide a contact list for the escalation of issues for the Port Authority in the event of an unforeseen emergency and/or failure to respond by the Contractor. It will be the responsibility of the Contractor to keep this list updated at all times.

For CCTV systems, the following RM activities shall include but not be limited to the following tasks:

Troubleshooting, repairing and or replacing the following hardware components:

- Master File Servers
- Analytic File Servers
- Storage Array units
- Ethernet switches
- Video Encoders & Decoders
- Viewing Workstations
- Display Monitors
- System Admin PC / Terminal & KVM
- Camera Power Supply's
- Encoder Power Supply's
- Power Distributors
- Uninterruptible Power Supplies (UPS's)
- Fixed Cameras
- PTZ Cameras

Troubleshooting and repairing the following Nextiva application software components:

- Nextiva Recorder Servers
- Nextiva Control Center
- Nextiva Review

Equipment maintenance, repair and replacement should be viewed as Remedial Maintenance as required. The following statements outline the required response times for typical outages:

Major Outage (responses within 4 hours, Resolution within 24 hours):
A major outage consists of any component or application that will affect the operation of the system including but not limited to:

- User access problems into OS or Nextiva application
- Viewing Workstation outage

- Any failure of a component that may or will affect the operation of the local system
- Multiple camera outages (2 or more)
- Any problems pertaining to live view or accessing recorded video
- Any power / UPS, Camera Power Supply's or Power Distributors / related problem

Minor Outage (responses within 8 hours, Resolution within 48 hours):
A minor outage consists of any problems that will not affect the normal operation and full access of all cameras and applications of the system.

- A single camera outage
- General maintenance related items
- General System Administration functions

iii. **Software Updates** - The Contractor shall maintain current system software:
Supervise the installation of system updates, ensuring software is maintained at a release level supported by the Contractor and as appropriate within two release levels of the most current release. The Contractor is responsible for ensuring that all appropriate upgrades are in place for application and database systems. The Contractor shall be proactive in notifying the Airport Security Managers and/or Program Manager of new upgrades and subscribe to organizations and companies that issue notifications on upgrade releases. The Contractor shall also provide the Port Authority with an analysis of the potential effects of such updates/enhancements on the system.

This analysis shall include, at a minimum, the following:

- Compatibility of the application software with the new system or third-party software.
- Potential increases or decreases in system performance
- The availability of product support for the current (older) version of the operating system or third party software
- Testing required validating that the hardware/software support change will perform as expected

The Port Authority will determine whether to approve the updates. If the Port Authority selects the updates, the Contractor shall perform the recommended testing, prepare the test report, and perform the updates.

iv. **Software Support** - Management of software support vendors:
The Contractor shall compensate third-party software support providers, communicate requests for modifications to the system, and report required fixes to correct software deficiencies. The Contractor shall maintain records and track the status of all requests, maintain contact with third-party software support providers to keep current on the latest releases and fixes to software, and keep the Airport Security Managers and/or Program Manager informed of the status of all such releases, fixes and requests through regularly scheduled status meetings and written documentation.

v. **Error Correction**
In the event that the Airport Security Control System software or any modifications thereto do not perform in accordance with the software manufacturer's recommendations, or deviates

- Any failure of a component that may or will affect the operation of the local system
- Multiple camera outages (2 or more)
- Any problems pertaining to live view or accessing recorded video
- Any power / UPS, Camera Power Supply's or Power Distributors / related problem

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This analysis shall include, at a minimum, the following:

- Compatibility of the application software with the new system or third-party software.
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- The availability of product support for the current (older) version of the operating system or third party software
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v. **Error Correction**
In the event that the Airport Security Control System software or any modifications thereto do not perform in accordance with the software manufacturer's recommendations, or deviates

from the system design intent, the Contractor shall be responsible to notify the software support provider. All arrangements including the payment of compensation shall be between the Contractor and the manufacturer (e.g., Lenel and Verint/Loronix) and other software providers/vendors, on the Port Authority's behalf immediately upon detecting any error. Errors shall include, but are not limited to, flaws in operations and errors due to flaws in the design and coding of the Airport Security Control System software. Notification of the error shall be made to the Airport Security Managers and/or Program Manager and the manufacturer (e.g., Lenel and Verint/Loronix) and other software providers/vendors, and followed immediately with hard copy documentation (email or fax) briefly describing the error condition identified to both parties. The Contractor shall coordinate with the manufacturer (e.g., Lenel and Verint/Loronix) and other software providers/vendors, any and all steps required to repair, replace and correct all malfunctions. The Contractor shall submit a test plan, schedule the software modification release, and test results prior to releasing the corrected software into the production system. Such corrections to the software shall be provided at no additional cost to the Port Authority. The Contractor's obligations for the performance and completion of such error correction is required to validate that the Airport Security Control System performs as per the manufacturer's specification is an essential part of this Contract. The Contractor guarantees to coordinate, execute and complete the performance of such error correction as described in Attachment B, Contract Specific Terms and Conditions, Section 4 entitled: "Required Service Level and Liquidated Damages for Non-Performance for Work Order and Maintenance Services".

In the event of a system error as a result of a software/hardware upgrades, updates, or new releases the Contractor shall roll back to the previous software/hardware version if unable to correct the error.

iv. Frequency of Repairs

The Contractor will be required to replace/upgrade any device, part, or peripheral(s) that fails more than three times within a period of two weeks or five times within a period of one month.

C. Additional Services

i) Computerized Work Order and Maintenance Management System

Additional services required includes a web enabled computerized system to track status and work order and maintenance work for the Airport Security Control System and transitioning services at start of Contract and termination of Contract as described below.

- Tracking Methodology - Computerized Work Order and Maintenance Management System

The Contractor shall have a web enabled Computerized Work Order and Maintenance Management System that allows the Port Authority to track work performed by the Contractor. If the Contractor cannot propose an off-the shelf software, then the Contractor may propose a customized software system that will be reviewed and approved by the Port Authority's Technology Services Department prior to acceptance as a substitute.

All changes made to the web enabled Computerized Work Order and Maintenance Management System that affects the Port Authority other than regular maintenance to the system requires the Program Manager's approval.

The proposed system must have the capability to track individual Supplier Information such as: contact information including company name, name of contact person, company address, telephone number(s), fax number(s), and email address.

The system should provide, at a minimum, the following information:

- Equipment Inventory - Information on all parts and components within the system. Track each part and component by supplier, by location, serial number, and part/component ID. If an item is a component system, track each part of the system by its individual parts.

- Hardware/Software Inventory – Track all software, version, and license numbers for the ASCS.

- Parts and Component Usage - Track the disbursement of parts and components to technicians for use in making repairs. Location also extends to where the equipment is installed. Each item should have a status, such as "available", "damaged", "on-hold" or others, as needed by the operation. All parts and components should be tracked by serial numbers. Information should be maintained so that parts associated with a work order can be tracked. The system should track the performance of equipment used within the system and calculate and maintain Mean Time Between Failure (MTBF) and Mean Time to Repair (MTTR) information.

- Reports - All information/data within the system must be provided to the Airport Security Managers and/or Program Manager using a standard reporting package.

- Work Order Management - Track status and schedule of each work order from the time a request is made until the work order is closed out. The system should also include the approval of the work, and final payment, including all the steps in between.

- Maintenance Management - The system should include caller identification, date and time of call, description of problem by caller, location of problem, technician assigned, time of technician arrival at site, description of technician action, time of completion of work, parts used with serial numbers, and all other relevant information.

ii) Performance Measures

The Contractor shall develop and provide performance metrics for preventive maintenance (e.g. percentage of equipment online), computer system performance (e.g. response times, field device performance), and end user operational performance (e.g. response time to alarm). The performance measures shall be in the form of online reports and hardcopy. A record shall be kept of the reports. The reports shall begin 30 days after Contract award, delivered in the 1st day of the month, quarter, semi-annually, and/or annually or as deemed necessary by the Airport Security Managers and/or Program Manager. Performance measures shall be subject to review by the Airport Security Managers and/or Program Manager.

Information is requested as an overall calculation and/or broken down into an individual calculation.

- Percent of equipment (e.g. computer hardware, field devices) and software components uptime and downtime
- Percent of repetitive equipment (e.g. computer hardware, field devices) and software components failures
- Number of calls and total repair time spent on repeat problems
- Mean time between equipment (e.g. computer hardware, field devices) repairs
- Time required to complete a repair
- Number of problems including the number of hours spent on non-routine maintenance and scheduled maintenance calls
- Preventative Maintenance Compliance = Preventative Maintenance tasks complete / Preventative Maintenance tasks scheduled
- Vendor response time to off hour calls
- Percent of equipment (e.g. computer hardware, field devices) and software components maintained on schedule
- Percent of parts with two or more suppliers

iii) Transitioning Services at Start of Contract and Termination of Contract

The Contractor will be expected to support an orderly transition from the existing Contractor providing the services to the proposed Contract. The selected Contractor will be expected to actively participate in discussions and agree to written plans that clearly specify the transition period and responsibilities.

Upon termination or expiration of the Contract, all Port Authority data, procedures, and documentation material, etc. stored on electronic media or otherwise, must be returned to the Port Authority at no additional cost. Any copies held by the Contractor must be purged from their file and storage media within 30 days of termination or expiration of the Contract. The Contractor shall furnish a letter from an authorized company representative stating that all such items have been returned or destroyed.

Upon the termination or expiration of the Contract, the Contractor must assist with the transition to a new service provider to minimize service interruption to the Port Authority at the end of this Contract. Reasonable costs associated will be paid through the Extra Work provisions of the Contract.

iv) Disaster Recovery Plan

The Contractor shall participate in the implementation and testing of the Airport Security Control System Resumption plan, including:

a) Develop and maintain an Airport Security Control System Disaster Recovery Plan approved by the Airport Security Managers. The plan shall be submitted to the Airport Security Managers and/or Program Manager within 120 days of commencement of Contract

b) Test the plan: Participate with the Airport Security Managers and/or Program Manager in scheduling and conducting annual tests of the disaster recovery plan

c) Affect the plan: In case of a disaster, participate in the recovery effort and perform the ASCS responsibilities identified in the plan

4. General Scope Requirements

A. Status Meetings

The Contractor shall schedule and conduct regular status meetings no less frequently than monthly with the Port Authority. However, the Contractor shall schedule and conduct status meeting more frequently for resolution of pressing agenda items. The purpose of these meetings shall be to appraise the Port Authority and the Port Authority's Airport Security Managers and/or Program Manager of the status of the work, the operational status of the system, any problems note and their immediate and long-term solutions.

B. Personnel Requirements

All work shall be performed by supervised, trained personnel, who shall be qualified to keep the equipment adjusted and repaired and in proper operating condition; any employee of the Contractor, or Airport Security Control System Subcontractors, deemed by the Airport Security Managers and/or Program Manager not qualified to perform the services or perform the required functions unsatisfactorily hereunder shall be immediately removed from the Work Site and replaced by the Contractor within twenty-four (24) hours, following the Contractor's receipt of the Airport Security Managers and/or Program Manager's request for such replacement.

The service technicians providing work order, maintenance and repair services under this Contract shall maintain proof of the manufacturers certification for installing, maintaining and servicing Lenel Access Control systems and Verint/Loronix systems during the Contract period during the Contract period, and must possess a minimum of three (3) years previous serviceman experience maintaining systems of similar type and complexity to those covered under this Contract.

The Contractor shall meet the security requirements to obtain an Airport ID card as described in Attachment C, Standard Contract Terms and Conditions, entitled: "Notification of Security Requirements". All employees of the Contractor shall wear all identification badges in a conspicuous and clearly visible position at all times whenever engaged in work under this Contract.

C. Change Control

i) Change control refers to a formal process whereby changes are carefully proposed, assessed, reviewed, and applied. Change control provides stability and safety to ensure the system continues to operate properly. The Contractor shall manage the change control process as follows:

- All changes to the system shall be responsibility of the Contractor
- The Contractor shall review the change management procedures established for each system and recommend changes as necessary to ensure that all system changes are properly executed. Contractor shall ensure that all vendors properly follow change management procedures. Procedures shall include, but not limited to, change request forms and documenting the action(s) taken to complete the change request

- Prior to the change, a plan shall be submitted to the Airport Security Managers and/or Program Manager for approval. Approval of plan does not alleviate the Contractor's responsibility to the successful implementation of the plan
- A plan shall include, but not be limited to, description of change, revision(s), impact assessment, installation procedure, test procedures, downtime, data backup and recovery procedures, and training

ii) Change control shall consist of the following, but not be limited to:

- Provide a method for accepting changes to the system and rejecting changes that might degrade the system
- Provide revision control and recovery plans for the system
- Allow all parties affected by the proposed change to assess resources, schedule, and quality and impact in a controlled manner
- Provide an historic trail of the system
- Proposal of changes shall occur whenever the Contractor and/or Airport Security Managers and/or Program Manager require that some aspect of the system should be changed. The Contractor shall submit a change proposal to the Airport Security Managers and/or Program Manager. The proposal of changes shall identify the work in question, description of the change, dependencies, description of the impact, schedule, parties affected, description of leaving the system as-is compared with the suggested change and recommendation
- Assessing impact of change shall be the responsibility of the Contractor. The Contractor shall be responsible for evaluating the effects of implementing the proposed change and recommendation. The evaluation shall include, schedule, notify affected parties, impact on documentation, impact on the system, impact on hardware and software, dependencies, description of installation programs and procedures, test plan, training, impact of future costs from the change

iii) Hardware Configuration Changes

- Ensure that new hardware is thoroughly tested before installing into the production environment. A test plan shall be established
- Managing hardware changes: Make provisions for the orderly implementation of hardware changes and updates minimizing the disruption of system services or users. Oversee and control changes to the hardware configuration and be responsible for the area where the work is being performed during installation
- Testing new hardware and associated software: Ensure that all configuration changes are tested within a test environment prior to use in the production environment. Where possible and appropriate, arrange for factory testing prior to acceptance
- Informing management of new hardware options: Maintain contact with vendor(s) to stay abreast of all hardware updates, maintenance fixes, etc., which are available for the system
- Documenting the hardware configuration: Ensure that all documentation is received for new hardware and that configuration changes are properly documented and filed in the computerized change control tracking system as described below
- Provide and maintain detailed drawings of a high level system configuration/architecture/map of the CACS and CCTV systems including the number and type of equipment at installed locations for each airport

iv) Software Configuration Changes

- Ensure that new software is thoroughly tested before installing into the production environment. A test plan shall be established
- Verification and control of software: Verify that no unauthorized software has been introduced onto the system. Check for and remove viruses, games, personal software, etc. Check versions of authorized software and verify that no unauthorized changes have been made
- Inform management of new software options: Maintain contact with vendor(s) to stay aware of software updates and fixes
- Maintain a segregated test environment insulated from the production environment for testing of changes to software prior to introduction to the production environment

v) Controlling Software Migrations
Establish and enforce procedures to ensure only approved changes are implemented by ensuring that:

- Modification request forms have been established for all changes to be made to software.
- Multiple changes to the same module are coordinated
- All changes must be synchronized so that all modules affected by a modification to a data element or other factors are changed simultaneously
- Migration of modules is controlled through the test and implementation cycle
- New application and system software versions are thoroughly documented
- Changes to application software are deposited in escrow by the software vendor

vi) Maintaining prior versions of software: Exercise control over software versions, ensuring the proper version of software is migrated and that prior versions are available for roll back in the event of an emergency

vii) Testing new software: Maintain a set of test transactions and known results to verify the integrity of the system along with new software releases. Update the test transactions to include test data for all new conditions arising out of maintenance or enhancement of the system

viii) Computerized Change Control Tracking System

A computerized change control tracking system shall be provided, managed, and maintained by the Contractor. The control system shall follow a formal change control process and capable of generating reports. The change control system will be used to gather and manage change control information relating to requests to change the system. The change control system will provide a central database, which contains information as described in the above Sections. The change control system shall track and maintain a historical record of proposed, accepted, rejected or deferred; at minimum, the change control system shall record the information.

D) Organization
The Contractor agrees to establish and maintain an organization appropriate to the Work to be performed under this Contract. This shall include but not be limited to:

- Assigning appropriate number of staff, acceptable to the Port Authority, with skills appropriate to the tasks to be performed
- Supplying direct supervision of staff
- Providing qualified persons, acceptable to the Port Authority, for relief of the assigned staff in the event of vacation, illness, personal business or any other absence

- Providing staff with procedures for resolving technical issues that cannot be solved on-site and providing staff support where required
- Providing properly equipped and marked dedicated vehicles to staff for service
- Providing dedicated telephone lines to respond to requests for services in a timely manner

E) Quality Assurance
The Contractor shall develop and implement a Quality Assurance Program to ensure full compliance to the service requirements herein given.

The Contractor shall provide an overview within the first three months of the effective date of the Contract, no more than twenty pages in length, of the Quality Assurance policies, methods, techniques, and controls that will be used. The overview shall clearly indicate how the Contractor will provide quality services to the Port Authority during the terms of the Contract.

F) Key Vendor Relationships
Several organizations are considered "key" vendors for the Port Authority in the context of this Contract. Such vendors supply equipment and software utilized to sustain system functionality, and/or provide services which support system operations. During the term of this Contract, the Contractor must support the equipment and software provided by these current and any future key vendors, and coordinate their efforts to continue uninterrupted functionality of the system.

The Contractor must demonstrate the capability of supporting and maintaining the equipment and software provided by these key vendors. Such support capability should include the ability to utilize the manufacturer's (key vendor) resources for consultation on product installation and operations, as well as for escalation of problems for resolution.

Additionally, the Contractor shall provide all services that support the system, and end user support.

The successful Contractor must interface and interact with vendor on an as-needed basis. The interfaces will generally consist of providing enhancement modifications to the system and resolving problems. The Contractor must describe any prior working relationships with key vendors, emphasizing the nature of the relationship, the quality and tenor of the relationship and any difficulties experienced with the relationship. Where difficulties are noted, the Contractor will describe any mechanisms and techniques that would be used to avoid similar difficulties that would affect the terms and conditions of the Contract.

ATTACHMENT "E"

COST PROPOSAL SHEETS

ENTRY OF CHARGES:

The prices quoted shall be written in blue ink where required in the spaces provided on the Cost Proposal Sheets attached hereto and made a part thereof.

The Contractor shall make sure that all charges quoted for similar operations in the Contract are consistent.

The Contractor shall make sure that all figures are inserted as required, and that all computations have been verified for accuracy. The Contractor is advised that the Port Authority may, in its discretion, verify and may not check for errors in each and every price submitted. In the event that the Contractor makes errors, the Port Authority reserves the right to correct any error and to recompute the Total Estimated Contract Price, as required, based upon the applicable unit price inserted by the Contractor, which amount shall govern in all cases.

The prices set forth by the Proposer for materials and supplies are for proposal evaluation purposes only. Where the Contractor's net cost of materials and supplies is the basis for payment to the Contractor, it will be computed based on actual net cost as defined in the above referenced Section.

In the event that a Contractor quotes an amount in the Estimated Total Price column but omits to quote a Unit Price for that amount in the space provided, the Port Authority reserves the right to compute and insert the appropriate Unit Price.

The Total Estimated Contract Price is solely for estimating and proposal evaluation purposes. Compensation shall be in accordance with Attachment B, Contract Specific Terms and Conditions.

ATTACHMENT E, Cost Proposal, Form #1
(This table applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name : _____

Name(s) of
Proposed Subcontractor : _____

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
Project Manager	Provides product definition, direction, and leadership through the full cycle of delivery. Develops and maintains project plans; provides project status and progress information. Responsible for timeliness and quality of delivered product.			
Engineer	Provides expertise in physical plant design, construction, and maintenance. Knowledgeable in current construction standards and codes.			
Senior Technician	Knowledgeable, experienced, and skilled in Security Systems Field Service and Preventive Maintenance Service. Possesses a depth of skill and experience required for directing, instructing, and supervising other Technicians. Capable of resolving service calls at higher than initial levels of escalation.			
Technician	Skilled and experienced in Access Control and Badging System, CCTV Video systems, Sonet OC3 Networks, Field Service and Preventive Maintenance and Communications System Field Service			
Lenel Technician	Lenel specialist provided by Lenel and included in Work Order or Maintenance activity by Contractor.			
Verint Technician	Must be formally trained on Verint CCTV systems including the Nextiva & Loronix Video Management platform / applications.			

***Notes: "Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.**
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

ATTACHMENT E, Cost Proposal, Form #1 (continued)
(This table applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name : _____

Name(s) of
Proposed Subcontractor : _____

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
Systems Integration Specialist	Design and implementation of hardware and software interfaces between existing Lenel system and other systems and equipment			
Manufacturer Technical Support	Lenel & Verint System problem resolution assistance			
Electrician/ Electronics Technician	Equipment Installation and Termination. Must be certified in Fiber Optics installations techniques and terminations. Must be certified in UTP category 5, 5e & 6 installation techniques and terminations. Install and maintain common electronic security equipment such as electronic locks and other access control systems (i.e. card readers, biometrics). Install, maintain and operate common electronic surveillance equipment such as cameras and audio recording devices. Expertise in Wire, Cabling, Fiber Optics, and Wireless Technologies.			
System Requirements Analyst/Systems or Software Engineer	Research & develop definitions for stated requirements. Requirements analysis encompasses those tasks required to determine the needs or conditions necessary to support new or altered product, taking account of the possibly conflicting requirements of the various stakeholders			
Intelect Technician	Intelect specialist - included in Work Order or Maintenance activity by Contractor			

***Notes: "Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.**
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

ATTACHMENT E, Cost Proposal, Form #1 (continued)
(This form applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name : _____

Name(s) of
Proposed Subcontractor : _____

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
System Designer	Possesses skills and experience in the design of systems and subsystems to meet complex business requirements. Knowledge of Business Process Engineering and able to conceive of integrated systems using automated and/or manual processes. Knowledgeable in formal design methodologies and industry-standard documentation techniques. Physical Security Professional (PSP) and BICSI RCDD (Registered Communication Distribution Designer) certifications preferred.			
DBA	Has experience with several versions of SQL Server, Exemption (4) Skilled in the Administration of SQL Server, including its installation, configuration, operation, and upgrade. Possesses logical and physical database design experience and provides expertise in performance monitoring and tuning			
CAD drafter	Possesses skills in the use and operation of Computer Aided Drafting tools			
Crystal Report Writer	Develop defined reports using Crystal Report Writer			

*Notes: "Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

EXEMPTION (4)

ATTACHMENT E, Cost Proposal, Form #4
Cost Summary for Work Order Samples

Refer to Attachment F - SAMPLE WORK ORDERS

This form must be completed by each organization included in the proposal
Primary Proposer's Name: _____
Name(s) of Proposed Subcontractor: _____

The Proposer is required to complete a work order proposal for each of the four Work Order Samples to reflect anticipated staffing levels of Proposer Personnel by Title, to fulfill the Sample Scope Work. Include all applicable Personnel Titles to accurately reflect your staffing levels from inception of Work of Order to completion of warranty. Each proposal shall include a detailed cost breakdown of the work. The samples furnished are indicative of actual work orders to be completed under the RFP.

Cost Summary for Work Orders

Sample Scope of Work #1	$_____
Sample Scope of Work #2	$_____
Sample Scope of Work #3	$_____
Sample Scope of Work #4	$_____
Total Scope of Work, Samples 1, 2, 3 and 4	$_____

Optional Microsoft Operating System

Optional Cost for Sample Scope of Work #1	$_____
Optional Cost for Sample Scope of Work #2	$_____
Optional Cost for Sample Scope of Work#3	$_____
Optional Cost for Sample Scope of Work#4	$_____
Total Optional Cost for Microsoft Operating System	$_____

ATTACHMENT F– SAMPLE WORK ORDERS

SAMPLE SCOPE of WORK – I

The Port Authority of New York and New Jersey desires to add (2) card readers to an existing vehicle entrance at John F. Kennedy International Airport. The Scope of Work includes installation, termination, testing and documentation of the following devices:

EQUIPMENT LIST

(2) Exemption (4) Card Readers (Install to Existing Stanchions)
(1) Existing Escort Light Bar (Interface to Reader module with external Potter Relay).
(1) Exemption (4)
(2) Dual Reader Interfaces
(1) Input Control Module
(3) Lenel CTX Enclosure
(1)
(1) Exemption (4)
(1) Temperature Activated Fan Assembly
(2) Telebyte Fiber Transceivers w/Plug in Transformer
(2) Fiber 6' Patch Card
(1) Rack Mounted Hub Assembly
(1) w/Power Supply
(4) Fiber Optic Patch Cords
(1) Warranty
Maintenance

Exemption (4)

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – I

Personnel Title		Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
Extended Labor Total					

***Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.**

SAMPLE SCOPE of WORK - II

The Port Authority of New York and New Jersey desires to add Guard Booth Monitoring Stations to (6) existing guard booths located at Newark International Airport. The Scope of Work for each location includes installation, termination, testing and documentation including cabinet elevations, configuration drawings, and schematic diagrams showing cable and hardware and as-built drawings. Material list includes:

EQUIPMENT LIST

(1) , Client Workstation with Dell Latitude Laptop Computer
(1) UPS 280va/180w
(1) Strongman 15.1" Flat Screen Monitor Vertica Ministation
(1) Strongman Heating / Air Conditioning Unit
(1) Exemption (4) Ethernet Bridge Module
(1) Ethernet Paddleboard
(1) Cabinet Tamper Switch
(*) Mount lock box cabinet to ceiling of guard booth
(*) Mount flat panel monitor to ceiling using monitor mount.
Maintenance

Exemption (4)

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK –II

Personnel Title		Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
Extended Labor Total					

***Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.**

ATTACHMENT F– SAMPLE WORK ORDERS.

SAMPLE SCOPE of WORK - III

The Port Authority of New York and New Jersey desires to install one (1) CCTV fixed camera inside a guard booth above guard station with video connectivity to the Control Center. The Scope of Work for each location includes installation, termination, testing and documentation including configuration drawings, and schematic diagrams showing cable and hardware and as-built drawings. Material list includes:

EQUIPMENT LIST

(1) Camera,
(1) Lens, Exemption (4)
(1) Fiber Transmitter
(1) Fiber Receiver
Maintenance

Exemption (4)

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – III

Personnel Title		Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
Extended Labor Total					

***Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.**

SAMPLE SCOPE of WORK - IV

The Port Authority of New York and New Jersey desires to add (2) cameras to an existing Verint Nextiva CCTV system at John F. Kennedy International Airport. The Scope of Work includes installation, termination, testing and documentation of the following devices:

EQUIPMENT LIST

2) Fixed cameras attached to a pole (Sony and/or Pelco mindome equivalent
1) Actual location will be provided at the time of installation
2) Add cameras to the Host
1) Decoder
1) Encoder
1) Connection to Switch
1) Connection to GUI
1) Connection to Controller that controls a Video Wall
1) Program new devices to the Verint Host
1) Add/Modify users of system
1) Warranty Maintenance

Exemption (4)

Exemption (4)

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – IV

Personnel Title		Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
Extended Labor Total					

***Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.**

EXEMPTION (4)

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

The following forms have been organized to provide a standardized mechanism for responding to the Qualifications and Information requirements of this Request for Proposal. THESE FORMS ARE NOT A SUBSTITUTE FOR A WRITTEN PROPOSAL; THEY ARE INTENDED TO SUMMARIZE KEY INFORMATION IN THE PROPOSAL AND MUST BE SUBMITTED WITH THE PROPOSAL.

The information in these forms has been ordered for ease of review and comparison of responses. Each part of a form represents a collection of related information that may have been described or specified in different, separate, and non-contiguous areas of this document.

Each of the parts of a form carries a reference to the area in the Request for Proposal where the definition of the information requested may be found. Such references, however, are presented as an aid to the Proposer, and in no way imply that other, unreferenced Sections are to be ignored with respect to a form or any of its parts. It is the responsibility of the Proposer to apply the entire Request for Proposal information and definitions, as needed, to prepare the following statements.

1. Prime Proposer's Business Information

- Check how bid will be submitted:

☐ Single Entity ☐ Joint Venture

If a Joint Venture, each participant in such Joint Venture must submit all the information that is required for a single entity. A complete set of forms must be provided for each participant in a joint venture.

Indicate the type of work generally performed with your own work force.

_____

_____

- Indicate which part of the work indicated in this Request For Proposal you plan on performing with your own forces and what work you plan on sub-contracting to another firm?
  - Work to be performed with own forces:

_____

_____

_____

  - Work to be performed with sub-Proposers:

_____

_____

_____

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

2. Proposer's General Business Information

This form must be completed by each organization included in the proposal

Primary Proposer's Name : _____

Name(s) of
Proposed Subcontractor : _____

☐ Statement submitted by:

Name of Organization: _____

Address: _____

_____

_____

Telephone No.: _____

Name of Contact Person: _____

Title: _____

Address (if not above). _____

_____

_____

Telephone No (if not above).: _____

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

3. Additional Information about Proposer Company:

This form must be completed by each organization included in the proposal

Primary Proposer's Name : _____

Name(s) of
Proposed Subcontractor : _____

Primary Banking Institution: _____

Institution Address: _____

_____

_____

Banking Representative: _____

Representative Phone #: _____

Proposer's Federal EIN: _____

Proposer's D&B #: _____

Other Credit Service Name: _____

Proposer's # with Other Service _____

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

4. Certifications and Validations

This form must be completed by each organization included in the proposal

Primary Proposer's Name : _____

Name(s) of
Proposed Subcontractor : _____

Is your firm in a certified Lenel relationship as described in the Request for Proposal?

☐ Yes ☐ No

Does your firm have the required certification(s) and/or license(s) described under the Request for proposal?

☐ Yes ☐ No

If No, indicate how you plan on meeting this requirement:

_____

_____

➢ **Submit documentation of required certification(s) and/or license(s)**

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

5. Other Submissions

This form must be completed by each organization included in the proposal

Primary Proposer's Name : _____

Name(s) of
Proposed Subcontractor : _____

Has your firm reviewed **Attachment A, "Agreement on Terms of Discussion"**, and submitted a copy of that attachment signed by an authorized representative of all parties participating in your proposal?

☐ Yes ☐ No

Has your firm reviewed **NDA, Security Information Handbook** prior to signing the letter of transmittal?

☐ Yes ☐ No

If your firm reviewed **NDA, Security Information Handbook** and could not make the required certifications, has your firm enclosed an explanation of that inability?

☐ Yes ☐ No

ATTACHMENT J - PROPOSER QUALIFICATION FORMS
6. Relevant Experience and Past Performance

This form must be completed by each organization included in the proposal

Primary Proposer's Name : _____

Name(s) of Proposed Subcontractor : _____

- Has your firm ever failed to complete any security system support contract awarded it? ☐ **Yes** ☐ **No**
  If yes, describe the circumstances on a separate piece of paper.
- In the last five years, has your firm ever failed to substantially complete a contract in a timely manner? ☐ **Yes** ☐ **No**
  If yes, describe the circumstances on a separate piece of paper.

Project Name, Location and Description	**Owner ***	**Work Order (WO) or Maintenance (M) Work Category**	**Date Completed**	**Contract Price ****	**Percent of Work Performed By Own Forces**

Notes: Use additional copies of this form, if needed
*** Include Name, Address and Phone No. of Reference Contact**
****Indicate amount of Proposer's contract and if work was done as a Prime Contractor or Subcontractor**

ATTACHMENT J - PROPOSER QUALIFICATION FORMS

7. Key Personnel

This form must be completed by each organization included in the proposal

Primary Proposer's Name : _____

Name(s) of Proposed Subcontractor : _____

Name	Position	Date started with this organization	Date started in profession	Prior relevant positions and experience

Notes: **Include a resume for each individual listed**
Use additional copies of this form, if needed

ATTACHMENT J - PROPOSER QUALIFICATION FORMS

2. Work on Hand / Bids Submitted

This form must be completed by each organization included in the proposal

Primary Proposer's Name : _____

Name(s) of Proposed Subcontractor : _____

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Contract Price **	Scheduled Completion Date

BIDS SUBMITTED:

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Bid Price **	Low Bidder (Yes or No)	Anticipated Award Date/ Contract Duration

Notes: * Include Name, Address and Phone No. of Reference Contact

**Indicate amount of Proposer's contract and if work was done as a prime or general Subcontractor

ATTACHMENT K - Non-Disclosure and Confidentiality Agreements

NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT BETWEEN

(INSERT NAME OF COMPANY)

AND

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

THIS NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT (this "**Agreement**") is made as of this ____ day of _____, 2008, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (the "**Port Authority**") a body corporate and politic created by Compact between the States of New York and New Jersey, with the consent of the Congress of the United States, and having an office and place of business at 225 Park Avenue South, New York, New York, 10003, and _____ having an office and place of business at _____(address) ("**Recipient**").

WHEREAS, the Port Authority desires, subject to the terms and conditions set forth below, to disclose to Recipient Confidential Information (as defined below) in connection with

_____
_____(insert description of project/work) (collectively, the "Project(s)", or "Proposed Project(s)"); and

WHEREAS, the Recipient acknowledges that the Port Authority, in furtherance of its performance of essential and critical governmental functions relating to the Project, has existing and significant interests and obligations in establishing, maintaining and protecting the security and safety of the Project site and surrounding areas and related public welfare matters; and

WHEREAS, in furtherance of critical governmental interests regarding public welfare, safety and security at the Project site, the Port Authority has collected information and undertaken the development of certain plans and recommendations regarding the security, safety and protection of the Project site, including the physical construction and current and future operations; and

WHEREAS, the Port Authority and Recipient (collectively, the "**Parties**") acknowledge that in order for Recipient to undertake its duties and/or obligations with regard to its involvement in the Project, the Port Authority may provide Recipient or certain of its Related Parties (as defined below) certain information in the possession of the Port Authority, which may contain or include confidential, privileged, classified, commercial, proprietary or sensitive information, documents and plans, relating to the Project or its occupants or other matters, the unauthorized disclosure of which could result in significant public

safety, financial and other damage to the Port Authority, the Project, its occupants, and the surrounding communities; and

WHEREAS, Recipient recognizes and acknowledges that providing unauthorized access to, or disclosing such information to third parties in violation of the terms of this Agreement could compromise or undermine the existing or future guidelines, techniques and procedures implemented for the protection against terrorist acts or for law enforcement, investigation and prosecutorial purposes, and accordingly could result in significant irreparable harm and injury; and

WHEREAS, in order to protect and preserve the privilege attaching to and the confidentiality of the aforementioned information as well as to limit access to such information to a strict need to know basis, the Port Authority requires, as a condition of its sharing or providing access to such confidential, privileged, classified, commercial, proprietary or sensitive information, documents and plans, that the Recipient enter into this Agreement and that its Related Parties thereafter acknowledge and agree that they will be required to treat as strictly confidential and/or privileged any of such information so provided, as well as the work product and conclusions of any assessments and evaluations or any recommendations relating thereto, and to also fully comply with applicable federal rules and regulations with respect thereto; and

WHEREAS, as a condition to the provision of such information to Recipient and certain Related Parties, the Recipient has agreed to enter into this Agreement with respect to the handling and use of such information and to cause Related Parties to join in and be bound by the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the provision by Port Authority of Information for Project Purposes (as each such term is defined below) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Recipient and each Related Party that receives such Information, the Recipient and each such Related Party agrees, as follows:

1. **Defined Terms.** In addition to the terms defined in the Recitals above, the following terms shall have the meanings set forth below:

(a) **"Authorized Disclosure"** means the disclosure of Confidential Information strictly in accordance with the Confidentiality Control Procedures applicable thereto: (i) as to all Confidential Information, only to a Related Party that has a need to know such Confidential Information strictly for Project Purposes and that has agreed in writing to be bound by the terms of this Agreement by executing a form of Acknowledgment as set forth in Exhibit A; and (ii) as to Confidential Privileged Information, only to the extent expressly approved in writing and in advance by the Port Authority, and then only the particular Confidential Privileged Information that is required to accomplish an essential element of the Project.

(b) **"Confidential Information"** means and includes collectively, Confidential Proprietary Information, Confidential Privileged Information, and Information that is labeled, marked or otherwise identified by or on behalf of the Port Authority so as to reasonably connote that such Information is confidential, privileged, sensitive or proprietary in nature. The term Confidential Information shall also include all work product that contains or is

derived from any of the forgoing, whether in whole or in part, regardless of whether prepared by the Recipient, the Port Authority or others. The following Information shall not constitute Confidential Information for the purpose of this Agreement:

(i) Particular Information, other than Confidential Privileged Information, that is provided to the Recipient by a source other than the Port Authority, provided that such source is not subject to a confidentiality agreement, or similar obligation, or understanding with or for the benefit of the Port Authority, with respect to such Information and that the identity of such source is not itself part of such Confidential Information.

(ii) Information that is or becomes generally available to the public other than as a result of a disclosure by the Recipient or a Related Party in violation of this Agreement.

(c) "**Confidential Privileged Information**" means and includes collectively, (i) any and all Information, documents and materials entitled to protection as a public interest privilege under New York State law and as may be deemed to be afforded or entitled to the protection of any other privilege recognized under New York, and/or New Jersey state laws or Federal laws, (ii) Critical Infrastructure Information, (iii) Sensitive Security Information, and (iv) Limited Access Safety and Security Information.

(d) "**Confidential Proprietary Information**" means and includes Information that contains financial, commercial or other proprietary, business Information concerning the Project, the Port Authority, or its facilities.

(e) "**Confidentiality Control Procedures**" means procedures, safeguards and requirements for the identification, processing, protection, handling, care, tracking and storage of Confidential Information that are required under applicable federal or state law, the Port Authority Handbook, or by the terms of this Agreement.

(f) "**Critical Infrastructure Information**" (CII) has the meaning set forth in the Homeland Security Act of 2002, under the subtitle Critical Infrastructure Information Act of 2002 (6 U.S.C. §131-134), and any rules or regulations enacted pursuant thereto, including, without limitation, the Office of the Secretary, Department of Homeland Security Rules and Regulations, 6 C.F.R. Part 29 and any amendments thereto. CII may also be referred to as "Protected Critical Infrastructure Information" or "PCII," as provided for in the referenced rules and regulations and any amendments thereto.

(g) "**Information**" means, collectively, all information, documents, data, reports, notes, studies, projections, records, manuals, graphs, electronic files, computer generated data or information, drawings, charts, tables, diagrams, photographs, and other media or renderings containing or otherwise incorporating information that may be provided or made accessible at any time, whether in writing, orally, visually, photographically, electronically or in any other form or medium, including, without limitation, any and all copies, duplicates or extracts of the foregoing.

(h) "**Limited Access Safety and Security Information**" means and includes sensitive Information, the disclosure of which would be detrimental to the public interest and might compromise public safety and/or security as it relates to Port Authority property,

facilities, systems and operations, and which has not otherwise been submitted for classification or designation under any Federal laws or regulations.

(i) **"Port Authority Handbook"** means the Port Authority of N.Y. & N.J. Information Security Handbook, a copy of which is attached hereto as Exhibit B, as may be amended by the Port Authority, from time to time.

(j) **"Project Purposes"** means the use of Confidential Information strictly and only for purposes related to Recipient's and its Related Parties' participation and involvement in the Project, and only for such period of time during which Recipient and its Related Parties are involved in Project related activities.

(k) **"Related Party"** and **"Related Parties"** means the directors, employees, officers, partners or members of the Recipient, as applicable, and the Recipient's outside consultants, advisors, accountants, architects, engineers or subcontractors or subconsultants (and their respective directors, employees, officers, partners or members) to whom any Confidential Information is disclosed or made available.

(l) **"Sensitive Security Information"** has the definition and requirements set forth in the Transportation Security Administrative Rules & Regulations, 49 CFR 1520, (49 U.S.C. §114) and in the Office of the Secretary of Transportation Rules & Regulations, 49 CFR 15, (49 U.S.C. §40119).

2. **Use of Confidential Information**. All Confidential Information shall be used by the Recipient in accordance with the following requirements:

(a) All Confidential Information shall be held in confidence and shall be processed, treated, disclosed and used by the Recipient and its Related Parties only for Project Purposes and in accordance with the Confidentiality Control Procedures established pursuant to Paragraph 2(c), below, including, without limitation, the Port Authority Handbook, receipt of which is acknowledged by Recipient and shall be acknowledged in writing by each Related Party by signing the Acknowledgment attached hereto as Exhibit A, and applicable legal requirements. Confidential Information may be disclosed, only if and to the extent that such disclosure is an Authorized Disclosure.

(b) Recipient and each Related Party acknowledges and agrees that (i) any violation by the Recipient or any of its Related Parties of the terms, conditions or restrictions of this Agreement relating to Confidential Information may result in penalties and other enforcement or corrective action as set forth in such statutes and regulations, including, without limitation, the issuance of orders requiring retrieval of Sensitive Security Information and Critical Infrastructure Information to remedy unauthorized disclosure and to cease future unauthorized disclosure and (ii) pursuant to the aforementioned Federal Regulations, including, without limitation, 49 C.F.R. §§ 15.17 and 1520.17, any such violation thereof or mishandling of information therein defined may constitute grounds for a civil penalty and other enforcement or corrective action by the United States Department of Transportation and the United States Department of Homeland Security, and appropriate personnel actions for Federal employees.

(c) Recipient and each Related Party covenants to the Port Authority that it has established, promulgated and implemented Confidentiality Control Procedures for identification, handling, receipt, care, and storage of Confidential Information to control and safeguard against any violation of the requirements of this Agreement and against any unauthorized access, disclosure, modification, loss or misuse of Confidential Information. Recipient and each Related Party shall undertake reasonable steps consistent with such Confidentiality Control Procedures to assure that disclosure of Confidential Information is compartmentalized, such that all Confidential Information shall be disclosed only to those persons and entities authorized to receive such Information as an Authorized Disclosure under this Agreement and applicable Confidentiality Control Procedures. The Confidentiality Control Procedures shall, at a minimum, adhere to, and shall not be inconsistent with, the procedures and practices established in the Port Authority Handbook.

(d) The Port Authority may request in writing that the Recipient or any Related Parties apply different or more stringent controls on the handling, care, storage and disclosure of particular items of Confidential Information as a precondition for its disclosure. The Port Authority may decline any request by the Recipient or any of its Related Parties to provide such item of Confidential Information if the Recipient or any of the Related Parties do not agree in writing to apply such controls.

(e) Nothing in this Agreement shall require the Port Authority to tender or provide access to or possession of any Confidential Information to the Recipient or its Related Parties, whether or not the requirements of this Agreement are otherwise satisfied. However, if such Confidential Information is provided and accepted, the Recipient and its Related Parties shall abide by the terms, conditions and requirements of this Agreement.

(f) The Recipient and each Related Party agrees to be responsible for enforcing the provisions of this Agreement with respect to its Related Parties, in accordance with the Confidentiality Control Procedures. Except as required by law pursuant to written advice of competent legal counsel, or with the Port Authority's prior written consent, neither the Recipient, nor any of the Related Parties shall disclose to any third party, person or entity: (i) any Confidential Information under circumstances where the Recipient is not fully satisfied that the person or entity to whom such disclosure is about to be made shall act in accordance with the Confidentiality Control Procedures whether or not such person or entity has agreed in writing to be bound by the terms of this Agreement or any "Acknowledgement" of its terms or (ii) the fact that Confidential Information has been made available to the Recipient or such Related Parties, or the content or import of such Confidential Information. The Recipient is responsible for collecting and managing the Acknowledgments signed by Related Parties pursuant to this Agreement. Recipient shall, at the Port Authority's request, provide the Port Authority a list of all Related Parties who have signed an Acknowledgment, and copies of such Acknowledgments.

(g) As to all Confidential Information provided by or on behalf of the Port Authority, nothing in this Agreement shall constitute or be construed as a waiver of any public interest privilege or other protections established under applicable state or federal law.

3. **Disclosures and Discovery Requests.** If a subpoena, discovery request, Court Order, Freedom of Information Request, or any other request or demand authorized by law seeking disclosure of the Confidential Information is received by the Recipient or any Related Party, Recipient shall notify the Port Authority thereof with sufficient promptness so as to enable the Port Authority to investigate the circumstances, prepare any appropriate documentation and seek to quash the subpoena, to seek a protective order, or to take such other action regarding the request as it deems appropriate. In the absence of a protective order, disclosure shall be made, in consultation with the Port Authority, of only that part of the Confidential Information as is legally required to be disclosed. If at any time Confidential Information is disclosed in violation of this Agreement, the Recipient shall immediately give the Port Authority written notice of that fact and a detailed account of the circumstances regarding such disclosure to the Port Authority.

4. **Retention Limitations; Return of Confidential Information.** Upon the earlier occurrence of either the Port Authority's written request or completion of Recipient's need for any or all Confidential Information, such Confidential Information, all writings and material describing, analyzing or containing any part of such Confidential Information, including any and all portions of Confidential Information that may be stored, depicted or contained in electronic or other media and all copies of the foregoing shall be promptly delivered to the Port Authority at Recipient's expense. In addition, as to Confidential Information that may be stored in electronic or other form, such Confidential Information shall be completely removed so as to make such Confidential Information incapable of being recovered from all computer databases of the Recipient and all Related Parties. The Recipient may request in writing that the Port Authority consent to destruction of Confidential Information, writings and materials in lieu of delivery thereof to the Port Authority. The Port Authority shall not unreasonably withhold its consent to such request. If the Port Authority consents to such destruction, the Recipient and each Related Party shall deliver to the Port Authority a written certification by Recipient and such Related Party that such Confidential Information, writings and materials have been so destroyed within such period as may be imposed by the Port Authority. Notwithstanding the foregoing, to the extent required for legal or compliance purposes, the Recipient may retain a copy of Confidential Information, provided that (a) the Port Authority is notified in writing of such retention, and (b) Recipient continues to abide by the requirements of this Agreement with respect to the protection of such Confidential Information.

5. **Duration and Survival of Confidentiality Obligations.** The obligations under this Agreement shall be perpetual (unless otherwise provided in this Agreement) or until such time as the Confidential Information is no longer considered confidential and/or privileged by the Port Authority.

6. **Severability.** Each provision of this Agreement is severable and if a court should find any provision of this Agreement to be unenforceable, all other provisions of this Agreement shall remain in full force and effect.

7. **Injunctive and Other Relief.** Recipient and each Related Party acknowledges that the unauthorized disclosure and handling of Confidential Information is likely to have a material adverse and detrimental impact on public safety and security and could significantly endanger the Port Authority, its facilities (including, without limitation, the Project site), its patrons and the general public and that damages at law are an inadequate remedy for any

breach, or threatened breach, of this Agreement by Recipient or its Related Parties. The Port Authority shall be entitled, in addition to all other rights or remedies, to seek such restraining orders and injunctions as it may deem appropriate for any breach of this Agreement, without being required to show any actual damage or to post any bond or other security.

8. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflict of laws principles. The Port Authority (subject to the terms of the Port Authority Legislation (as defined below)) and the Recipient specifically and irrevocably consent to the exclusive jurisdiction of any federal or state court in the County of New York and State of New York with respect to all matters concerning this Agreement and its enforcement. The Port Authority (subject to the terms of the Port Authority Legislation (as defined below)) and the Recipient agree that the execution and performance of this Agreement shall have a New York situs and, accordingly, they each consent (and solely with respect to the Port Authority, subject to the terms of the Port Authority Legislation (as defined below)) to personal jurisdiction in the State of New York for all purposes and proceedings arising from this Agreement. "**Port Authority Legislation**" shall mean the concurrent legislation of the State of New York and State of New Jersey set forth at Chapter 301 of the Laws of New York of 1950, as amended by Chapter 938 of the Laws of New York of 1974 (McKinney's Unconsolidated Laws §§7101-7112) and Chapter 204 of the Laws of New Jersey of 1951 (N.J.S.A. 32:1-157 to 32:1-168).

9. **Notices.** Any notice, demand or other communication (each, a "**notice**") that is given or rendered pursuant to this Agreement by either party to the other party, shall be: (i) given or rendered, in writing, (ii) addressed to the other party at its required address(es) for notices delivered to it as set forth below, and (iii) delivered by either (x) hand delivery, or (y) nationally recognized courier service (e.g., Federal Express, Express Mail). Any such notice shall be deemed given or rendered, and effective for purposes of this Agreement, as of the date actually delivered to the other party at such address(es) (whether or not the same is then received by other party due to a change of address of which no notice was given, or any rejection or refusal to accept delivery). Notices from either party (to the other) may be given by its counsel.

The required address(es) of each party for notices delivered to it is (are) as set forth below. Each party, however, may, from time to time, designate an additional or substitute required address(es) for notices delivered to it, provided that such designation must be made by notice given in accordance with this Paragraph 9.

If to the Port Authority:

The Port Authority of New York and New Jersey
225 Park Avenue South, __th Floor
New York, NY 10003

with a copy to:

The Port Authority of New York and New Jersey
225 Park Avenue South - 15th Floor
New York, NY 10003
Attn: General Counsel

If to the Recipient: _____

_____

_____

with a copy to: _____

_____

_____

10. **Entire Agreement.** This Agreement contains the complete statement of all the agreements among the parties hereto with respect to the subject matter thereof, and all prior agreements among the parties hereto respecting the subject matter hereof, whether written or oral, are merged herein and shall be of no further force or effect. This Agreement may not be changed, modified, discharged, or terminated, except by an instrument in writing signed by all of the parties hereto.

11. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be one and the same document.

12. **Parties Bound.** This Agreement shall be binding upon the Recipient and its respective successors. The foregoing shall not be affected by the failure of any Related Party to join in this Agreement or to execute and deliver an Acknowledgement hereof.

13. **Authority.** The undersigned individual(s) executing this Agreement on behalf of the Recipient below represent(s) that they are authorized to execute this Agreement on behalf of the Recipient and to legally bind such party.

14. **Disclosure of Ownership Rights or License.** Nothing contained herein shall be construed as the granting or conferring by the Port Authority of any rights by ownership, license or otherwise in any Information.

15. **No Liability.** Neither the Commissioners of the Port Authority, nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Recipient with any liability, or held liable to the Recipient under any term or provision of this Agreement, or because of its execution or attempted execution or because of any breach, or attempted or alleged breach thereof.

16. **Construction.** This Agreement is the joint product of the parties hereto and each provision of this Agreement has been subject to the mutual consultation, negotiation, and agreement of the parties hereto, and shall not be construed for or against any party hereto. The captions of the various sections in this Agreement are for convenience only and do not, and shall not be deemed to, define, limit or construe the contents of such Sections.

[*No further text on this page; signatures appear on next page*]

IN WITNESS WHEREOF, the Recipient has executed this Agreement as of the date first above written.

Dated: New York, New York
_____ ____, _____

RECIPIENT:

_____

By: _____

Title: _____

Date: _____

EXHIBIT A

ACKNOWLEDGMENT BY RELATED PARTY ENTITY

The undersigned, _____ (name of authorized signatory), is the _____(Title) of _____ (name of entity), a _____(type of entity and jurisdiction of formation) ("**Related Party**"), located at _____ (address of entity), and is duly authorized to execute this Acknowledgment on behalf of the above Related Party. The above Related Party is involved with the functions of _____ (describe scope of work of Related Party) in connection with _____(describe Project) for The Port Authority of New York and New Jersey (the "**Port Authority**"). I acknowledge and confirm that the above named Related Party has been provided with a copy of and shall be bound and shall abide by all of the terms, requirements and conditions set forth in the Non Disclosure and Confidentiality Agreement dated _____ ____, ____, between _____ (the "**Recipient**") and the Port Authority (hereinafter the "**Agreement**"), and by the Port Authority Handbook described in the Agreement. Appropriate and responsible officers and employees of the Related Party have carefully read and understand the terms and conditions of the Agreement. The Related Party has notice and acknowledges that any breach or violation of such terms, requirements and conditions may result in the imposition of remedies or sanctions as set forth or otherwise described therein against such Related Party.

Signed: _____
Print Name: _____
Title: _____
Date: _____

ACKNOWLEDGMENT BY RELATED PARTY INDIVIDUAL

I, _____ (name of employee) ("**Related Party**"), am employed as a(n) _____(job title) by _____ (name of employer). I have been provided with and have read the Non Disclosure and Confidentiality Agreement between _____ (the "**Recipient**") and The Port Authority of New York and New Jersey (the "**Port Authority**") dated _____ ____, _____ (hereinafter the "**Agreement**"), and the Port Authority Handbook attached to the Agreement. I understand that because of my employer's relationship with _____ (name of Recipient, or the Port Authority if Related Party Individual is an employee of Recipient), both my employer and I may be provided with access to, and/or copies of, sensitive security materials or confidential information. If it is required for me to review or receive Confidential Information, as it is defined in the aforementioned Agreement, I acknowledge that I will be bound by each and every term and provision contained therein, and that failure to do so may include, but is not limited to, the imposition of disciplinary action and sanctions, and/or the institution of legal action seeking injunctive relief, monetary and/or criminal penalties for violation of law and/or Port Authority policies and procedures, as well as for violation of federal and/or state regulations.

To the extent that I am currently in the possession of, or have previously come into contact with, marked information as it relates to the aforementioned Agreement, I agree to conform my handling procedures for Confidential Information to the practices and procedures set forth and defined herein, or risk loss of access to said Information, removal from said Project and/or subjecting myself to the aforementioned disciplinary actions and/or civil and criminal penalties.

Signed: _____
Print Name: _____
Title: _____
Date: _____

ATTACHMENT L – Technology Services Department Standards and Guidelines

ATTACHMENT M - Certified Environmentally Preferable Products/Practices

Proposer Name: _____ **Date:** _____

In line with the Port Authority's efforts to promote products and practices which reduce our impact on the environment and human health, Proposers are encouraged to provide information regarding their environmentally preferable/sustainable business practices as they relate to this contract wherever possible. Proposers **must** complete this form and submit it with their response, if appropriate. Proposers **must** submit appropriate documentation to support the items for which the Proposer indicates a "Yes" and present this documentation in the proper sequence of this Attachment.

1. Packaging

Has the Proposer implemented any of the following environmental initiatives? **(A checkmark indicates "Yes")**

____ Use of corrugated materials that exceed the EPA recommended post-consumer recycled content
____ Use of other packaging materials that contain recycled content and are recyclable in most local programs
____ Promotes waste prevention and source reduction by reducing the extent of the packaging and/or offering packaging take-back services, or shipping carton return
____ Reduces or eliminates materials which have been bleached with chlorine or chlorine derivatives
____ Eliminates any packaging that may contain polyvinyl chloride (PVC), or polystyrene or heavy metals

If yes, a description of the practices being followed must be included with the submission.

2. Business Practices / Operations / Manufacturing

Does the Proposer engage in practices that serve to reduce or minimize an impact to the environment, including, but not necessarily limited to, the following items? **(A checkmark indicates "Yes")**

____ Recycles materials in the warehouse or other operations
____ Use of alternative fuel vehicles or vehicles equipped with diesel emission control devices for delivery or transportation purposes
____ Use of energy efficient office equipment or signage or the incorporation of green building design elements
____ Use of recycled paper (that meets federal specifications) in their marketing and/or resource materials
____ Other sustainable initiative

If yes, a description of the practices being followed must be included with the submission.

3. Training and Education

Does the Proposer conduct/offer a program to train or inform customers and employees of the environmental benefits of the products to be offered under this contract, and/or does the Proposer conduct environmental training of its own staff?

☐ Yes ☐ No If yes, Proposer must attach a description of the training offered and the specific criteria targeted by the training.

4. Certifications

Has the Proposer or any of its manufacturers and/or subcontractors obtained any of the following product / industry certifications? **(A checkmark indicates "Yes")**

____ ISO 14000 or adopted some other equivalent environmental management system
____ Other industry environmental standards (where applicable), such as the CERES principles, LEED Certification, C2C Protocol, Responsible Care Codes of Practice or other similar standards
____ Third Party product certifications such as Green Seal, Scientific Certification Systems, Smartwood, etc.

If yes, Proposers must attach copies of the certificates obtained.

5. Other Environmental Criteria

Proposers are encouraged to respond to criteria specifically indicated in this RFP as "Management Approach" (and attach the appropriate documentation) to receive consideration in the evaluation.

I hereby certify, under penalty of the law that the above statements are true and correct.

_____ **Name** _____ **Date**

ATTACHMENT N – MBE/WBE Participation Plan

PA 3749 B/ 08-07

THE PORT AUTHORITY OF NY & NJ

Office of Business and Job Opportunity

PROCUREMENT
M/WBE PARTICIPATION PLAN

PAGE _____ OF _____

NOTE: The Proposer/Bidder shall submit to the Manager, Line/Facility Dept. Form PA 3749 C MODIFIED PLAN for any changes to the original plan: i.e.; subcontractor, dollar amount or work performed.
If more than 1 page is used, complete totals on last page.

Purchase Order #: _____

Proposer/Bidder Name: _____

Mailing Address: _____

Telephone Number: _____

Contract Description: _____

_____

Contract Amount: _____

Contract Goals: **MBE** _____ **WBE** _____

Name, Address, Phone Number of PA Certified M/WBE subcontractor (including name of contact person)	Indicate MBE or WBE	Description of Work, Services to be provided. Where applicable, specify, "supply" or "install or both "supply" and "install."	Anticipated date work will start and finish	Approximate $ amount of M/WBE Subcontract	M/WBE % of Total Contract Amount
			TOTAL:		

Signature of Contractor: _____

Print Name: _____

Title: _____ Date _____

FOR OBJO USE ONLY

Contract Goals: ☐ Approved ☐ Waived ☐ Rejected

Reviewed by: _____

OBJO Business Development Representative

Print Name: _____ Date _____

Distribution: Original – OBJO; Copy 2 –Manager, Line/Facility Department; Copy 3 –Proposer/Bidder, Copy 4 – Procurement Dept – Award File

INSTRUCTIONS

PROPOSER INSTRUCTIONS: In accordance with Section 6. M/WBE Subcontracting Provisions, the proposer shall submit this form as the M/WBE Participation Plan and/or good faith documentation as part of Section 7. Proposal Submission Requirements.

BIDDER INSTRUCTIONS: In accordance with Part VI of the contract book, the bidder shall submit a M/WBE Participation Plan and/or best efforts documentation to the Manager or designee identified in the contract book within 10 days of contract award.

MANAGER/DESIGNEE INSTRUCTIONS: After a review of the submitted M/WBE Participation plan, forward to the Office of Business and Job Opportunity via fax at (212) 435-7828 or PAD to 233PAS 4th Floor for review and approval. Approved/waived/rejected plan will be returned within 5 business days of receipt of this document. Manager/Designee will advise vendor of the results of the M/WBE Participation Plan review.

ATTACHMENT O – Federal Wage Schedule for New York

Dear Ms. Anderson

Thank you for your consideration of Idesco in response to RFP 18473 for the Port Authority of New York & New Jersey. As per your request for additional information we hereby submit responses to your letter dated August 6, 2009.

Technical Plan

1. How many years has Idesco been supporting Lenel and Verint system applications.

Idesco has been supporting Lenel system applications for approximately three (3) years. Our work with Lenel has primarily been at New York University. For twelve (12) years Lenel did not extend their value added reseller (VAR) program to any additional Northeastern United States security integration firms. Idesco was selected as the sole addition to the Lenel VAR family in March of 2009. Idesco was selected because of our stellar reputation in the industry as well as our basic knowledge of the Lenel platform given our exposure to the system at New York University.

Despite our abbreviated history with Lenel, Idesco is committed to gaining the knowledge necessary to fully support Lenel applications of the largest magnitude. In the past month alone Idesco has scheduled training at Lenel headquarters for four (4) of our current staff members (documentation of scheduling can be provided if so required). Regardless of whether Idesco is successful in our pursuit of this particular Contract we will continue about our training. You will note in our original submission Idesco provided you with numerous certifications from AMAG (a direct competitor of Lenel). These certifications were provided in an effort to demonstrate our commitment to the certification process.

Idesco will commit to achieve the highest level of training available well in advance of the Contract start date. We are committed to this training regardless but will expedite training should we be awarded the Contract.

With regard to Verint system applications Idesco has supported Verint system applications for approximately two (2) years .Our addition to the Verint VAR family was completed approximately three (3) months ago

The addition of Brian Simpson as our Operations Manager approximately 14 months ago brought onboard an Enterprise level Verint certification. Like Lenel, Idesco will commit to a training regiment regardless of whether we are awarded this particular Contract or not. Furthermore, Idesco will expedite the training process to ensure numerous persons are fully trained prior to the Contract commencement date.

2. Please provide supporting documentation on staff members that are Lenel and Verint certified

Please see attached certifications as well as Lenel course attendees who had been scheduled for training within the next six (6) weeks.

3. Please provide supporting documentation on staff members that are Verint certified. In addition demonstrate that each trained person has the necessary skills that will be readily available for this Contract

Please see attached Verint certification. Additionally please see attached certifications from manufacturers whose products compete directly with Verint. It is our firm belief that these additional certifications evidence the fact that these persons possess the skill set necessary to perform the work that will be required in this Contract.

4. Please respond to the requirements detailed in the ASCS RFP on page 20, Section 2, Technical Approach, Item A.

To elaborate on our previous narrative regarding staffing plans, we propose the following:

- *2 technicians posted at Kennedy full time (one access/CCTV specialist, one network specialist)*
- *1 technician posted at La Guardia full time*
- *1 technician Newark Liberty full time*
- *1 senior software/data base engineer will be assigned full time to the PA and shared among the airports as required*
- *1 supervisor to oversee and assist*
- *2 managers to oversee team and act as senior liaison with PA (we believe two persons should serve in this role so as to ensure a senior level manager is available 24 hours a day, 7 days a week).*

Work Order projects will primarily be handled by project managers assigned to a specific project. Where a Work Order is very small (e.g. addition of a single camera) these may be handled by site technicians where this poses no interference to their normal duties.

Additional support staff such as CAD drafting techs will be assigned on an as-needed basis, particularly with reference to Work Order projects.

The site technicians will be able to handle the "day-to-day" service and maintenance issues for the access control, ID Badging, Enterprise Air, CCTV, and Sonet system.

Higher level issues, problems, upgrades, and additions demand higher level expertise. Issues such as these will be handled by the senior software/database engineer and supervisors.

For specialty tasks, such as Work Orders, annual upgrades, additional staff may be assigned as required.

Idesco and Data Industries have staff trained and experienced in all five (5) major elements of the PA's requirements, and many other areas as well.

5. Please explain in detail how Idesco Corp. meets the requirements in the ASCS RFP, Section 2, Technical Approach, Item D. Be specific for each current and completed project within 5 years related to Lenel On-Guard access control or Verint that you maintained in addition to Work Order projects.

Utilization of advances: Before discussing Lenel and Verint, let us make some general remarks.

Idesco was founded 65 years ago as an ID manufacturer. Keep in mind that this meant a Polaroid picture that self-developed, which then had to be cut out, which then had to be laminated. As you can imagine, no company that clung to those methods would still be in business today.

With the advent of new dye sublimation printers, Idesco moved quickly to adopt this superior technology and bring its benefits of both superior quality and lower cost, to its customers.

When access control and CCTV moved from experimental to functional technologies, Idesco again adopted the new technologies and brought the associated benefits to our customers.

Idesco continues to be a leader in adoption and successful implementation of new technologies, however we are not necessarily the first to implement. If fact, we often wait before embracing the "latest and greatest" because our experience has demonstrated that the very newest releases are the most expensive and often least reliable. It is usually the second or third iteration of newer technologies that begin to realize benefits for the end user.

For example, Idesco watched carefully as the IP camera emerged. We began to build relationships with manufacturers before we ever bought a camera, meeting with representatives and testing various units. When we determined that the technology was ready, we moved quickly, and you can see the results in the two trade magazine articles we are attaching for your review.

And sometimes we are first. There are times when a product is just too advantageous, too "right" to wait. One example of that is S2 Systems, the first fundamentally new approach to access control since manufacturers finally began to make network connections to their panels possible.

The technology used in systems like that of S2 has now been incorporated into Lenel in the form of smaller embedded system panels, and in the HID edge panel. We would recommend this new technology to the PA where they may need to add small numbers of readers distant from regular panels. Using edge devices, the network infrastructure can

replace, for a much lower cost, the cabling that is often the most expensive part of the installation of access control.

An additional recommendation we are making to our clients with respect to technological advances in CCTV relates to storage.

As you can see from the magazine article on Adelphi University, a key component of that installation was storage, as it is with any camera system, and particularly with regards to IP based system. New developments by Pivot3 could prove particularly advantageous to the PA without it having to change out any of its existing preferences. Pivot3's new cloud bank systems allow for server-less installations, meaning that instead of an NVR making adequate usage of storage, or a server with NAS also making adequate use of storage, Pivot3 can provide one box that will perform the function of the server or NVR and provide superior storage. The superiority of the storage results in cost savings, fewer pieces of hardware which reduces energy demands, especially in cooling, and far superior fault tolerance.

With particular reference to Lenel installations, in the last 5 years Idesco has successfully installed a number of additions to a large system. We received a contract for $559,514.00 to install Lenel controlled turnstiles in ten (10) student dormitories spread around NYC... This required installation of 19 turnstiles. 18 handicap gates, 11 networked LNL-2220 IC boards, 30 LNL-1320 dual reader boards, and 52 card readers. It further required correct importation and management of the student population database to assign the correct rights for students with respect to their home dorms, and establishment of visiting rights within the student population as a whole. This also required supply and installation of 5 new electrical (110VAC) panels including building permits and inspections.

Note that this was BEFORE we were official Lenel dealers. This contract was awarded based on our previous track record and long experience with access control. While Lenel specific certification is understood to be an important factor, one we are pursuing aggressively irrespective of our proposal to the PA, it is critical to note that Idesco's long history with access control and CCTV, and the wealth of certifications our staff holds, testify to our ability to manage large, complex installations, either new or as maintenance and additions.

We are currently working on approx. $300,000.00 worth of projects for integrated access control, elevator control, intercom, IP cameras, and monitoring devices at multiple locations for NYU.

For ID Badging systems we provided a completely new ID Management system for NYU for approx $250,000.00 including loaner printers, custom software development, on-site support staff, and materials to rebadge the entire student and staff population. For Adelphi University we supplied approximately $100,000.00 worth of printers and supplies to rebadge their student population, which also required production of custom software to integrate their student database with their existing access control system.

6. Please elaborate on Enterprise Air key vendor relation.

See attached letter certifying our MBE partner as Enterprise Air vendor. Note that Idesco's Board shares members with Enterprise Air (now Identica).

7. Provide more detailed information on the transition plan which will explain your procedures for this Contract, refer to page 21, Section 2, Technical Approach, Item H in the ASCS RFP

Prior to the commencement of the Contract Idesco will dispatch personnel to all three (3) locations for the purpose of familiarizing ourselves with the sites. During these site visits it is our intent to verify that existing system components correspond with documentation which we would request from the PANY&NJ. In our request to the PANY&NJ we would look to receive CAD drawings complete with device locations. This exercise would serve multiple purposes, such as:

- *Provide the proposed staff with knowledge of the airport layouts and existing device locations so as to make for a smooth transition.*
- *Enable us to gauge average travel times from location to location so that we may plan appropriately for service purposes. Idesco recognizes the importance of complete system functionality. Furthermore we recognize that the PANY&NJ expects rapid turnaround on service related issues.*
- *Allow the proposed staff to meet and interact with the persons whom they will encounter on a daily basis. We believe that solid system functionality can only be achieved by providing technicians who are pleasant around their coworkers. This period will allow us a forum in which we can gauge that this solid foundation is achievable.*

In addition Idesco would request that we begin the transition period prior to the ninety (90) day allotted period. This time will be used to shadow the existing staff so that typical daily duties can be observed and mimicked. ***Any time spent on-site by Idesco prior to the ninety (90) day period will be strictly at Idesco's cost and will not be billed to the Port Authority****. We believe that learning a site is an on-going process. Sites evolve and the more time spent on-site will allow for us to achieve more knowledge prior to assumption of the Contract.*

Should we be awarded the Contract, Idesco also proposes to purchase (where we have not done so already) base models of all systems that are presently in place at the PANY&NJ which are called for in this Contract. These systems will be housed at our headquarters and will provide the proposed staff with the ability to train at will on the systems. The systems we would purchase would by no means be equivalent to the system which we would be servicing in this Contract. They will however provide our staff with a

forum in which they can further the familiarity with the existing systems. Idesco has recently purchased such a system from Lenel for this very purpose which is being shipped to us. In addition we have in-house multiple badging systems, CCTV systems (both IP and analog).

Idesco would review all maintenance logs and create a schedule to continue to perform preventative maintenance.

Idesco would like to meet with all persons whom we may interact with during the course of this Contract. This is designed to familiarize ourselves with these persons as well as gauge where our predecessor may have excelled and failed. This will provide us with the knowledge necessary to satisfy all persons who are involved in the systems' success.

8. Please provide a M/WBE Participation plan for Data Industries and complete and submit Attachment N, M/WBE Participation Plan Form

See appended information from our MBE partner below

9. Please provide Brian Simpson's resume

Please see attached.

10. Please provide the supporting documentation in reference to the ASCS RFP on page 22, Section 2, Firm Experience and Management Commitment, Item G.

Let us emphasize again. We have exactly one (1) Lenel and one (1) Verint certificate at this time.

We are also the ONLY Lenel VAR added in the New York area in the last 12 years.

Idesco was added as a Lenel VAR, and a Verint dealer, because these leading manufacturers recognized our 65 years of experience, valued our extensive list of long term customers and our continued success. They also chose to work with us, rather than continue to lose to our competition while representing other manufacturers.

We can understand where this might give the PA some pause in considering our qualifications and ability to support their systems; however we urge you to contact the manufacturers of these particular systems. We are confident that these manufacturers will support our claim that Idesco is more than capable of successfully fulfilling the Contract.

Please review the list of manufacturers we have partnered with for years.

Please note the extensive list of training certificates we have forwarded demonstrating our expertise in our field.

Please understand that, while Lenel and Verint may have their particular "quirks," as does every system, we are experts at Access Control, CCTV, ID Badging, Networks, and Mobile Devices.

In fact, we have more experience and expertise in the required specialty areas than most of our competition even if they added all their experience together.

Idesco carries (and has submitted) its alarm licensing that permits it to operate as an access control and CCTV integrator.

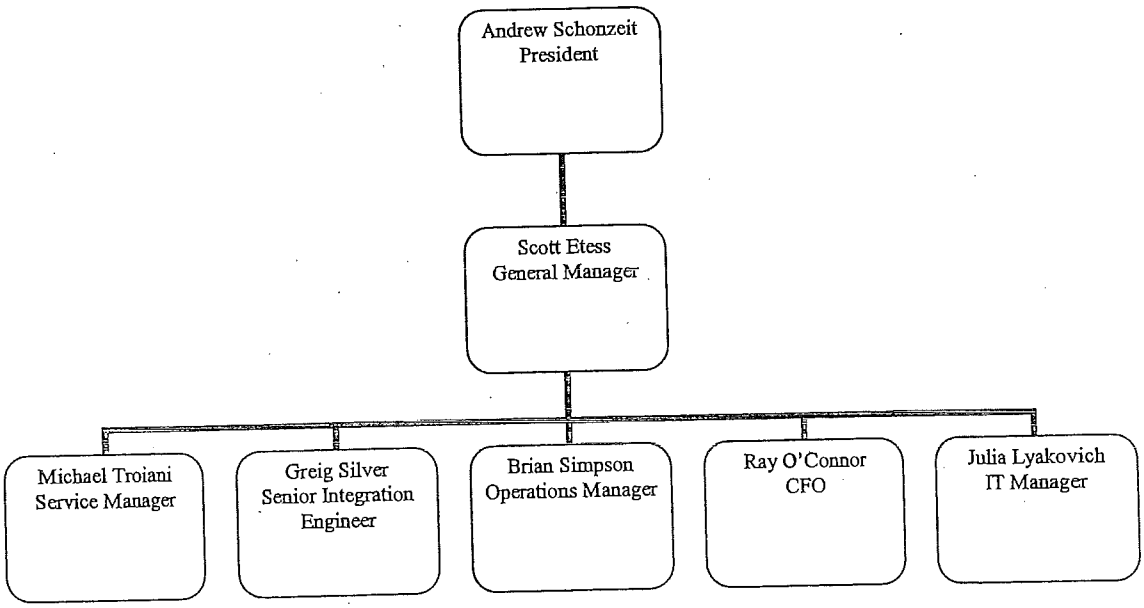
Idesco carries no electrical contractor licensing. All such licensing is carried by the licensed, bonded, and unionized sub-contractors Idesco uses to perform such works as may be required by such sub-contractors.

11. Provide a detailed system work plan (not a narrative) and supporting documentation for each of the items described on pages 21 and 22, Section 3, Firm Experience and Management Commitment, Items B, C, D, E, F and G

By this point we are certain you have heard enough about our 65 years of experience and the fact that security system integration is our core competency.

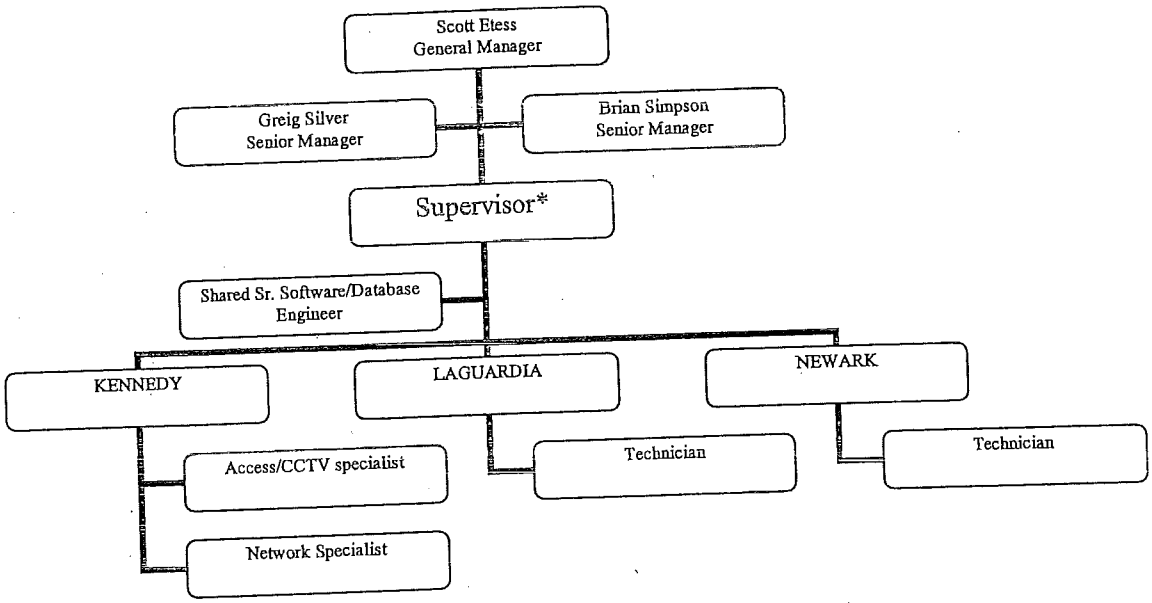
With regard to our financial capability, Idesco's previously supplied financial statements should evidence the fact that we are financially capable of performing the work associated with this Contract. We have been in business for six decades and plan on being in business for at least 6 more.

Idesco's Management Team is structured as follows (should you require a complete organizational chart we are happy to provide):



With regard to proposed staffing please see our response to question #4. Idesco intends to have Brian Simpson and Greig Silver serve as Senior Managers. They will have an on-site Supervisor who will report directly to them on a daily basis.

Please see the attached certifications which detail our ability to complete this Contract. Resumes of the Senior Managers have been attached and/or previously provided. The Senior Managers' experience in the security integration business speaks for itself. The balance of the staff will be structured as follows:



**Idesco will make an effort to retain all existing staff members (should the PANY&NJ wish to retain them)*

Please see our response to number 4 above which details the role each individual will have in the fulfillment of this Contract.

With regard to system maintenance, Idesco has been servicing like systems for many years. As a result we know the importance of performing preventative maintenance. This said, preventative maintenance will be performed once per quarter (4 times per annum). This is designed to ensure proper system functionality and to identify potential pitfalls prior to their occurrence. Idesco will remain in constant communication with the manufacturers of the products in use at the PANY&NJ to keep up to date on failure rates of equipment which is presently being utilized by the PANY&NJ. This will allow for Idesco to keep in stock those items which may be more susceptible to failure thereby ensuring proper system functionality.

Please see the attached certifications (and previously submitted resumes) which detail skill sets needed to complete the seven (7) types of services discussed in the Scope of Work.

12. Provide detailed information and supporting documentation on how Idesco Corp will approach the Work Order Management Plan and Maintenance Management Plan stated on page 23, Items A and B including all the subsection 1-5 for Item B.

4:a The work order plan will use Idesco's existing procedures. Upon receipt of an RFP we assign an integration engineer to work with a sales representative. This team, for the PA, will be composed of the management level staff assigned to the PA (see staffing descriptions elsewhere).

This team works with the client to clarify and document a precise scope of work including field devices required, scheduling/criticality, and the end user's intent. This information provides the basis for the integration engineer to source devices meeting the filed specifications, and the head end infrastructure (panels, power, software, labor) required to support the field devices. The sales rep uses the BOM prepared by the engineer to prepare pricing consistent with the terms of the agreement.

Upon receipt of an order (purchase order, letter of intent, or similar instrument) a project manager is assigned and he will recheck the design with the integration engineer and the end user. Drawings are prepared where required, and equipment is purchased with delivery schedules tailored to the time line of the project.

The project manager supervises all aspects of installation, including technicians and sub-contractors, change orders, and logistics, and prepares and maintains all project documentation, performs the final walk thru/commissioning with the end user, and resolves any punch list items. The PM submits close out and sign off documents to the end user's authorized authority.

4:b

1

See elsewhere for staffing levels. These levels are predicated on existing staffing levels and Idesco's own estimation of the personnel required based on it experience providing full maintenance contracts for other large systems.

2

With dedicated on site staff, their primary task will be day to day monitoring of the system, based on check list to be prepared at the outset of the contract and upon discovery of the actual existing configuration of the system.

3

Resolving malfunctions is primarily a "trouble shooting" task. Idesco employs experienced and factory trained personnel because this speeds up installations and reduces down time for problems.

There isn't room in this document to detail all the steps to take with each system to itemize how to trouble shoot a given problem, but the approach can be simplified as two logical rules. 1 – start and one end and work to the other (e.g. field device, to cable, to panel, to network, to software) 2 – change only one variable at a time, and return it to its previous state before changing the next.

4
Off shift on-call support will be available 24hours/seven days via pager and cell phone. Off shift technicians will be rotated on a monthly basis.

5
Service escalation will follow the chain of technicians and managers above, and culminate at the General Manager Level at Idesco.

Idesco will use the "up time" requirements published in the RFP to gauge escalations procedures. We would suggest that upon expiration of 50% of the allowed down time for a particular item in the system, the fault would be escalated to the next level of management (see attached org charts)

Response to #8 above from our MBE partner

Project Definition – Statement of Work

Project Name: Port Authority-Airport Security Control Systems @ JFK, LGA & EWR

1.0 Background

The Port Authority of NY/NJ has undertaken a reasonable effort to identify and select a Proposer (Contractor) to provide services, support and equipment needed to maintain and enhance the existing ASCS systems,

Exemption (1)

2.0 Project Objective or Mission Statement

Data Industries, Ltd., as a subcontractor of IDESCO Corporation, will do the following:

- *Data Industries, Ltd. and IDESCO Corp. will coordinate physical plant design, construction and system maintenance of network related devices i.e. laptop/desktops, servers, internetworking appliances along with any activities associated with the Network Infrastructure.*
- *Data Industries, Ltd. In conjunction with IDESCO Corp. to implement and integrate the security equipment & strategies approved by PA NY/NJ already in place or to be added, that is associated and managed by the network.*
- *Data Industries, Ltd. will manage the Fiber installations and terminations as well as category 5 cabling and Wireless connections.*
- *Data Industries, Ltd. will design or assist in an approved system design that will allow for additional growth, migration and unifying the networks. Data Industries, Ltd. will also provide Project Management in collaboration with IDESCO Corp. for all projects related to the Network Infrastructure.*
- *Data Industries, Ltd. will provide expertise in the areas of Data Base Administration (DBA) for the purpose of supporting SQL Server, server installation, configuration, operations and upgrade. The support will also include logical and physical database design along with monitoring and tuning expertise.*
- *Data Industries, Ltd. will provide resources to do Computer Aided Design operations as required by the PA NY/NJ.*

- *Data Industries, Ltd. will provide a* Exemption (2.b.) *when necessary, to fulfill reporting requirements of the PA NY/NJ.*

TIMELINE

- *These services will commence upon award of the contract to IDESCO Corp. & Data Industries, Ltd. accompanied by a transition date and plan.*
- *Services outlined in the contract will be on-going and as required by the PA/NYNJ.*

RESOURCES

- *Data Industries, Ltd. will provide four (4) Engineers which will be distributed at the three airports (LGA, JFK & EWR) during the hours of 8am to 5pm Monday thru Friday, except when any PA NY/NJ holidays occurs*
- *A Project Manager will be assigned to the PA NY/NJ for definition, direction, timelines, quality and leadership for the cycle of the contractual service delivery.*
- *A Network System Designer will be used at delivery stages within the contract cycle for the PA NY/NJ.*
- *A DBA, CAD drafter* Exemption (2.b.) *will also be utilized at the PA NY/NJ to deliver on requirements as needed.*

3.0 Customers/Users

- *Designated personnel at the PA NY/NJ three airports (LGA, JFK & EWR).*

4.0 Project Description

- *Product Features*
- *Product Functions*
- *User Interface*
- *Security Requirements*
- *Performance Requirements*
- *Standards Compliance*
- *Compatibility Requirements*
- *Upgrade Requirements*
- *Installation Requirements*
- *User Help and Documentation*

5.0 Deliverables

- *Data Industries, Ltd. will also provide Network services & equipment (i.e. IBM servers, Dell server, desktops/laptops and Internetworking devices) as required through the purchasing process or Work Order process based on standards set by the PA NY/NJ.*

- *Design, Project Management, Engineering support and training on-going and as needed by the PA NY/NJ.*

6.0 Acceptance Criteria

Based on an executed contract between the PA NY/NJ and Data Industries, Ltd. (DI), DI will deliver products, services and customer requirements at the prescribed service levels within the contract.

7.0 Constraints

Services and products delivered to the PA NY/NJ will be based upon the resources and access to its facilities (LGA, JFK & EWR) to perform customer requirements.

8.0 Assumptions

The performance of these services is assumed only after Data Industries, Ltd. receives a duly executed contract as the "Contractor" for the PA NY/NJ for RFP # 18473.

identica™
Undeniable Identity

Identica Holdings Corporation
3825 Henderson Blvd., Ste 605A
Tampa, Florida 33629
Phone: 813.642.3479
Fax: 813.774.4725
www.identicacorp.com

August 11, 2009

Deon A. Moore
Sales
Data Industries, Ltd.
48 Wall Street
New York, NY 10005

Dear Mr Moore,

This letter is to verify that Data Industries, Ltd is an approved vendor of Identica, formerly known as Enterprisair and is certified on our MBM software.

Please let me know if there is anything else you need from us and we look forward to working together on all future projects.

Regards,

Ayal Vogel
Executive Vice President, Global Sales
Identica Holdings Corp

September 03, 2009

IDESCO CORP.
SECURITY SYSTEMS INTEGRATION
37 WEST 26th STREET
NEW YORK, NY 10010-1097
212-889-2530 x321
FAX 212-889-7033
gsilver@idesco.com
www.idesco.com

Ms. Jeanette Anderson
Principal Contracts Specialist
Procurement Services Division
The Port Authority of NY & NJ
One Madison Avenue, 7th Floor
New York, NY 10010

Regarding: Withdrawal from RFP #18473

Dear Ms. Anderson

This letter is to serve notice that Idesco Corp. is withdrawing from the bid process for PANYNJ RFP #18473. Idesco Corp. formally withdraws all pricing and submissions in responses to that RFP #18473.

Upon re-examining our position in light of the last round of questions posed by the PANYNJ we have concluded that we have significantly misjudged the cost of staffing the service and maintenance portion of that RFP, and must in good conscience abandon our pursuit of that contract.

We apologize for any inconvenience.

Sincerely

Scott Etess

General Manager

IDESCO CORP.
SECURITY SYSTEMS INTEGRATION

37 WEST 26th STREET
NEW YORK, NY 10010-1097
212-889-2530
FAX 212-889-7033
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Mr. Larry Waxman

Technology and Operations

Procurement Services Division

The Port Authority of NY & NJ

One Madison Avenue, 7th Floor

New York, NY 10010

Dear Mr. Waxman

In response to your letter dated August 12, 2009 regarding RFP #18473, Idesco is pleased to present the following responses to your latest inquiries.

Financial

1. **Please clarify the equipment costs with mark-up are included in the sample work orders I-IV**

   a) *The equipment costs specified in work orders I-IV include all mark-ups. The prices quoted:*

      i. (2.b.) *is the total cost that will be incurred by the PANY&NJ should Idesco be presented with a Work Order conforming to the scope as defined by the parameters set forth in Sample Work Order I.*

      ii. (2.b.) *is the total cost that will be incurred by the PANY&NJ should Idesco be presented with a Work Order conforming to the scope as defined by the parameters set forth in Sample Work Order II.*

      iii. (2.b.) *is the total cost that will be incurred by the PANY&NJ should Idesco be presented with a Work Order conforming to the scope as defined by the parameters set forth in Sample Work Order III.*

      iv. (2.b.) *is the total cost that will be incurred by the PANY&NJ should Idesco be presented with a Work Order conforming to the scope as defined by the parameters set forth in Sample Work Order IV.*

**Please note that the prices stated above exclude the "options" as defined by each Sample Work Order*

2. **Please specify the number of staff assigned to the monthly preventative and remedial maintenance at each airport.**

   a) *The total number of staff that will be assigned to the monthly and remedial maintenance portion of this Contract will be eight (8). They will be situated as follows:*

JFK

- *One (1) Access Control/CCTV/ID Badging Specialist (Technician) assigned full time to JFK who will be primarily responsible for the Lenel and Verint system components (this individual will be an Idesco employee) and*
- *One (1) Senior Software/Database Engineer will be assigned full-time to the PANY&NJ and will be utilized as a shared resource traveling between all three (3) locations as needed however he will be stationed at JFK. (This individual will be an employee of Data Industries)*

LaGuardia

- *One (1) Access Control/CCTV/ID Badging Specialist (Technician) assigned full time to LGA who will be primarily responsible for the Lenel and Verint system components (this individual will be an Idesco employee) and*
- *One (1) Network Specialist assigned full time to LGA who will be primarily responsible for the Sonet and Enterprise Air system components. (This individual will be a Data Industries employee)*

Newark

- *One (1) Access Control/CCTV/ID Badging Specialist (Technician) assigned full time to EWR who will be primarily responsible for the Lenel and Verint system components (this individual will be an Idesco employee) and*
- *One (1) Network Specialist assigned full time to EWR who will be primarily responsible for the Sonet and Enterprise Air system components. (This individual will be a Data Industries employee)*

Shared Personnel

- *Two (2) Senior Managers (both with broad knowledge of all system components) who will travel to all sites at a minimum of one (1) time per month and will be responsible for oversight of the Contract as a whole including but not limited to monthly and remedial maintenance. As the Senior Software/Database Engineer is called out to service related issues at either the LaGuardia or Newark facilities a Senior Manager will be called to the JFK location to act as a back-up. These*

Managers will also be responsible for global management of Project Managers. (These senior managers will be employees of Idesco.)

3. **Please explain in detail the methodology in preparing the costs for your Service Technicians and Project Managers**

   a) *In preparing the cost associated with Service Technicians and Project Managers, Idesco Corp. and Data Industries has used industry standards and our own experience with both project and maintenance contracts to estimate the labor required to complete the various tasks required.*

      i. *Service Technicians*

         - *Service and Installation technician time is calculated using the number of physical/wiring connections, number of devices, amount of programming, complexity, and network requirements of the task.*

      ii. *Project Managers*

         - *Project Manager time is calculated based on from .15 to .50 of the service/installation technician time based on the complexity of the task and requirements for interface with involved customer personnel. For example, the addition of a single camera or reader to an existing recorder or panel requires much less PM involvement than the establishment of an entirely new access control or monitoring location.*

      iii. *Security*

         - *It should be noted that, in preparing its estimates of service/maintenance and project management labor times, Idesco and Data Industries have taken careful consideration of the importance of following all PANYNJ security requirements with regards to movement within the airports, obtaining proper work permissions, and adhering to site operating procedures.*

4. **Please clarify the equipment costs with mark-up are included in the sample Work Orders I-IV**

   a) *Please see response to question number one (1) above.*

5. **Please clarify what will be considered additional cost to the Port Authority.**

   a) *Basic technician/staff vehicles are included. The following would result in additional cost:*

      - *Specialty vehicles (lifts, trenching equipment, boom trucks, etc.) are not included and would be at an additional cost subject to the standard mark up.*

- *One sample work order including pole mounting of cameras seemed to require a lift/boom, and that cost was included in that sample work order, but was not itemized per the RFP's outline.*

- *Permits (building permits, electrical permits, etc.) are not included and would be an additional charge subject to the standard mark up.*

- *Shipping costs are not included and would be passed along to the PANY&NJ*

- *Additional staff, over and above the dedicated staff proposed for the service/maintenance and/or project management portions of the RFP, and requested by the PANY&NJ for special events, purposes or procedures, are not included and would result in additional cost.*

- *Furthermore, it is understood that, from time to time, the PANY&NJ will require staffing evaluations with regards to personnel allocations. Where staff must be increased, there will be an attendant increase in cost to the PANY&NJ. For example, the PANY&NJ's systems are constantly growing and will eventually require additional staff for maintenance and service. The time horizon for this cannot currently be predicted with a degree of confidence and so must be a mutual agreement between Idesco and the PANYNJ based on the evolution of the PANY&NJ's systems.*

- *Conversely, where staffing levels may be decreased (upon the request and approval of the PANY&NJ) there would be a decrease in cost. For example, as systems become more seamlessly integrated and older equipment is upgraded or replaced under normal service/maintenance procedures, efficiencies requiring fewer staff could be realized. Again, no time horizon for this can currently be predicted with a degree of confidence and so must be a mutual agreement between Idesco and the PANY&NJ based on the evolution of the PANY&NJ's systems.*

- *Where additional system(s) are added to the contract, additional staffing, where necessary, and the training of such additional staff, is not included and would be at an additional cost.*

- *Where work in hazardous environments is required, specialty protective gear, training for its' use, and any additional insurances involved are not included and would be an additional cost.*

- *No security guards, escort staff, police, fire, or other such personnel are included and remain the responsibility of the PANY&NJ.*

- *Specialty training (e.g. anti-terrorist awareness, PANY&NJ personnel initiatives, etc.) requiring attendance by Idesco and/or Data Industries staff, where it cannot be incorporated during regular scheduled on-site hours such that it does not conflict with regular duties, would be at an additional cost to be borne by the PANY&NJ.*

- *Travel and accommodations, other than to and within the three (3) airports, and at the request of the PANY&NJ, is not included and would result in additional cost.*

Technical

1. **Please explain your procedures after background screening results are received**

   a. *It is important to note that background screening at Idesco takes place only after an applicant has demonstrated that they are technologically capable of performing the duties called for in the job description. This is noted because Idesco screens applicants for criminal, financial and substance abuse purposes. Screening such as this results in Idesco incurring an associated cost. Background and drug screening every applicant is a costly process and in our efforts to provide our customers with a secure and cost effective solution we feel it necessary to "tech-out" or test an applicant's ability prior to incurring said cost.*

   Once Idesco has performed its technical, drug and background screening we interview the individuals in question. All qualified applicants are interviewed by a minimum of three (3) persons at Idesco. The first interview is with the hiring manager (the manager of the department for which Idesco is seeking additional resources). This interview is designed to allow for the manager to determine that the applicant would be a good addition to his/her department. The second interview is with an existing member of the department with which the applicant is seeking employment. For example, if the applicant is applying for a position as a Service Technician he/she will meet with an existing service technician. This is designed to allow for the applicant to build a rapport with an incumbent team member and ask questions which they would typically not ask of the hiring manager. This step allows us insight that may not be apparent to the hiring manager or General Manager. The third and final interview is with the General Manager. The General Manager interview is conducted on a separate day from the other interviews. This is done intentionally so as to allow the three (3) interviewing parties' time to discuss the applicant. The General Manager may make an offer to an applicant at the conclusion of this interview or may request more information or testing of the applicant based on his conversations with the hiring manager and existing team member.

   In instances where Idesco is providing staff members for a specific contract (such as the request for proposal #18473) Idesco would perform the above pre-employment screening procedures. Should the applicant meet our high standards Idesco will request that our customer (in this instance the PANY&NJ) interview the applicant as well. This is designed to ensure that our customer has input into the staff that will be stationed at their facility. Idesco will typically provide our customer with no less than three (3) applicants for any given position. This is designed to provide our customer with multiple options for a single post. At this stage in the interview process all applicants whom our customers' interview will have demonstrated their technical

ability to perform all job functions. This process is to ensure that the proposed addition to the team will fit the customer's requirements and corporate culture.

With regard to the remedial and preventative maintenance portion of this Contract, Data Industries has agreed to abide by the above hiring procedures of Idesco as it relates to their staff members.

We firmly believe that our strict hiring protocol has aided us in our industry leading retention rate of seven (7) to ten (10) years.

2. **Please provide the criteria for your specified number of staff members (technicians, supervisors and managers)**

    a. *Below you will find a typical job description for each position defined in question 2 above. For those positions which Idesco and Data Industries have already identified the prospective employee you will find their resume attached.*

    As noted above Idesco and Data Industries intend to have eight (8) persons collaboratively servicing this account should we be awarded. We believe that persons with the skill sets defined below will result in a more than adequate staffing level to ensure proper system functionality. Where individuals possess the technological ability to perform a job function but do not possess the appropriate certifications necessary to perform the job function, Idesco and Data Industries will have the individual trained specific to a manufacturer's requirements at no additional cost to the PANY&NJ.

        i. *Technician-Requirements: Our ideal candidate will have five (5+) plus years of industry experience in installation and servicing of large security integration projects. Knowledge of major brands of both IP and analog access control, video surveillance and recording systems, both hardware and software is required. Strong computer software and networking skills with Windows 2003 Server or higher and SQL database experience is required. Customer oriented interpersonal skills. Technical and Mechanical knowledge and abilities. Knowledge of IT Networks. Ability to read and interpret IT, electrical, and mechanical drawings, specifications and schematics. Must be willing to attend training sessions. Must be able to pass any required Certification requirements. Must be able to travel. Essential Functions: Must have and maintain a Valid Drivers License and safe driving record. Must be Vehicle Insurable by Company insurance carrier*

            - *As part of this Contract and as noted above a total of three (3) of these individuals will be provided as part of the base Contract. One (1)*

individual matching this description will be posted at each of the three (3) airport locations. These persons have yet to be identified as Idesco will make an effort to retain the existing HBE staff members so as to eliminate any delays associated with acquiring site specific knowledge for new hires. Should Idesco not be able to retain these persons it is our intent to provide new staff. As mentioned in our most recent submission, Idesco would provide these persons as soon as allowed by the PANY&NJ at no additional cost to the PANY&NJ as we believe that site familiarity can only be gained by time on-site. The Contract calls for a one hundred and twenty (120) day period of overlap with the incumbent. Should you so permit, Idesco will provide these persons as early as one- hundred-and-eighty (180)days prior to our actual assumption of the Contract

ii. *Network Specialist: See attached resumes for Gaurav Singal and Vincent Ngan (new submission explained below in 3biii).*

iii. *Senior Software/Database Engineer: see attached resume for Alexander Martinez*

iv. *Senior Manager(s): Please see previously submitted resumes and certifications of Greig Silver and Brian Simpson*

3. **Will the individuals provided in the RFP (resumes) be 100% devoted to this contract? If not, what percentage of the time?**

   a. *Idesco has provided resumes for the following persons as part of our initial submission:*

      i. *Andrew Schonzeit-President and Chief Executive Officer-Andrew's involvement in this contract will be limited to general oversight.*

      ii. *Scott Etess-General Manager-Scott's involvement will be to manage the account's Senior Managers. Scott will be responsible for general oversight of the Contract and its Senior Managers. Scott will spend roughly 5%-10% of the typical week on overseeing Idesco's performance as it relates to this Contract.*

      iii. *Greig Silver-Senior Integration Engineer-Greig will be one (1) of the two (2) Senior Managers assigned to this Contract. It is expected that Greig will spend approximately 50% of his week devoted to this Contract. Greig and Brian's devotion to the site for 50% of their time is designed to ensure 24 hour a day, 7 day a week coverage as well as a contingency plan should one*

of these individuals and Idesco part ways for whatever reason (termination, resignation, etc.)

iv. *Brian Simpson-Operations Manager-Brian will be one (1) of the two (2) Senior Managers assigned to this Contract. It is expected that Brian will spend approximately 50% of his week devoted to this Contract.*

v. *Michael Troiani-Service Manager-Mike's involvement in this Contract will be limited to providing on-site technicians and supervisors with support on an as needed basis. Mike will serve strictly in a back-up capacity and will dedicate minimal time to this Contract as the Senior Managers and Mike possess very similar experience and skill sets.*

b. *Data Industries has provided resumes for the following persons as part of our initial submission:*

i. *Alexander Martinez-Alex will be the Senior Software/Database Engineer and will be dedicated to this Contract 100% of his week.*

ii. *Gaurav Singal-Gaurav will be one (1) of two (2) Network Specialists and will be dedicated to this Contract 100% of his week.*

iii. *Tobias J. Brathwaite-Since our original submission, Idesco and Data Industries have decided that Tobias' services will not be needed on this Contract. In lieu of Tobias, we hereby submit the resume of Vincent (VInny) Ngan.*

4. **If individuals on the project resign/fire/leave for any reason, how do you intend to re-staff to the same standard or better**

a. *Idesco and Data Industries both exercise strict hiring protocols (as mentioned above in Technical questions #1 and #2). These practices will be utilized in our recruitment. Furthermore, with regard to Senior Managers, Idesco has proposed two (2) persons to serve in this capacity for this purpose. Should one (1) person leave the firm for any reason Idesco will have a person already on-staff who is familiar with all site intricacies and personnel. In this instance the Senior Manager (Greig Silver or Brian Simpson) would function as the hiring manager and will be responsible for recruiting his counterpart. Should the individual whom we (Idesco, Data Industries and the PANY&NJ) believe to be the appropriate candidate not possess the necessary certifications, Idesco will have this person's training expedited. This training (if needed) will be at the sole cost of Idesco.*

Data Industries maintains a sizable pool of individuals with similar skill sets called for in this Contract. A portion of Data Industries' core business is staffing IT professionals on a full-time basis. Should the above circumstances occur, Data Industries can provide replacement personnel with similar experience and who have met our high employment standards as defined above.

As mentioned throughout our submissions Idesco maintains an extremely impressive retention rate of personnel at all levels (manager and subordinate). Simply stated, Idesco's experience in this industry has taught us to retain the industry's top professionals. We do this by providing them with competitive salaries, benefits (including but not limited to medical, dental, 401k), manufacturer training, and a supportive work environment.

In addition to staff retention, Idesco prides itself on its ability to establish and maintain long lasting professional relationships with its subcontractors and vendors. While best pricing is always a consideration, the value of a secure relationship with a vendor or subcontractor often outweighs small differences in pricing. Reliable deliveries and support for equipment, error free installations, and the "extra mile" efforts that go with long term relationships result in efficiencies and cost savings that cannot be realized using any other business model.

5. **How will you meet the disaster recovery requirement assuming 40% absentee in your own firm?**

   a. *Dedicated on-site service/maintenance staff will be housed at the various PANY&NJ sites and, as such, will not be subject to disruptions at our head office.*

   Supervisory and support staff already are able to perform most of their duties via VPN which, through our off site back-ups, would suffer minimal (if any) disruption.

   Leveraging the relationship between Idesco and Data Industries effectively provides us with two (2) head offices able to support each other in the event that one must be relocated.

   Idesco and Data Industries both have nearby (within state) and out of state (e.g. Texas, Utah, California, and Florida) allies able to provide office space and additional staff in the event Manhattan itself becomes untenable.

   Please note that Data Industries' core competencies include Disaster Recovery. In this capacity Data Industries serves in an advisory role with regard to processes, protocol, infrastructure, etc.

6. **Please explain how your firm determined the hours for the following:**

   a. **Project management for each sample scope of work? Be specific as possible.**

      i. *Project Management, as mentioned above, is calculated as a function of a percentage of technical time, based on from .15 to .50 of the service/installation technician time determined by the complexity of the task and requirements for interface with involved customer personnel. For example, addition of a single camera or reader to an existing recording device or panel requires much less PM involvement than the establishment of an entirely new access control or monitoring location. It is expected that the Project Manager will be responsible for primary interface with the end user, including finalizing system design and scope of work, supervision of technicians and subcontractors, logistics of order, supply and delivery, scheduling, reporting (daily, weekly, monthly as required), final commissioning and follow up.*

   b. **Electrical contractors for each sample scope of work? Be specific as possible.**

      i. *Electrical contracting costs are based on estimates provided by reliable union contractors, who use the standard values employed by their union and estimating guidelines. For every project/work order which Idesco utilizes a subcontractor, we sit with a minimum of three (3) potential subcontractors.*

      These subcontractors have been vetted by means of our vendor screening process. Prior to working with Idesco subcontractors are screened for financial capability, reliability, professionalism and quality. Subcontractors who meet our high standards are then invited to work with us. Their status is constantly evaluated so as to ensure that those representing Idesco are not tarnishing our reputation as a provider of quality work product.

      For the Sample Work Orders I-IV included in RFP #18473, Idesco had three (3) separate meetings. One (1) with each of our three (3) most trusted union subcontractors. Idesco withheld the information as to who our potential customer might be and defined the scope based on your parameters. The union contractors were then given twenty-four (24) hours to provide Idesco with a price. Idesco reviewed each proposal and selected the lowest cost for each individual Sample Work Order. (In this particular instance the prices quoted are actually from two (2) separate subcontractors as no single subcontractor had the lowest price on all Sample Work Orders).

This is common practice at Idesco and, as we have already vetted these subcontractors, we are confident in their ability to provide the labor necessary to deliver a system which meets both Idesco's and the PANY&NJ's high standards. This method acts as a cost savings tool to our customers as the lowest price is passed along to them.

- *All three (3) contractors selected for this estimation have worked with Idesco on numerous successful bids and projects. Unlike many local union electrical contractors the ones chosen by Idesco to bid on these Sample Work Orders are familiar and experienced with the demands and details of access control, CCTV, and network installations. Their estimates are predicated on the supply of one (1) journeyman, one (1) apprentice, and one (1) laborer for each Sample Scope of Work, with the addition of a small overhead for supervision. The labor rates used are standard to the industry, but the number of hours calculated is unusually low due to their familiarity with our work and their successful completion of similar works for Idesco on many previous projects.*

7. **Please provide a signed original letter from Enterprise Air.**

   a. Please see attached

<u>Firm Experience and Management Commitment</u>

1. **What is your firm's experience regarding maintenance for access control systems?**

   a. *Idesco has approximately fifteen (15) years of experience in servicing access control systems, while its staff has an accumulated two hundred years experience with the servicing of integrated networked access control systems, CCTV, ID Management, intercom, and alarm systems. In addition to Lenel, Idesco has experience in servicing numerous other access control products. Please note that many of these systems use the SAME panels (i.e. manufactured by Mercury) as those used by Lenel. The Mercury panels used by Lenel are employed by numerous (approximately eleven access control manufacturers in total) other companies due to their reliability and longevity. As such, Idesco's broad industry experience well suits it to provide service to the Lenel line.*

THE PORT AUTHORITY OF NY & NJ

August 28, 2009

Overnight Delivery
Idesco Corp.
Security Systems Integration
37 W. 28th Street
New York, NY 10010-1097

Attn: Mr. Greig Silver, Integration Engineer gsilver@idesco.com

RE: **Request for Proposal, Services and Materials For The Enhancement and Maintenance of the Airport Security Control Systems (ASCS) at John F. Kennedy International, LaGuardia, and Newark Liberty International Airports, Collective #18473 – Additional Clarifications**

Dear Mr. Silver:

Thank you for submitting your response dated August 19, 2009 for the above referenced proposal. As a result of our initial evaluation of the proposal and submitted by your firm, you are hereby requested to submit responses to the attached questionnaire. Please furnish this information before 12:00 PM on Friday, September 4, 2009. **Forward one (1) original and seven (7) copies of your response to Jeanette Anderson, at the address listed below**. In addition, please email your response to Jeanette.Anderson@panynj.gov and swillner@panynj.gov. Failure to provide the requested information may result in your proposal being deemed non-responsive.

1. Please clarify that your total preventative and remedial maintenance monthly lump sum costs include the assigned proposed staff for Monday – Friday business hours and Weeknight/Weekend/Holiday hours. If so, please provide a breakdown of those costs in the table below.

System	M-F Business Hours	Weeknight/Weekend/ Holiday Hours	Total
CACS			
CCTV			
SONET			
ASDE			
Mo. Total			
Yrly Total			

2. List each staff member's name and his/her Lenel certified level (silver, platinum or master) for the staff that will be assigned to this Contract.

Procurement Department
One Madison Avenue, 7th Floor
New York, NY 10010
T: 212 435 7000

3. What is your approach to maintenance management reporting? Are there any particular maintenance management reports your company will be submitting? In addition, indicate the proposed submission frequency.
4. Please detail your approach on how Idesco Corp. will develop the preventative maintenance schedules? How many days will be required to complete the initial/first schedules and upload the software?
5. Has Idesco had any success stories in working with Lenel to develop customized solutions? If so, please demonstrate.
6. Provide resume and Lenel, Verint certificates for any additional personnel not already provided and available for this contract.

Exemption (4)

8. Please confirm Idesco's acceptance of the Port Authority's Standard Contract Terms and Conditions, Attachment C, in the RFP.
9. How often Idesco intends on performing preventative maintenance on the equipment?
10. Please resubmit a revised sample work order 1 (see attach form).
    Note: The ratio used between Project Manager hours to electrical hours varies among Contractors. Please follow industry standard, best practices, or your current practice.
11. Please provide a detail plan in the development and ongoing update to the system configuration diagram for each of the systems (CACS, CCTV, etc.). In addition, indicate the update frequency. The configuration diagram shall include the listing of equipment by name, locations (airport terminals, concourses and guard posts) and the network connection.
12. Please resubmit a transition plan that accounts for a 60-day transition period instead of a 120 day transition period. Is the 60 days migration plan sufficient time for your firm to engage with the support of this Contract?
13. What features does Blue Service have in terms of flexibility?
14. Describe how information would flow from and into Blue Service.
15. Are you confident that your proposed staffing levels for this contract will meet the requirements of this Contract?
16. How long has Idesco been using the Blue Services application?
17. Can the Blue Services be accessed via the WEB? If awarded the contract, will the Port Authority have access to the application?
18. Are the proposed staff solely dedicated for this contract? Are they going to be doing other tasks for other contracts that your company has within our facilities?
19. The Port Authority of New York and New Jersey desires assurance that proposed staffing will be utilized for identified tasks within the proposal. Provide additional information with methodology and reporting mechanisms to monitor staff allocation on preventive maintenance, remedial maintenance and work order assignments.
20. During your presentation, Idesco stated that they would cross train their staff; please explain how how Idesco will accomplish this task.

21. If award this contract, the Port Authority of New York and New Jersey would require that Idesco Corp. provide a Letter of Credit in the amount of $800,000 as approved by Port Authority's Credit Collection Department. Advise accordingly, Idesco's intentions to successfully satisfy this request.

As a disclaimer, please note that this request for questions and shall not be construed to be an acceptance of your proposal. If you have any questions, contact me at (212) 435-3930.

Sincerely,

Jeanette Anderson
Principal Contracts Specialist
Procurement Department

ATTACHMENT F– SAMPLE WORK ORDERS.

SAMPLE SCOPE of WORK – I

The Port Authority of New York and New Jersey desires to add (2) card readers to an existing vehicle entrance at John F. Kennedy International Airport. The Scope of Work includes installation, termination, testing and documentation of the following devices:

EQUIPMENT LIST

(2) Card Readers (Install to Existing Stanchions)
(1) Alarm Strobes
(1) Exemptin (4)
(2) Dual Reader Interfaces
(1) Input Control Module
(3) Lenel LNL CTX – 6 Enclosure
(1)
(1) Exemption (4)
(1) Temperature Activated Fan Assembly
(2) Exemption (4) Transceivers w/Plug in Transformer
(2) Fiber ST/ST 6" Patch Cord
(1) Rack Mounted Hub Assembly 4U chassis
(1) Exemption (4)
(4) Fiber Optic Patch Cords
(1) Warranty
Maintenance???

Exemption (4)

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – I

Personnel Title		Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
Extended Labor Total					

*Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.

Sample Work Order #1 - Material Breakdown							
#	Mfgr.	Model	Description	Notes	Qty	PA Unit Price Cost	Total
1	Dorado		Card Readers (install to existing stanchions)	Card reader	2		
2			Alarm Strobes I		1		
3	Lenel		Exemption (4)		1		
4	Lenel		Dual Reader Interfaces		2		
5			Lenel LNL CTX - 6 Enclosure		3		
6			Exemption (4)	Power supply	1		
7			Power Supply	Power supply	1		
8			Temperature Activated Fan Assembly		1		
9			Transceivers w/Plug in Transformer		2		
10			Fiber ST/ST 6" Patch Cord		2		
11			Rack Mounted Hub Assembly 4U chassis		1		
12			Exemption (4)		1		
13			Fiber Optic Patch Cords		4		
14			Warranty		1		
				Subtotal Equipment Cost			
				<co name> Overhead			
				<co name> Profit <specify %>			
				Freight			
				Warranty			
				Total Equipment Cost			

IDESCO CORP.
SECURITY SYSTEMS INTEGRATION
37 WEST 26th STREET
NEW YORK, NY 10010-1097
212-889-2530
FAX 212-889-7033
800-336-1383
sales@idesco.com
www.idesco.com

Mr. James Summerville

Sr. Procurement

Procurement Services Division

The Port Authority of NY & NJ

One Madison Avenue, 7th Floor

New York, NY 10010

August 21, 2009

Dear Mr. Summerville

In response to your letter dated August 20, 2009 regarding RFP #18473, Idesco is pleased to present the following responses to your latest inquiries.

1. **Describe in detail how your firm devised the cost of the NEC Cluster;**

    a. *Our pricing of the NEC portion of the RFP is based on our understanding of the information provided in the RFP. It included the main server, and basic licensing. Please keep in mind that NEC pricing from LENEL extends to over 15 line items, each with its own distinct part number. If our pricing does not meet your expectations, please advise us as to the exact part number/product required and we will be happy to provide our pricing. In the event the PANYNJ does not have access to the system's full range of part numbers, please let us know and we will gladly supply the consultations required to precisely define your requirements.*

2. **How are preventative and remedial maintenance costs calculated?**

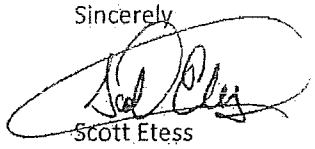
    a) *Preventative and remedial maintenance costs are predicated primarily on the salary costs of the staff required, but also include insurances and vehicles. Both Idesco and Data Industries currently employ staff qualified to service the PANY&NJ's systems, and these salaries have provided the basis for our calculations.*

3. Describe your expectations regarding the provision of remedial maintenance. For example, will your onsite technicians provide such maintenance, with the price thereof reflected in your cost proposal? Or will off-site technicians provide such

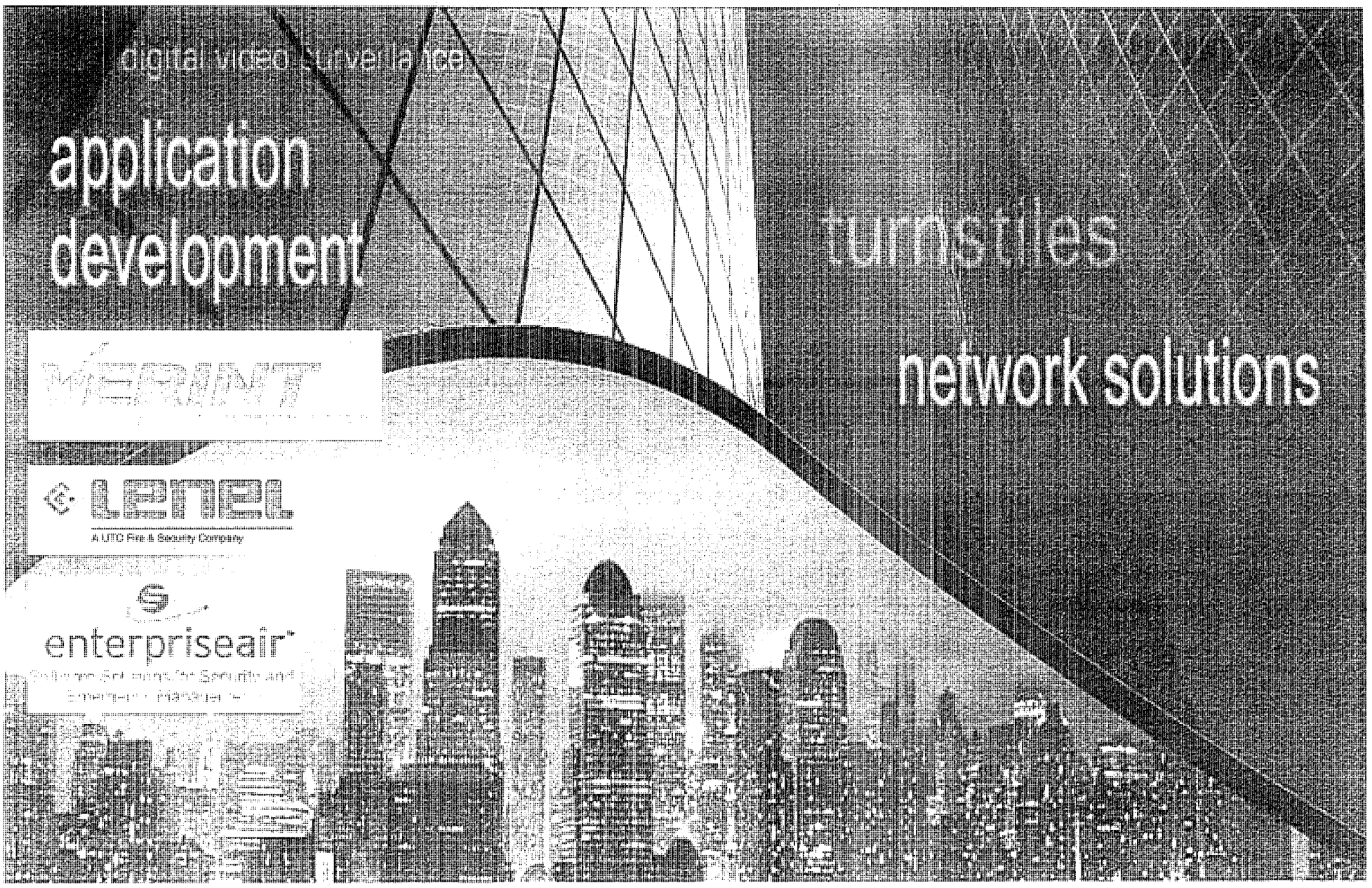
maintenance with the costs billed separately (on a time& material basis, perhaps) to the Port Authority?

a) *We expect that remedial maintenance will be provided primarily by the dedicated site personnel included in our proposal. While preventative maintenance is vital, remedial maintenance must take priority to ensure that security requirements are maintained. The pricing provided includes site staff sufficient, we believe, to accomplish both preventative and remedial maintenance, exclusive of the costs of any equipment replacements/repairs. In the event remedial maintenance overwhelms preventative maintenance requirements, Idesco and the PANY&NJ will need to revise staffing levels to accommodate all requirements.*

Sincerely

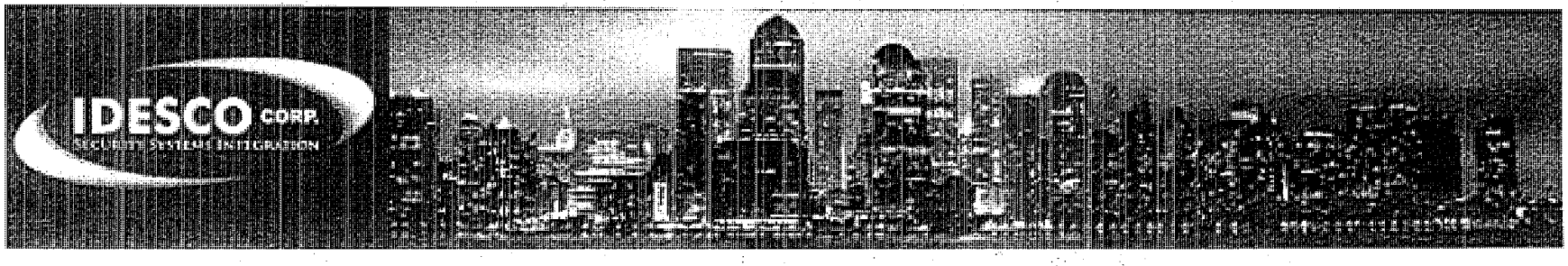


Scott Etess



IDESCO CORP. & DATA INDUSTRIES

A BRIEF HISTORY

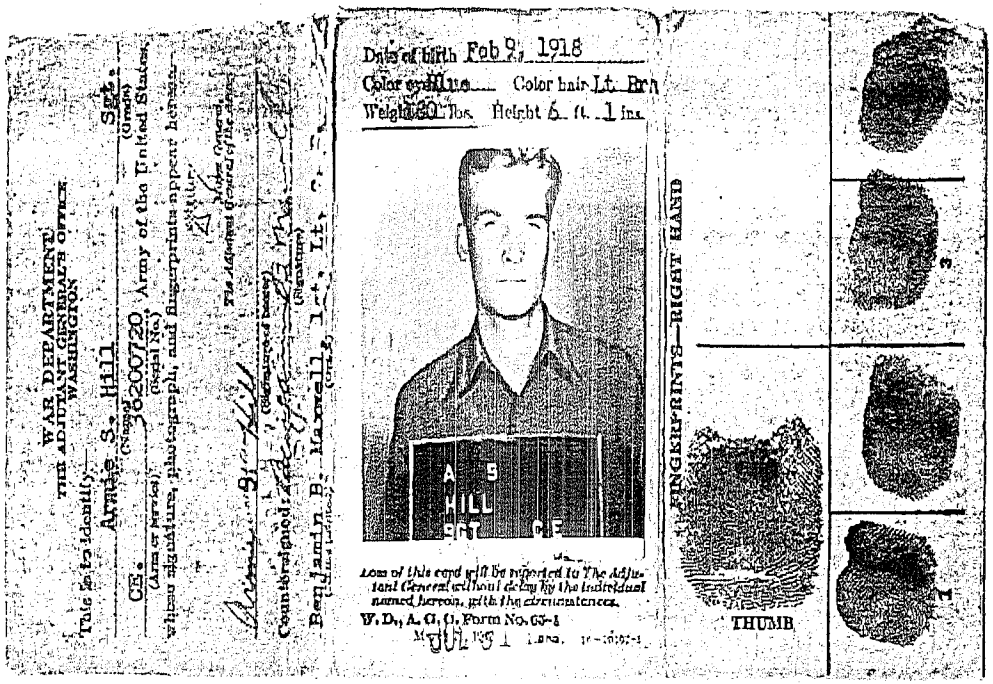


Idesco Corp... Keeping You Safe and Secure

Idesco has been providing integrated security solutions to the most prestigious organizations for over 65 years. Our expertise and wide array of security products include digital ID badging systems, access control, biometrics, turnstiles, digital video surveillance and visitor management. Our top-notch security professionals and customer service team will exceed your expectations by delivering outstanding service and support. Idesco offers a series of informative seminars and training sessions throughout the year at our spacious state-of-the-art showroom located in the heart of New York City. Major television networks, large municipalities and prestigious universities depend on Idesco to protect them. Our goal is keeping your company, your employees and your visitors safe and secure.

FOUNDING

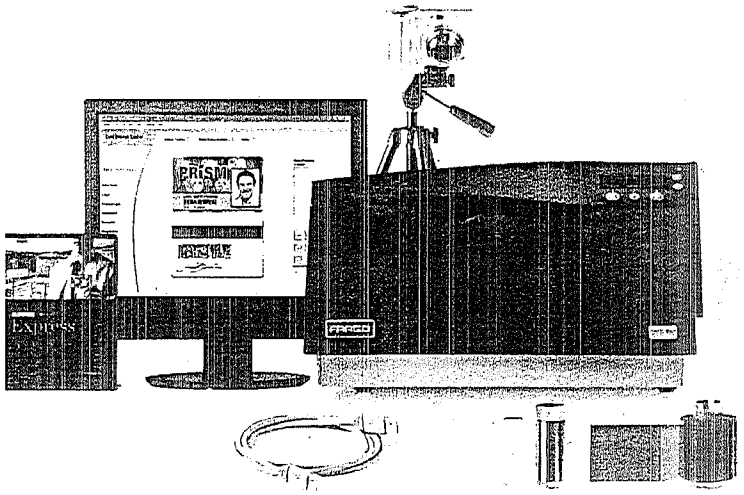
Originally founded as a badging company for the U.S. Army during World War II.



ID BADGING

MA ICARD

digital identification solutions



HID FARGO

TEAM NISCA

Zebra

IDESCO CORP

ACCESS CONTROL

KABA

GE Security
InfoGraphics

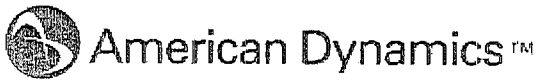
lenel
A UTC Fire & Security Company
OnGuard® VALUE ADDED RESELLER

S2 SECURITY CORPORATION

AMAG TECHNOLOGY

IDESCO CORP

VIDEO SURVEILLANCE



IDESCO TODAY

Certification

Certified

LENEL

A UTC Fire & Security Company

Certified

VERINT

Certified with every Major ID Badging Manufacturer

U.S. DEPARTMENT OF HOMELAND SECURITY

MADISON SQUARE GARDEN

The World's Most Famous Arena

USTA

Yankees

NEW YORK CITY HOUSING AUTHORITY

MEMORIAL SLOAN-KETTERING CANCER CENTER

ESTABLISHED 1884

ADELPHI UNIVERSITY

LINCOLN CENTER for the Performing Arts

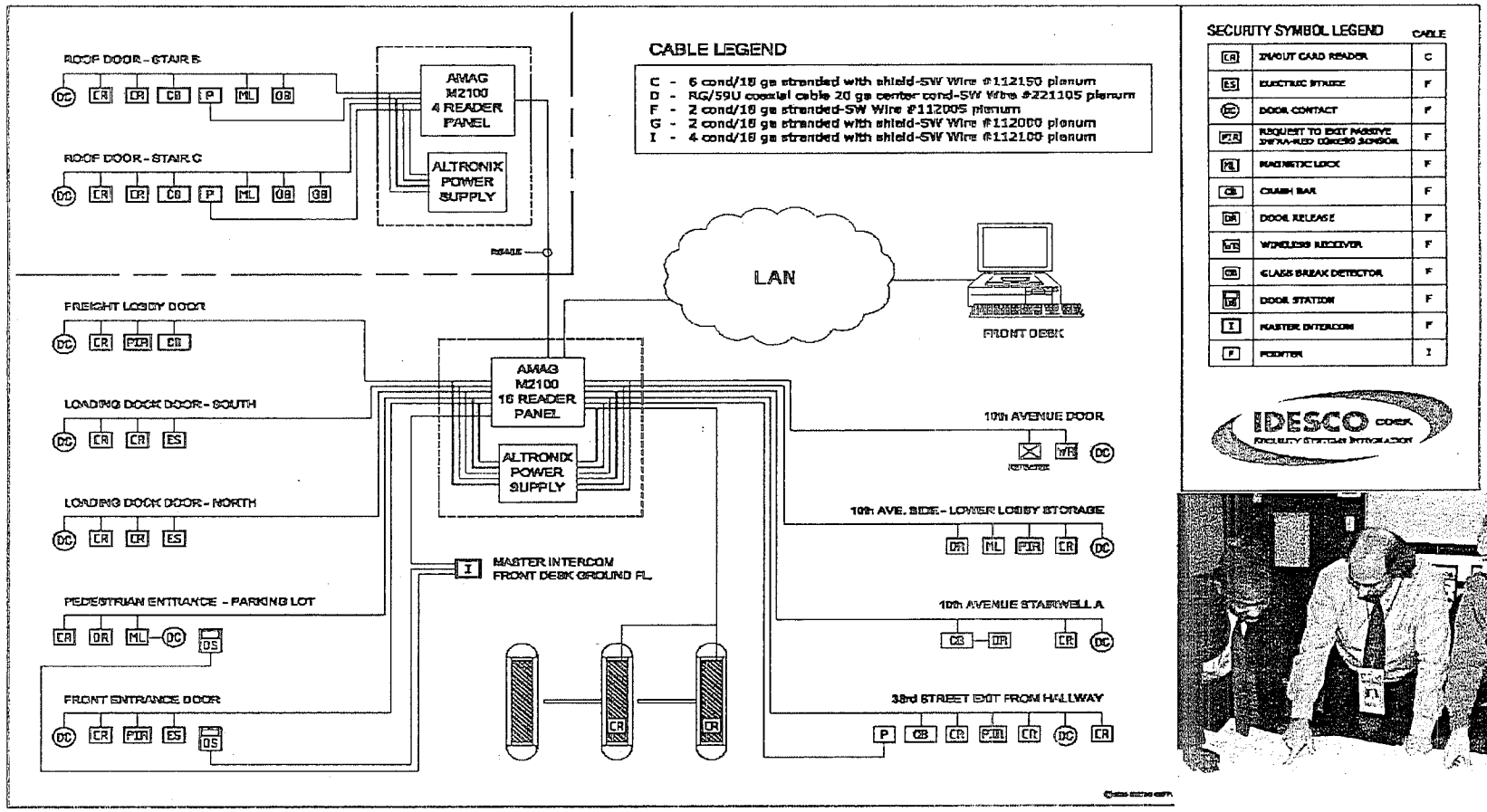
NEW YORK UNIVERSITY

NewYork-Presbyterian

The University Hospital of Columbia and Cornell

IDESCO CORP

INTEGRATION DESIGN



A BRIEF HISTORY

DATA
INDUSTRIES

- Founded 1980
- MBE Certified Firm by NY/NJ MSDC & NYS ESDC
- Offices in New York City and Florida

DATA INDUSTRIES TODAY

Certification

Microsoft
Gold Partner

IBM
Partner

cisco
Certified

NJTRANSIT
The Way To Go.

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

MIAMI PUBLIC SCHOOLS

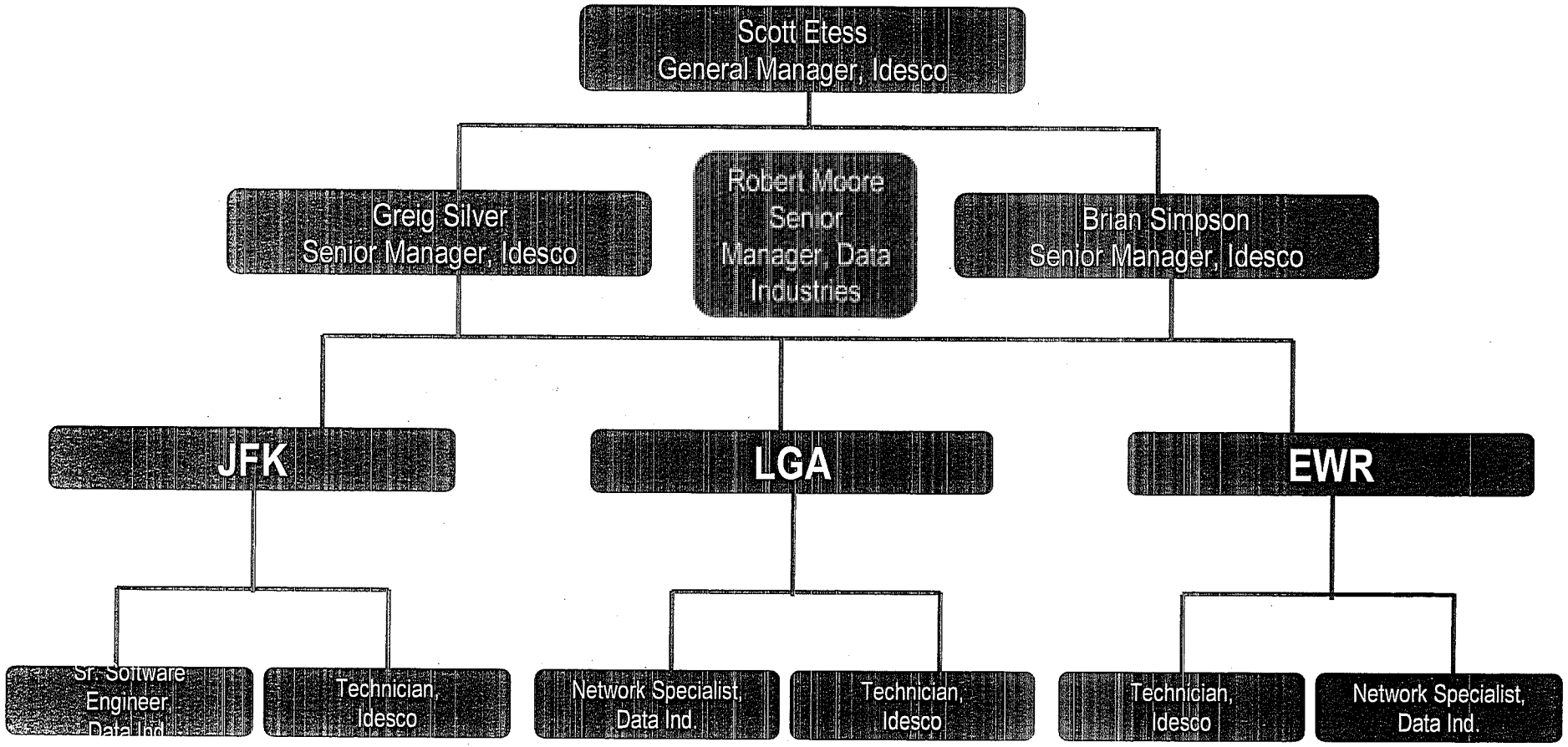
AMERITRADE

New York City
School Construction Authority

NEW YORK STATE THRUWAY AUTHORITY

NYC Department of Housing Preservation & Development

PROPOSED STAFFING



CORE COMPETENCIES

Idesco Corp.

- Security Systems Integration
  - Access Control
  - ID Management/Badging
  - Digital Video
  - Network Video
  - Door Furniture
  - Integration Appliances

CORE COMPETENCIES

Data Industries

- Network Design & Infrastructure
- Application Development
- IT Staffing
- Disaster Recovery
- Wireless Computing

TYPICAL MAINTENANCE PROTOCOL

- Preventative Maintenance
- Remedial Maintenance
- System "Currency"
- System Additions & Expansions

DIFFERENTIATING FACTORS

- **Privately Held**
  - No External Board of Directors
  - All decisions are made based on

    "doing what is right"

    versus

    "doing what is right <u>for the bottom line</u>"
- **Personal Attention**
  - Magnitude of this contract in relation to existing business
    - Best Personnel
    - Direct line to Ownership and highest level management.
- **Longevity**
  - Idesco-65 Years
  - Data Industries-29 Years

CONCLUSION

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY

Combined our core competencies allow us to manage all Contract aspects:

Idesco Corp:

- Lenel
- Verint
- ID Badging

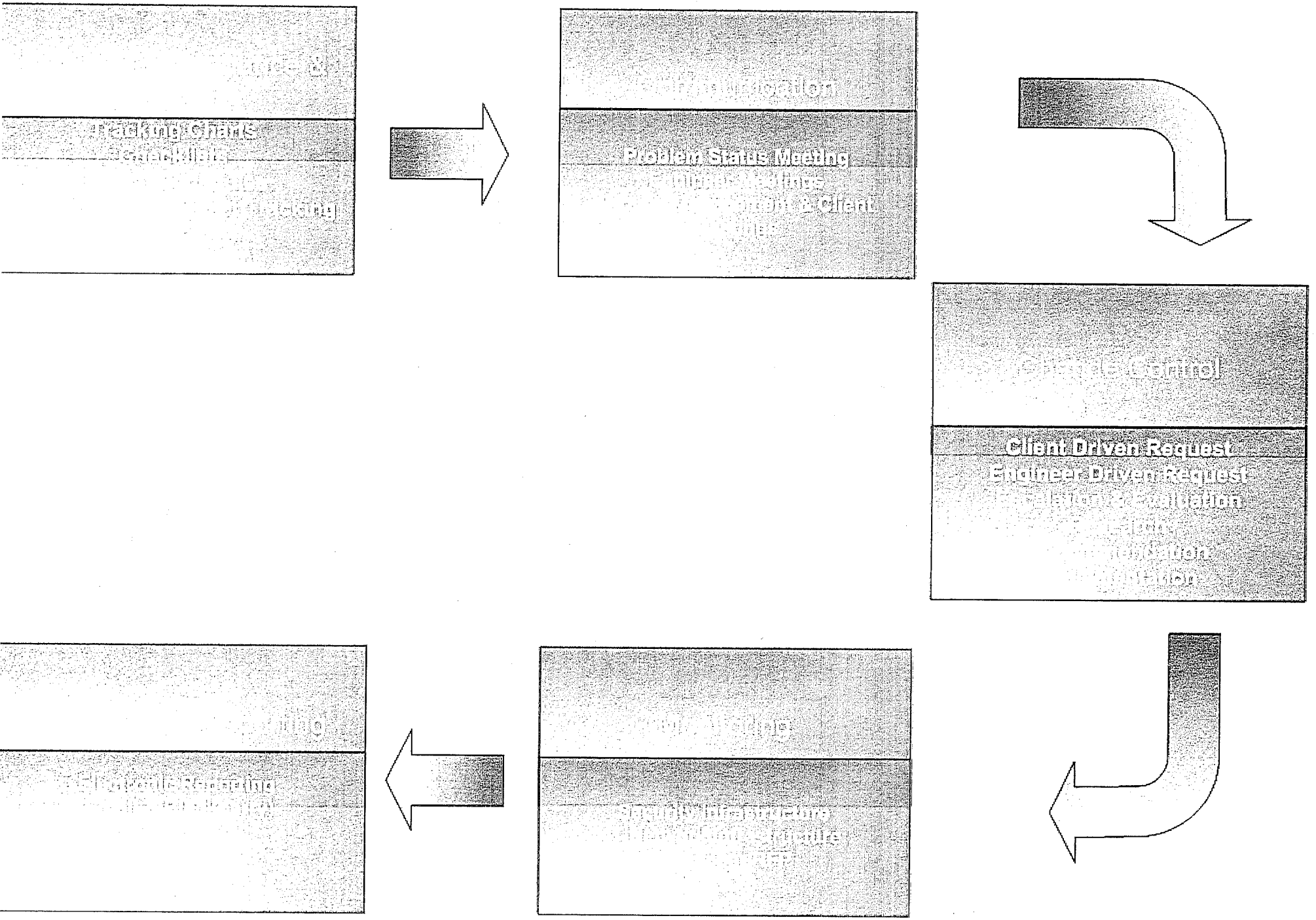
Data Industries:

- Enterprise Air
- Sonet
- Network Specialist

IDESCO CORP

IDESCO corp.

DATA INDUSTRIES



THE PORT AUTHORITY OF NY & NJ

August 12, 2009

Overnight Delivery 212 889-2530 x 321

Idesco Corp.
Security Systems Integration
37 W. 28th Street
New York, NY 10010-1097

Attn: Mr. Greig Silver, Integration Engineer gsilver@idesco.com

RE: **Request for Proposal, Services and Materials For The Enhancement and Maintenance of the Airport Security Control Systems (ASCS) at John F. Kennedy International, LaGuardia, and Newark Liberty International Airports, Collective #18473 – Presentations and Clarifications**

Dear Mr. Silver

Thank you for submitting your response for the above referenced proposal. As a result of our initial evaluation of the proposal submitted by your firm, you are hereby requested to submit responses to the attached questionnaire. Please furnish this information before 12:00 PM on Wednesday, August 19, 2009. Forward one (1) original and seven (7) copies of your response to Jeanette Anderson, at the address shown below. In addition, **please email your response** to Jeanette.Anderson@panynj.gov and JSummerville@panynj.gov. Failure to provide the requested information may result in your proposal being deemed non-responsive.

Presentation Meeting:

As part of the evaluation process, and contingent upon your satisfactory response to the above request for additional clarifications, the Committee would like to invite you and key members of the management team for a presentation and discussion. It is scheduled for Tuesday, August 25, 2009, commencing at 1:00 p.m. and ending no later than 3:00 p.m. Please arrive 15 minutes in advance to set up.

The location of this meeting is at the office of the Port Authority of New York and New Jersey (Port Authority), located at 233 Park Avenue South, Aviation Department, 9th

Procurement Department
One Madison Avenue, 7th Floor
New York, NY 10010
T: 212 435 7000

Floor, New York, New York. One of the Committee representatives will meet you on the 9th Floor reception area at the appointed time to escort you to the meeting location. Please note photo ID is necessary to gain access into the building. In addition, please

send a list of all participants (limit six) 24 hours prior to your presentation date. Please email the list of names to, JSummerville@panynj.gov and cfong@panynj.gov.

Total time allocated to your firm for the presentation, including questions, answers and closing statements is no longer than **two (2) hours**. Generally, allow 45 minutes for your presentation addressing all the important points of your proposal and responses to the attached questions. In the conclusion of your proposal presentation, the remaining time will be used for questions and answers from the Committee. Please note that the Port Authority will only provide a projector screen. You will need to provide all other equipment.

As a disclaimer, this invitation to make a presentation about your proposal to the Port Authority shall not be construed in any way whatsoever to be an acceptance of your proposal.

If you have any questions, contact **James Summerville at 212 435-3954**.

Sincerely,

Larry Waxman, Manager
Technology and Operations
Procurement Services Division

Attachment/ja

QUESTIONS FOR IDESCO CORP.

COLLECTIVE # 18473

Financial

1) Please clarify the equipment costs with mark-up are included in the sample work orders I-IV.
2) Please specify the number of staff assigned to the monthly preventive and remedial maintenance at each airport.
3) Please explain in detail the methodology in preparing the costs for your Service Technicians and Project Managers.
4) Please clarify the equipment costs with mark-up are included in the sample work orders I-IV.
5) Please identify what will be considered additional cost to the Port Authority.

Technical

1) Please explain your procedures after background screening results are received.
2) Please provide the criteria for your specified number of staff members (technicians, supervisors and managers).
3) Will the individuals provided in the RFP (resumes) be 100% devoted to this contract? If not, what percentage of the time?
4) If individuals on the project resign/fire/leave for any reason, how do you intend to re-staff to the same standard or better?
5) How will you meet the disaster recovery requirement assuming 40% absentee in your own firm?
6) Please explain how your firm determined the hours for the following:
    a. project management for each sample scope of work? Be specific as possible.
    b. Electrical contractors for each sample scope of work? Be specific as possible.

Note: We are going to use the ratios of project manager hours to electrical hours in order to determine Work Order prices on this contract. Exceptional conditions require detailed explanation if used to justify any deviation.

---

7) Please provide a signed original letter from Enterprise Air.

Firm Experience and Management Commitment

1. What is your firm's experience regarding maintenance for access control systems? Please provide details.

THE PORT AUTHORITY OF NY & NJ

August 6, 2009

Overnight Delivery
Idesco Corp.
Security Systems Integration
37 W. 28th Street
New York, NY 10010-1097

Attn: Mr. Greig Silver, Integration Engineer gsilver@idesco.com

Re: Request for Proposal, Services and Materials For The Enhancement and Maintenance of the Airport Security Control Systems (ASCS) at John F. Kennedy International, LaGuardia, and Newark Liberty International Airports, Collective #18473

Dear Mr. Silver:

As a result of our initial evaluation of the proposal submitted by your firm, you are hereby requested to submit responses to the attached questionnaire for the above referenced RFP. Please furnish this information before 10:00 AM on Tuesday, August 11, 2009. Forward one (1) original and five (5) copies of your response to Jeanette Anderson, at the above shown address, 7th floor, Priority Procurement Division. In addition, please email your response to: Jeanette.Anderson@panynj.gov
Failure to provide the requested information may result in your proposal being deemed non-responsive. Your offer should include, but not be limited to, requested information for the attached.

This request should not be construed as a limitation on the information which the Port Authority may request in the course final vendor selection process.

If you require additional information or have any questions, contact Jeanette Anderson at (212) 435-3930 or via email at Jeanette.Anderson@panynj.gov

Sincerely,

Larry Waxman, Manager
Technology and Operations
Procurement Services Division

Attachment/ja

Procurement Department
One Madison Avenue, 7th Floor
New York, NY 10010
T: 212 435 7000

QUESTIONS FOR IDESCO CORP.
SECURITY SYSTEMS INTEGRATION
COLLECTIVE #18473

Technical Plan

1) How many years has Idesco have been supporting Lenel and Verint system applications?
2) Please provide supporting documentation on staff members that are Lenel and Verint certified.
3) Please provide supporting documentation on staff members that are Verint certified. In addition demonstrate that each trained person has the necessary skills that will be readily available for this Contract.
4) Please respond to the requirements detailed in the ASCS RFP on page 20, Section 2, Technical Approach, Item A.
5) Please explain in detail how Idesco Corp. meet the requirements in the ASCS RFP, Section 2, Technical Approach, Item D. Be specific for each current and completed project within 5 years related to Lenel On-Guard access control or Verint that you maintained in addition to the Work Order projects.
6) Please elaborate on Enterprise Air key vendor relation.
7) Provide more detailed information on the transition plan which will explain your procedures for this Contract, refer to page 21, Section 2, Technical Approach, Item H in the ASCS RFP.
8) Please provide a M/WBE Participation plan for Data Industries and complete and submit Attachment N, M/WBE Participation Plan Form.
9) Please provide Brian Simpson's resume.

Firm Experience and Management Commitment

10) Please provide the supporting documentation in reference to the ASCS RFP on page 22, Section 2, Firm Experience and Management Commitment, Item G.
11) Provide a detailed system work plan (not a narrative) and supporting documentation for each of the items described on pages 21 and 22, Section 3, Firm Experience and Management Commitment, Items B, C, D, E, F and G.

Work Approach

12) Provide detailed information and supporting documentation on how Idesco Corp. will approach the Work Order Management Plan and a Maintenance Management Plan stated on page 23, Items A and B including all the subsection 1–5 for Item B.

Dear Ms. Anderson

Thank you for your consideration of Idesco in response to RFP 18473 for the Port Authority of New York & New Jersey. As per your request for additional information we hereby submit responses to your letter dated August 6, 2009.

Technical Plan

1. How many years has Idesco been supporting Lenel and Verint system applications.

Idesco has been supporting Lenel system applications for approximately three (3) years. Our work with Lenel has primarily been at New York University. For twelve (12) years Lenel did not extend their value added reseller (VAR) program to any additional Northeastern United States security integration firms. Idesco was selected as the sole addition to the Lenel VAR family in March of 2009. Idesco was selected because of our stellar reputation in the industry as well as our basic knowledge of the Lenel platform given our exposure to the system at New York University.

Despite our abbreviated history with Lenel, Idesco is committed to gaining the knowledge necessary to fully support Lenel applications of the largest magnitude. In the past month alone Idesco has scheduled training at Lenel headquarters for four (4) of our current staff members (documentation of scheduling can be provided if so required). Regardless of whether Idesco is successful in our pursuit of this particular Contract we will continue about our training. You will note in our original submission Idesco provided you with numerous certifications from AMAG (a direct competitor of Lenel). These certifications were provided in an effort to demonstrate our commitment to the certification process.

Idesco will commit to achieve the highest level of training available well in advance of the Contract start date. We are committed to this training regardless but will expedite training should we be awarded the Contract.

With regard to Verint system applications Idesco has supported Verint system applications for approximately two (2) years .Our addition to the Verint VAR family was completed approximately three (3) months ago

The addition of Brian Simpson as our Operations Manager approximately 14 months ago brought onboard an Enterprise level Verint certification. Like Lenel, Idesco will commit to a training regiment regardless of whether we are awarded this particular Contract or not. Furthermore, Idesco will expedite the training process to ensure numerous persons are fully trained prior to the Contract commencement date.

2. Please provide supporting documentation on staff members that are Lenel and Verint certified

Please see attached certifications as well as Lenel course attendees who had been scheduled for training within the next six (6) weeks.

3. Please provide supporting documentation on staff members that are Verint certified. In addition demonstrate that each trained person has the necessary skills that will be readily available for this Contract

Please see attached Verint certification. Additionally please see attached certifications from manufacturers whose products compete directly with Verint. It is our firm belief that these additional certifications evidence the fact that these persons possess the skill set necessary to perform the work that will be required in this Contract.

4. Please respond to the requirements detailed in the ASCS RFP on page 20, Section 2, Technical Approach, Item A.

To elaborate on our previous narrative regarding staffing plans, we propose the following:

- *2 technicians posted at Kennedy full time (one access/CCTV specialist, one network specialist)*
- *1 technician posted at La Guardia full time*
- *1 technician Newark Liberty full time*
- *1 senior software/data base engineer will be assigned full time to the PA and shared among the airports as required*
- *1 supervisor to oversee and assist*
- *2 managers to oversee team and act as senior liaison with PA (we believe two persons should serve in this role so as to ensure a senior level manager is available 24 hours a day, 7 days a week).*

Work Order projects will primarily be handled by project managers assigned to a specific project. Where a Work Order is very small (e.g. addition of a single camera) these may be handled by site technicians where this poses no interference to their normal duties.

Additional support staff such as CAD drafting techs will be assigned on an as-needed basis, particularly with reference to Work Order projects.

The site technicians will be able to handle the "day-to-day" service and maintenance issues for the access control, ID Badging, Enterprise Air, CCTV, and Sonet system.

Higher level issues, problems, upgrades, and additions demand higher level expertise. Issues such as these will be handled by the senior software/database engineer and supervisors.

For specialty tasks, such as Work Orders, annual upgrades, additional staff may be assigned as required.

Idesco and Data Industries have staff trained and experienced in all five (5) major elements of the PA's requirements, and many other areas as well.

5. Please explain in detail how Idesco Corp. meets the requirements in the ASCS RFP, Section 2, Technical Approach, Item D. Be specific for each current and completed project within 5 years related to Lenel On-Guard access control or Verint that you maintained in addition to Work Order projects.

Utilization of advances: Before discussing Lenel and Verint, let us make some general remarks.

Idesco was founded 65 years ago as an ID manufacturer. Keep in mind that this meant a Polaroid picture that self-developed, which then had to be cut out, which then had to be laminated. As you can imagine, no company that clung to those methods would still be in business today.

With the advent of new dye sublimation printers, Idesco moved quickly to adopt this superior technology and bring its benefits of both superior quality and lower cost, to its customers.

When access control and CCTV moved from experimental to functional technologies, Idesco again adopted the new technologies and brought the associated benefits to our customers.

Idesco continues to be a leader in adoption and successful implementation of new technologies, however we are not necessarily the first to implement. If fact, we often wait before embracing the "latest and greatest" because our experience has demonstrated that the very newest releases are the most expensive and often least reliable. It is usually the second or third iteration of newer technologies that begin to realize benefits for the end user.

For example, Idesco watched carefully as the IP camera emerged. We began to build relationships with manufacturers before we ever bought a camera, meeting with representatives and testing various units. When we determined that the technology was ready, we moved quickly, and you can see the results in the two trade magazine articles we are attaching for your review.

And sometimes we are first. There are times when a product is just too advantageous, too "right" to wait. One example of that is S2 Systems, the first fundamentally new approach to access control since manufacturers finally began to make network connections to their panels possible.

The technology used in systems like that of S2 has now been incorporated into Lenel in the form of smaller embedded system panels, and in the HID edge panel. We would recommend this new technology to the PA where they may need to add small numbers of readers distant from regular panels. Using edge devices, the network infrastructure can

replace, for a much lower cost, the cabling that is often the most expensive part of the installation of access control.

An additional recommendation we are making to our clients with respect to technological advances in CCTV relates to storage.

As you can see from the magazine article on Adelphi University, a key component of that installation was storage, as it is with any camera system, and particularly with regards to IP based system. New developments by Pivot3 could prove particularly advantageous to the PA without it having to change out any of its existing preferences. Pivot3's new cloud bank systems allow for server-less installations, meaning that instead of an NVR making adequate usage of storage, or a server with NAS also making adequate use of storage, Pivot3 can provide one box that will perform the function of the server or NVR and provide superior storage. The superiority of the storage results in cost savings, fewer pieces of hardware which reduces energy demands, especially in cooling, and far superior fault tolerance.

With particular reference to Lenel installations, in the last 5 years Idesco has successfully installed a number of additions to a large system. We received a contract for $559,514.00 to install Lenel controlled turnstiles in ten (10) student dormitories spread around NYC... This required installation of 19 turnstiles. 18 handicap gates, 11 networked LNL-2220 IC boards, 30 LNL-1320 dual reader boards, and 52 card readers. It further required correct importation and management of the student population database to assign the correct rights for students with respect to their home dorms, and establishment of visiting rights within the student population as a whole. This also required supply and installation of 5 new electrical (110VAC) panels including building permits and inspections.

Note that this was BEFORE we were official Lenel dealers. This contract was awarded based on our previous track record and long experience with access control. While Lenel specific certification is understood to be an important factor, one we are pursuing aggressively irrespective of our proposal to the PA, it is critical to note that Idesco's long history with access control and CCTV, and the wealth of certifications our staff holds, testify to our ability to manage large, complex installations, either new or as maintenance and additions.

We are currently working on approx. $300,000.00 worth of projects for integrated access control, elevator control, intercom, IP cameras, and monitoring devices at multiple locations for NYU.

For ID Badging systems we provided a completely new ID Management system for NYU for approx $250,000.00 including loaner printers, custom software development, on-site support staff, and materials to rebadge the entire student and staff population. For Adelphi University we supplied approximately $100,000.00 worth of printers and supplies to rebadge their student population, which also required production of custom software to integrate their student database with their existing access control system.

6. Please elaborate on Enterprise Air key vendor relation.

See attached letter certifying our MBE partner as Enterprise Air vendor. Note that Idesco's Board shares members with Enterprise Air (now Identica).

7. Provide more detailed information on the transition plan which will explain your procedures for this Contract, refer to page 21, Section 2, Technical Approach, Item H in the ASCS RFP

Prior to the commencement of the Contract Idesco will dispatch personnel to all three (3) locations for the purpose of familiarizing ourselves with the sites. During these site visits it is our intent to verify that existing system components correspond with documentation which we would request from the PANY&NJ. In our request to the PANY&NJ we would look to receive CAD drawings complete with device locations. This exercise would serve multiple purposes, such as:

- *Provide the proposed staff with knowledge of the airport layouts and existing device locations so as to make for a smooth transition.*
- *Enable us to gauge average travel times from location to location so that we may plan appropriately for service purposes. Idesco recognizes the importance of complete system functionality. Furthermore we recognize that the PANY&NJ expects rapid turnaround on service related issues.*
- *Allow the proposed staff to meet and interact with the persons whom they will encounter on a daily basis. We believe that solid system functionality can only be achieved by providing technicians who are pleasant around their coworkers. This period will allow us a forum in which we can gauge that this solid foundation is achievable.*

In addition Idesco would request that we begin the transition period prior to the ninety (90) day allotted period. This time will be used to shadow the existing staff so that typical daily duties can be observed and mimicked. ***Any time spent on-site by Idesco prior to the ninety (90) day period will be strictly at Idesco's cost and will not be billed to the Port Authority.*** *We believe that learning a site is an on-going process. Sites evolve and the more time spent on-site will allow for us to achieve more knowledge prior to assumption of the Contract.*

Should we be awarded the Contract, Idesco also proposes to purchase (where we have not done so already) base models of all systems that are presently in place at the PANY&NJ which are called for in this Contract. These systems will be housed at our headquarters and will provide the proposed staff with the ability to train at will on the systems. The systems we would purchase would by no means be equivalent to the system which we would be servicing in this Contract. They will however provide our staff with a

forum in which they can further the familiarity with the existing systems. Idesco has recently purchased such a system from Lenel for this very purpose which is being shipped to us. In addition we have in-house multiple badging systems, CCTV systems (both IP and analog).

Idesco would review all maintenance logs and create a schedule to continue to perform preventative maintenance.

Idesco would like to meet with all persons whom we may interact with during the course of this Contract. This is designed to familiarize ourselves with these persons as well as gauge where our predecessor may have excelled and failed. This will provide us with the knowledge necessary to satisfy all persons who are involved in the systems' success.

8. Please provide a M/WBE Participation plan for Data Industries and complete and submit Attachment N, M/WBE Participation Plan Form

See appended information from our MBE partner below

9. Please provide Brian Simpson's resume

Please see attached.

10. Please provide the supporting documentation in reference to the ASCS RFP on page 22, Section 2, Firm Experience and Management Commitment, Item G.

Let us emphasize again. We have exactly one (1) Lenel and one (1) Verint certificate at this time.

We are also the ONLY Lenel VAR added in the New York area in the last 12 years.

Idesco was added as a Lenel VAR, and a Verint dealer, because these leading manufacturers recognized our 65 years of experience, valued our extensive list of long term customers and our continued success. They also chose to work with us, rather than continue to lose to our competition while representing other manufacturers.

We can understand where this might give the PA some pause in considering our qualifications and ability to support their systems; however we urge you to contact the manufacturers of these particular systems. We are confident that these manufacturers will support our claim that Idesco is more than capable of successfully fulfilling the Contract.

Please review the list of manufacturers we have partnered with for years.

Please note the extensive list of training certificates we have forwarded demonstrating our expertise in our field.

Please understand that, while Lenel and Verint may have their particular "quirks," as does every system, we are experts at Access Control, CCTV, ID Badging, Networks, and Mobile Devices.

In fact, we have more experience and expertise in the required specialty areas than most of our competition even if they added all their experience together.

Idesco carries (and has submitted) its alarm licensing that permits it to operate as an access control and CCTV integrator.

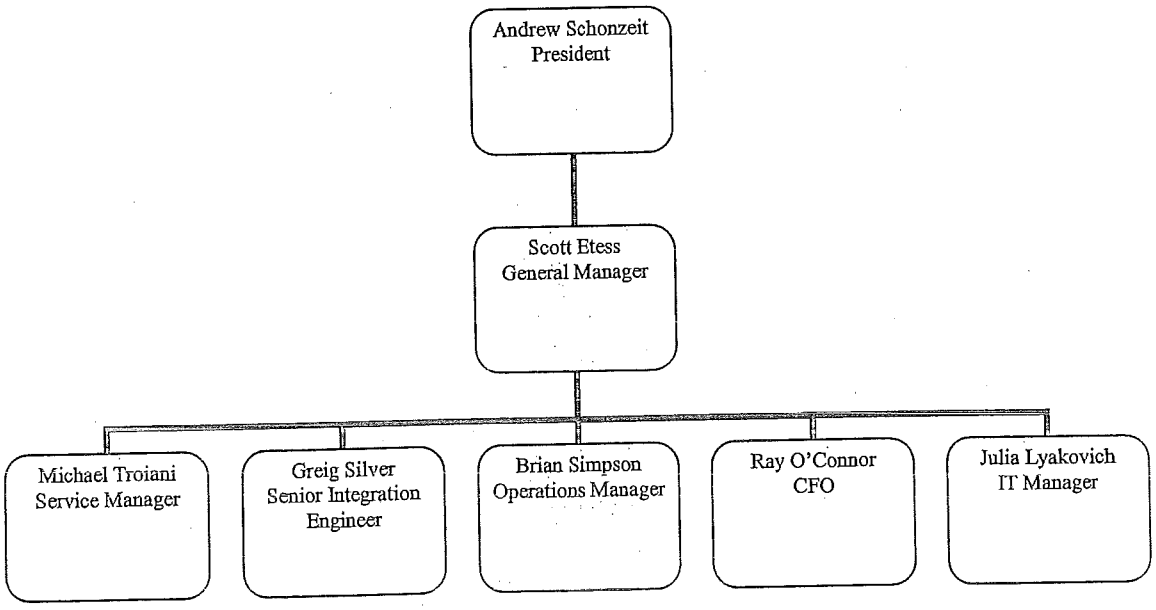
Idesco carries no electrical contractor licensing. All such licensing is carried by the licensed, bonded, and unionized sub-contractors Idesco uses to perform such works as may be required by such sub-contractors.

11. Provide a detailed system work plan (not a narrative) and supporting documentation for each of the items described on pages 21 and 22, Section 3, Firm Experience and Management Commitment, Items B, C, D, E, F and G

By this point we are certain you have heard enough about our 65 years of experience and the fact that security system integration is our core competency.

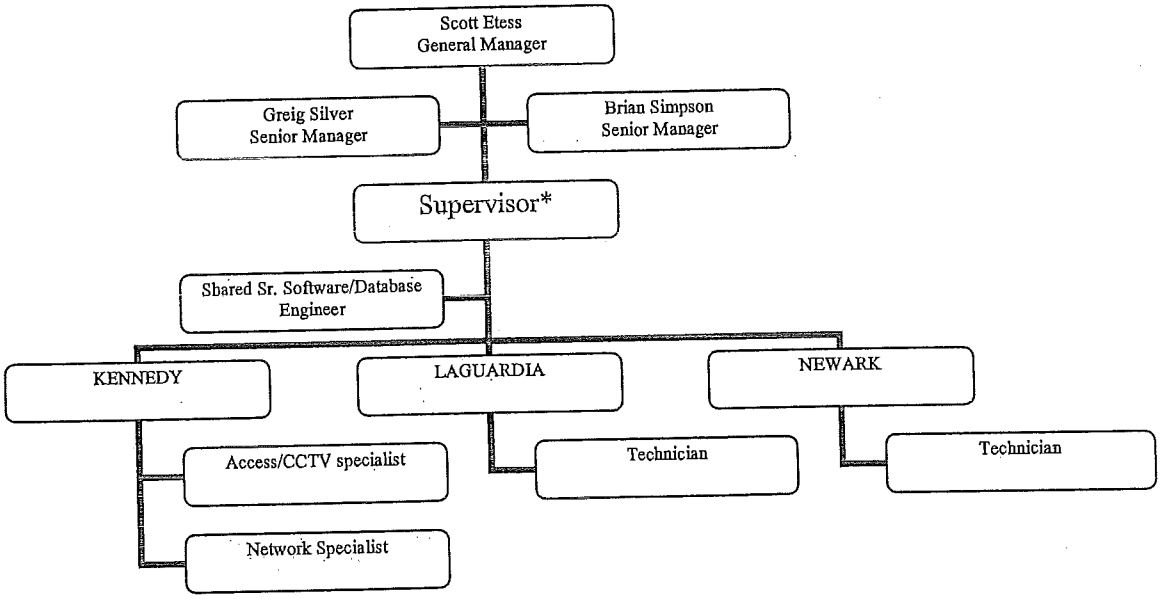
With regard to our financial capability, Idesco's previously supplied financial statements should evidence the fact that we are financially capable of performing the work associated with this Contract. We have been in business for six decades and plan on being in business for at least 6 more.

Idesco's Management Team is structured as follows (should you require a complete organizational chart we are happy to provide):



With regard to proposed staffing please see our response to question #4. Idesco intends to have Brian Simpson and Greig Silver serve as Senior Managers. They will have an on-site Supervisor who will report directly to them on a daily basis.

Please see the attached certifications which detail our ability to complete this Contract. Resumes of the Senior Managers have been attached and/or previously provided. The Senior Managers' experience in the security integration business speaks for itself. The balance of the staff will be structured as follows:



**Idesco will make an effort to retain all existing staff members (should the PANY&NJ wish to retain them)*

Please see our response to number 4 above which details the role each individual will have in the fulfillment of this Contract.

With regard to system maintenance, Idesco has been servicing like systems for many years. As a result we know the importance of performing preventative maintenance. This said, preventative maintenance will be performed once per quarter (4 times per annum). This is designed to ensure proper system functionality and to identify potential pitfalls prior to their occurrence. Idesco will remain in constant communication with the manufacturers of the products in use at the PANY&NJ to keep up to date on failure rates of equipment which is presently being utilized by the PANY&NJ. This will allow for Idesco to keep in stock those items which may be more susceptible to failure thereby ensuring proper system functionality.

Please see the attached certifications (and previously submitted resumes) which detail skill sets needed to complete the seven (7) types of services discussed in the Scope of Work.

12. Provide detailed information and supporting documentation on how Idesco Corp will approach the Work Order Management Plan and Maintenance Management Plan stated on page 23, Items A and B including all the subsection 1-5 for Item B.

4:a The work order plan will use Idesco's existing procedures. Upon receipt of an RFP we assign an integration engineer to work with a sales representative. This team, for the PA, will be composed of the management level staff assigned to the PA (see staffing descriptions elsewhere).

This team works with the client to clarify and document a precise scope of work including field devices required, scheduling/criticality, and the end user's intent. This information provides the basis for the integration engineer to source devices meeting the filed specifications, and the head end infrastructure (panels, power, software, labor) required to support the field devices. The sales rep uses the BOM prepared by the engineer to prepare pricing consistent with the terms of the agreement.

Upon receipt of an order (purchase order, letter of intent, or similar instrument) a project manager is assigned and he will recheck the design with the integration engineer and the end user. Drawings are prepared where required, and equipment is purchased with delivery schedules tailored to the time line of the project.

The project manager supervises all aspects of installation, including technicians and sub-contractors, change orders, and logistics, and prepares and maintains all project documentation, performs the final walk thru/commissioning with the end user, and resolves any punch list items. The PM submits close out and sign off documents to the end user's authorized authority.

4:b
1
See elsewhere for staffing levels. These levels are predicated on existing staffing levels and Idesco's own estimation of the personnel required based on it experience providing full maintenance contracts for other large systems.

2
With dedicated on site staff, their primary task will be day to day monitoring of the system, based on check list to be prepared at the outset of the contract and upon discovery of the actual existing configuration of the system.

3
Resolving malfunctions is primarily a "trouble shooting" task. Idesco employs experienced and factory trained personnel because this speeds up installations and reduces down time for problems.

There isn't room in this document to detail all the steps to take with each system to itemize how to trouble shoot a given problem, but the approach can be simplified as two logical rules. 1 – start and one end and work to the other (e.g. field device, to cable, to panel, to network, to software) 2 – change only one variable at a time, and return it to its previous state before changing the next.

4
Off shift on-call support will be available 24hours/seven days via pager and cell phone. Off shift technicians will be rotated on a monthly basis.

5
Service escalation will follow the chain of technicians and managers above, and culminate at the General Manager Level at Idesco.

Idesco will use the "up time" requirements published in the RFP to gauge escalations procedures. We would suggest that upon expiration of 50% of the allowed down time for a particular item in the system, the fault would be escalated to the next level of management (see attached org charts)

Response to #8 above from our MBE partner

Project Definition – Statement of Work

Project Name: Port Authority-Airport Security Control Systems @ JFK, LGA & EWR

1.0 Background

The Port Authority of NY/NJ has undertaken a reasonable effort to identify and select a Proposer (Contractor) to provide services, support and equipment needed to maintain and enhance the existing ASCS systems,

Exemption (4)

2.0 Project Objective or Mission Statement

Data Industries, Ltd., as a subcontractor of IDESCO Corporation, will do the following:

- *Data Industries, Ltd. and IDESCO Corp. will coordinate physical plant design, construction and system maintenance of network related devices i.e. laptop/desktops, servers, internetworking appliances along with any activities associated with the Network Infrastructure.*
- *Data Industries, Ltd. In conjunction with IDESCO Corp. to implement and integrate the security equipment & strategies approved by PA NY/NJ already in place or to be added, that is associated and managed by the network.*
- *Data Industries, Ltd. will manage the Fiber installations and terminations as well as category 5 cabling and Wireless connections.*
- *Data Industries, Ltd. will design or assist in an approved system design that will allow for additional growth, migration and unifying the networks. Data Industries, Ltd. will also provide Project Management in collaboration with IDESCO Corp. for all projects related to the Network Infrastructure.*
- *Data Industries, Ltd. will provide expertise in the areas of Data Base Administration (DBA) for the purpose of supporting SQL Server,* Exemption (4) *server installation, configuration, operations and upgrade. The support will also include logical and physical database design along with monitoring and tuning expertise.*
- *Data Industries, Ltd. will provide resources to do Computer Aided Design operations as required by the PA NY/NJ.*

- *Data Industries, Ltd. will provide a* Exemption (4) *when necessary, to fulfill reporting requirements of the PA NY/NJ.*

TIMELINE

- *These services will commence upon award of the contract to IDESCO Corp. & Data Industries, Ltd. accompanied by a transition date and plan.*
- *Services outlined in the contract will be on-going and as required by the PA/NYNJ.*

RESOURCES

- *Data Industries, Ltd. will provide four (4) Engineers which will be distributed at the three airports (LGA, JFK & EWR) during the hours of 8am to 5pm Monday thru Friday, except when any PA NY/NJ holidays occurs*
- *A Project Manager will be assigned to the PA NY/NJ for definition, direction, timelines, quality and leadership for the cycle of the contractual service delivery.*
- *A Network System Designer will be used at delivery stages within the contract cycle for the PA NY/NJ.*
- *A DBA, CAD drafter and* Exemption (4) *will also be utilized at the PA NY/NJ to deliver on requirements as needed.*

3.0 Customers/Users

- *Designated personnel at the PA NY/NJ three airports (LGA, JFK & EWR).*

4.0 Project Description

- *Product Features*
- *Product Functions*
- *User Interface*
- *Security Requirements*
- *Performance Requirements*
- *Standards Compliance*
- *Compatibility Requirements*
- *Upgrade Requirements*
- *Installation Requirements*
- *User Help and Documentation*

5.0 Deliverables

- *Data Industries, Ltd. will also provide Network services & equipment (i.e. IBM servers, Dell server, desktops/laptops and Internetworking devices) as required through the purchasing process or Work Order process based on standards set by the PA NY/NJ.*

- *Design, Project Management, Engineering support and training on-going and as needed by the PA NY/NJ.*

6.0 Acceptance Criteria

Based on an executed contract between the PA NY/NJ and Data Industries, Ltd. (DI), DI will deliver products, services and customer requirements at the prescribed service levels within the contract.

7.0 Constraints

Services and products delivered to the PA NY/NJ will be based upon the resources and access to its facilities (LGA, JFK & EWR) to perform customer requirements.

8.0 Assumptions

The performance of these services is assumed only after Data Industries, Ltd. receives a duly executed contract as the "Contractor" for the PA NY/NJ for RFP # 18473.

identica™
Undeniable Identity

Identica Holdings Corporation
3825 Henderson Blvd., Ste 605A
Tampa, Florida 33629
Phone: 813.642.3479
Fax: 813.774.4725
www.identicacorp.com

August 11, 2009

Deon A. Moore
Sales
Data Industries, Ltd.
48 Wall Street
New York, NY 10005

Dear Mr Moore,

This letter is to verify that Data Industries, Ltd is an approved vendor of Identica, formerly known as Enterprisair and is certified on our MBM software.

Please let me know if there is anything else you need from us and we look forward to working together on all future projects.

Regards,

Ayal Vogel

Executive Vice President, Global Sales

Identica Holdings Corp

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To Whom It May Concern:

It is our pleasure to present the attached response to The Port Authority of New York & New Jersey's Request for Proposal #18473.

The attached documents were prepared by Idesco Corporation, a family owned business for over 65 years, in conjunction with Data Industries Ltd. a privately owned minority business enterprise.

Idesco Corporation:

Idesco was incorporated in 1943 in New York as a manufacturer of identification credentials and safety tags. With its own design staff, printing presses, and lamination equipment Idesco succeeded in winning large corporate and governmental contracts, and grew this early business into a worldwide distribution network. Idesco is now one of the largest suppliers of identification systems, equipment, and materials in the U.S.

Idesco's reputation for quality and service in the ID market led naturally to its broad customer base asking for solutions to related problems. By adding experienced personnel and selecting carefully from an array of manufacturers Idesco moved forward to embrace then new territory. CCTV, access control, intercom, and related systems now provide the bulk of Idesco's revenue and include installations from New York City, to Washington D.C. and Atlanta, Georgia, to the Ivory Coast in Africa.

With the security industry evolving toward open architecture systems, standards based equipment, and IP solutions, Idesco is again at the forefront. While other companies hesitate, Idesco has successfully added solutions for these new challenges to its repertoire with industry leading installations of IP camera systems and true network appliance access control systems.

Data Industries Ltd.

Since 1980, Data Industries, Ltd. has been a leader in IT staffing and technical solutions. Their expert consultants have built enterprise networks and critical computer systems for government and commercial clients, re-engineered thousands of business processes clients, and created Internet and e-commerce channels for dozens of small and mid-sized companies.

Data Industries is a privately-held minority business enterprise with a professional staff and consulting force of over 350 talented individuals. Through their corporate office on Wall Street, in New York City, their regional offices in Florida and the District of Columbia, and their field teams in North Carolina, Minnesota, and California, Data Industries operates throughout the country.

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1) Financial Approach

Idesco and Data Industries make a practice of acquiring pricing from multiple vendors on an on-going basis. This effort is made so that we may pass any realized cost savings along to our customers. We will also offer our vendors the opportunity to provide special pricing on all Port Authority projects which may be realized resultant of bulk purchase.

(2) Technical Approach

a) It is the intent of Idesco in concert with our subcontractor, Data Industries, to staff the Port Authority of New York & New Jersey's (PANYNJ) three airports with skilled professionals who possess the certifications and technical expertise required by the Scope of Work listed in the Request for Proposal #18473.

Idesco consists of professionals who have certification and expertise in products manufactured by the following:

HID

LENEL
A UTC Fire & Security Company

OnSSI
Intelligent IP Video Surveillance
Channel Partner

identica
Undeniable Identity

S2 SECURITY CORPORATION

GE Security
InfoGraphics

Honeywell

NexWatch
A Honeywell Company

DEDICATED MICROS

PELCO

SILENT WITNESS
Evolution of Cameras

SONY

VERINT
POWERING ACTIONABLE INTELLIGENCE

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FARGO

TEAM NISCA

Zebra

DatacardGroup

MAGICARD

Polaroid

IWS IMAGEWARE SYSTEMS, INC.

STOPware

Photo ID

TEMPbadge
Security Identification Products

bioscrypt

RF LOGICS Inc.

IR Recognition Systems.

BOON EDAM

GUNNEBO
For a safer world.

AMAG TECHNOLOGY

MOBOTIX

control systems

digital identification solutions

Northern

GANZ

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INTEGRAL Technologies

KABA Ilco

INDALA

As the systems in place at PANYNJ consist primarily of equipment manufactured by Lenel, Verint, and Enterprise Air Idesco proposes to staff the PANYNJ with technicians and managers who are certified with these manufacturers. In addition, all personnel with certificates more than two years old will be sent for retraining prior to the commencement of their work at the PANYNJ.

It is proposed that five technicians drawn from the expertise of Idesco and Data Industries will service the three airports currently included in RFP #18473, with a minimum of one technician on site at each airport daily during regular business hours. This will ensure that response times to technical difficulties are addresses within the demands of the RFP. . Staff will require on-site office/work space provided by the PANYNJ conforming to the current allotment for the incumbent service provider.

Both Idesco Corp. and Data Industries are headquartered in Manhattan. Geographically we are in midtown and downtown respectively. Both headquarters are within a five (5) minute walk to major subway lines and the PATH train should additional support to the on-site staff need to be dispatched.

b) Idesco proposes to dedicate Greig Silver and Brian Simpson as the managers of the Contract. Greig is Lenel certified and in the process of achieving the highest level of certification from Lenel. Brian Simpson is Enterprise Level (the highest level available) certified with Verint Systems. Greig has been with Idesco for approximately seven (7) years and was previously and independent contractor services major accounts in Africa. Brian's tenure with Idesco is a little more than one (1) year and his recent transition is a reflection of his desire to bring his decades plus experience in the industry to a more forward looking company. While Idesco's average term of employment for our present staff exceeds ten (10) years and are proud of our ability to retain key personnel, we would like also to emphasize that Idesco makes a practice of adding elite level personnel when they become available.

Greig in concert with Brian would oversee the Contract as a whole. As is evidenced by their attached resumes they are more than qualified for this position. It is Idesco's belief that assigning two (2) persons to collectively manage the site will ensure that Management level coverage is always available. We have established this winning practice with other valuable customers to ensure uninterrupted service over holidays, vacations, and the multiple demands of our busy industry.

Beneath Greig and Brian will be a manager who will travel between sites as required. While Idesco is prepared to add and/or reassign staff for this contract, our first preference would be to make an effort to retain the existing individuals who serve in this capacity. In

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the event we are successful in our efforts to win this contract, we are concerned that it could have a negative impact on the PANYNJ and the various people currently employed on the existing contract. We intend to make the effort to ensure that, where there is interest and Idesco believes that enlisting these individuals would provide a benefit to both the PANYNJ and the individuals, this would dramatically reduce the transition difficulties attendant on changing vendors. Idesco is prepared to remunerate valued individuals at their current salaries and benefits where this will provide and advantage to the PANYNJ.

c) Employee Management Programs

- Idesco strives to maintain up-to-the-minute training and knowledge of key manufacturers of Access Control and Alarm Monitoring systems, CCTV systems, ID Badging Systems and Mobile Verification Systems. We require our technicians and staff to maintain current certification including annual upgrading in all or our key offerings. Idesco regularly hosts in-house information and training sessions in addition to factory certifications. Our focus on maintaining currency with the rapidly evolving technologies and practices of our industry leads to regular visits from such manufacturers as Sony, Axis, Amag, and Lenel to survey our perspective on current customer requirements and technical developments. This commitment to certification and rigorous vetting of product has encouraged manufacturers to list Idesco as a Beta test site and led to several products from valued suppliers being rejected by Idesco, and in response manufacturers have taken them "back to the drawing board."
- Idesco does not operate a security officer division and therefore does not train security officers. This allows us to concentrate our efforts on our core competency which is security system integration. However, upon demand, Idesco can recommend reliable companies with whom we have worked previously to provide these services.
- Idesco requires all subcontractors to meet the latest OSHA compliances and have the appropriate training, licensing, and insurance.
- Having been in business for approximately sixty-five (65) years Idesco considers quality control and quality assurance crucial to our success. Idesco conducts a thorough evaluation of all manufacturers products prior to our installing them in live scenarios. In addition and as mentioned above, Idesco is often involved in Beta testing of products and we are requested to do so by manufacturers' as they are aware that Idesco conducts an extensive product evaluation prior to implementation.
- We believe that it is crucial to attract and retain the industry's best personnel. During the recruiting process Idesco performs extensive testing of all personnel whether for service, project management or engineering. Sample scenarios are presented to applicants as well as the tools necessary to complete the task presented. Applicants are evaluated based on the quality of the result they have provided as well as the time it took them to complete the assigned task, the cleanliness of their work and other criteria.

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In addition all applicants are subjected to a background check and drug testing/screening.

- As mentioned above Idesco's retention rate of personnel is roughly ten (10) years and we would gladly provide supporting documentation. We pride ourselves on recruiting and retaining the industry's best personnel. Retention is achieved by providing a positive workspace with room for growth and remuneration above industry standards. This has resulted in a culturally, racially, ethnically, and religiously diverse work force able to work as a team towards common goals.

d) Idesco's expertise and past experience in the following areas have had the following positive impact on our customers:

- While many of our competitors cling to their "hard wired" solutions, Idesco, with it's cadre of network savvy personnel has moved steadily into the IP and open architecture world of modern physical security. Intentionally not the first, we made sure new solutions were stable prior to recommending them to our customers. Consequently, the solutions we propose "work" and provide installation advantages for Idesco, which result in cost savings and increased reliability for our customers.
- Idesco's ability to navigate the current and coming network environment means we have won contracts by effectively partnering with end users' IT departments formerly reluctant to incorporate security on their networks.
- By partnering with Data Industries, a leading MBE supplier of network, data base, and staffing solutions, Idesco leverages its already formidable expertise to the level required by the PANYNJ.
- With solid network based platforms, Idesco can supply and maintain small office or global enterprise solutions. We offer single camera systems that can scale to thousands of cameras and petabytes of storage. We offer single card reader systems that can scale to global systems. And in both, the steps from small local systems to huge world wide systems are logical, incremental, and maintain use of existing installations and infrastructure.
- Idesco's extensive experience in Access Control and CCTV system management has resulted in the following positive effects on our customers
    - Increased Storage of Video and Access Report Logs
    - Video compression which reduces bandwidth and assures better system functionality and reduced rates of failure
    - Idesco's experience with the installation and configuration of video analytics software has resulted in customer ability to reduce manpower allocated to video monitoring and has also resulted in faster (often real time) response times to incidents.
    - As the northeast's preeminent supplier of ID Management and badging systems and supplies Idesco has provided our customers

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the means to create and produce credentials to suite their needs, whether that be a simple photo ID, or a copy secure credential suitable for the most sensitive applications. Idesco's volume of business means reduced costs to our customers. Idesco also maintains large inventories of stock on many badging supplies and card printers thereby allowing for extremely fast replacement and loaner machines.

e) Description of Relationship with Key Vendors

- Lenel-Idesco recently became the latest value added reseller (VAR) of Lenel Systems International in the Northeastern United States, Lenel's first and only addition to this areas' dealers in over twelve (12) years. Lenel saw Idesco's long history of service, the loyalty of its customer base, and recognized what a strong fit the two companies could be. While we are just beginning the process of getting our technicians and staff Lenel certified, we know from past experience that the training is a sound investment, and our deep experience with other systems will allow our staff to get "up to speed" much faster that would normally be possible.
- Verint-Idesco's Operations Manager is Verint Enterprise level certified which allows us access to the highest level (tier 3) support from Verint Systems, Inc. and wee are in the process of getting additional members of the Idesco team certified and appropriately trained and we will commit to PANYNJ that all persons necessary will have the appropriate certifications prior to the start of the Contract should we be selected. Idesco has a verbal commitment from Verint to support us throughout the length of the Contract should we be awarded.
- Enterprise Air-Data Industries' experience with networking, wireless products, and software, combined with Idesco's expertise in integration with Access Control will ensure this systems operational quality._

f) System enhancement must begin with a thorough understanding of the existing system, particularly software capacities (e.g. licensing for number of cameras/card readers) and hardware capacities (e.g. memory hard drive sizes). Before any enhancements can be considered, the end user must be apprised of the exact current state of the system, and the consequences, positive and negative (e.g. increased functionality vs. increased maintenance costs or risks of service disruptions).

Only after these factors are clear, can an engineering design be prepared to document the details of parts and labor required.

g) Please refer to "e" above

h) Upon receipt of order from the PA, Idesco will provide a day by day schedule for the 120 day transition period. As an outline, this include, in approximate order of process:

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kick off meeting to introduce PA, Data Industries, and Idesco staff and to establish chains of command and commutation inventory and documentation of existing system (which must include hand over by or access to all documentation on record with the PA), vetting (renewed back ground checks, drug tests, etc.) Idesco staff for work at PA, inventory and documentation of spares and materials, pairing of Idesco staff with existing staff (i.e. Idesco staff will "follow" existing staff through their daily routines), accelerated training for additional Lenel and Verint technicians. By day 60 of the transition phase Idesco staff will begin to take a "hands on" approach to daily tasks and continue to handle more issues themselves. By day 90, Idesco will be primarily responsible for operations, with the current incumbent an observational capacity.

i) Idesco maintains a web based work and service order system called Blue Service. Through this vehicle our customers have the ability to log-in, request a work order or service call, see which technician has been assigned to the call and check on the status of the work order/service call. Idesco would be happy to demonstrate this program to you should you so desire. Maintenance Management Reporting is done directly through the Blue Service vehicle thereby providing a single source for reporting and tracking. Blue Service can be accessed via any web browser once you are issued a username and password.

j) Please see "c" above regarding pre-employment screening. Idesco's disaster recovery plans include arrangements with a related business for immediate relocation of personnel (in Brooklyn), off site back ups of all financial and other records, a remote "beta" site prepped with back office software, operating systems, and documentation.

(3) Firm Experience and Management Commitment

a) Relevant Experience and Past Performance
1. Please see Attachment J.

b) Please see accompanying financial statements, staffing diagram, certifications, licenses etc.

c) Included with organization chart and resumes

d) GREIG I THINK YOU SHOULD TAKE THIS ONE but I have taken a stab below Idesco proposes to provide on-going maintenance and perform a bi-weekly system diagnostic evaluation. We believe that this effort will enable us to avoid possible system failures prior to their existence. This will benefit the PANYNJ by avoiding potential system failures which as we were made aware during our inspection often requires the PANYNJ to staff terminals with security personnel which is extremely costly.

e) Daily task must include start-of-day brief systems surveys via software to establish state of communications with field devices and check in with PA chain of command for status updates on any new works required. This will determine day planning and

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resource allocation, and either triage (in conjunction with PA) or addition of site personnel where required. End of day tasks must include time sheets and reports, final check in with PA, and advertisement of over night emergency call in personnel.

Monthly tasks must include a full systems report documenting actions (repair and preventive) taken during month, including metrics detailing failure rates, time reportage (time from report of problem to resolution), and staffing levels.

Annual tasks must include major software upgrades.

f) Idesco believes that this document and the accompanying certifications as well as our customer references evidence the fact that Idesco is more than capable of providing the services called for in the Scope of Work (attachment D). These services include:

1. Adds, Moves & Changes
2. Integration
3. Pilot Project Support
4. Projects
5. Training
6. Preventive Maintenance
7. Remedial Maintenance

g) It is our firm belief that this document and the accompanying materials detail and describe our ability to perform the work described in Request for Proposal #18476.

Lenel: Idesco is a new Lenel VAR with a long history with access control, cctv, id management, and alarm systems. We are already accelerating our training process to satisfy Lenel's and our own requirements.

Verint: Our Operations Manager has Verint's highest level of certification, and other technicians are scheduled for training.

Professional Licenses: see attached.

h) Idesco will be working closely with Data Industries, a minority owned business. We are estimating their involvement at approximately 30% of the contract total.

i) see attached form

(4) Work Approach

a) and b)
Idesco will staff each airport with one (1) full time technician, and assign a second based at JFK but available on an as needed basis to assist at other airports.

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These four (4) technicians will be supervised by one (1) supervisor who will also be available to assist in day to day and project based works.

These five (5) staff will be supported by one (1) full time data base and network specialist.

These six (6) total staff will be managed jointly by the Integration Engineer and Operations Manager at Idesco, who will provide in-house clerical, drafting, and design support, and also assign additional project/work order staff as required.

Off shift on-call support will be available 24hours/seven days via pager and cell phone. Off shift technicians will be rotated on a monthly basis.

Remedial maintenance and preventative maintenance will follow industry standards, manufacturer requirements, and Idesco's decades of experience.

Service escalation will follow the chain of technicians and managers above, and culminate at the General Manager Level at Idesco.

c) Sensitive Security Information will be protected through adherence to PANYNJ's "Information Security Handbook"

G. Addenda

Rec'd
Addendum #1 May 29, 2009
Addendum #2 June 22, 2009
Addendum #3 July 9, 2009
Addendum #4 July 10, 2009

H. accepted – Standard Terms and Conditions

I. MBE/WBE

Idesco is targeting 30% plus involvement of Data Industries

DATA
INDUSTRIES
48 Wall Street
New York, N.Y. 10005

DATA INDUSTRIES, LTD., a minority-owned IT professional services firm, has provided IT services and turnkey solutions to corporate clients, not-for-profit, government entities, and public authorities throughout the States of Arizona, Maryland, Minnesota, New York, New Jersey, Florida, North Carolina, Texas, and Washington, DC for over twenty-five years. Founded in New York City as a two-person minority-owned mainframe programming operation, Data Industries has grown to a $49 million corporation that employs over 300 persons.

Our portfolio of services include: management consulting, business process re-engineering, requirements analysis, custom application and database development, document management solutions, records management solutions, systems network design, integration and implementation, networking and data communications, systems integration, classroom and computer lab integration, internet and e-Business applications, mainframe support, LAN and WAN development, help desk and call center solutions, user support solutions, security solutions (network and facility). Data Industries is also an Application Service Provider (ASP); we currently host several web applications for our clients.

Data Industries, Ltd., serves a wide array of markets including city and government agencies, municipalities, and corporate clients. We are have worked with most of the mayoral and social services agencies and public authorities, including the New York City Department of Information Technology and Telecommunications (DoITT), Port Authority of New York and New Jersey, Metropolitan Transit Authority, School Construction Authority, Administration for Children's Services, the Department of Education, the Housing Authority, Housing, Preservation and Development and the Health and Hospitals Corporation. We are also a vendor to the Florida State Technology Office (STO), Miami-Dade County, Broward County and the U.S. Department of Commerce. Our corporate market includes companies involved in financial services, insurance, transportation, and shipping, including Avon Products, EDS, JPMorgan Chase, Citigroup, Lockheed Martin, Merrill Lynch, SIAC, Fujitsu, SUN Microsystems, and American Broadcasting Company.

The Data Industries business model comprises (9) technical core competencies in addition to our corporate expertise in providing IDIQ/Time and Materials technical and business consultant staffing services and turnkey project management and fulfillment. Our technical services are:

(1) **Network Design, Integration and Implementation**
Through our internal team and partnerships, DI provides network and systems integration services to corporate and government clients. Our turnkey services include: blueprint review, site surveys, network integration plan, infrastructure installation, software configuration, custom interface design and procurement management and training and on-going support.

(2) **Help Desk & Call Center Solutions**
Our services are customized, performed on- or off-site, handle high call volumes, and manage service requests through resolution. We support a wide range of environments and offer turnkey end-to-end solutions including call center design, build, and engineering services.

- LAN and WAN TCP/IP environments.
- SNA/3270 environments
- COTS PC-based application software.
- Proprietary/custom-developed applications.

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- Mainframe/CICS/DOS-based applications.
- *GUI* and browser-based applications.
- Windows, Novell, OS/2, UNIX, MVS/OS390, and MAC software.

(3) **Management Consulting**
Data Industries provides highly qualified staff with industry-specific expertise to conduct a thorough analysis of the client's current business functions to provide strategic and managerial leadership, determine and implement new goals, quantify new business models, and attain the precision and automation to: provide a digital, knowledge-driven infrastructure; end redundancy; streamline costs; optimize workflow.

(4) **Mainframe and Midrange Services**
Since 1980, Data Industries has provided a wide range of systems programming, application development, maintenance, and conversion services on IBM and DEC platforms. Environments include MVS/ESA, OS/390, COBOL, CICS, NATURAL, ADABAS, DB2, Model 204, VSAM, etc.

(5) **PC and Client/Server Applications.** Data Industries provides full lifecycle project management, development, implementation, and support for PC and client/server applications. Technologies include Oracle, MS SQL Server, Sybase, PowerBuilder, Delphi, MS Visual Studio, and C++. Our teams design, implement, and support procedural gateways and software bridges between TCP/IP and SNA 3270 environments.

(6) **Networking and Data Communications**
Design, development, implementation, and supports for LANs and WANs, including SNA, Token-Ring, Fast Ethernet, Frame Relay, ATM, FDDI, ISDN/xDSL, T-1, and T-3. We provide turnkey solutions for data, voice, and video systems, network administration and security, remote network management, and all levels of network support and troubleshooting.

(7) **Internet, Intranet, and eCommerce.** Data Industries consultants build intranet platforms and eCommerce systems for corporate and government clients including eBusiness planning, supply chain strategies, turnkey systems design and implementation. Systems are developed with technologies such as Oracle, Sybase, MS SQL Server, Back Office and/or DB2 with Visual InterDev, .Net, Dreamweaver, DHTML, Java, CORBA, PERL, Active Server Pages (ASP), COLD Fusion, scripting, and eBusiness enablers.

(8) **Security**. Data Industries, Ltd., provides both facility and network end to end security solutions. Our offerings range from simple card-based access control systems to advanced biometric solutions. We offer video and audio monitoring systems that can be monitored and operated from remote locations. Our network security solutions include, but are not limited to security posture assessments, architecture design and review, managed security services, and training and implementation.

(9) **Document Management, Records Management.** Document Management and records management, including system analysis and planning, project management, software installation and integration, document conversion, training, installation of servers and scanners and software support.

ATTACHMENT E, Cost Proposal, Form #1
(This table applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name : IDESCO CORP

Name(s) of Proposed Subcontractor : DATA INDUSTRIES

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
Project Manager	Provides product definition, direction, and leadership through the full cycle of delivery. Develops and maintains project plans; provides project status and progress information. Responsible for timeliness and quality of delivered product.	4	$120.00	$180.00
Engineer	Provides expertise in physical plant design, construction, and maintenance. Knowledgeable in current construction standards and codes.	AS REQUIRED 1-3	$120.00	$180.00
Senior Technician	Knowledgeable, experienced, and skilled in Security Systems Field Service and Preventive Maintenance Service. Possesses a depth of skill and experience required for directing, instructing, and supervising other Technicians. Capable of resolving service calls at higher than initial levels of escalation.	5	$95.00	$142.50
Technician	Skilled and experienced in Access Control and Badging System, CCTV Video systems, Networks, Field Service and Preventive Maintenance and Communications System Field Service	CACS, CCTV BADGING 5	$85.00	$127.50
	Ex. 4	CC3 4	$120.00	$180.00
Lenel Technician	Lenel specialist provided by Lenel and included in Work Order or Maintenance activity by Contractor.	4	$85.00	$127.50
Verint Technician	Must be formally trained on Verint CCTV systems including the Nextiva & Loronix Video Management platform / applications.	4	$85.00	$127.50

*Notes: "Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

ATTACHMENT E, Cost Proposal, Form #1 (continued)
(This table applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name : TESCO CORP

Name(s) of Proposed Subcontractor : DATA INDUSTRIES

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
Systems Integration Specialist	Design and implementation of hardware and software interfaces between existing Lenel system and other systems and equipment	4	$110.00	$165.00
Manufacturer Technical Support	Lenel & Verint System problem resolution assistance	AS REQ'D	$300.00	$450.00
Electrician/ Electronics Technician	Equipment Installation and Termination. Must be certified in Fiber Optics installations techniques and terminations. Must be certified in 4 ' category 5, 5e & 6 installation techniques and terminations. Install and maintain common electronic security equipment such as electronic locks and other access control systems (i.e. card readers, biometrics). Install, maintain and operate common electronic surveillance equipment such as cameras and audio recording devices. Expertise in Wire, Cabling, Fiber Optics, and Wireless Technologies.	AS REQ'D FOR 2 PERSON TEAM of UNION ELECTRICIANS	$257.00	$308.40
System Requirements Analyst/Systems or Software Engineer	Research & develop definitions for stated requirements. Requirements analysis encompasses those tasks required to determine the needs or conditions necessary to support new or altered product, taking account of the possibly conflicting requirements of the various stakeholders	AS REQ'D 2-4	$100.00	$150.00
Intelect Technician	Intelect specialist - included in Work Order or Maintenance activity by Contractor	AS REQ'D	$100.00	$150.00

*Notes: "Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

ATTACHMENT E, Cost Proposal, Form #1 (continued)
(This form applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name : IDESCO CORP.

Name(s) of Proposed Subcontractor : DATA INDUSTRIES

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
System Designer	Possesses skills and experience in the design of systems and subsystems to meet complex business requirements. Knowledge of Business Process Engineering and able to conceive of integrated systems using automated and/or manual processes. Knowledgeable in formal design methodologies and industry-standard documentation techniques. Physical Security Professional (PSP) and BICSI RCDD (Registered Communication Distribution Designer) certifications preferred.	AS REQ'D	$120.00	$180.00
DBA	Has experience with several versions of SQL Server, including Exemption (4) Skilled in the Administration of SQL Server, including its installation, configuration, operation, and upgrade. Possesses logical and physical database design experience and provides expertise in performance monitoring and tuning	AS REQ'D	$100.00	$150.00
CAD drafter	Possesses skills in the use and operation of Computer Aided Drafting tools	AS REQ'D	$85.00	$127.50
Exemption (4)	Develop defined reports using Exemption (4)	AS REQ'D	$85.00	$127.50

Ex. 4

*Notes: **"Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.**
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

SYSTEM COMPONENT	MANUFACTURER	DESCRIPTION	LIST PRICE	DATA IND	REFURISH OR REPLACEMENT PRICE	MSRP	IDESCO COST	IDESCO SELL	COMMENTS
PS-1	ALARMSAF	FIBER TRANSCEIVER POWER SUPPLY				$21.20	$13.25	$16.16	
ALC-1	ALARMSAF	ALARM LOOP CONVERTERS				$24.00	$15.00	$18.29	
RBK-124AC	ALARMSAF	POWER FAIL RELAY				$21.09	$13.18	$16.07	
MOS-021	ALARMSAF	12VDC POWER SUPPLYMOS-019				$600.00	$400.00	$487.80	
12VDCPS	ALARMSAF	12VDC POWER SUPPLY				$600.00	$400.00	$487.80	
TRANSFORMER	ALARMSAF	TRANSFORMER				$600.00	$400.00	$487.80	
AL600ULACM	ALTRONIX	POWER DISTRIBUTORS				$390.19	$243.87	$297.40	
DISCOVER SERIES MINI-DOMES	AMERICAN DYNAMICS	FIXED CAMERA				$328.00	$205.00	$250.00	
SPEEDDOME ULTRA 8 (35 x SERIES)	AMERICAN DYNAMICS	PTZ CAMERA				$4,694.96	$2,934.35	$3,578.48	
SURTA3000RMXL	AMERICAN POWER CONVERSION	UPS	$2,366.00	$2,005.00	$2,005.00			$0.00	
SUA750	AMERICAN POWER CONVERSION	UPS	$349.00	$296.00	$296.00				
78" RACK	APW	SERVER ENCLOSURE "78" RACKS	$1,300.00	$1,170.00	$1,170.00				
NEMA TYPE 3R, 4X RATED	APX ENCLOSURES	LARGE SINGLE DOOR	$1,353.00	$1,265.00	$1,265.00				
AUTOCAD	AUTO DESK	AUTOCAD RELEASE 14	$4,419.00	$3,945.00	$3,945.00				
1.8KVA	BEST POWER	UPS 1.8 KVA RACKMOUNT 4HR STANDBY	$1,828.00	$1,649.00	$1,649.00				
610	BEST POWER	UPS 610	$650.00	$650.00	$650.00				
610	BEST POWER	UPS-610 BATTERY PACKS	$317.00	$278.00	$278.00				
V-STATION DESFIRE	BIOSCRYPT	BIOSCRIPT V-STATION DESFIRE				$2,080.00	$1,300.00	$1,585.37	
IC-109A	BLACK BOX	STAND ALONE RS232 TO RS485 CONVERTER	$317.00	$278.00	$278.00	$356.96	$356.95	$435.30	
ID 500	CROSSMATCH	ID 500 ENROLLMENT READERS				$2,200.00	$1,750.00	$2,134.15	
DELL 4200	DELL	SERVER	$1,793.70	$1,630.64	$1,630.64				
MUP-64128	DELL	MEMORY UPGRADE (64 MB TO 128 MB)	$54.99	$49.99	$49.99				
GXI	DELL	SONET MANAGEMENT PC	$535.00	$487.00	$487.00				
GXI	DELL	CLIENT W/MONITORS & KEYBOARD/MOUSE	$535.00	$487.00	$487.00				
RAID-1/PERC 4275	DELL	RAID-1 CONTROLLER	$768.90	$699.00	$699.00				
8750	DELL	VIEWING STATION	$2,466.04	$2,241.85	$2,241.85				
DORADO 3110-7801	DORADO	CARD READER				$512.00	$320.00	$390.24	
877 SERIES	EDWARDS	ALARM HORNS				$176.00	$110.00	$134.15	
97A EK SERIES	EDWARDS	ALARM STROBE				$456.00	$285.00	$347.56	
PATCH-1	ENFAB	FIELD CONNECT PATCH PANEL				$1.92	$1.20	$1.46	
BIOMETRICS READER	BIOSCRYPT	BIOSCRIPT V-STATION DESFIRE				$2,080.00	$1,300.00	$1,585.37	
ENROLLMENT READER	CROSSMATCH	CROSSMATCH ID 500				$2,200.00	$1,750.00	$2,134.15	
SMART CARD ENCODER	INTEGRATED ENGINEERING (IE)	DESFIRE SMART CARD ENCODER				$400.00	$220.00	$268.29	
SMARTCARDS	HID	CONTACTLESS DESFIRE SMART CARDS				$13.42	$6.04	$7.37	
MIDV EA10006	ENTERPRISE AIR	CLIENT LICENSE	$1,300.00	$997.00	$997.00				
INTERMEC (EA50181)	ENTERPRISE AIR	RUGGEDIZED HAND HELD DEVICES W/MAGNETIC STRIPES READER	$6,720.00	$5,154.00	$5,154.00				
INTERMEC IMEC-750CRADLE	ENTERPRISE AIR	DOCKING CRADLES	$550.00	$422.00	$388.00				
INTERMEC	ENTERPRISE AIR	SPARE BATTERIES W/ CHARGER	$250.00	$192.00	$180.00				
INTERMEC	ENTERPRISE AIR	QUAD BATTERY CHARGERS	$759.00	$582.00	$582.00				
INTERMEC	ENTERPRISE AIR	SINGLE DOCK	$550.00	$422.00	$388.00				

For Airport Security Display Processor – ASDP pilot systems **at LGA**

	Airport	Monthly Preventive Maintenance Lump Sum Price	Monthly Remedial Maintenance Lump Sum Price Labor	Monthly Airport Total for Preventive Maintenance & Remedial Maintenance Labor
	LaGuardia Airport	$1,585.00	$1,585.00	$3,170.00

ATTACHMENT E, Cost Proposal, Form #4
Cost Summary for Work Order Samples

Refer to Attachment F - SAMPLE WORK ORDERS

This form must be completed by each organization included in the proposal

Primary Proposer's Name: IDESCO COOP

Name(s) of
Proposed Subcontractor: DATA INDUSTRIES

The Proposer is required to complete a work order proposal for each of the four Work Order Samples to reflect anticipated staffing levels of Proposer Personnel by Title, to fulfill the Sample Scope Work. Include all applicable Personnel Titles to accurately reflect your staffing levels from inception of Work of Order to completion of warranty. Each proposal shall include a detailed cost breakdown of the work. The samples furnished are indicative of actual work orders to be completed under the RFP.

Cost Summary for Work Orders

Sample Scope of Work #1	$ 12,658.00
Sample Scope of Work #2	$ 34,997.00
Sample Scope of Work #3	$ 12,192.00
Sample Scope of Work #4	$ 10,687.00
Total Scope of Work, Samples 1, 2, 3 and 4	$ 70,534.00

Optional Microsoft Operating System

Optional Cost for Sample Scope of Work #1	$ 1,865.00
Optional Cost for Sample Scope of Work #2	$ 1,865.00
Optional Cost for Sample Scope of Work#3	$ 1,865.00
Optional Cost for Sample Scope of Work#4	$ 1,865.00
Total Optional Cost for Microsoft Operating System	$ 1,865.00

ATTACHMENT F– SAMPLE WORK ORDERS

SAMPLE SCOPE of WORK – I

The Port Authority of New York and New Jersey desires to add (2) card readers to an existing vehicle entrance at John F. Kennedy International Airport. The Scope of Work includes installation, termination, testing and documentation of the following devices:

EQUIPMENT LIST

(2) Card Readers (Install to Existing Stanchions)
(1) Existing Escort Light Bar (Interface to Reader module with external Potter Relay):
(1,
(2) Dual Reader Interfaces
(1) Control Module
(3) Lenel CTX Enclosure
(1) Exemption (4)
(1)
(1) Temperature Activated Fan Assembly
(2) Fiber Transceivers w/Plug in Transformer
(2) Fiber 6' Patch Card
(1) Rack Mounted Hub Assembly
(1) Exemption (4)
(4) Fiber Optic Patch Cords
(1) Warranty
Maintenance

Exemption (4)

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – I

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
PM	3	6	$120.00	$720.00
SR TECH	5	16	$95.00	$1520.00
UNION TEAM	5	10	$257.00	$2570.00
Extended Labor Total				$4,810.00

*Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.

SAMPLE SCOPE of WORK - II

The Port Authority of New York and New Jersey desires to add Guard Booth Monitoring Stations to (6) existing guard booths located at Newark International Airport. The Scope of Work for each location includes installation, termination, testing and documentation including cabinet elevations, configuration drawings, and schematic diagrams showing cable and hardware and as-built drawings. Material list includes:

EQUIPMENT LIST

(1) Exemption (4) , Client Workstation with Dell Latitude Laptop Computer
(1) UPS 280va/180w
(1) Strongman 15.1" Flat Screen Monitor Vertica Ministation
(1) Strongman Heating / Air Conditioning Unit
(1) Ethernet Bridge Module
(1) Exemption (4) Ethernet Paddleboard
(1) Cabinet Tamper Switch
(*) Mount lock box cabinet to ceiling of guard booth
(*) Mount flat panel monitor to ceiling using monitor mount.
Maintenance

ASSUMPTIONS

The equipment list above is per site with a total of (6) sites with (1) guard booth at each site. 110 vac power is available at each guard booth. An Intelect node is installed within 50' of each guard booth. Each guard booth has sufficient space available to mount equipment. Include staffing to complete all sites. Option: MicroSoft Operating System may be provided and installed by Contractor. Price as Option.

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK –II

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
PM	3	4	$120.00	$180.00
SR TECH	5	24	$95.00	$2,280.00
UNION TEAM	5	6.5	$257.00	$1,670.00
DRAFTING	1	4	$85.00	$340.00
Extended Labor Total				$4,770.00

*Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.

ATTACHMENT F– SAMPLE WORK ORDERS.

SAMPLE SCOPE of WORK - III

The Port Authority of New York and New Jersey desires to install one (1) CCTV fixed camera inside a guard booth above guard station with video connectivity to the Control Center. The Scope of Work for each location includes installation, termination, testing and documentation including configuration drawings, and schematic diagrams showing cable and hardware and as-built drawings. Material list includes:

EQUIPMENT LIST

(1) Camera
(1) Lens,
(1) Fiber Transmitter
(1) Fiber Receive
Maintenance

ASSUMPTIONS

Fiber connectivity already exists. 110 vac power is available at each guard booth. An Intelect node is installed within 50' of each guard booth. Each guard booth has sufficient space available to mount equipment. Include staffing to complete all sites. Option: MicroSoft Operating System may be provided and installed by Contractor. Price as Option.

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – III

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
PM	2	2	$120.00	$240.00
SR TECH	5	8	$95.00	$760.00
UNION TEAM	5	3	$257.00	$771.00
Extended Labor Total				$1,771.00

*Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.

ATTACHMENT F– SAMPLE CCTV WORK ORDERS

SAMPLE SCOPE of WORK - IV

The Port Authority of New York and New Jersey desires to add (2) cameras to an existing Verint Nextiva CCTV system at John F. Kennedy International Airport. The Scope of Work includes installation, termination, testing and documentation of the following devices:

EQUIPMENT LIST

2) Fixed cameras attached to a pole (Sony and/or Pelco mindome equivalent
1) Actual location will be provided at the time of installation
2) Add cameras to the Host
1) Decoder
1) Encoder
1) Connection to Switch
1) Connection to GUI
1) Connection to Controller that controls a Video Wall
1) Program new devices to the Host
1) Add/Modify users of system
1) Warranty
Maintenance

ASSUMPTIONS

That all cabling, power, and network equipment will be provided by the Port Authority. The contractor will provide the cameras and the cabling between the devices. The contractor will provide programming of the devices to accommodate display of the video at workstations and the video wall. Option: MicroSoft Operating System may be provided and installed by Contractor. Price as Option.

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – IV

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
PM	2	3	$120.00	$360.00
SR TECH	5	24	$95.00	$2,280.00
UNION TEAM	4	4	$257.00	$1,028.00
Extended Labor Total				$3,668.00

*Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

The following forms have been organized to provide a standardized mechanism for responding to the Qualifications and Information requirements of this Request for Proposal. THESE FORMS ARE NOT A SUBSTITUTE FOR A WRITTEN PROPOSAL; THEY ARE INTENDED TO SUMMARIZE KEY INFORMATION IN THE PROPOSAL AND MUST BE SUBMITTED WITH THE PROPOSAL.

The information in these forms has been ordered for ease of review and comparison of responses. Each part of a form represents a collection of related information that may have been described or specified in different, separate, and non-contiguous areas of this document.

Each of the parts of a form carries a reference to the area in the Request for Proposal where the definition of the information requested may be found. Such references, however, are presented as an aid to the Proposer, and in no way imply that other, unreferenced Sections are to be ignored with respect to a form or any of its parts. It is the responsibility of the Proposer to apply the entire Request for Proposal information and definitions, as needed, to prepare the following statements.

1. Prime Proposer's Business Information

- ☐ Check how bid will be submitted:

  ☑ Single Entity ☐ Joint Venture

If a Joint Venture, each participant in such Joint Venture must submit all the information that is required for a single entity. A complete set of forms must be provided for each participant in a joint venture.

Indicate the type of work generally performed with your own work force.

Idesco's core competency is security system integration.

- ☐ Indicate which part of the work indicated in this Request For Proposal you plan on performing with your own forces and what work you plan on sub-contracting to another firm?

  - ➢ Work to be performed with own forces:

    Idesco will be responsible for the Lenel and Verint related components of the system

  - ➢ Work to be performed with sub-Proposers:

    Data Industries will be responsible for the Enterprise Air and networking components of the system

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

2. Proposer's General Business Information

This form must be completed by each organization included in the proposal

Primary Proposer's Name : IDESCO Corp.

Name(s) of Proposed Subcontractor : Data Industries Ltd.,

☐ Statement submitted by:

Name of Organization: IDESCO Corp.

Address: 37 West 26th Street
New York, NY 10010

Telephone No.: (212) 889-2530

Name of Contact Person: Greig Silver

Title: Integration Engineer

Address (if not above).

Telephone No (if not above).:

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

4. **Certifications and Validations**

This form must be completed by each organization included in the proposal

Primary Proposer's Name : IDESCO Corp.

Name(s) of Proposed Subcontractor : Data Industries Ltd.

Is your firm in a certified Lenel relationship as described in the Request for Proposal?

☑ Yes ☐ No

Does your firm have the required certification(s) and/or license(s) described under the Request for proposal?

☑ Yes ☐ No

If No, indicate how you plan on meeting this requirement:

A sample of certifications have been provided. More are available upon request.

➢ **Submit documentation of required certification(s) and/or license(s)**

6. Relevant Experience and Past Performance

This form must be completed by each organization included in the proposal

Primary Proposer's Name : IDESCO Corp.

Name(s) of Proposed Subcontractor : Data Industries Ltd.

- ☐ Has your firm ever failed to complete any security system support contract awarded it? ☐ Yes ☑ No
  If yes, describe the circumstances on a separate piece of paper.
- ☐ In the last five years, has your firm ever failed to substantially complete a contract in a timely manner? ☐ Yes ☑ No
  If yes, describe the circumstances on a separate piece of paper.

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Date Completed	Contract Price **	Percent of Work Performed By Own Forces
MSKCC - Numerous video installations at residential hospital buildings	Memorial Sloan Kettering Cancer Center Contact: Elias Andrinopoulos 1233 York Avenue	WO	3/31/07	$275,000.00 Prime Contractor	100% Performed by Idesco
NYU - Numerous access control (Lenel) and CCTV installations as well as turnstiles and maintenance	New York University Contact: Jay Zwicker 7 Washington Place	WO + M	ongoing	$3,000,000.00 to date Primary	100% Idesco
WB IMICO Stanhope - Access control and CCTV installation at hotel to condo conversion	WB IMICO Stanhope LLC Contact: Neil Iotocci	WO	1/15/08	$870,000.00	80% Idesco
ES BOCES - IP based access control and CCTV installation at 23 campus facilities	Eastern Suffolk BOCES contact: Dominick Mupo 201 Sunrise Highway Patchogue NY	WO + M	7/15/09	$485,000.00	100% Idesco
Equity Office - Access Control, Badging CCTV installation at numerous commercial office properties in Manhattan	Equity Office Properties since completion this company was purchased and all buildings are now owned by others no contact is available anymore	WO	6/1/05	$420,000.00	100% Idesco

Notes: Use additional copies of this form, if needed

* Include Name, Address and Phone No. of Reference Contact

**Indicate amount of Proposer's contract and if work was done as a Prime Contractor or Subcontractor

7. Key Personnel

This form must be completed by each organization included in the proposal

Primary Proposer's Name : IDESCO Corp.

Name(s) of Proposed Subcontractor : Data Industries Ltd.

Name	Position	Date started with this organization	Date started in profession	Prior relevant positions and experience
Andrew Schonzeit	President	January 1980	January 1980	n/a see attached resume
Scott Etess	General Manager	March 2009	January 2006	Director of Sales & Marketing Excel Security Corp. see attached resume
Greig Silver	Senior Integration Engineer	July 2002	February 1988	see attached resume
Brian Simpson	Operations Manager	June 2008	March 1995	See attached resume
Michael Troiani	Service Manager	June 2001	June 2001	see attached resume
Desmond Carter	Integration Engineer	January 2007	June 1994	Siemens Building Technologies integration and sales ADT salesperson see attached resume

Notes: Include a resume for each individual listed
Use additional copies of this form, if needed

ATTACHMENT J - PROPOSER QUALIFICATION FORMS

2. Work on Hand / Bids Submitted

This form must be completed by each organization included in the proposal

Primary Proposer's Name : _____

Name(s) of Proposed Subcontractor : _____

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Contract Price **	Scheduled Completion Date
BMCC - access control installation at college buildings	Borough of Manhattan Community College Ed Mecs	WO	$450,000.00 Prime	8/10/09
NYU - Washington Square Building, Dental Buildings, Bobst Library, Tisch	New York University, Jay Zucher	WO	$180,000.00 Prime	8/15/09
Orange Ulster BOCES - installation of access control, video, intercom	OU BOCES Jedd Jacke	WO	$150,000.00 Prime	7/30/09
Bousleid Lease - 247 West 46th Street access control and CCTV installation	The Platinum - 247 West 46th St. Bob Crawford	WO	$400,000.00 Prime	8/30/09

BIDS SUBMITTED:

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Bid Price **	Low Bidder (Yes or No)	Anticipated Award Date/ Contract Duration
Castle Place Union Free School District - Access and Video installation	Castle Place UFSD Tom Szajkowski	WO	$275,000.00 Prime	Yes	Fall 2009
Orange Regional Medical Center - Access, Video, Infant Protection	Orange Regional Medical Center Jane Dever	WO	$1,200,000.00 Prime	Don't Know Yet	7/31/09
Hostos Community College Access, Video and Badging Systems	Hostos Community College Chief Bernabi	WO	$254,000.00 Prime	Don't Know Yet	8/30/09

Notes: * Include Name, Address and Phone No. of Reference Contact

**Indicate amount of Proposer's contract and if work was done as a prime or general Subcontractor

Andrew Schonzeit

255 West 88th Street
Apt. 2C
New York, NY 10024
Phone 212-580-7532

Professional experience

1980-Present Idesco Corporation New York, NY

Idesco is the premier security system integrator in the Northeastern United States. Idesco has been in business and been a market leader for over 65 years providing its customers with integrated security solutions including:

- ID and security credential products and services
- Integrated access control (incorporating software and hardware, including advanced biometrics)
- Closed Circuit TV and Digital Video Recording
- Deployment and Integration Services
- Customer Service and Support

Some of Idesco's biggest clients include the U.S. Open, New York University, NFL, Fox News, New York City Police Department, Mayor's Office, Department of Homeland Security Securities and the United States Customs Department.

1988 - Present: **President & Chief Executive Officer**

- Responsible for all aspects of day to day management of Company – including accounting, finances, sales, service, human resources, business development and operations.
- Responsible for setting the strategic business goals and objectives to ensure Idesco's market leading status.
- Manage relationships with key suppliers and customers.
- Responsible for driving the companies increased focus on new technologies, including security systems integration

1984 - 1988: **VP of Sales & Marketing**

- Managed sales team responsible for marketing and selling Idesco's products.
- Responsible for budgeting, projecting and achieving sales growth during Idesco's rapid expansion.
- Managed all aspects related to the sales personnel – hiring, mentoring, terminating, etc.

1980- 1984: **Sales Manager**

- Served as a member of the sales team selling Idesco products and services into its diverse client base. Products sold included safety and laminate products, ID credential and photo-badging products

48 Wall Street, 24th Floor
New York, NY 10005
(212) 471 1000
www.dataind.com

DATA INDUSTRIES

HNB Garhwal University, Srinagar, India
Masters of Commerce, 2002

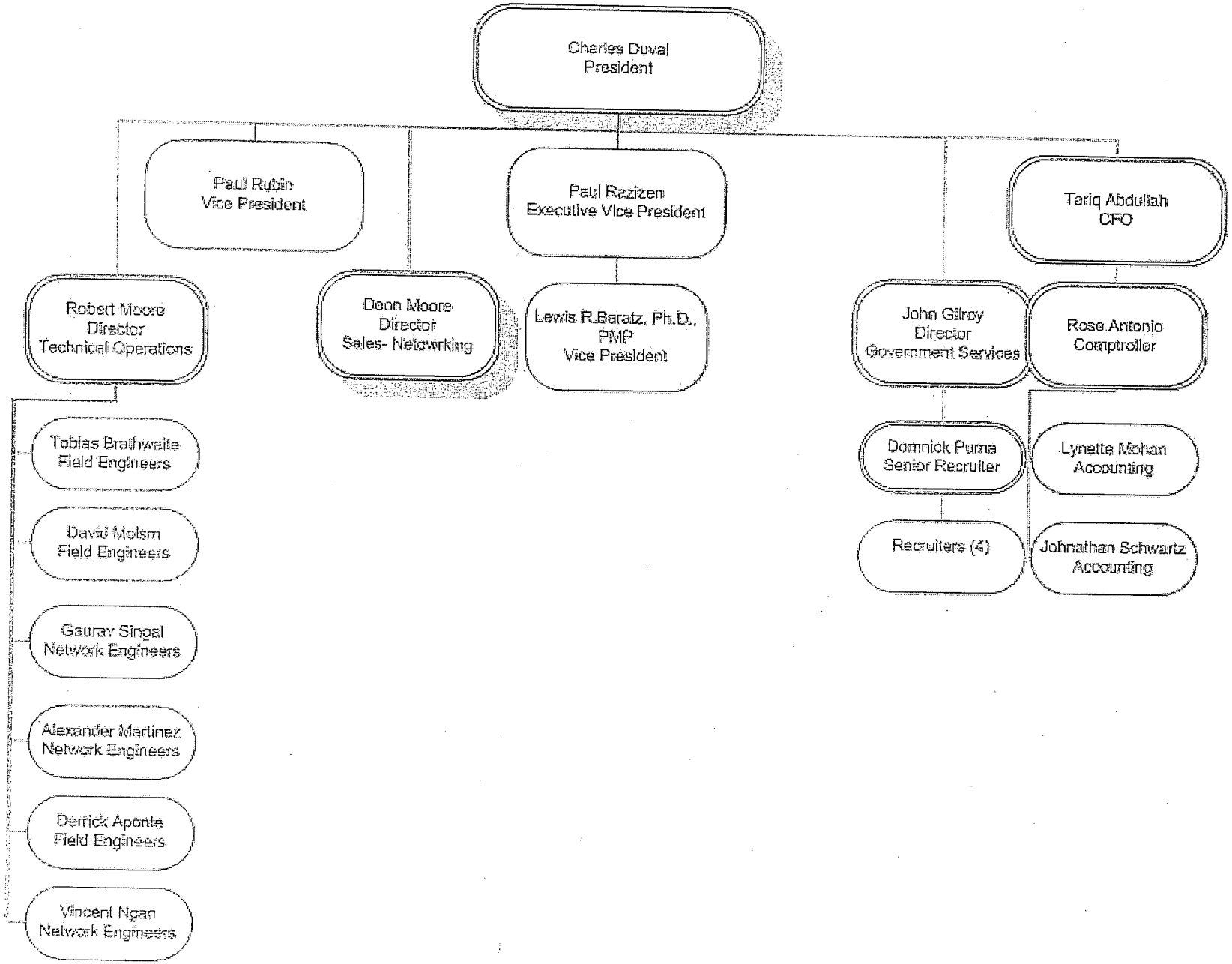
Two Years of Advanced Studies in Software Technology and System Management from NIIT in 1998

One Year of Instructor led Certification Programs in Networking from best CTECs in Delhi, leading to the certifications below:

Certifications

- CCNP (Cisco Certified Network Professional)
  - CCNA (Cisco Certified Network Associate 2.0)
  - MCSE Windows 2000
  - MCSE NT 4.0
  - CCNP (Cisco Certified Network Professional)
  - CCNA (Cisco Certified Network Associate)
  - MCSE (Microsoft Certified Systems Engineer) – 2000
  - MCSE (Microsoft Certified Systems Engineer) – NT 4.0
  - MCP + I (Microsoft Certified Professional + Internet)
  - MCP (Microsoft Certified Professional) (since 1998)

DATA INDUSTRIES



ATTACHMENT J

PROPOSER QUALIFICATION FORMS

2. Proposer's General Business Information

This form must be completed by each organization included in the proposal

Primary Proposer's Name : IDESCO

Name(s) of Proposed Subcontractor : Data Industries, Ltd

☐ Statement submitted by: Data Industries, Ltd, Dean Moore

Name of Organization: Data Industries, Ltd

Address: 48 Wall Street
24th Floor
New York, New York 10005

Telephone No.: (212) 471-1000

Name of Contact Person: Dean Moore

Title: Director, Sales - Networking

Address (if not above).

Telephone No (if not above).:

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

3. Additional Information about Proposer Company:

This form must be completed by each organization included in the proposal

Primary Proposer's Name	: IDESCO
Name(s) of Proposed Subcontractor	: Data Industries, Ltd.

Primary Banking Institution:	Signature Bank
Institution Address:	40 Cuttermill Road 5th Floor Great Neck, New York 11021-3213
Banking Representative:	Havin Sadaphal
Representative Phone #:	516-214-0903
Proposer's Federal EIN:	-
Proposer's D&B #:	103278404
Other Credit Service Name:	
Proposer's # with Other Service	

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

4. **Certifications and Validations**

This form must be completed by each organization included in the proposal

Primary Proposer's Name : IDESCO

Name(s) of Proposed Subcontractor : Data Industries, Ltd.

Is your firm in a certified Lenel relationship as described in the Request for Proposal?

☐ Yes ☑ No

Does your firm have the required certification(s) and/or license(s) described under the Request for proposal?

☑ Yes ☐ No

If No, indicate how you plan on meeting this requirement:

➢ **Submit documentation of required certification(s) and/or license(s)**

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

5. Other Submissions

This form must be completed by each organization included in the proposal

Primary Proposer's Name : IDESCO

Name(s) of Proposed Subcontractor : Data Industries, Ltd.

Has your firm reviewed Attachment A, "Agreement on Terms of Discussion", and submitted a copy of that attachment signed by an authorized representative of all parties participating in your proposal?

☑ Yes ☐ No

Has your firm reviewed **NDA, Security Information Handbook** prior to signing the letter of transmittal?

☑ Yes ☐ No

If your firm reviewed **NDA, Security Information Handbook** and could not make the required certifications, has your firm enclosed an explanation of that inability?

☑ Yes ☐ No

ATTACHMENT J - PROPOSER QUALIFICATION FORMS

2. Work on Hand / Bids Submitted

This form must be completed by each organization included in the proposal

Primary Proposer's Name : T DESCO

Name(s) of Proposed Subcontractor : Data Industries, Ltd

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Contract Price **	Scheduled Completion Date
SCA IP Digital Video Survilence New York, New York	William Cole 1 Metro Tech Brooklyn, NY		Prime 5.5 million	11/2009

BIDS SUBMITTED:

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Bid Price **	Low Bidder (Yes or No)	Anticipated Award Date/ Contract Duration

Notes: * Include Name, Address and Phone No. of Reference Contact

**Indicate amount of Proposer's contract and if work was done as a prime or general Subcontractor

ATTACHMENT J - PROPOSER QUALIFICATION FORMS

6. Relevant Experience and Past Performance

This form must be completed by each organization included in the proposal

Primary Proposer's Name : IDESCO

Name(s) of Proposed Subcontractor : Data Industries, Ltd

- Has your firm ever failed to complete any security system support contract awarded it? ☐ Yes ☑ ~~No~~
  If yes, describe the circumstances on a separate piece of paper.
- In the last five years, has your firm ever failed to substantially complete a contract in a timely manner? ☐ Yes ☑ ~~No~~
  If yes, describe the circumstances on a separate piece of paper.

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Date Completed	Contract Price **	Percent of Work Performed By Own Forces
SCA IP Digital Video Surrilence New York, New York	William Cole 2 Metro Tech Bronklun NY		2002 - Present	Prime Contractor $5.5 million	80 %
New Jersey School Construction Authority Network Intergration	375 Mac Carthy Hguy Newark, NJ Attn: Cheryl Walcott		2007 - Present	Prime Contractor $1 million	80 %

Notes: Use additional copies of this form, if needed

* Include Name, Address and Phone No. of Reference Contact

** Indicate amount of Proposer's contract and if work was done as a Prime Contractor or Subcontractor

ATTACHMENT J - PROPOSER QUALIFICATION FORMS

7. Key Personnel

This form must be completed by each organization included in the proposal

Primary Proposer's Name : IDESCO

Name(s) of Proposed Subcontractor : Data Industries, Ltd.

Name	Position	Date started with this organization	Date started in profession	Prior relevant positions and experience
Vincent Ngan	Senior Network Engineer	Febuary 2006	September 1998	Help Desk Coordinator (9/04-2/06) Lead A+ Technician (10/02-9/03) Lead Consultant (10/00-10/02)
Dezy Palacsan	Senior Analyst- Network Engineer	October 2007	September 2001	Project Manager (3/2006-10/2007) Network Admin (9/2001-5/2005)
Alex Martinez	Senior Network Engineer- Network Infastructure	Febuary 2006	June 2000	VOIP Network Architecture (10/05-2/06) Field Network Engineer (6/05-10/05) Network Admin (10/03-1/05) Help Desk Admin (6/00-9/03)
Tobias Braithwaite	Project Engagment Mgr.	July 2008	March 1985	Lead Site Engineer (6/05-Present Senior Desktop Support (6/04-6/05) Senior Consultant/Project Mgr. (2/00-3/01)

Notes: Include a resume for each individual listed
Use additional copies of this form, if needed

ATTACHMENT M - Certified Environmentally Preferable Products/Practices

Proposer Name: IDESCO CORP **Date:** 29-JUL-09

In line with the Port Authority's efforts to promote products and practices which reduce our impact on the environment and human health, Proposers are encouraged to provide information regarding their environmentally preferable/sustainable business practices as they relate to this contract wherever possible. Proposers **must** complete this form and submit it with their response, if appropriate. Proposers **must** submit appropriate documentation to support the items for which the Proposer indicates a "Yes" and present this documentation in the proper sequence of this Attachment.

1. Packaging

Has the Proposer implemented any of the following environmental initiatives? **(A checkmark indicates "Yes")**

____ Use of corrugated materials that exceed the EPA recommended post-consumer recycled content
____ Use of other packaging materials that contain recycled content and are recyclable in most local programs
__✓__ Promotes waste prevention and source reduction by reducing the extent of the packaging and/or offering packaging take-back services, or shipping carton return
__✓__ Reduces or eliminates materials which have been bleached with chlorine or chlorine derivatives
__✓__ Eliminates any packaging that may contain polyvinyl chloride (PVC), or polystyrene or heavy metals

If yes, a description of the practices being followed must be included with the submission.

2. Business Practices / Operations / Manufacturing

Does the Proposer engage in practices that serve to reduce or minimize an impact to the environment, including, but not necessarily limited to, the following items? **(A checkmark indicates "Yes")**

__✓__ Recycles materials in the warehouse or other operations
__✓__ Use of alternative fuel vehicles or vehicles equipped with diesel emission control devices for delivery or transportation purposes CURRENTLY USES PUBLIC TRANSIT AS FIRST CHOICE OF TRAVEL
____ Use of energy efficient office equipment or signage or the incorporation of green building design elements
____ Use of recycled paper (that meets federal specifications) in their marketing and/or resource materials
____ Other sustainable initiative

If yes, a description of the practices being followed must be included with the submission.

3. Training and Education

Does the Proposer conduct/offer a program to train or inform customers and employees of the environmental benefits of the products to be offered under this contract, and/or does the Proposer conduct environmental training of its own staff?

☐ Yes ☑ No If yes, Proposer must attach a description of the training offered and the specific criteria targeted by the training.

4. Certifications

Has the Proposer or any of its manufacturers and/or subcontractors obtained any of the following product / industry certifications? **(A checkmark indicates "Yes")**

____ ISO 14000 or adopted some other equivalent environmental management system
____ Other industry environmental standards (where applicable), such as the CERES principles, LEED Certification, C2C Protocol, Responsible Care Codes of Practice or other similar standards
____ Third Party product certifications such as Green Seal, Scientific Certification Systems, Smartwood, etc.

If yes, Proposers must attach copies of the certificates obtained.

5. Other Environmental Criteria

Proposers are encouraged to respond to criteria specifically indicated in this RFP as "Management Approach" (and attach the appropriate documentation) to receive consideration in the evaluation.

I hereby certify, under penalty of the law that the above statements are true and correct.

_____ **Name** 29-JUL-09 **Date**

ATTACHMENT N – MBE/WBE Participation Plan

IDESCO WILL BE WORKING CLOSELY WITH DATA INDUSTRIES, AN MBE.

WE HAVE INSTRUCTED THEM TO SUPPLY EVERYTHING THEY CAN, WITHIN THEIR EXPERTISE, & WITHIN COST EFFECTIVENESS.

WE INTEND THAT DATA INDUSTRIES BE RESPONSIBLE FOR AT LEAST 30% OF THIS CONTRACT, AND HOPE FOR A HIGHER PERCENTAGE AS WE PROVIDE CROSS TRAINING FOR OUR RESPECTIVE STAFF.

IDESCO CORP.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2008

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Selling Expenses	10
General and Administrative Expenses	11

GRUBER & HEITNER
CERTIFIED PUBLIC ACCOUNTANTS

450 SEVENTH AVENUE, SUITE 2002 NEW YORK, NEW YORK 10123-2002
(212) 736-2068 FAX: (212) 736-4341
E. MAIL: gruber-heitner@gruber-heitner.com

ROBERT S. GRUBER, CPA
HARRIS HEITNER, CPA

The Board of Directors
Idesco Corp.
New York, New York

We have reviewed the accompanying balance sheet of Idesco Corp. (an "S" corporation) as of December 31, 2008, and the related statements of income, retained earnings, and cash flows for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Idesco Corp.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principals. The information contained on page four and on pages eight through ten is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Gruber & Heitner

New York, New York
April 14, 2009

IDESCO CORP.
BALANCE SHEET
DECEMBER 31, 2008

A S S E T S

CURRENT ASSETS:		
Cash and cash equivalents	$ 124,965	
Accounts receivable	1,707,765	
Inventory	898,814	
Prepaid expenses	61,356	
Due from related company	130,171	
Total Current Assets		$2,923,071
DEPRECIABLE ASSETS - at cost, less accumulated depreciation and amortization of $94,932		138,785
OTHER ASSETS		
Security deposits		24,658
TOTAL		$3,086,514

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	1,244,542	
Accrued expenses	62,505	
Bank loan	67,971	
Corporate taxes payable	2,771	
Due to customers	160,454	
Bank line of credit	400,000	
Total Current Liabilities		$1,938,243
STOCKHOLDERS' EQUITY		
Capital Stock - no par value; 200 shares authorized and 100 shares issued	5,000	
Additional paid in capital	61,488	
Retained earnings	1,081,783	
Total Stockholders' Equity		1,148,271
TOTAL		$3,086,514

See accompanying notes and accountant's review report.

IDESCO CORP.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2008

SALES (NET)		$10,151,451
Cost of Goods Sold		6,937,365
Gross Profit		3,214,086
OPERATING EXPENSES:		
Shipping	$ 8,105	
Selling	1,344,307	
General and Administrative	1,823,374	
		3,175,786
Operating Income before taxes on income		38,300
Provision for state and local corporation taxes		8,843
NET INCOME		29,457
RETAINED EARNINGS:		
Balance at beginning of year		1,052,326
Balance at end of year		$1,081,783

See accompanying notes and accountant's review report.

IDESCO CORP.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 29,457
Adjustments to reconcile net income to net cash used by operating and financing activities:	
Depreciation and amortization	34,434
Changes in operating assets and liabilities:	
Decrease in accounts receivable	244,810
Increase in inventory	(49,061)
Increase in prepaid expenses	(56,984)
Increase in due from related company	(130,171)
Increase in accounts payable	(87,296)
Increase in accrued expenses	3,870
Increase in due to customers	(113,266)
Decrease in due to related company	(11,399)
Increase in corporate taxes payable	2,531
Net cash utilized by operating activities	(133,075)
CASH FLOWS FROM FINANCING ACTIVITIES	
Increase in bank line of credit	300,000
Decrease in investment	2,242
Decrease in bank loan (net)	(85,358)
Purchase of fixed assets	(2,600)
Net cash generated in financing activities	214,284
Net increase in cash	81,209
Cash and cash equivalents at beginning of year	43,756
Cash and cash equivalents at end of year	$ 124,965
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Income taxes	$ 19,184
Interest expense	$ 25,748

See accompanying notes and accountant's review report.

IDESCO CORP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of Idesco Corp is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Idesco Corp is a provider of integrated security systems and safety products.

The financial statements have been prepared in conformity with generally accepted accounting principles and as such, include amounts based on information, estimates and judgements of management with consideration given to materiality. Actual results could differ from those estimates.

Inventories consists of raw materials used in the manufacturing of laminated products, finished laminated products and certain high-tech equipment that are held for resale. Inventories are stated at lower of cost or market, cost is determined on a first-in, first-out basis.

The Company provides for amortization and depreciation on the straight-line method, for both financial and income tax reporting over the estimated useful lives of the respective assets. There are no timing differences between book and tax basis for the tax lives of the fixed assets.

The Company uses the direct write-off method for accounting for bad debts.

The cost of advertising are charged to operations in the year incurred.

The Company uses the accrual method of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Note B - Depreciable Assets

Depreciable assets consist of the following:

Furniture, fixtures and equipment	$ 53,412
Computer equipment	79,560
Leasehold improvements	100,745
	233,717
Less accumulated depreciation and amortization	94,932
	$138,785

IDESCO CORP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

Note C - Cash Balances

The Company has interest bearing and non-interest bearing deposits in various commercial banks.

Note D -Employee Benefit Plan

The Company sponsors a 401(K) plan covering all eligible employees. The Company's expense for the 401(k) plan was $24,184 for the year. The Company also has a profit sharing plan which no contribution was made for the year.

Note E - Leases

The Company leases office and manufacturing facilities at one location. Rent expense for the year ended December 31, 2008 was $252,244. On March 1, 2007 the Company entered into a sublease for part of their premises for three (3)years at a minimum annual rental of $70,000. The Company received rent in the amount of $72,042 from the sub-tenant in 2008.

The future minimum lease payments as of December 31, are as follows:

2009	$ 337,256
2010	350,746
2011	364,776
2012	379,367
	$1,432,145

Note F - Income Taxes

The Company, with the consent of its shareholder, has elected under the Internal Revenue Service code to be an "S" corporation effective January 1, 1993. In lieu of corporation income taxes, the shareholder of an "S" corporation are taxed on their proportionate share of the corporation's taxable income. Accordingly, the company provides only for New York City General Corporation and statutory New York State franchise tax. The New York City corporation tax is compiled based on two separate methods, with the highest tax calculated paid. The Company's income tax returns are subject to examination for the three years ended December 31, 2008.

Note G - Revolving Line of Credit

On February 6, 2006, the Company opened a line of credit agreement with Citibank, N.A. giving it a revolving line of credit of up to $1,000,000 at any one time. The borrowing shall bear interest on a fluctuating rate per annum equal to the Wall Street Journal prime rate. The Company agrees to make a payment sufficient to pay regular monthly payments of all accrued unpaid interest each month. Citibank N.A. has the right to request the loan by paid in full upon their demand. The loan shall be used exclusively for business operations of the Company. The bank has a security interest on all property of the Company, including but not limited to real, personal or mixed, tangible or intangible property. The 100% stockholder of the Company is named as a guarantor of the line along with a related company. The interest expense for the year was $15,531. There was a balance of $400,000 outstanding at December 31, 2008.

Note H Bank Loan

The Company entered into a loan with Citibank, N.A. for $250,000 in September, 2006. The loan is repayable in thirty-six (36) monthly installments of $7,965.64 through August 31, 2009 including interest at the rate of 8.75% per annum. The Company agrees to maintain its primary business checking account with the Lender (Citibank N.A.) and have it debited for all payments due. The loan is secured by all property and assets of the Company and the guarantor whether real or personal. The interest expense for the year was $10,217.

Year Ended	
2009	67,751

Note I - Related Company

The Company provides services for a related company owned by the 100% shareholder. This Company reimbursed Idesco Corp. for the services provided to them.

Note J - Analysis of Retained Earnings

For financial reporting purposes, unappropriated retained earnings, ($1,081,783) represent the cumulative earnings of the corporation less dividends paid to date. For tax purposes, it is

Note J - Analysis of Retained Earnings - continued

necessary to identify the components of retained earnings, due to the possible tax consequences of future dividend distributions that may be made. An analysis of retained earnings for the year ended is summarized as follows:

	Accumulated Adjustments Account	Accumulated Earnings & Profits	Total
Balances 1/01/08	$ 453,429	$ 598,897	$1,052,326
Taxable income	37,819		37,819
Nondeductible items	(8,362)		(8,362)
Balances 12/31/08	$ 482,886	$ 598,897	$1,081,783

Based on tax regulations and an election made by the corporation, dividends are to be distributed first from the Accumulated Adjustments Account, and then from Accumulated Earnings & Profits. Generally, only distributions from Accumulated Earnings & Profits would be taxable to stockholders.

IDESCO CORP
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008

COST OF GOODS SOLD

Inventory at beginning of year	$ 849,753
Purchases	6,291,510
Factory labor	218,372
Freight-in	96,267
Manufacturing overhead	380,277
	7,836,179
Inventory at end of year	898,814
	$6,937,365

IDESCO CORP
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008

MANUFACTURING OVERHEAD

Factory - insurance	$ 2,503
Factory - payroll taxes	34,418
Factory - supplies	21,998
Factory - rent	107,014
Factory - utilities	39,515
Factory - 401K contribution	7,286
Factory - repairs and maintenance	17,005
Factory - hospitalization	30,955
Factory - sundry	6,444
Factory - superintendent's salary	74,360
Factory - temporary help	38,779
	$380,277

SHIPPING EXPENSES

Shipping salaries	$ 60,682
Shipping supplies	11,508
Freight out	(64,085)
	$ 8,105

SELLING EXPENSES

Advertising	$ 82,592
Auto expense	31,409
401K contribution	11,430
Group life	2,644
Hospitalization	37,464
Marketing payroll	201,712
Messengers	23,345
Outside commissions	15,037
local travel	44,790
Salesmen travel and entertainment	21,191
Salesmen payroll	671,110
Sales payroll taxes	93,347
Sundry	3,996
Telephone	45,678
Trade shows	58,562
	$1,344,307

See accompanying notes and accountant's review report.

IDESCO CORP
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008

GENERAL AND ADMINISTRATIVE EXPENSES

Amortization	$ 11,467
Asset write-off	4,957
Auto expenses	2,116
Bad debts	28,141
Bank charges	10,205
Credit card charges	20,242
Data processing	56,280
Depreciation	22,967
Donations	11,859
Dues and Subscriptions	36,934
Educational	4,699
Equipment rental	23,777
401K contribution	5,468
Gifts	7,615
Group life	11,605
Hospitalization	65,687
Insurance	49,627
Interest	25,961
Miscellaneous	18,769
Office expense	21,362
Office payroll	359,332
Office supplies	42,951
Officers' salaries	304,750
Outside consultants	5,215
Payroll taxes	68,929
Postage	5,192
Professional fees	25,686
Relocation expense	354
Rent	145,230
Rent tax	(1,008)
Sales tax	848
Repairs & maintenance	9,103
Telephone	30,478
Temporary help	38,535
Technical services payroll	752,949
Travel and entertainment	39,027
Utilities	36,065
	2,303,374
Reimbursed expenses from related company	480,000
	$1,823,374

Original

DIEBOLD®

SECURITY

THE PORT Redactions F NY & NJ

full code

SERVICES FOR THE ENCHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEM (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

Number 18473

Book 1 of 2

Diebold Enterprise Security Systems, Incorporated

3 Westchester Plaza Elmsford, NY 10523

914.949.2400

www.diebold.com/enterprise

1859 - 2009

Celebrating 150 Years of Innovation

FROST & SULLIVAN

Global Physical Security Systems Integrator of the Year 2008 & 2009

North American Monitoring Provider of the Year 2009

July 29, 2009

DIEBOLD

SECURITY

ENTERPRISE SECURITY OVERVIEW

Diebold Enterprise Security Systems
155 Lafayette Avenue
White Plains, New York 10603

800.642.6827 *toll-free*
914.949.2400 *phone*
dieboldsecurity.com/enterprise

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CORPORATE HISTORY

Diebold Enterprise Security Systems is among the best of breed security and communications system integrators in the world today. With decades of successful delivery and support to our world-class customers, we focus on enterprise-level, integrated systems solutions for new construction, existing facilities and conversion projects.

Among the keys to our success is our focus on turnkey, fully-engineered, integrated systems, excellent project delivery and the high quality ongoing support. Diebold Enterprise Security provides solutions to the corporate, government, healthcare, education, transportation, corrections, utility and financial markets throughout the world.

Diebold Enterprise Security has global operations in North America (with headquarters in White Plains, NY), the EMEA region (with headquarters in London, England) and Australia (with headquarters in Sydney), delivering projects in emerging markets throughout the world. Diebold Enterprise Security is recognized as a global integrator, delivering uniformity, consistency and the best return on total cost of ownership to help customers enhance their businesses and business practices.

With the power of Diebold, a Fortune 500 company with over 17,000 associates and $3 billion in revenue behind us, Diebold Enterprise Security easily provides service and support with over 3,000 service technicians in the U.S. alone, and our five-diamond, UL-certified central monitoring station in Canton, Ohio. In addition, our associates and customers have unlimited access to numerous technical and business courses, with over 40 full-time trainers.

Our comprehensive, in-house AutoCAD engineering services, system pre-fabrication, Microsoft® and CISCO® certified IT department, project management and installation services and on-going Professional Support Services are the best in the industry.

We are passionate about what we do, and we're delivering innovation every day by designing, installing and servicing quality, turnkey enterprise security and communications solutions, technologies and services – that fit your organization's needs today and into the future.

MANAGEMENT TEAM

Kevin Engelhardt, Vice President and General Manager, U.S. Operations

Ex 26

Kevin Engelhardt is responsible for the operations oversight Diebold Enterprise Security, North America, including: financial controls and policies; accounting, procurement, banking and contract administration. As a Master's of Business Administration graduate of the IONA College School of Business, Engelhardt has focused his career on the sound operation and fiscal management and operations of the companies he has served. His broad base of business experience provides Diebold Enterprise a creative and open approach to the improvement of process and business management throughout the organization. Engelhardt is also actively involved with project implementation with our project managers and project administrators; this connection to projects in the field, our contractors, customers and associates enables Diebold Enterprise Security to continually improve internal process and procedures for project delivery to our customers.

Dan Putnam, Vice President Engineering, CAD and LSIS

Mr. Putnam is responsible for daily operations at Enterprise Security Systems, Inc. for Engineering, CAD, and Sales Applications. His responsibilities include improvement of process management, project implementation and client support services. As the company has grown and developed Mr. Putnam has taken on a variety of responsibilities including security system project management, business development and financial management roles. His work in the development of the implementation and support management teams was fundamental to the company embracing the client comes first philosophy that is still in place today. Mr. Putnam is responsible for introducing computer-aided design to the company more than 15 years ago. His early efforts paved the way for Enterprise Security Systems, Inc.'s present Engineering and CAD production standards. Mr. Putnam has a keen sense of how to enable best practices throughout the company enabling the Enterprise Security Systems, Inc. team to develop greater and more efficient practices. Mr. Putnam is life time member of the International Electrical and Electronic Engineer (IEEE) association.

Jeremy Brecher Vice President, Technology Services, Technology & Assembly, & Support Services

Jeremy Brecher is responsible for IT and network services at Diebold Enterprise Security. With over twelve years of industry experience, Brecher has successfully managed numerous large-scale conversions, database integrations, network builds and new installations of enterprise security solutions worldwide. Brecher manages the IT, Network Services & Technology departments and Support Services; his IT specialists provide a well-rounded approach--from our in-house pre-assembly, testing and programming to field deployments followed by ongoing system service and support. Brecher is well-versed in the integration of all aspects of complete access control systems including: CCTV equipment, intercom devices, biometrics, digital recording, environmental and other specialty alarms, burglar alarm systems, and photo-ID badging. The Diebold Enterprise IT team is a key differentiator and recognized throughout the industry as a leader in providing integrated security on the corporate wide area network. Brecher is Microsoft® and CISCO® certified, a speaker at industry technology educational seminars and a member of the Convergence Council for the Open Security Exchange.

Suzanne Lugo, Director of Sales Operations

With eight years of experience in the electronic security business and over 18 years of experience in client service and account management, Suzanne Lugo is responsible for the health and growth of Diebold Enterprise Security's key national and international accounts. In her role, Lugo focuses on the needs of major accounts as well as the growth of new business. A graduate of Mount Holyoke College, Lugo's career has focused on customer satisfaction during large-scale project implementation, and she has managed national field forces for Fortune 500 companies. In addition, Lugo has implemented best practice procedures and training programs for account management teams.

KEY DIFFERENTIATORS

There are a number of factors that differentiate Diebold Enterprise Security from other security integrators, including:

- Perhaps the most significant factor is our passion and dedication to do our best – every day -- for our clients. In fact, our executive management team is personally involved in projects.
- We have the power of Diebold, Incorporated behind us. We are in over 88 countries throughout the world and 90 major cities, nationwide.
- We have successfully delivered the largest integrated security system under one roof in the United States.
- We have the advantage of volume buying power with the most prestigious manufacturers in the industry through our corporate purchasing channels.
- We have industry-leading, in-house design and engineering knowledge and experience.
- We have an in-house, AutoCAD based Engineering Department of (15) full-time associates.
- Every job is engineered and every job is documented utilizing CAD technology.
- We have an in-house Microsoft and CISCO certified IT Department consisting of a dozen full-time associates.
- We have completed more HR database integration projects than 99.9 percent of our competitors.
- We have completed EMC and SANs storage solutions.
- We have a dedicated Corporate National Account Team focused on delivering projects to the highest quality standards throughout the world.
- We are the sole, authorized dealer of the Universal Interface Board (UIB).
- We have the best people in the industry dedicated to your success, and we care about you everyday.

CORE PRINCIPLES

At Diebold Enterprise Security, we engineer systems to provide an upfront return on investment for our customers. We maximize system features and flexibility and minimize maintenance and related costs. Our core principals have proven to work for decades and match the principals Diebold was founded on 150 years ago.

We won't rest until we:

- provide the best care and service to our customers every day.
- provide our customers consistency and uniformity across their enterprise.
- provide fully designed and engineered solutions prior to installation.
- provide technology driven fully engineered solutions for our customers.
- provide our fundamental knowledge and experience to best benefit our customers.
- provide the best work environment for our people, because we recognize that our people are our future.

UNIFORMITY & CONSISTENCY

Our guiding design and engineering principles at Diebold Enterprise Security are uniformity and consistency. The key concepts of uniformity and consistency assure our clients the best technological solutions and highest overall return on their investment.

Our extensive history of installing hundreds of projects throughout the world has illustrated the importance of uniformity and consistency, as installation is only the beginning of the life of a system. We recognize that things change often and many times without warning. We engineer systems to include flexibility, growth and change for the greatest return on investment for our customers. We deploy enterprise-wide, uniform color-coded wiring and equipment standards, consistent installation standards, and uniform network programming protocols no matter where the project site is located. Flexibility, growth, change and ease-of-troubleshooting are built-in to minimize maintenance and to maximize system use.

Diebold Enterprise Security issues extremely detailed system plans and specifications before running one inch of wire. Project managers meet with local installation teams to review the Diebold Enterprise Security plans and specifications, wiring standards and equipment. Our drawings show the installers where to land every wire for every device, end-to-end. We supply all wire and equipment for every job. Nothing is left to chance. It's that simple by design.

After completion of the system, customers simply contact Diebold customer support services for coordination of any need. We often assist customers immediately and often without a service call because our principles of uniformity and consistency enable troubleshooting and solutions over the phone.

IN-HOUSE SERVICES

- Fully integrated multi-site enterprise solutions.
- Complete AutoCAD based system design and engineering.
- Implementation and management of projects worldwide any size, any level of complexity.
- Technical installation services and support.
- IT, programming and network integration services.
- System programming, management and changes.
- 24/7 customer support.
- System training.
- Integrated Security Systems Solutions & Installation Services:
    - Access Control
    - CCTV (Cameras & DVRs, NVRs)
    - Intercom & Video Intercom Systems
    - Mobile Video/Audio Systems
    - Optical Turnstiles
    - Gates, Parking, Vehicle Detection & Perimeter Protection
    - Photo ID Badging/Video ID Imaging
    - Card technology options
    - Fiber Optics
    - Biometrics
    - Burglar Alarm & Intrusion Detection
    - Command Centers & Consoles
    - Programmable Logic Controls "PLCs"
    - IP based solutions

THE DELIVERY MODEL

The Diebold Enterprise Security project delivery model is structured to enable efficiency and accuracy by capturing and documenting the necessary detail of a project from the onset. Several key concepts drive our delivery process.

- Getting the "buy in" and support of project and end-user staff is critical for overall project success. Diebold Enterprise Security includes key client personnel in the process from the beginning.
- We perform work in many countries and cities. To minimize installation language and experience barriers, Diebold Enterprise Security provides highly detailed plans, specifications and point-to-point charts that leave no room for interpretation.
- A Diebold Enterprise Security Project Manager is responsible for each project from start to finish. This provides a single point-of-contact and centralized control.
- Diebold Enterprise Security pre-qualifies and contracts subcontractors prior to performance of any work. We also bid every location to a minimum of three pre-qualified subcontractors to ensure the best pricing and quality for every job.
- Diebold Enterprise Security provides all security cable and equipment per plans and specifications and the job equipment list "Schedule A" to ensure quality and consistency.
- Diebold Enterprise Security pre-fabricates programs and tests all major system components prior to delivery to the job site.
- Diebold Enterprise Security provides on-site system commissioning, testing and training for every job.

Security Cable
Diebold Enterprise Security manufactures the cable for our projects. The cable is plenum rated and all "standard" gauge cable; the difference is its bright pink jacket and the marking of the cable type every 12", i.e. Diebold "A" cable including the gauge and wire type. The cable labeling makes it easy for our installation teams to coordinate the right cable installation with the drawing details for each device. The pink color is closely aligned with the red color of fire alarm cable and therefore signals "do not cut" to those trades working in the field.

Purchasing
Diebold Enterprise Security centralizes project purchasing for every job. Our buying power and centralized purchasing provides much greater quality control and cost savings to the customer. Equipment is delivered to our warehouse for inspection and pre-assembly prior to being shipped to a job site.

Technology and Assembly
Diebold Enterprise Security has a full service technology, assembly and testing department at its headquarters in White Plains, NY. Technicians pre-assemble enclosures, racks, consoles, control panels, access control and CCTV equipment. Pre-programming and testing is complete prior to shipment to final locations. Technology and assembly provides excellent quality control and has proven to be an extremely efficient advantage when commissioning systems in locations throughout the world. On-site errors have virtually been eliminated.

Engineering & Project Management

Diebold Enterprise Security is known for excellence in system integration design, engineering and project delivery. Project success is largely dependent on the accuracy of the design and the quality of the installation, and we have an in-house AutoCAD based engineering department responsible for complete project documentation for every project.

At Diebold Enterprise Security, our projects take place worldwide, so we have to issue extremely detailed drawings for every project. Typical drawing sets include: a device legend, site plans, device plans, riser diagrams, door elevations, equipment control elevations, detailed wiring diagrams and specifications for all peripheral devices and detailed point-to-point charts. We provide customized views for security consoles and scaled equipment rack drawings. Equipment specifications are integrated within our drawing details. All projects are created utilizing AutoCAD software. As-Built drawings and System Manuals are issued at the close of every job.

Coordination Services

Diebold Enterprise Security interfaces regularly with the architectural and engineering disciplines, security design consultants, general contractors, electricians and construction management firms. Our experience includes many design-build projects, new construction and renovation projects.Diebold Enterprise also includes the review and specification of electrified hardware for every project.

Project Management

Project delivery is a result of the efforts of many people both internal and external to Diebold Enterprise Security. We have created a delivery model that utilizes a number of our team members to produce the highest quality and most efficient results for our customers. In fact, every project is assigned a project executive (PE); the PE is an executive at Diebold Enterprise Security, responsible for, and actively involved in, the project throughout its life. (The PE is available to the Diebold Enterprise project team and client at any time).

Our project managers (PM) are highly skilled technicians and excellent organizers and communicators. Our PM's are responsible for all aspects of the delivery of projects and are advocates and resources for our clients and project teams. The PM maintains close communication with the project team, providing project updates, coordinating and overseeing project progress, accommodating changes and assuring budgets and schedules are on track. PM's are responsible for actively overseeing system programming, commissioning and training and providing a complete "As-Built" package for each job.

In addition to the PM, each project is assigned a project assistant (PA). The PA provides invaluable support to the PM by coordinating the numerous "in-house" details of a project. PA's are responsible for the organization of our projects. Meeting minutes, correspondence, parts tracking, schedule updates and financial controls are all coordinated by our PA's; PA's enable our PM's to be in the field and readily available to our project teams.

PRODUCT CERTIFICATIONS

- Software House Certification
  - CCURE 800/8000 System Installer/Maintainer
  - CCURE 800/8000 System Integrator/Designer
  - CCURE 800/8000 Legato/Vinca Redundant Server
  - CCURE Central and iSTAR
- Casi-Rusco Certified
- InfoGraphics Certified
- Lenel Certified

Diebold Enterprise Security technicians hold the following certifications:

CCURE 800/8000	Casi	3M Fiber
Federal APC	InfoGraphics	Hirsch
Integral	Intellex	Integral
Lenel	Loronix	MDI
NEC	NICE	NVT
Ortronics	Panasonic	Pelco
Radionics	Zenitel	

In addition, the team holds certifications as required for all product lines we represent. Please refer to our partial line card for a listing of major manufacturers.

Additionally, Diebold Enterprise Security has achieved the following advanced training Information Technology Certifications:

- Operating Systems
- Networking and Network Infrastructure
- Database Administration

IT DEPARTMENT

For more than a decade, the Diebold Enterprise Security in-house IT Department has been working in conjunction with the IT departments of many of our clients. We are certified in:

- **Microsoft**
- **Cisco**
- **SQL**
- **Oracle**
- **VB\C++**
- **A++**

Due to our IT strength and capabilities, we have delivered countless servers and workstations to dozens of the largest security data centers in the country. We have designed, engineered and implemented systems including complex fiber network backbones, CISCO certified networks, private security WAN and LAN projects, SDLT and EMC storage solutions.

Network Services

We recognize the varying needs and levels of network expertise our clients require. For instance, one client requires minimal direction and assistance, primarily needing applications support, system wide data programming and manufacturer interfaces while other clients require us to provide and maintain a separate fiber driven, CISCO 1GB network backbone complete with routing, VLANs and Remote Terminal Services Access including the application. We have the capabilities, in-house knowledge and experience to provide assistance at any level.

HRIS Integration

The integration of an HR database with the access control system database is no problem. Diebold Enterprise Security has completed numerous integrations of this type with a number of security software platforms and a number of HRIS database platforms. The integration can involve anything from moving information from table to table in an SQL database, to assisting customers write complex stored procedures in Oracle based environments. Many client security applications depend on linking the access control database to the HRIS database for automatic deactivation of card access for employee terminations or convenient automatic activation of low-level access for new employees.

Project Implementation

The Diebold Enterprise Security approach to IT project implementation is a multi-tiered process ensuring a strong relationship for the long term. We work closely with our customers and their IT departments to identify specific needs to ensure that core requirements such as disaster recovery, anti-virus protection and data redundancy are accounted for from the onset. Our IT team assigns an IT technician for the duration of a project The IT technician provides the experience and knowledge to implement the requirements of our customer's IT standards for a uniform and consistent enterprise solution.

Diebold Enterprise Security provides many IT and network related services such as:

- Network hardware and software infrastructure
- Redundant Server Solutions
- EMC, SDLT, LDAP, Legato and other solutions
- Applications Security
- Backup/Disaster Recovery
- Data center standards
- Win 2000 SP3 /build /SQL Server
- Data Sharing. Import/Export
- Other interfaces. (Cafeteria, ID Badging, PeopleSoft, SAP, Kronos, Tivoli, Daycare, etc)
- VPN /Terminal Services
- System programming, testing and commissioning
- Software and hardware upgrades

Customer Support

Throughout our history, we have built our reputation on the high quality of our service that we provide to our customers. Throughout the organization, we place an extremely high value on the care of our customers. Our in-house Customer Support Department operates 24/7.

The Diebold Enterprise Security Customer Support Representatives (CSRs) interface closely with associates, field personnel and our customers to provide comprehensive resolution to issues as quickly as possible. Our support team coordinates ongoing work, assists with special needs such as additional training, provides technical assistance and proactively ensures the needs of our customers are promptly addressed. Our CSRs provide professional, friendly and efficient service. The CSR provides the single point of contact for coordination and communication of all aspects of the needs of our customers. After hours, we have at least two technicians on-call, 24 hours a day, 7 days a week.

Spare Parts Stock

Diebold Enterprise Security maintains a well-stocked warehouse in White Plains, New York. The warehouse stocks major job components; parts most commonly needed by our customers and Diebold Enterprise Cable.

IP Base Support

Diebold Enterprise Security is presently implementing an IP based solution for customer support. We have two certified IT technicians within our Support Department during normal business hours. We set up customized email boxes for our customers so that issues and questions can be provided on email or by phone. We are implementing the Diebold DECAL system to provide on-line real time tracking of parts, customer support issues and technical help.

We are constantly looking for new and better ways to provide the utmost in service and care to our customers. We look forward to serving you.

REPRESENTATIVE WORLDWIDE & CORPORATE ACCOUNTS

- Aqua-America
- AmeriChoice
- BAX Global
- CISCO Systems
- City of Edmonton
- Computer Associates – Worldwide
- Conde Nast
- Emdeon/WebMD
- Espirito Santo Plaza & Espirito Santo Bank
- E*Trade
- The Guardian Life Insurance Company
- Hugo Boss
- The Government of Israel
- J. Walter Thomas
- KeySpan Energy Corporation
- MBIA
- National City Bank
- Ogilvy & Mather
- Royal Bank of Scotland
- Safra Bank
- Scholastic Incorporated
- Symantec
- United Rental Incorporated
- Volvo-Mack Trucks

OF NOTE

- Allied Signal
- Atlantic Terminal
- AVON
- Bellevue Hospital
- Brooklyn Tabernacle Church
- Brown Brothers Harriman
- Buffalo Wild Wings
- Center Plate at Yankee Stadium
- CMP Media
- Coler Goldwater Hospital
- Conrad Hilton
- Elko Airport, Nevada
- The Federal Airport Administration (FAA)
- The Fire Department of New York
- Fulton Fish Market
- Hearst Communications
- Henry Schein
- Jet Blue Terminal 5, JFK
- Legg Mason
- Loews Corporation
- Montefiore Hospital
- New York Medical College

- Office of the City Medical Examiner
- Kings County District Attorneys Office
- KOS Pharmaceuticals
- Long Island Power Authority - LIPA
- The New York Power Authority
- New York City Transit Authority
- The New York Times
- Palm Springs Airport
- Pfizer Pharmaceuticals
- Phoenix Sky Harbor Airport
- Pierpont Morgan Library
- The City of New York – Human Resources Administration
- The Supreme Court of the State of New York
- United Federation of Teachers
- The United Nations
- United States Postal Service
- United States Tennis Association
- W Hotels
- Westchester County Airport
- Westchester County - Machelian Office Building
- Westchester County - Norwood Jackson Penitentiary

DIEBOLD®

SECURITY

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THE PORT AUTHORITY OF NY & NJ

SERVICES AND MATERIALS FOR THE ENCHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEM (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTYINTERNATIONAL AIRPORTS

A. Letter of Transmittal

B. Executive Summary

C. Agreement on Terms of Discussion

D. Certifications With respect to the Contractor's Integrity Provisions

E. Documentation of Proposer Prerequisites
   a. Experience
   b. Similar Service
   c. Licenses and Certifications
   d. Annual Financial Reports
   e. Single Venture

F. Proposal
   a) Financial Approach
   b) Technical Approach
   c) Firm Experience and Management Commitment
   d) Work Approach

G. Acknowledgment of Addenda

H. Acceptance of Standard Contract Terms and Conditions

I. MBE/WBE Plan

A. Letter of Transmittal

The Proposer shall submit a letter on its letterhead, signed by an authorized representative, stating its experience and qualifications in meeting the requirements of this RFP. This letter shall include a statement on whether the Proposer is submitting a proposal as a single entity or a joint venture. In all cases, information for a single entity is required for each participant in a joint venture. Explain all prime Subcontractor relationships.

The Letter of Transmittal shall contain:

(1) Name and address of the Proposer and an original signature on the Letter of Transmittal by an authorized representative on behalf of the Proposer;
(2) Name(s), title(s) and telephone number(s) of the individual(s) who are authorized to negotiate and execute the Contract;
(3) Name, title and telephone number of a contact person to which the Port Authority can address questions or issues related to this RFP;
(4) Name and address of proposed Subcontractors, if any
(5) If a corporation: (a) a statement of the names and residences of its officers, and (b) a copy of its Certificate of Incorporation, with a written declaration signed by the secretary of the corporation, with the corporate seal affixed thereto, that the copy furnished is a true copy of the Certificate of Incorporation as of the date of the opening of the proposals;
If a partnership: a statement of the names and residences of its principal officers, indicating which are general and which are special partners;
If an individual: a statement of residence;
If a joint venture: information on each of the parties consistent with the information requested above;
If a joint venture which has not been established as a distinct legal entity submits a proposal, it and all participants in the joint venture shall be bound jointly and severally and each such participant in the joint venture shall execute the proposal and do each act and thing required by this RFP. On the Letter of Transmittal and wherever else the Contractor's name would appear, the name of the joint venture Proposer should appear if the joint venture is a distinct legal entity. If the Proposer is a common law joint venture, the names of all participants should be listed followed by the words "acting jointly and severally". All joint venture proposers must provide documentation of their legal status.

Response: Attached

July 25, 2009

Jeannette Anderson
Purchasing Manager
Purchasing Services Division
The Port Authority of NY & NJ
One Madison Avenue, 7th Floor
New York, NY 10010

Re: SERVICES AND MATERIALS FOR THE ENCHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEM (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTYINTERNATIONAL AIRPORTS, PROJECT No.: 18473

Dear Ms. Anderson:

Diebold, Incorporated acting as a single entity, located at 3 Westchester Plaza, Elmsford, New York 10523, is please to submit our proposal in response to your Request for Proposal.

Experience and qualifications

Diebold's security team has diligently reviewed the bid specification and has determined that we are the qualified partner the PANYNJ requires to manage and implement a successful program over the next 3-7 years. During its 150-year history, Diebold has grown from a small safe company founded in Cincinnati, Ohio, to one of the largest security integrators in the world. Innovation has always been a cornerstone of the company, from the first safes that were characterized by their unique features intended to thwart safecrackers, to today's forward-thinking solutions like comprehensive identity and access management. Today, with reported revenue of US$3.2 billion, an excess of $1.5B is related to maintenance contracts. Diebold employs more than 17,000 associates with representation in nearly 90 countries worldwide. Diebold is publicly traded on the New York Stock Exchange under the symbol 'DBD.'

When you choose Diebold Security, you're choosing a security partner that has been certified and listed by the U.S. General Services Administration (GSA) to provide the 12th Homeland Security Presidential Directive (HSPD-12) products and services -- up to and including a complete end-to-end, turnkey HSPD-12 solution. Diebold is one of the elite few security integrators that are certified to provide solutions that enable compliance with HSPD-12 and Federal Information Processing Standard (FIPS 201). Diebold adheres to the Transportation Workers Identification Credentials (TWIC) program which allows the governing agencies a smooth transition to ensure compliances are met. A trusted GSA provider for nearly 10 years, Diebold holds GSA Schedule 84, 71 and 70 security contracts that allow the delivery of turnkey systems assessment, design, installation, training and support. Diebold also partners with technology providers that have earned schedules through GSA's rigorous processes.

With a North American network of more than 1,200 specialized security service professionals, Diebold offers local coverage with nationwide support. In the New York Metropolitan area, Diebold Security employs 120 personnel working exclusively on security related and critical infrastructure projects, including over (17) local Lenel, Verint, Intelect, and Enterprise Air certified technicians that report to our northeast headquarters in Elmsford , New York. These professionals have the expertise to deliver and support a variety of high-end, enterprise level electronic security system projects that range from transportation facilities to large banking institutions and they possess the skills that are outlined in this RFP's scope of work. Diebold provides detailed engineering services, Microsoft and Cisco certified IT services, and certified project management and technical services throughout the life of all of its projects. We pride ourselves on delivering projects on time within budget. Working side-by-side with customers, Diebold's team lives the project and fosters strong partnerships with our clients. .

The proposal requirements specify the need for a versatile and dynamic partner that can provide a wide variety of security-related skills and experience. Diebold believes it is PANYNJ's partner of choice because our approach to the integrator-customer partnership is about listening to your needs, learning about your business and security challenges, and leading you to security strategies that not only meet your needs today, but position you for the future. Following are proof of performance antidotes that demonstrate Diebold's capabilities:

- Related Work Order Services

JetBlue Terminal at JFK Airport
This project doubled the number of JetBlue gates to accommodate more than 250 flights per day. The impressive new terminal needed to adhere to Transportation Security Administration (TSA) security compliance requirements, while maintaining overall security standards of the airline and public safety both during and after construction.

To secure the terminal, Diebold installed:

- proximity and biometric card access readers
- closed-circuit television cameras with video analytics
- digital intercoms
- baggage handling and a flight information display system

Additional security subsystems included an ACDTV system for the Port Authority which consisted of:

- (140) fixed cameras
- (9) PTZ's
- video analytics

This system is a stand alone system utilized at the check-in area for the TSA. In addition, two different access control systems were installed, including one for the Port Authority of New York's "air" areas, and another for JetBlue's internal use. The terminal's electronic security system and IT/Data infrastructure are comprised of the following:

Royal Bank of Scotland
The new security system that included over:

- 140 card readers on a Lenel On-Guard Access control system
- 125 new cameras consisting of fixed, high powered Panasonic PTZ's that utilized a Verint Nextiva CCTV platform
- 60 intercom stations with a Zenitel Alphacom head-end system

A new Verint network video recording system with Storage Area Network connectivity was integrated with the Lenel On-Guard access control system. The access control system included fully redundant hot swappable RAID level servers. Smarter Security interior turnstiles were located in public areas. Full height exterior turnstiles and Gunnebo glass style ADA gates were part of the scope as well.

Westchester County Airport
Diebold installed a gate card access system, CCTV system, and a Perimeter Intrusion Detection System (PIDS) at the Westchester County Airport. The PIDS included high resolution cameras, a video analytics system, command and control stations, and server racks. The video analytics software detected and analyzed motion, images, and featured icons on a display located in a command and control center that was designed and installed by Diebold. Once an "event" was detected, the nearest PTZ camera was focused on that event and it automatically instructed the

administrator how to respond. The video system provided comprehensive surveillance of passenger screen checkpoints and 30-day archiving capabilities. Directional flow detection and alarm systems monitor passenger flow via established warning and alarm lines. Any violations would initiate an alarm signal to the appropriate monitoring station.

- Maintenance Services

General Services Administration – Region 2 Contract
Responsibilities included the maintenance and support of the Lenel On-Guard Physical Access Control Systems (PACS) located at New York City, Newark New Jersey, Syracuse New York and Puerto Rico offices. I/T support services (upgrades, disaster recovery, database back-ups, etc.) were provided for the head-end, the complete network, and the replacement of fileservers that were located throughout various locations. In order to meet the rigid response requirements of GSA, Diebold placed a full-time technician at GSA's headquarters and provided the customer with 24/7 technical support. Diebold performed preventative and remedial maintenance services and maintained an overall system availability of 99.99%. The system consisted of several hundred door controllers, readers, panel workstations, and Delta and Automatic Controls optical-based turnstiles. Access is controlled by conforming to GSC-IS and FIPS-201 PIV II standards. Wireless handheld readers are used for emergency purposes.

DEP – Contract
Diebold provides preventative maintenance, corrective maintenance and emergency repair services for the Department of Environmental Protection Police. The services provided span (33) locations across that state of New York. The equipment that is maintained consists of Lenel access control, Pelco DVR's and cameras, and perimeter security devices.

Diebold, Your Partner
Every day, you meet new challenges in keeping your environment safe and secure. That's why you need the thoughtful leadership and constant innovation from a trusted security partner like Diebold. Whether you are protecting physical or data assets, we can offer you the resources and tools that you need to effectively combat ever-changing security challenges.

Expertise in FIPS 201
Since the inception of FIPS 201, Diebold has been working with government agencies to develop plans for compliance, as well as strategies for usage. Diebold participates in, and is actively involved with the independent organizations that helped shape the evolution of FIPS 201. These organizations include the Smart Card Alliance's Physical Access and Identity Councils and the Security Industry Association.

Security Integration Built on A Legacy of Physical Security and Logical Acumen
Diebold is the only security integrator in the world with a history rooted in physical security. In fact, our physical security expertise spans 150 years. Today, we complement that skill set with a deep understanding of logical security solutions. Our holistic approach ensures we can deliver security strategies that meet the unique needs of our customers across markets and around the world.

Open-Systems Solutions & Future Proofing
The payment plan for a proprietary system often outlives the system itself. That's why Diebold specifies a wide variety of technologies to meet the unique needs of its customers. Diebold's technology recommendations are based on the specific needs of your organization and they include widely available, open, standards-based systems from some of the world's best technology suppliers. Diebold's third-party review process, engineering, systems design support, integration services, and end-user training ensures that no matter what the technology, it works for you.

Unparalleled Service
Diebold's nationwide service footprint ensures customers have access to an experienced service team, 24 hours a day / 7 days a week / 365 days a year. From application design to installation, preventive maintenance to customer support and beyond, Diebold's service professionals provide complete life-cycle support.

Prime subcontractor relationships

- **S&J Electrical Contractors Company, Incorporated** is currently mobilized at EWR airport and provides electrical installation services for a variety of PANYNJ projects. S&J will be a subcontractor for Diebold and will provide electrical installation services at EWR for all categories of work / services described in the RFP. Additionally, S&J will contribute to the MBE RFP requirements.
- **GMA Electrical Corporation** is currently mobilized at JFK & LGA airport and provides electrical installation services for a variety of PANYNJ projects. GMA will be a subcontractor for Diebold and will provide electrical installation services at JFK & LGA for all categories of work / services described in the RFP. Additionally, GMA will contribute to the WBE RFP requirements.
- **Hellman Electric Corporation** is currently mobilized at JFK & LGA airport and provides electrical installation services for a variety of PANYNJ projects. Hellman will be a subcontractor for Diebold and will provide electrical installation services at JFK & LGA for all categories of work / services described in the RFP.
- **Halmar International, LLC,** is currently mobilized at JFK airport and provides construction management and general contracting services for the PANYNJ. For enhancement and modification work involving larger efforts requiring planning, coordinating and managing resources over a more extended period of time, Halmar will be a subcontractor for Diebold. Halmar will provide systems general contractor and construction management services at all three major airports and optional airports as a value added service.

1. Name and address of proposer:

Diebold Security
3 Westchester Plaza
Elmsford, NY 10523
Kevin Engelhardt

2. Authorized negotiators

Nelson Barreto
Senior Account Executive – Transportation & Critical Infrastructure
914-872-4450

Kevin Engelhardt
Vice President & General Manager of US Operations
914-872-4415

Jeremy Brecher
Vice President of Operations & Information Technology
914-872-4329

Daniel Putnam
Vice President of Engineering
914-872-4305

3. Point of Contact

Nelson Barreto
Senior Account Executive – Transportation & Critical Infrastructure
914-872-4450

4. Proposed Subcontractors

S&J Electrical Contractors Co., Inc.
34 Ravenswood Lane
Scotch Plains, NJ 07076

GMA Electrical Corporation
201 Edward Curry Avenue
Staten Island, NY 10314

Hellman Electric Corporation
855 Brush Avenue
Bronx, NY 10465

Halmar International, LLC
1 Blue Hill Plaza
Pearl River, NY 10965

5. Corporation:

CERTIFICATION

I, Warren W. Dettinger, certify that I am the appointed Vice President and Secretary of Diebold Enterprise Security Systems, Inc., a company organized and existing under and by virtue of the laws of the State of New York (hereinafter called the "Company"), and that the attached Certificate of Amendment and Certifications of Resolutions are true copies and are in full force and effect.

WITNESS my signature and seal of said Company this 22nd day of July, 2009.

Warren W. Dettinger
Vice President and Secretary

UG-10-2004 17:22 CT CORP SYSTEM

DIVISION OF CORPORATIONS AND STATE RECORDS ALBANY, NY 12231-0001

FILING RECEIPT

ENTITY NAME: DIEBOLD ENTERPRISE SECURITY SYSTEMS, INC.

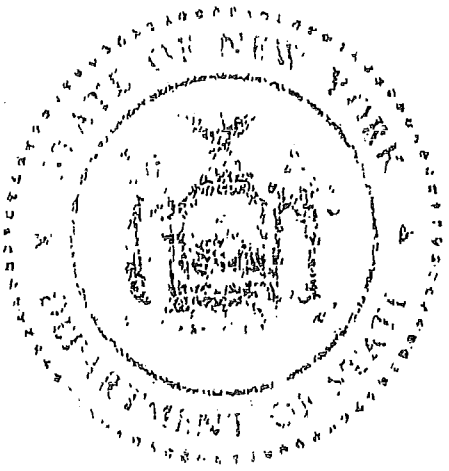
DOCUMENT TYPE: AMENDMENT (DOMESTIC BUSINESS) COUNTY: ONON
NAME

SERVICE COMPANY: CT CORPORATION SYSTEM SERVICE CODE: 07

FILED:08/09/2004 DURATION:********* CASH#:040809000711 FILM #:040809000677

ADDRESS FOR PROCESS

REGISTERED AGENT



FILER	FEES	170.00	PAYMENTS	170.00
	FILING	60.00	CASH	0.00
DIEBOLD INC	TAX	0.00	CHECK	0.00
5 MAUFAIR RD	CERT	0.00	CHARGE	0.00
	COPIES	10.00	DRAWDOWN	170.00
H CANTON, OH 44720-8077	HANDLING	100.00	BILLED	0.00
			REFUND	0.00

DOS-1025 (11/89)

040809000677

CT-07 Certificate of Amendment

(Title of Document)

OF

Diebold Enterprise Security Systems, Inc.

(Entity Name)

Under Section 805 of the Business Corporation Law

(Law under which filing made)

RECEIVED
2004 AUG -6 PM 2:42

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED AUG 09 2004
TAX $
BY:

DRAWDOWN

Filed by: Diebold, Incorporated

(Name)
5995 Mayfair Road

(Mailing address)

North Canton, Ohio 44720-8077
(City, State and ZIP code)

State of New York }
Department of State } *ss:*

I hereby certify that the annexed copy has been compared with the original document filed by the Department of State and that the same is a true copy of said original.

Witness my hand and seal of the Department of State on **August 09, 2004**

Secretary of State

DOS-200 (Rev. 03/02)

15184593732 P.05

CT-07

040809000607

CERTIFICATE OF AMENDMENT OF THE CERTIFICATE OF INCORPORATION OF SHUTTLETRACK CORPORATION UNDER SECTION 805 OF THE BUSINESS CORPORATION LAW

*****

1. The name of the corporation is Shuttletrack Corporation. The name under which the corporation was formed is Lamson Corporation.

2. The certificate of incorporation of said corporation was filed by the Department of State on the 1st day of September, 1965.

3. (a) The certificate of incorporation is amended to change the name of the corporation.

(b) To effect the foregoing, Article First is amended to read as follows: FIRST: The name of the corporation is Diebold Enterprise Security Systems, Inc.

4. The amendment was authorized by:
The Board of Directors followed by the written consent of the shareholders.

Warren W. Dettinger
Vice President & Secretary

CERTIFICATE OF AMENDMENT

OF THE CERTIFICATE OF INCORPORATION

OF

SHUTTLETRACK CORPORATION

UNDER SECTION 805 OF THE BUSINESS CORPORATION LAW

* * * * *

1. The name of the corporation is Shuttletrack Corporation. The name under which the corporation was formed is Lamson Corporation.

2. The certificate of incorporation of said corporation was filed by the Department of State on the 1st day of September, 1965.

3. (a) The certificate of incorporation is amended to change the name of the corporation.

(b) To effect the foregoing, Article First is amended to read as follows: FIRST: The name of the corporation is **Diebold Enterprise Security Systems, Inc.**

4. The amendment was authorized by: The unanimous written consent of the holders of all outstanding shares.

Warren W. Dettinger
Vice President & Secretary

3 Westchester Plaza, Elmsford, New York 10523
Tel: 914.949.2400
www.dieboldess.com

NYS Department of State
Division of Corporations

Entity Information

Selected Entity Name: DIEBOLD ENTERPRISE SECURITY SYSTEMS, INC.

Current Entity Name: DIEBOLD ENTERPRISE SECURITY SYSTEMS, INC.
Initial DOS Filing Date: SEPTEMBER 01, 1965
County: ONONDAGA
Jurisdiction: NEW YORK
Entity Type: DOMESTIC BUSINESS CORPORATION
Current Entity Status: ACTIVE

DOS Process (Address to which DOS will mail process if accepted on behalf of the entity)
C/O DIEBOLD INCORPORATED
818 MULBERRY ST S.E.
CANTON, OHIO 44707

Chairman or Chief Executive Officer
ROBERT J WARREN
818 MULBERRY RD SE
CANTON, OHIO 44707-3256

Principal Executive Office
DIEBOLD ENTERPRISE SECURITY SYSTEMS, INC.
818 MULBERRY ROAD, SOUTH EAST
CANTON, OHIO 44707-3256

Registered Agent
NONE

NOTE: New York State does not issue organizational identification numbers.

[Search Results] [Search the Database]

[Division of Corporations, State Records and UCC Home Page] [NYS Department of State Home Page]

Diebold Security welcomes the opportunity to meet with the PANYNJ team to discuss all aspects of this proposal.

Regards,

Nelson Barreto

3 Westchester Plaza, Elmsford, New York 10523
Tel: 914.949.2400
www.dieboldess.com

DIEBOLD
SECURITY

Section B Executive Summary

Relevant organizational background/history and pertinent work experience

Diebold is a 150 year old organization that prides itself on being the premier service provider in North America. With almost 4,000 trained technicians in the United States, Diebold's revenue related to maintenance contracts is excess of 1.5 billion dollars annually. Maintenance support is the historical lifeblood of our organization. We understand that supporting the safety and security needs of the nation's foremost air gateways, the airports of The Port Authority of New York and New Jersey, requires robust and sophisticated around-the-clock services that will accommodate all types of aircrafts and the riding public. Enter Diebold Security. Based on our philosophy, implementing complex, end-to-end security systems that integrate with multiple systems for management and response purposes have become Diebold's specialty. We approach our work with experience, passion and commitment. Our solutions feature best-in-class security products, and we engineer every job to the precise standards of our customers. We assemble, program and test every solution before shipping. And our nationwide footprint ensures our customers have long-term support. Our locally-based security team includes 120 people dedicated to the tri-state New York area. These professionals provide customers with simultaneous installation and consistent project management.

Diebold has real-time experience executing programs which service Federal, State and Local Government Agencies as well as the private sector. Diebold has the qualifications and over 10 years experience of GSA Schedule 56, 70 and 84, Electronic Security Contracts, which allows us to provide turnkey systems' assessment, design, installation, training, and maintenance support for all types of government and military entities.

Specific to project 18743, Diebold Security has 17 Lenel, Verint, Intelect and Enterprise Air certified local service technicians that report to Diebold's office in Elmsford, New York. Diebold's staff has prior experience working at the following PANYNJ properties:

- Jet Blue terminal
- The PIDS Project at the (3) Major Airports
- Several of the New York Piers
- The New World Trade Center

Most recently, a PANYNJ Project Management staff member commended Diebold's support and efficiency as well as the competency of our service personnel, and shared his comments directly with the Port Authority.

What makes the Proposer unique in the way it will approach this project

Diebold prides itself on our ability to deliver projects on time and within budget. The key to our success is our focus on turnkey, fully-engineered, pre-fabricated integrated systems. Our comprehensive, in-house AutoCAD engineering services, in-house system pre-fabrication, in-house Microsoft® and CISCO® certified IT department, in-house project management and installation services are the best in the industry.

Diebold listens to our customers' expectations and then we create a systematic process that includes a detailed project schedule. This is designed to keep our customer abreast of deliverables and deadlines. With the release of the American Recovery and Reinvestment Act, funding for "shovel-ready" projects and the scope of work for the Airport Security Control Systems (ASCS), Diebold shall provide the Port Authority with a project team comprised of experts who are trained to support complex security projects that are often combined with infrastructure hardening requirements. If the Port Authority selects the Diebold team for both the project RFP and for the implementation of new emerging technology, there are several clear advantages that we offer for this important project:

- Single point-of-contact to manage and implement turnkey security integration strategies.
- Provides the flexibility to consolidate multi-discipline security related work orders through one source, saving time and cost. These savings include minimizing the coordination of projects at the same work site, eliminating multiple procurement cycles, reducing overlapping scope, eliminating multiple Port Authority project force accounts and more.
- Strength in collaboration. As Diebold becomes an extension of the Port Authority's team, and vice versa, the ability to effectively manage subcontractors and deliver successful projects on schedule or within an accelerated time frame, is enhanced.

Diebold will engage the services of Halmar International and its affiliate companies to complement the installation and construction activities with additional and certain specific resources. As an extension of Diebold's team, Halmar will be

responsible for managing construction, installation, and final acceptance of construction-related work order projects. Additional responsibilities include supporting the engineer by providing expertise in construction standards and codes, physical plant design, construction, and maintenance. Diebold envisions the role of the Construction Manager and construction services to include;

- Relocating, reconstructing, and modifying guard booths, guard posts, high security areas passenger security checkpoints, baggage handling areas
- Any changes to the projects that are a result of others.
- New installations at SWF and TEB.
- New technology enhancements such as biometrics and explosive detection and trace systems.

Finally, the scope for adds, moves and changes, integration, pilot project support, work orders, emergencies, disaster recovery, architectural finishes and ancillary system changes may require the support of multiple trades which will be supervised and coordinated by a Construction Manager.

How the requirements identified will be realized by the Port Authority

Because of the unique array of Diebold Lenel and Verint certified engineers and service technicians, the Port Authority airports will be quickly and efficiently serviced. This attribute will mitigate the risk of insufficient trained personnel in the event of overwhelming support requirements. Additionally, our large pool of certified technicians experienced in airport operations will contribute to a smooth transition period and reduce the expected learning curve.

Our staffing to support and exceed the service requirements at the five New York Metropolitan area airports is as follows:

a. One (1) dedicated Program Manager
b. Three (3) dedicated on-site technicians at JFK, LGA and EWR
c. Two (2) dedicated on-site technicians at TEB and SWF (if required)
d. One (1) dedicated floater senior technician for all five airports
e. An array of Project Managers to implement the work order process
f. Real-Time access to local and Microsoft certified engineers, IT technicians and CAD operators
g. Real-Time access to local administrative and support staff

What differentiates the Proposer's product/approach

Diebold's Premier Services for the PANYNJ are characterized as follows:

- Equipment serviced without disruption to normal operations
- Long established relationships with key suppliers
- On-site ready-spares replenishment program for all airports
- Local parts inventory at multiple locations, including Elmsford, NY; Plainview, NY; Lyndhurst, NJ; Edison, NJ facilities
- Prefabrication, assembly & depot repair capabilities at our (35,000 Sq ft.) Elmsford, NY facility
- Training programs that are specifically designed to PANYNJ and MTA NYCT standards
- and Microsoft certified IT services
- Local and Nationwide call centers that are accessible 24 hours a day / 7 days a week / 365 days per year
- Web based performance evaluation system for specified metrics
- Web based technical resource library and e-Learning Center
- Award winning security system integrator and monitor
- Complete turnkey security services provided by the Diebold team

Diebold's mission is to protect customers from criminal activity and criminal loss while enabling business in a safe, secure and efficient environment. We value trust and strive to earn it–daily. We value integrity, the foundation on which our name was built. We value commitment, and we demonstrate this value by delivering upon our promises.

On behalf of Diebold's entire team of security professionals, thank you for considering us as the Port Authority's end-to-end security partner. We welcome the opportunity to meet with the PANYNJ team to discuss all aspects of our proposal.

DIEBOLD
SECURITY

Diebold Enterprise Security Systems, Incorporated
3 Westchester Plaza
Elmsford, NY 10523

914.949.2400
www.diebold.com/enterprise

Section C Agreement on Terms of Discussion

C. Agreement on Terms of Discussion
The Proposer shall submit a copy of the "Agreement on Terms of Discussion", signed by an authorized representative of the Proposer. The Agreement format is included as Attachment A and shall be submitted by the Proposer without any alterations or deviations. Any Proposer who fails to sign the Port Authority's "Agreement on Terms of Discussion" will not have its proposal reviewed. If the Proposer is a joint venture; an authorized representative of each party must sign the Agreement.

1859 - 2009

ATTACHMENT A

AGREEMENT ON TERMS OF DISCUSSION

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

Notwithstanding the above, and without assuming any legal obligation, the Port Authority will employ reasonable efforts, subject to the provisions of the Authority's Freedom of Information Policy and Procedure adopted by the Port Authority's Board of Commissioners on November 20, 2008, which may be found on the Authority website at *http://www.panynj.gov/AbouttthePortAuthority/ContactInformation/foi_policy.html*, not to disclose to any competitor of the undersigned, information submitted which are trade secrets or is maintained for the regulation or supervision of commercial enterprise which, if disclosed, would cause substantial injury to the competitive position of the enterprise, and which information is identified by the Proposer as proprietary, which may be disclosed by the undersigned to the Port Authority as part of or in connection with the submission of a proposal.

Diebold Security
(Company)

Kevin Engelhardt
(Signature)

VP and General Manager
(Title)

July 28, 2009
(Date)

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DO NOT RETYPE.

DIEBOLD
SECURITY

Diebold Enterprise Security Systems, Incorporated
3 Westchester Plaza
Elmsford, NY10523

914.949.2400
www.diebold.com/enterprise

Section D Certifications With Respect to the Contractor's Integrity Provisions

D. Certifications With Respect to the Contractor's Integrity Provisions
The Proposer, by signing the Letter of Transmittal, makes the certifications in the "Contractor's Integrity Provisions, included in Attachment C, Part III, Standard Contract Terms and Conditions of this RFP. If the Proposer cannot make any such certifications, it shall enclose an explanation of that inability.

DIEBOLD®

SECURITY

July 28,2009

The Port Authority of New York and New Jersey
Procurement Department
One Madison Avenue 7th Floor
New York, New York 10010
Phone: (212) 435-3905
Fax: (212) 435-3959

Attention: Jeanette Anderson

Diebold has reviewed Attachment C and has agreed to the terms and conditions set forth.
Diebold has recognized and signed the letter of transmittal that accepts the terms stated

Best Regards,

Kevin Engelhardt
Vice President and General Manager of US Operations

Diebold Enterprise Security Systems, Inc.
3 Westchester Plaza Elmsford, NY 10523
Tel: 914.949.2400
www.diebold/enterprise.com

Table of Contents
Section E

THE PORT AUTHORITY OF NY & NJ

SERVICES AND MATERIALS FOR THE ENCHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEM (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTYINTERNATIONAL AIRPORTS

E. Proposer Prerequisites

a) Five Years Continuous Experience
b) Lenel and Verint Contracts
c) Lenel and Verint Licensing and Staff Certifications
d) Last 2 Years Gross Revenue for Similar Services

Section E:

Proposer Prerequisites

Five Years Continuous Experience.....(a)

a. Five Years Continuous Experience

DIEBOLD
SECURITY

Diebold Security
3 Westchester Plaza
Elmsford, NY 10523

914.949.2400
www.diebold.com/enterprise

Section E Documentation of Proposer Prerequisites

E. Documentation of Proposer Prerequisites
The Proposer shall submit documentation to demonstrate that it meets all prerequisites, as set forth in Section 3 above.

3. **PROPOSER PREREQUISITES**

Only Proposers who can demonstrate that they comply with the following should submit proposals, as only proposals from such Proposers will be considered. Proof of meeting the following prerequisites must be submitted with the proposal. It should be noted that a determination that a Proposers meets the prerequisites is no assurance that the Proposers will be deemed qualified in connection with other proposal requirements included herein. At a minimum, Proposers must meet all of the following qualification requirements:

a. The Proposer shall have had a minimum of five (5) years of continuous business experience providing security access control and CCTV system services immediately prior to the date of the submission of its proposal, including without limitation the design, purchase, installation, system, (software and hardware), commissioning, testing, training, and maintenance of security access control and CCTV systems. The Proposer may fulfill this prerequisite if the Proposer can demonstrate to the satisfaction of the Port Authority that the persons or entities owning and controlling the Proposer have a cumulative total of at least five (5) year(s) of experience immediately prior to the date of the submission of its bid in the management and operation of a business actually engaged in providing these services to commercial or industrial accounts under Contract during that time, or have owned and controlled other entities which have actually engaged in providing the above described services during that time period.

a. Five Years Continuous Experience

The following experience matrix summarizes representative projects relevant to providing security access control and CCTV system services:

RELEVANT PROJECT EXPERIENCE	ACCESS CONTROL	CCTV	DESIGN	PURCHASE	INSTALLATION	SYSTEM INTEGRATION	COMMISSIONING	TESTING	TRAINING	MAINTENANCE	NOTES
GSA NYS Supreme Court Bldg 330 Jay Street, *Brooklyn, NY* *Award 2002*	●	●	●	●	●	●	●	●	●	●	Prime Contractor: Turner Construction
Westchester County Airport *White Plains, New York* *Award 2005*	●	●	●	●	●	●	●	●	●	●	Prime Contractor: Westfair Electric
Jet Blue/PANYNJ JFK Terminal *Queens, New York* *Award 2006*	●	●	●	●	●	●	●	●	●	●	LENEL and VERINT equipment Prime Contractor: Turner Construction
Royal Bank of Scotland *Stamford, Connecticut* *Award 2007*	●	●	●	●	●	●	●	●	●	●	LENEL and VERINT equipment
GSA REGION 2 LENEL Physical Access Control Maintenance & IT Services, New York , NY *Award 2008*	●	●	●	●	●	●	●	●	●	●	LENEL equipment Contract # 02TR4760023 covers NY, NJ, Caribbean
PANYNJ Piers 12, 88 & 90 *Brooklyn & New York, NY* *Award 2006*	●	●	●	●	●	●	●	●	●	●	LENEL and VERINT equipment Prime Contractor: Turner Construction
PANYNJ WTC Perimeter Protection, New York, NY *Award 2008*		●	●	●	●	●	●	TBP	TBP	TBP	VERINT equipment TBP= To Be Performed
PANYNJ WTC Access Control New York, New York *Award 2009*	●		●	●	●	TBP	TBP	TBP	TBP	TBP	LENEL equipment TBP= To Be Performed
NYS DEP Police A&C Maint. Brooklyn, New York Award 2009	●	●		●	TBP	TBP	TBP	TBP	TBP	TBP	LENEL equipment TBP= To Be Performed

References:

JetBlue Terminal.
Terminal 5 – JFK Airport

Contract Value – 10M
Start Date – 11/2006

References:

Al Volpe:	Turner Construction (646) 772-2152
Bob Sheehan:	PANYNJ
Ken Velsor:	DMJM consultant to PANYNJ (646) 341-1622

This project doubled the number of JetBlue gates to accommodate more than 250 flights per day. The impressive new terminal needed to adhere to Transportation Security Administration (TSA) security compliance requirements, while maintaining overall security of the airline and public safety both during and after construction.

Royal bank of Scotland .
Stamford, CT

Contract Value – 4M
Start Date – 10/2007

References:

Michael Mingey:	Royal Bank of Scotland (267) 784-7703
Jim Tuccillo:	Turner Construction (646) 208-0509
Jan Higeman	Hines (845) 548-6800

The new system included over 140 card readers on a Lenel Onguard Access control system, approximately 125 new cameras consisting of fixed, high powered Panasonic PTZ's utilizing a Verint Nextiva CCTV platform, also included was over 60 intercom stations with a head end consisting of a Zenitel alphacom system.

A new Verint network video recording system with SAN storage connectivity was integrated with the Lenel onguard access control system. The access control system includes fully redundant hot swappable RAID level servers. Smarter Security interior turnstiles are located in public areas, full height exterior turnstiles, and Gunnebo glass style ADA gates are included as required.

General Services Administration – Region 2
26 Federal Plaza, New York, NY 10278

Contract Value: $1.3 M (base amount)
Start date: 6/2008

Reference
Edward Lew: GSA
(212) 264-4782

Offices are located in New York City, Newark, NJ, Syracuse, NY and Puerto Rico

Diebold won this award from a competitive field of Lenel Enterprise-Level VARs located in the tri-state area. Tasks include the maintenance and support of the Physical Access Control Systems (PACS) in all locations, I/T support services (upgrades, disaster recovery, database back-ups, etc.) for the head-end and the complete network, and replacement of fileservers located at various locations. In order to meet the rigid response requirements of GSA, Diebold placed a full-time technician at GSA's headquarters and provided the customer with 24/7 technical support. Diebold performed Level 1 and Level 2 maintenance services and maintained an overall system availability of 99.99%.

General Size of System (number of cameras, monitor points, etc): The system consisted of several hundred door controllers, readers, panels workstations, and optical-based turnstiles. Access is controlled by conforming to GSC-IS and FIPS-201 PIV II. Wireless handheld readers are used for emergency purposes.

Manufacturer of the access control and CCTV system that comprised the referenced project: Lenel On-Guard was the vendor for the PACS, and the turnstiles were manufactured by Delta and Automatic Control Systems.

Section E:

Proposer Prerequisites

Lenel and Verint Contracts.....(b)

b. Five Years Continuous Experience

b. During the time period as stated in (a) above, the Proposer, or persons or entities owning and controlling the Proposer, shall have satisfactorily performed or be performing under at least one (1) Contract requiring similar services, scope and complexity to transportation, commercial or industrial business accounts utilizing Lenel Systems International, Inc., and Verint Systems, Inc.

b. Lenel and Verint Contracts
The matrix listed in (a) above indicates in the notes column Diebold projects satisfactorily performed or being performed requiring similar services, scope and complexity to transportation, commercial or industrial business accounts utilizing Lenel Systems International, Inc., and Verint Systems, Inc.

3 Westchester Plaza, Elmsford, New York 10523
Tel: 914.949.2400 / Fax: 914. 949-3873
www.dieboldess.com

a. Five Years Continuous Experience

The following experience matrix summarizes representative projects relevant to providing security access control and CCTV system services:

RELEVANT PROJECT EXPERIENCE	ACCESS CONTROL	CCTV	DESIGN	PURCHASE	INSTALLATION	SYSTEM INTEGRATION	COMMISSIONING	TESTING	TRAINING	MAINTENANCE	NOTES
GSA NYS Supreme Court Bldg 330 Jay Street, *Brooklyn, NY* *Award 2002*	●	●	●	●	●	●	●	●	●	●	Prime Contractor: Turner Construction
Westchester County Airport *White Plains, New York* *Award 2005*	●	●	●	●	●	●	●	●	●	●	Prime Contractor: Westfair Electric
Jet Blue/PANYNJ JFK Terminal *Queens, New York* *Award 2006*	●	●	●	●	●	●	●	●	●	●	LENEL and VERINT equipment Prime Contractor: Turner Construction
Royal Bank of Scotland *Stamford, Connecticut* *Award 2007*	●	●	●	●	●	●	●	●	●	●	LENEL and VERINT equipment
GSA REGION 2 LENEL Physical Access Control Maintenance & IT Services, New York , NY *Award 2008*	●	●	●	●	●	●	●	●	●	●	LENEL equipment Contract # 02TR4780023 covers NY, NJ, Caribbean
PANYNJ Piers 12, 88 & 90 *Brooklyn & New York, NY* *Award 2006*	●	●	●	●	●	●	●	●	●	●	LENEL and VERINT equipment Prime Contractor: Turner Construction
PANYNJ WTC Perimeter Protection, New York, NY *Award 2008*		●	●	●	●	●	●	TBP	TBP	TBP	VERINT equipment TBP= To Be Performed
PANYNJ WTC Access Control New York, New York *Award 2009*	●		●	●	●	TBP	TBP	TBP	TBP	TBP	LENEL equipment TBP= To Be Performed
NYS DEP Police A&C Maint. Brooklyn, New York Award 2009	●	●		●	TBP	TBP	TBP	TBP	TBP	TBP	LENEL equipment TBP= To Be Performed

Section E:

Proposer Prerequisites

Lenel and Verint Licensing and Staff Certifications.....(c)

c. The Proposer shall possess all applicable licenses and certifications. The Proposer shall provide supporting documentation with regard to licensing, and staff certification with the manufacturers with which they are associated. The categories include but are not limited to: Lenel Systems International Inc. (Access Control and Alarm Monitoring System), and Verint Systems, Inc. (Closed Circuit Camera Control, Display, and Digital Video Recording System).

c. Lenel and Verint Licensing and Staff Certifications
Attached

3 Westchester Plaza, Elmsford, New York 10523
Tel: 914.949.2400 / Fax: 914. 949-3873
www.dieboldess.com

Lenel Systems International, Inc.
1212 Pittsford-Victor Road
Pittsford, New York 14534
Tel 585.248.9720 Fax 585.248.9185
www.lenel.com

A UTC Fire & Security Company

June 24, 2009

To Whom It May Concern:

Lenel Systems International, Inc. hereby confirms that Diebold, Inc. has been an authorized Lenel reseller since June 4, 2004.

Lenel also confirms that it has submitted a renewal agreement to Diebold, Inc. which, once executed, will continue its status as an authorized Lenel reseller through March 31, 2010 for the purposes of marketing, reselling and implementing Lenel products and support services in the United States, Brazil, Colombia, Chile, Costa Rica, Venezuela, Peru, Trinidad & Tobago, Dominican Republic and Ecuador. Lenel fully expects Diebold to execute this renewal agreement within the next four weeks.

Sincerely,

Luis Orbegoso
President
Lenel Systems International

VERINT

POWERING ACTIONABLE INTELLIGENCE®

April 30, 2009

RE: Diebold Enterprise Security Systems

To Whom It May Concern:

This letter is to confirm that Diebold ESS of White Plains, NY is a current dealer/systems integrator for Verint Video Solutions. Diebold ESS is currently in good standing and is authorized to sell, install and service Verint Video Solutions products.

If you have any questions or need further information, please contact me at 631-754-9192 or by e-mail at ian.chambers@verint.com .

Sincerely,

Ian Chambers

Ian Chambers
Director, Business Development
Verint Video Solutions

Intelect
Technologies
Incorporated

July 24, 2009

Nelson Barreto
Diebold Security
3 Westchester Plaza
Elmsford, NY 10523

Dear Mr. Barreto,
This letter certifies that as of the date of this correspondence Diebold Security is an Authorized Reseller of OmniLynx equipment. As an Authorized Reseller, Intelect is committed to supporting Diebold Security in the preparation of quotations and proposals for the sale and support of the OmniLynx equipment.

Best regards,

Danny Moon
Customer Service Manager
Intelect Technologies Inc.

identica™
Undeniable Identity

Identica Holdings Corporation Phone: 813.642.3479
3825 Henderson Blvd., Ste 605A Fax: 813.774.4725
Tampa, Florida 33629
www.identicacorp.com

June 24, 2009

To Whom It May Concern:

This letter of reference has been written for the benefit of Diebold, and their prospective clients.

Diebold is an Authorized "Value Added Reseller" and Installer of Enterprise Air and Identica Mobile ID Verification System for Hand Held Units. In accordance with the terms of our VAR agreement Diebold status shall remain valid and effective until 12:01Am 1-1-2013 with an option to renew.

Diebold employees have attended authorized training programs and have been certified on the product. Diebold has invested in a technical support center that has shown continued growth in its operations and service over this past year. Diebold technicians have demonstrated they are knowledgeable, competent and effective when called upon for "in the field" or "in the lab" support and solutions.

We see Diebold as an integrator committed to, and succeeding in the delivery of high quality service that often exceeds our customer's expectations. We are pleased to have Diebold a part of our distribution and technical support system.

I would be happy to answer any questions in the above regard through any of the contact information below.

Howard A. Pearl, Chief Operating Officer

Identica Holdings Corporation

813 642 3479 ext 1108

hpearl@identicacorp.com

Section E:

Proposer Prerequisites

Last 2 Years Gross Revenue for Similar Services.....(d)

d. Last 2 Years Gross Revenue for Similar Services

d. The Proposer shall demonstrate that it has earned gross revenues of at least $8 million a year for each of the last two calendars and/or fiscal years from the type of services described herein.

d. Last 2 Years Gross Revenue for Similar Services
Attached: Please see Book 2 of 2

3 Westchester Plaza, Elmsford, New York 10523
Tel: 914.949.2400 / Fax: 914. 949-3873
www.dieboldess.com

Section E:

Proposer Prerequisites

Single Venture .....(e)

DIEBOLD
SECURITY

Diebold Enterprise Security Systems, Incorporated
3 Westchester Plaza Elmsford NY 10523

914.949.2400
www.diebold.com/enterprise

July 29, 2009

Jeannette Anderson
Purchasing Manager
Purchasing Services Division
The Port Authority of NY & NJ
One Madison Avenue, 7th Floor
New York, NY 10010

Re: SERVICES AND MATERIALS FOR THE ENCHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEM (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTYINTERNATIONAL AIRPORTS
Project # 18473

Dear Ms Anderson:

Diebold's proposal is being submitted as a single venture.

Regards,

Nelson Barreto

1859 - 2009

Table of Contents
Section F

THE PORT AUTHORITY OF NY & NJ

SERVICES AND MATERIALS FOR THE ENCHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEM (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTYINTERNATIONAL AIRPORTS

F. Proposal

1. Financial Approach

   a) Labor Cost
   b) Work Order Cost
   c) Monthly Preventive and Remedial Maintenance Cost
   d) Equipment & Material Cost
   e) Recommended Spare Parts List

2. Technical Approach
   a) Staffing Plan
   b) Statement of Qualifications Experience and Resumes
   c) Management Programs
   d) Technical Expertise and Past Experience
   e) Relationships with Key Vendors Methodology & Approach to ASCS System Enhancements & Maintenance
   f) Factory Trained and Certified
   g) Service Technicians
   h) Engagement and Transition Plan
   i) Web Enabled Computerized Work Order and Maintenance Management System
   j) Pre-employment Screening Safety & Emergency Procedures And Disaster Recovery Plans

(3) Firm Experience and Management Commitment

   a. Relevant Experience and Past Performance
   b. Detail Description of Ability to Perform the Work
   c. Project Management Plan
   d. Detailed Work Plan
   e. Methodology & Approach to ASCS System Maintenance
   f. Skill Sets for Seven Types of Services
   g. Capability to Perform and Approach to ASCS System Maintenance
   h. MBE/WBE Subcontracting Provisions
   i. Certifications of Recycled Materials Provision

(4) Work Approach

a. Work Order Management Plan
b. Maintenance Management Plan
c. Sensitive Security Information Procedures
d. Recommended Spare Parts List

Section F
(1) Financial Approach

Labor Cost..... (a)

(l) Financial Approach

a) Labor Cost

The Proposer must detail and clearly describe the hourly cost of labor for Work Order and Maintenance Services.

The Proposer shall utilize the skill set table, found in Attachment E, Cost Proposal Form #1 entitled:

"Skills & Hourly Billing Rates", and provide the hourly rates, including over-time rates, for those titles and functions. The Proposer should indicate whether the identified skill is expected to be involved in Work Order activities, Maintenance activities or both. The hourly rates will form the basis for establishing the cost of labor for Work Orders and must be "all inclusive", incorporating the Contractor's total cost and markup for such labor. The rates in this table will also be used to establish the monthly maintenance cost (preventive and remedial), which must be provided.

Response:

See Attachment E Cost Proposal, Form #1

ATTACHMENT E, Cost Proposal, Form #1
(This table applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal	
Primary Proposer's Name	: ___Diebold Security _____
Name(s) of Proposed Subcontractor	S&J Electric, GMA Electirc, Hellman Electric, EJ Electric, TFL Electric

Personnel Title	Function to be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
Project Manager	Provides product definition,	5	$105.00	$157.50
Engineer	Provides expertise in physical plant design, construction, and maintenance. Knowledgeable in current construction standards and codes.	3	$100.00	$150.00
Senior Technician	Knowledgeable, experienced, and skilled in Security Systems Field Service and Preventive Maintenance Service. Possesses a depth of skill and experience required for directing, instructing, and supervising other Technicians. Capable of resolving service	2	$105.00	$157.50
Technician	Skilled and experienced in	5	$95.00	$142.50
Lenel Technician	Lenel specialist provided by Lenel and included in Work Order or Maintenance activity by Contractor.	1	$175.00	$262.50
Verint Technician	Must be formally trained on Verint CCTV systems including the Nextiva & Loronix Video Management platform / applications.	3	$175.00	$262.50
Systems Integration Specialist	Design and implementation of hardware and software interfaces between existing Lenel system and other systems and equipment	2	$125.00	$187.50
Manufacturer Technical Support	Lenel & Verint System problem resolution assistance	1	$175.00	$262.50
Electrician/ Electronics Technician	Equipment Installation and Termination. Must be certified in Fiber Optics installations techniques and terminations. Must be certified in UTP category 5, 5e & 6 installation techniques and terminations. Install and maintain common electronic security eq	3	NY Airports-$145.00 NJ Airports - $115.00	NY Airports-$217.50 NJ Airports - $172.50

System Requirements Analyst/Systems or Software Engineer	Research & develop definitions for stated requirements. Requirements analysis encompasses those tasks required to determine the needs or conditions necessary to support new or altered product, taking account of the possibly conflicting requirements of th	1	$125.00	$187.50
Intelect Technician	Intelect specialist - included in Work Order or Maintenance activity by Contractor	2	$175.00	$262.50
System Designer	Possesses skills and experience in the design of systems and subsystems to meet complex business requirements. Knowledge of Business Process Engineering and able to conceive of integrated systems using automated and/or manual processes. Knowledgeable in	2	$125.00	$187.50
DBA	Has experience with several versions of SQL Server, including SQL Server 2000. Skilled in the Administration of SQL Server, including its installation, configuration, operation, and upgrade. Possesses logical and physical database design experience and	2	$125.00	$187.50
CAD drafter	Possesses skills in the use and operation of Computer Aided Drafting tools	3	$85.00	$127.50
Crystal Report Writer	Develop defined reports using Crystal Report Writer	1	$125.00	$187.50
Pre Fabrication	Diebold in house bench prefabrication team	2	$85.00	$127.50

Addendum 4: Question #20 Percent mark-up for Subcontractors:

Electrical Subcontractors: Twenty Percent (20%) Mark-up

Lenel & Verint Staff: Twenty Percent (20%) Mark-up

Construction services Value add: Seven Percent (7%) mark-up

Section F
(1) Financial Approach

Work Order Cost..... (b)

b) Work Order Cost

The Port Authority cannot anticipate the number of or type of Work Orders that may be issued under the awarded contact.

The proposal should include an estimate of labor required to perform the work as set forth in the Work Order Samples and the hourly cost of each labor category based on the all-inclusive rates set forth in, Attachment E, Cost Proposal Form #1, entitled: "Skills & Hourly Billing Rates". The Work Order Cost Proposal should also set forth the Contractor's estimated net cost of materials and equipment and the Contractor's markup on such net costs. That markup must be included in the Proposer's response to this RFP.

For purpose of evaluation, the Proposer shall provide cost estimates for four Work Order samples found in Attachment F, Sample Work Orders. The Proposer shall enter the pricing information in Attachment E, Cost Proposal Form #4, entitled: "Cost Summary for Work Order Samples". In addition, the Proposer shall submit all information as specified in Attachment D, Scope of Work, under "Work Order Services" entitled: "General Description of the System Enhancement Responsibilities Expected of the Contractor".

Response:

See Attachment E Cost Proposal, Form #4
Cost Summary for Work Order Samples

ATTACHMENT E, Cost Proposal, Form #4
Cost Summary for Work Order Samples

Refer to Attachment F - SAMPLE WORK ORDERS

This form must be completed by each organization included in the proposal
Primary Proposer's Name: _Diebold Security
Name(s) of Proposed Subcontractor: S&J Electric, GMA Electirc, Hellman Electric, EJ Electric, TFL Electric

The Proposer is required to complete a work order proposal for each of the four "Work Order Samples", Attachment F to reflect anticipated staffing levels. The Proposer shall complete the "Staffing Allocation for Sample Scope of Work" for each of the Work Order Samples in Attachment F. Include all applicable Personnel Titles to accurately reflect your staffing levels from inception of Work Order to completion of Warranty. Each Work Order Sample shall include a detailed cost breakdown of the work. The samples furnished are indicative of actual work orders to be completed under this Contract.

Cost Summary for Work Orders

Sample Scope of Work #1	$13,098.95
Sample Scope of Work #2	$89,633.90
Sample Scope of Work #3	$16,172.95
Sample Scope of Work #4	$12,362.96
Total Scope of Work, Samples 1, 2, 3 and 4	**$131,268.76**

Optional Microsoft Operating System

Optional Cost for Sample Scope of Work #1	$0.00
Optional Cost for Sample Scope of Work #2	$0.00
Optional Cost for Sample Scope of Work#3	$0.00
Optional Cost for Sample Scope of Work#4	$0.00
Total Optional Cost for Microsoft Operating System	**$0.00**

SAMPLE SCOPE of WORK – I

The Port Authority of New York and New Jersey desires to add (2) card readers to an existing vehicle entrance at John F. Kennedy International Airport. The Scope of Work includes installation, termination, testing and documentation of the following devices:

EQUIPMENT LIST

(2) Card Readers (Install to Existing Stanchions)
(1) Existing Escort Light Bar (Interface to Reader module with external Potter Relay).
(1) Exemption (4)
(2) Dual Reader Interfaces
(1) Input Control Module
(3) Lenel CTX Enclosure
(1) Exemption (4)
(1)
(1) Temperature Activated Fan Assembly
(2) Fiber Transceivers w/Plug in Transformer
(2) Fiber 6' Patch Card
(1) Rack Mounted Hub Assembly
(1) Exemption (4)
(4) Fiber Optic Patch Cords
(1) Warranty
Maintenance

Exemption (4)

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK –I

Personnel Title		Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to ccomplete Scope of Work	Hourly Rate	Ext. Total
Project Manager		3	4	$105.00	$420.00
Engineer		2	2	$100.00	$200.00
Auto- Cad		2	2	$85.00	$170.00
IT		3	4	$125.00	$500.00
IBEW Contractor		3	35	$145.00	$5,075.00
Extended Labor Total					$5,945.00

Sample Work Order # 1 - Material Breakdown List

	Cust./Job #	17056				
Mfgr.	Model	Description	Notes	Qty	Unit Cost	Ext Cost
			Total Diebold Equipment Cost			$5,503.04
			Diebold G&A (Overhead) - 20%			$1,100.61
			Diebold Profit - 10%			$550.30
			Freight & Warranty - 3%			$165.09
			Total Port Authority Equipment Cost			*$7,153.95*
			Total Labor Cost			*$5,945.00*
			Total Sample Scope of Work #2			**$13,098.95**

Exemption (2b)

SAMPLE SCOPE of WORK - II

The Port Authority of New York and New Jersey desires to add Guard Booth Monitoring Stations to (6) existing guard booths located at Newark International Airport. The Scope of Work for each location includes installation, termination, testing and documentation including cabinet elevations, configuration drawings, and schematic diagrams showing cable and hardware and as-built drawings. Material list includes:

EQUIPMENT LIST

(1) I Client Workstation with Dell Latitude Laptop Computer
(1) Exemption (4)
(1) Strongman 15.1" Flat Screen Monitor Vertica Ministation
(1) Strongman Heating / Air Conditioning Unit
(1) Ethernet Bridge Module
(1) Exemption (4) Ethernet Paddleboard
(1) Cabinet Tamper Switch
(*) Mount lock box cabinet to ceiling of guard booth
(*) Mount flat panel monitor to ceiling using monitor mount.
Maintenance

Exemption (4)

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK –II

Personnel Title		Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to ccomplete Scope of Work	Hourly Rate	Ext. Total
Project Manager		5	16	$105.00	$1,680.00
Engineer		2	12	$100.00	$1,200.00
Auto- Cad		2	12	$85.00	$1,020.00
IT		3	24	$125.00	$3,000.00
Pre-Fabrication		2	24	$85.00	$2,040.00
IBEW Contractor					
Site #1		3	32	$115.00	$3,680.00
Site #2		3	32	$115.00	$3,680.00
Site #3		3	32	$115.00	$3,680.00
Site #4		3	32	$115.00	$3,680.00
Site #5		3	32	$115.00	$3,680.00
Site #6		3	32	$115.00	$3,680.00
Extended Labor Total					$31,020.00

Sample Work Order # 2 - Material Breakdown List

	Cust./Job #	17056				
Mfgr.	Model	Description	Notes	Qty	Unit Cost	Ext Cost
			Total Diebold Equipment Cost			$44,070.60
			Diebold G&A (Overhead) - 20%			$8,814.12
			Diebold Profit - 10%			$4,407.06
			Freight & Warranty - 3%			$1,322.12
			Total Port Authority Equipment Cost			*$58,613.90*
			Total Labor Cost			*$31,020.00*
			Total Sample Scope of Work #2			**$89,633.90**

Exemption (2b)

ATTACHMENT F– SAMPLE WORK ORDERS.

SAMPLE SCOPE of WORK - III

The Port Authority of New York and New Jersey desires to install one (1) CCTV fixed camera inside a guard booth above guard station with video connectivity to the Control Center. The Scope of Work for each location includes installation, termination, testing and documentation including configuration drawings, and schematic diagrams showing cable and hardware and as-built drawings. Material list includes:

EQUIPMENT LIST

(1) Camera, [redacted]
(1) Lens, [redacted]
(1) [redacted] Exemption (4)
(1) [redacted]
Maintenance

[redacted]

Exemption (4)

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK –3

Personnel Title		Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to ccomplete Scope of Work	Hourly Rate	Ext. Total
Project Manager		5	2	$105.00	$210.00
Engineer		2	2	$100.00	$200.00
Auto- Cad		2	2	$85.00	$170.00
IT		3	2	$125.00	$250.00
IBEW Contractor					
EWK Airport- Site		3	28	$115.00	$3,220.00
Extended Labor Total					$4,050.00

Sample Work Order # 3 - Material Breakdown List

	Cust./Job #	17056				
Mfgr.	Model	Description	Notes	Qty	Unit Cost	Ext Cost

Exemption (2b)

						$0.00
						$0.00
						$0.00
						$0.00
			Total Diebold Equipment Cost			**$6,941.18**
			Diebold G&A (Overhead) - 20%			$1,388.24
			Diebold Profit - 10%			$694.12
			Freight & Warranty - 3%			$208.24
			Total Port Authority Equipment Cost			*$9,231.77*
			Total Labor Cost			*$4,050.00*
			Total Sample Scope of Work #2			**$16,172.95**

SAMPLE SCOPE of WORK - IV

The Port Authority of New York and New Jersey desires to add (2) cameras to an existing Verint Nextiva CCTV system at John F. Kennedy International Airport. The Scope of Work includes installation, termination, testing and documentation of the following devices:

EQUIPMENT LIST

2) Fixed cameras attached to a pole
1) Actual location will be provided at the time of installation
2) Add cameras to the Host
1) Decoder s Exemption (4)
1) Encoder
1) Connection to Switch
1) Connection to GUI
1) Connection to Controller that controls a Video Wall
1) Program new devices to the Host
1) Add/Modify users of system
1) Warranty
Maintenance

Exemption (4)

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK –4

Personnel Title		Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to ccomplete Scope of Work	Hourly Rate	Ext. Total
Project Manager		5	4	$105.00	$420.00
Engineer		2	4	$100.00	$400.00
Auto- Cad		2	4	$85.00	$340.00
IT		3	8	$125.00	$1,000.00
IBEW Contractor		3	35	$145.00	$5,075.00
Extended Labor Total					$7,235.00

Sample Work Order # 4 - Material Breakdown List

	Cust./Job #	17056				
Mfgr.	Model	Description	Notes	Qty	Unit Cost	Ext Cost
			Total Diebold Equipment Cost			$5,305.99
			Diebold G&A (Overhead) - 20%			$1,061.20
			Diebold Profit - 10%			$530.60
			Freight & Warranty - 3%			$159.18
			Total Port Authority Equipment Cost			*$7,056.97*
			Total Labor Cost			*$7,235.00*
			Total Sample Scope of Work #2			**$12,362.96**

Exemption (2b)

Section F

(1) Financial Approach

Preventive and Remedial Maintenance Cost.....(c)

c) Monthly Preventive and Remedial Maintenance Cost

• For Preventative Maintenance as set forth in Attachment D, Scope of Work, the Proposer shall provide a monthly lump sum price for CACS and for CCTV systems in Attachment E, Cost Proposal Form #3 entitled: "Cost Summary for Preventative and Remedial Maintenance"

• For Remedial Maintenance as set forth in Attachment D, Scope of Work, the Proposer shall provide a monthly lump sum labor price for CACS and for CCTV systems in Attachment E, Cost Proposal Form #3, entitled: "Cost Summary for Preventative and Remedial Maintenance"

• For preventative and remedial maintenance, the Proposer should include in the proposal suggested methods for revising the monthly lump sum for Preventative Maintenance and the monthly lump sum for labor for Remedial Maintenance to reflect additions to or deletions from the system being maintained, whether such modifications are performed under Work Orders or otherwise.

For markups, the Proposer shall also set forth the proposed mark-ups for labor and materials used in the performance of Extra Work and for Extra Work performed by Subcontractors.

For purposes of applying markups, work performed by employees of Lenel, Verint Systems, Inc. or

Enterprise Air will not be considered work performed by Subcontractors.

Response:

See Attachment E Cost Proposal, Form #3

Preventative and Remedial Maintenance

Section F
(1) Financial Approach

Equipment and Materials Cost.....(d)

Section F
(2) Technical Approach

Staffing Plan.....(a)

(2) *Technical Approach*

The Proposer shall describe in detail its technical approach that addresses all the requirements in Attachment D, Scope of Work, including: performance standards, scheduling and milestones and a quality control/assurance plan, safety and work plans including an overall description of its employee safety training programs. Attach supporting documents where applicable.

a) The Proposer shall provide a staffing plan that clearly outlines staffing needed to perform each function as described in Attachment D, Scope of Work. In addition, the Proposer shall submit training requirements for all technical employees. The Proposer shall describe how availability and response time requirements will be achieved. The Proposer shall describe the anticipated location of staff as well as the planned locations of the Proposer's nearest offices.

Response:

Included in these sections are organizational charts that specifically identify Diebold's personnel that will be assigned to the 1) Preventive / Remedial Maintenance Team and 2) the Work Order Team.

The Program Manager is responsible for all aspects of the Preventative / Remedial Maintenance program. The Program Manager's office will be located in Plainview, Long Island or at Diebold, Incorporated's New York City office. The majority of the Program Manager's time, however, will be spent on-site at each of the airport's locations. At the Port Authority's discretion, the Program Manager may be physically located at one of the airports, which would be beneficial to the overall success of the project. All three airports will be staffed with a dedicated on-site technician and a dedicated floater which shall support all airports.

The Account Manager, Service Support Manager, Customer Service Personnel, Helpdesk Support and other project support staff will reside at Diebold's office in Elmsford, NY. The Elmsford office is over 35,000 square feet and it includes office space as well as a warehouse and depot space. The 10,000 square foot warehouse is used to stock parts and the 5,000 square foot depot space serves as a prefabrication and assembly area as well as a depot repair center dedicated to IT and hardware. Over 120 full-time Diebold security employees report daily to this location.

Work Order Team:

The Program Manager is responsible for all aspects of the Work Order program. Mr. Thomas Reilly has been designated as an aviation project manager and he is responsible for the day-to-day aspects of the work order program. Reilly spent two years with the Port Authority aviation team as a consultant. He has a strong familiarity working directly with the aviation staff. Reilly has a strong knowledge of each of the sub systems (Lenel, Verint , Intelect) and how theses sub systems are integrated at each location. Mr. Thomas Reilly's office is located at 501 Fifth Ave, Diebold's NYC location.

However, he will spend the majority of his time on-site managing the scope of each work order. Diebold has (17) project managers reporting to the Elmsford and are available resources if work load permits.

The Account Manager is Mr. Nelson Barreto. Over the past two years, Barreto has gained significant experience by working directly with the Port Authority staff. He is the account manager that handled the day-to-day changes for the JetBlue terminal at JFK. At the same time, the Port Authority implemented an ACDTV Verint CCTV stand alone system that consisted of 154 cameras. Barreto worked directly with Mr. Bob Sheehan on this project. Currently, Barreto is working with the Port Authority on the WTC site where Diebold is implementing a Perimeter CCTV & Access Control system. Mr. Nelson Barreto's office is located at the Elmsford, NY facility.

Diebold envisions that the Work Order Process will occur in the following manner:
1) The Port Authority initiates contact with Diebold's dedicated Program Manager to identify and walk through the scope of work.
2) Diebold's Program Manger will work with Diebold's Project and Account Managers to develop and provide a solution, including a detailed price breakdown with the rates and equipment pricing (located in Attachment E).
3) Diebold will work with the identified IBEW sub-contractors and the general contractor, Halmar (for enhancement and modification work involving larger efforts requiring planning, coordinating and managing resources over a longer, extended period of time) to determine the hours associated to complete the labor.
4) Diebold will engage its engineering team to verify the solution proposed.
5) Diebold will turn around a complete price proposal within 15 days (7 days for high priority projects), including the cost of drawings, pre-fabrication, staffing, a revised maintenance schedule, and warranty provisions.
6) Upon approval of the proposal, Diebold will engage its engineering and CAD departments to submit catalog cuts and shop drawings for the Port Authority's approval.
7) Diebold and the Port Authority will jointly agree on a schedule to complete each work order.

Training Requirements
Training of Technical Associates:
Diebold Security is built on proven concepts adopted from Six Sigma and Lean thinking and includes elements of team and leadership development.
All associates are enrolled in an orientation program whereby the corporate quality system, vision, goals, policies and procedures are introduced. From there, associates are assigned to specific teams, where quality and technical skills training (appropriate to their positions) are introduced.

Specific to this project, Diebold has established training requirements that are aimed at ensuring a superior-level of technical competency. Diebold has an in-house Master certified Lenel Trainer. This allows technician trainer to be performed as needed. This also allows the ability to have PANYNJ user training in- house. These requirements include:

- Attendance at annual manufacturer's recertification classes conducted at the following facilities: Lenel Systems, International, Verint Systems, Intelect Technologies Inc., Identica- Enterprise Air , Exemption 2b and Microsoft
- Completion of quarterly Diebold and manufacturers' web based and e-Learning training modules
- Onsite manufacturers' training at Diebold's learning center in Elmsford, NY. These courses provide "refresher" learning opportunities as well as new product and software roll-outs as they are released.
- OSHA 10-Hour Outreach training for all employees working on a job site.
- Trade association technical seminars (i.e. American Association for Industrial Security).
- Apprenticeship: combination of on-the-job (practical) and related instruction (theory).

Availability and Response Time
The method Diebold will provide to the Port Authority in regards to response and repair time is depicted in the flow chart (enclosed) and outlined below:

Non emergency Call
Level 1 Interaction:
Diebold receives a "support call" from the Port Authority. A customer service representative creates a ticket. Diebold's on-site technician will respond within 8 hours.

Level 2:
Diebold's on-site technician evaluates the issue from Level 1 interaction, and if equipment is required, Diebold will supply or order from it from the spare parts depot. The on-site technician will repair the malfunction within the 48 hours. If this cannot fixed/rectified OR the on-site technician is working a previous "support Call" OR is not on-site then the Level 2 Help Desk Technician (1 of 4 desk support people) Telephone number 1.800.642.6827 Option 1 support Option 2 is the IT Help Desk. 7 times out of 10 the IT Help desk IT Engineers can rectify the problem within this call session.

Level 3:
Once a ticket "support call" has been created from either Level 1 or Level 2, Diebold's team of 18 IT Engineers (in addition to the pool of 17 certified technicians) will research the problem/issue, test it in Diebold's lab, vet out any issues with the Manufacturer Partners, dispatch additional IT engineers to the site or call in manufacturer's support as needed and resolve the issue within 48 hours.

Emergency Call
Level 1 Interaction:
Diebold receives a "support call" from the Port Authority. A customer service representative creates a ticket and Diebold's on-site technician will respond within 4 hours.

Level 2:

Diebold's on-site technician evaluates the issue from Level 1 interaction, and if equipment is required, Diebold will supply or order it from the spare parts depot. The on-site technician will repair the malfunction within the 24 hours. If it cannot be fixed/rectified OR the on-site technician is working a previous "support Call" OR the technician is not on-site then the Level 2 Help Desk Technician (1 of 4 desk support people) Telephone number 1.800.642.6827 Option 1 support Option 2 is the IT Help Desk. 7 times out of 10 the IT Help desk IT Engineers can rectify the problem within this call session.

Level 3:
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Note: Diebold's security team is highly experienced in Information Technology and Engineering services. In many cases, Manufactured Partners come to Diebold for support and maintenance on issues that other integration companies cannot resolve. In almost all instances, Diebold does not need to dispatch the Manufacturer's resources to visit Diebold managed project sites. Instead, Diebold is the manufacturer's primary resource for support and maintenance labor.

The Service Desk Function

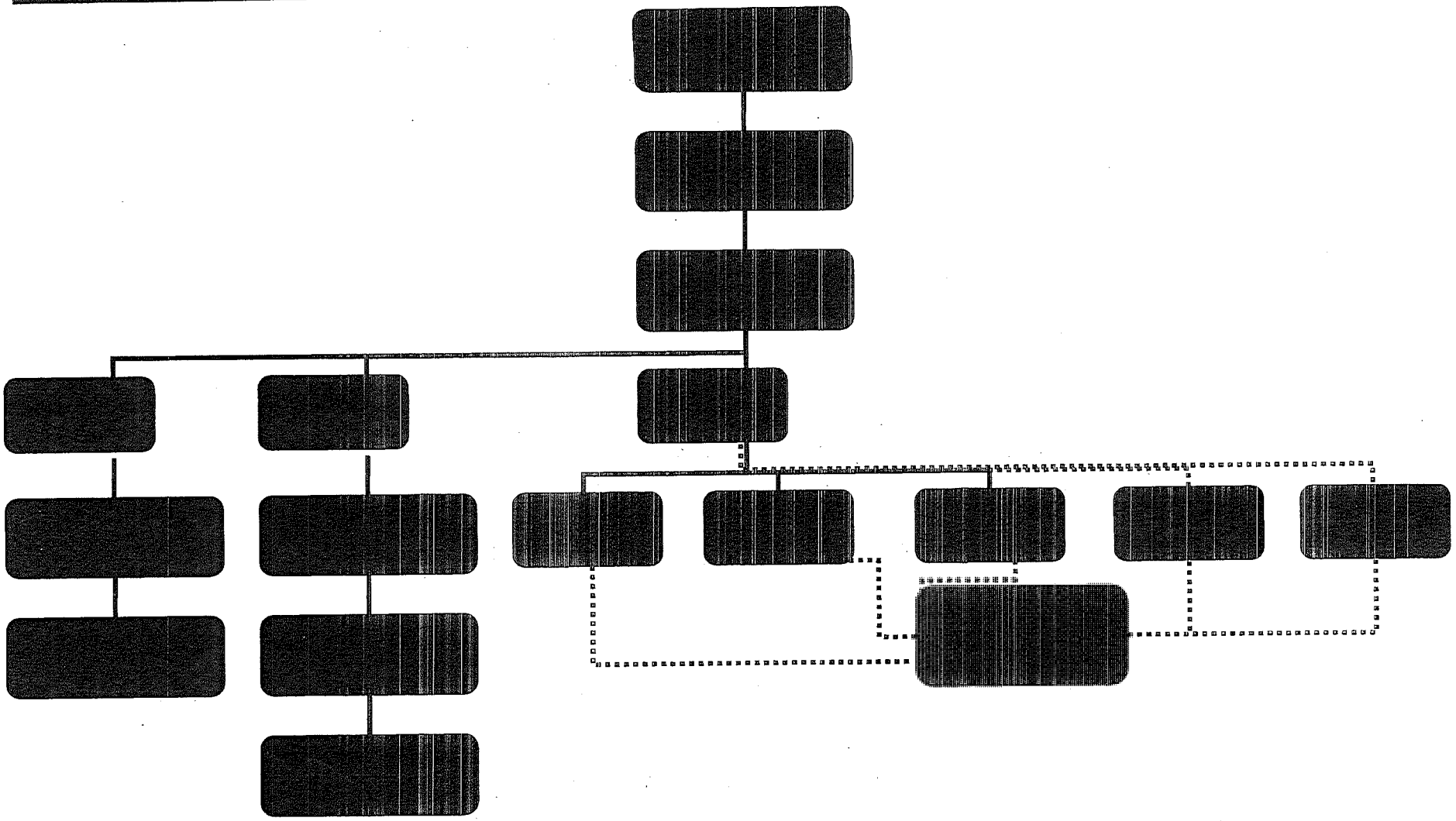
The service desk is the single-point-of-contact between the Port Authority and Diebold's Security IT Service Management team. It is manned by a qualified support team/dispatcher, 24 hours a day / 7 days a week. Additionally, Diebold will assign a Support Account Manager directly to the Port Authority project. With Diebold's Single Point of Contact (SPOC), and not necessarily the First Point of Contact (FPOC), there is always a single point of entry and exit that allows for maintaining data integrity and it keeps the communication channel streamlined.

The primary functions of the Service Desk are:

- Incident Control: life cycle management of all service requests
- Communication: keeping the customer informed of progress and advising on workarounds
- The Service Desk function may also be known as: Call Center: focused primarily on professionally handling large call volumes of telephone-based transactions
- Help Desk: manage, coordinate and resolve incidents as quickly as possible Service Desk: handles incidents, problems and questions as well as provides an interface for other activities such as change requests, maintenance contracts, software licenses, service level management, configuration management, availability management, financial management and IT services continuity management.

Diebold Security Preventative / Remedial Maintenance Project Team

THE PORT AUTHORITY OF NY & NJ



1859 - 2009

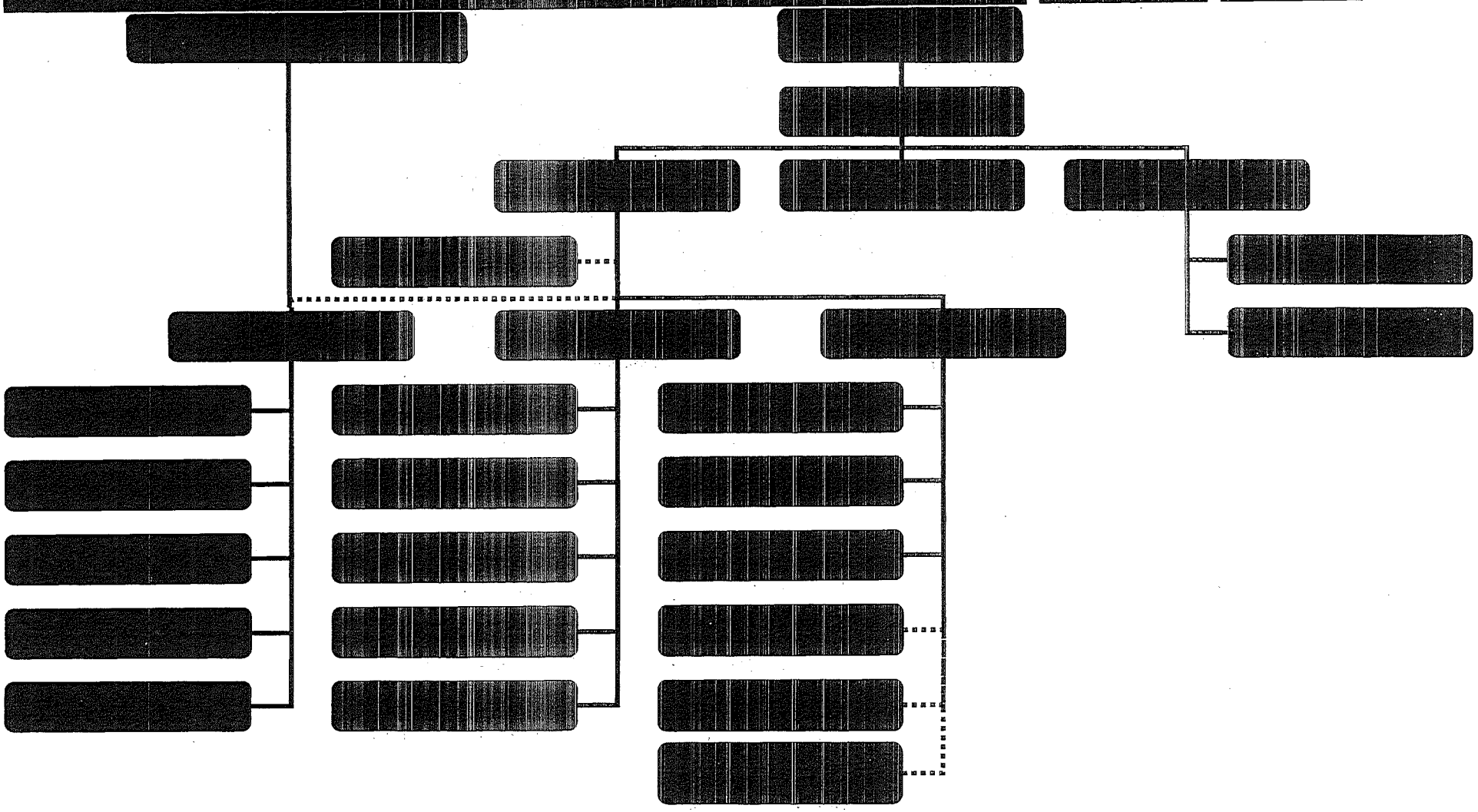
SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, NEWARK

DIEBOLD

*Please note that we have included the resume of (3) three potential Program Managers. *

Diebold Security Work Order
Project Team

THE PORT AUTHORITY OF NY & NJ



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DIEBOLD

*** Please note that we have included the resume of (3) three potential Program Managers. ***

Section F
(2) Technical Approach

Statement of Qualifications, Experience and Resumes.....(b)

b) *Statement of Qualifications, Experience and Resumes*

The Proposer should provide a statement indicating the qualifications and experience of managerial and supervisory personnel employed by the firm who are to be exclusively dedicated to the Contract, including:

- Length of service with the firm
- Anticipated function of each person to be assigned to this Contract
- Summary of the relevant experience of each person listed

The resumes of the individuals who are being recommended for these positions should be included in the proposal. Resumes for key staff who will perform their designated responsibilities as shown on the organization chart as required in Part 1, Section 8, Proposal Submission Requirements, subsection F, Proposal, Item C entitled: "Firm Experience and Management Commitment". These resumes will provide a description of the staff members' experience and will be limited to the type of work they will be responsible for on the project. Key staff members should be factory-trained and certified on the proposed equipment for this project. Proof of certification shall be submitted with resumes. Proposer will demonstrate that personnel with training, skills and appropriate experience will be available and provided to fulfill system support responsibilities.

Response:

a) *Statement of Qualifications, Experience and Resumes*

Included in these sections are organizational charts which clearly identify the Diebold personnel that will be assigned to the Preventive / Remedial Maintenance and Work Order Teams.

Diebold believes that the key to maintaining a success partnership throughout the lifecycle of this contract is to assign a Program Manager to the project. The Program Manager will oversee all day-to-day activities and progress relative to all obligations and aspects of the contract. Therefore, it is essential that the Program Manager have the appropriate experience and knowledge to meet and exceed the expectations set forth by the Port Authority. Currently, Diebold has two high-level individuals that fit the criteria required for this assignment. Both candidates have extensive experience in working with the Port Authority and are familiar with the grounds of each airport as well. The resumes for these two professionals are included with Diebold's proposal submission. Should Diebold be awarded the contract, Diebold will work with the Port Authority to determine which individual works best with the Port Authority team and meets the requirements of the contract.

The following Diebold personnel will be assigned to the project and copies of their resumes are included with Diebold's proposal submission:

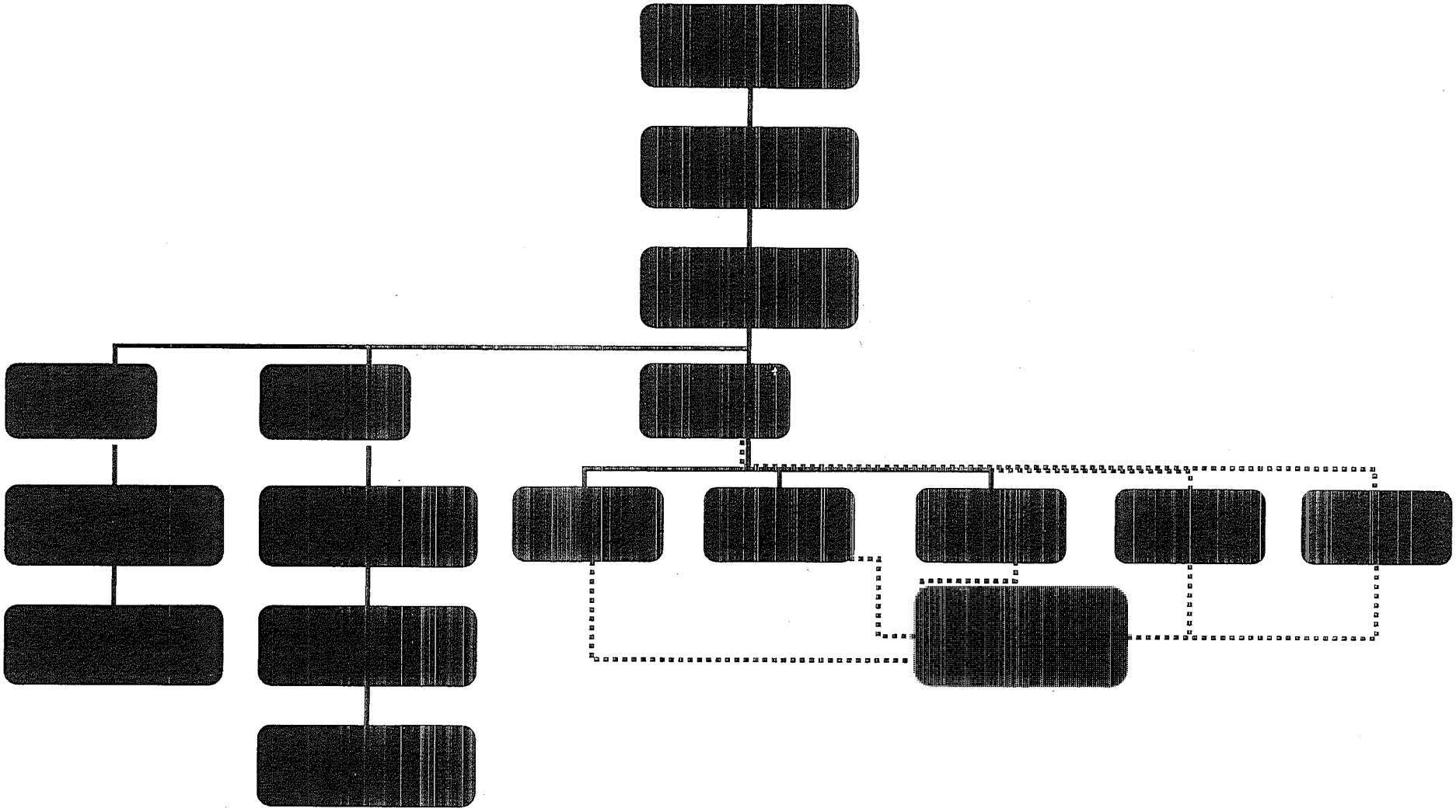
- Mr. Nelson Barreto, Account Manager
  Nelson has been employed by Diebold for 6 years. Nelson is responsible for working collectively with the program manager and the Port Authority contact at each site to ensure that the obligations of the contract are met. Nelson will primarily focus on the work order process.
- Mr. Thomas Reilly, Project Manager
  Thomas has been employed by Diebold for over 3 years. Tom will work

collectively with the Program Manager to ensure the implementation of all assigned work orders. Tom will manage each sub contractor as well as Diebold's internal support staff, such as IT technicians, engineering, and CAD. Ultimately, Tom is responsible for delivering a turnkey solution for each work order inclusive of commissioning, programming and as-built documentation.

- On-site Dedicated Technicians
  Diebold currently has (17) certified Lenel and Verint technicians on its staff. Upon award of the contract, Diebold will assign one qualified technician to each airport. Diebold will also work to obtain the services of specific individuals for employment opportunities who are familiar and have a strong relationship with the Port Authority aviation team.

Diebold Security Preventative / Remedial Maintenance Project Team

THE PORT AUTHORITY OF NY & NJ



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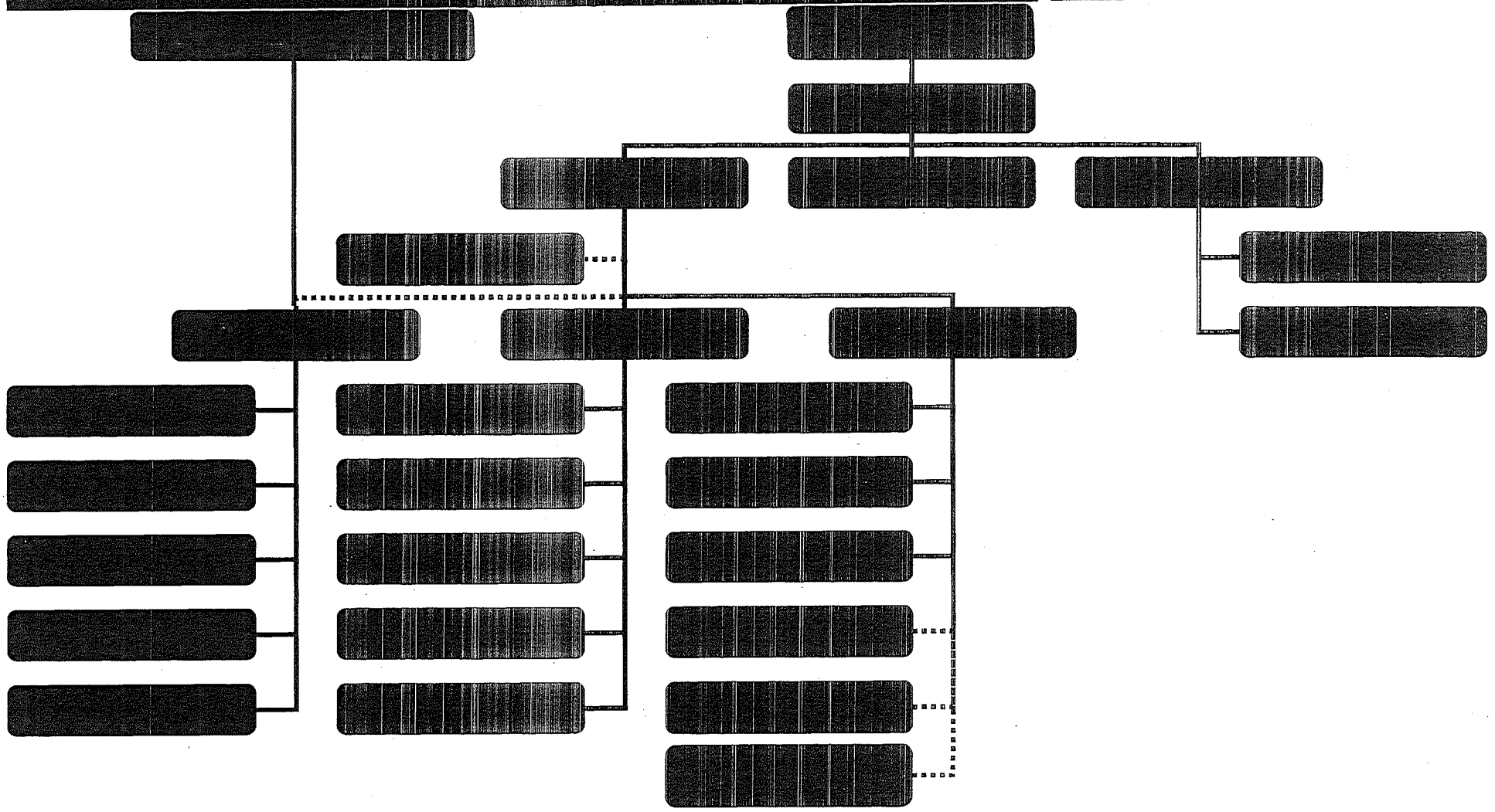
Diebold Security Work Order
Project Team

THE PORT AUTHORITY OF NY & NJ



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DIEBOLD

* Please note that we have included the resume of (3) three potential Program Managers. *

Section F
(2) Technical Approach

Management Programs.....(c)

c) *Management Programs*
The Proposer should provide a complete description of all employee management programs (covering both supervisory and non-supervisory personnel), currently utilized by your firm, including, but not limited to:
- Access Control and Alarm Monitoring systems, CCTV systems, ID Badging system, and Mobile ID Verification system
- Security training
- Occupational Safety and Health Administrator (OSHA) safety training
- Quality Assurance/Quality Control programs
- Recruitment procedures

Staffing retention plan

Response:

Access Control and Alarm Monitoring systems, CCTV systems, ID Badging system, and Mobile ID Verification system and Security Training

All associates are required to attend an orientation program in which the corporate quality system, vision, goals, policies and procedures are explained. After orientation, associates move on to a specific team and receive the quality and technical skills training that are appropriate to his or her position. Diebold has established training the following training requirements that are designed to maintain the level of technical competency required for this type of opportunity:

- Attendance at Diebold facility by in-house Diebold Master Lenel Instructor.
- Attendance at annual manufacturer's recertification classes conducted at the following facilities: Lenel Systems, International, Verint Systems, Intelect Technologies Inc., Identica- Enterprise Air , Cisco Systems, and Microsoft
- Completion of quarterly Diebold and manufacturers' web based and e-Learning training modules
- Onsite manufacturers' training at Diebold's learning center in Elmsford, NY. These courses provide refresher learning opportunities as well as new product and software roll outs as they are released.
- OSHA 10-Hour Outreach training for all employees working on a job site.
- Trade association technical seminars (i.e. American Association for Industrial Security).
- Apprenticeship: combination of on-the-job (practical) and related instruction (theory).

Occupational Safety and Health Administrator (OSHA) Safety Training

Diebold's proven safety plan ensures that its employees are safety trained and have the necessary safety equipment to avoid hazards and prevent accidents. Diebold's excellent safety record is a testament to its commitment to safety and accident prevention. On a past contract, Diebold logged more than a million miles with no work order-related accidents.

Diebold has a proactive accident prevention plan in place to ensure that work is not impeded by preventable hazards or accidents. Diebold employees have been formally instructed in methods of accident prevention. Accident prevention reinforcement training, both formal and informal, is cyclic and augmented with safety seminars, training videos, and, when practical, hands-on demonstrations. Constant reminders in the form of memoranda, posters, safety inspections, and

signs reinforce the safety awareness of Diebold personnel.
Diebold is responsible for providing a safe and healthy work environment to ensure the protection of personnel, equipment, and facilities. Diebold will comply with the OSHA 10-Hour Outreach training for all employees working on the job site.

Diebold Security Quality Assurance/Quality Control Program
As an ISO 9000 certified corporation, Diebold follows established quality guidelines governing its communication of goals, follow-up processes and knowledge sharing. Written reports, email, and group meetings (often including customers) are conducted regularly. This ensures Diebold's team stays on top of current quality issues and learns about what works and what does not. One of the most important aspects of the Diebold service and maintenance process is that of Quality Assurance. To this end, Diebold has established a QA program, which addresses the various levels of testing and inspection of materials, devices, components, sub-assemblies and finished product at various stages of the service and maintenance process. The program also addresses the quality of the labor provided in terms of inspections, cleaning programs, preventative maintenance and repairs, as well as the promptness of response.

The facilities employed in the service and maintenance process have been designed with the testing and QA functions in mind. The various work stations planned for machines, test benches and other Diebold elements have been developed to permit and promote the testing of the equipment as well as for the records keeping function, which is so important to the implementation of a quality service program.

QA PROGRAM DESCRIPTION

The following QA Manual represents a general overview of the Diebold Quality Assurance Program and it identifies the various elements of the program. When appropriate, the program is revised to reflect technological advancements, general improvements in quality assurance and Diebold-customer requirements as they may relate to product development and testing.

Management and Administration

Diebold's Quality Assurance Program has been established to control the quality effecting functions of all products. The QA Program integrates all service and maintenance contracts. As such, the resources of this program are carefully coordinated with other groups within the Company, so that adequate manpower and procedures are available to monitor various production programs. The QA Program monitors the specifications for equipment prior to formal procurement procedures to determine the level of QA involvement. The reporting function of the QA Program covers all aspects of product manufacture from inspection of incoming materials and parts to the inspection of assemblies and major components to the final check out of a complete product.

Drawing and Change Control

In applying the provisions of the QA Manual to a particular program, modification of procedural details may be made to accommodate special requirements of the Contract and the end product.

Diebold shall work with the various manufacturers and suppliers to make sure that all drawings, manuals and bills of material are current, for the product being serviced.

Obsolete print(s) shall be disposed of. Superseded prints shall be stamped "FOR REFERENCE ONLY" and kept in file. Due to the nature of the operations, they cannot be disposed of, as they may represent prior product, to which parts must be made available for future use.

Acceptance of inspected hardware shall be made to the latest released drawing(s) and/or to that particular change and revision number which appears on the Purchase Order.

Qualification Test

Qualification tests will be provided by the product supplier and monitored by the Diebold QA Program to assure compliance.

Control and Calibration of Test and Measuring Equipment

All measuring and test equipment shall be calibrated at periodic intervals as dictated by use of the item to a system in compliance with the requirements of the appropriate industry specifications and standards, as may be appropriate. Frequency of calibration will be determined when use determines this, or when normal use is infrequent, calibrations shall be performed periodically by schedule. Equipment sent to outside laboratories for calibration shall be certified and traceable to the National Bureau of Standards.

When equipment is found to be out of tolerance, the QA Program shall be notified. If the condition is such as to affect the acceptability of the product being processed, the QA Manager shall determine the degree and extent of the retesting required to purge the system of suspected product. The corrective action will then be performed to restore the calibration.

Qualified Personnel

All personnel engaged in the service, maintenance and repair of any equipment owned, operated or under contract to Diebold for service shall be competent, trained, and otherwise qualified to work on the equipment. Where new equipment is introduced, or changes in equipment are made, Diebold shall provide such new and/or remedial training as may be required.

The appropriate level of management at Diebold shall supervise all work. All work shall be inspected and subject to such tests as to verify the completeness and competency of the work performed.

Personnel shall prepare and submit appropriate reports on the nature of the service and maintenance performed and shall be fully accountable for their work and the utilization of parts and the delivery of removed parts for repair.

RELIABILITY

Reliability Determinations

The performance aspects of quality relate directly to the degree and extent of reliability in actual operations. Reliability is the ability of a device and/or machine to experience sustained, constant, error free operations over a period of time and/or cycles and is usually measured in Mean Time between Failures. It is usually calculated by ascertaining the reliability aspects of the various items and using in part some of the information derived from manufacturer's data sheets and specifications or from testing and prior field experiences.

Safety Inspections

The equipment that Diebold services and maintains may or may not have been submitted to an outside testing agency such as Underwriters Laboratory for Certification. In order to make equipment, which is free from hazards, the equipment is inspected to determine that:

- The equipment is free from electrical hazards, either present and/or potential:

- The equipment is free from mechanical hazards, both present and potential:

PRODUCTION INSPECTION

Assembly and Subassembly Control

The establishment of standard operations, procedures and instructions shall control assembly and disassembly of equipment and components. General instructions shall be provided for all workstations concerning the proper use of fixtures, tools and gauges.

Instructions shall be provided relative to the protection and maintenance and the proper handling of equipment during and after working hours. Safety precautions shall be predominant and strictly adhered to by all personnel. It shall be the responsibility of supervisory personnel to assist, inform and guide the assembly personnel toward achieving the objectives of safety.

Any changes to be made in the procedures and policies outlined shall be made with the concurrence of the Engineering Department, who will coordinate such changes with the OEM. Minor changes or modifications of techniques shall be made and approved by Diebold, providing such changes do not affect product quality and/or

performance.

The appearance of work areas shall be one that reflects good housekeeping practices, efficient utilization of space and sound safety habits.

Record Keeping

Diebold QA Program shall establish and maintain appropriate files to keep Records relative to inspections and tests performed results thereof, applicable standards and documentation, and failure and defect reports.

The QA Program shall create appropriate forms to effectively perform the above. All forms shall be numbered, dated and signed.

INSPECTION OF PURCHASED PARTS

Purchasing Control upon approved Engineered Drawings and Submittals

At the inception of a new program, the Purchasing Department is directed to procure materials adequate to the program as determined by Management in the initial planning phase. A Management Team composed of the President and various department heads maintains vendor control and selection.

Vendor capability is rated by several means; approval by the submission of samples, by past performance on programs which demonstrated the quality of product and by capability surveys conducted at the vendor's facilities. The Purchasing Department maintains surveillance of vendors. Should conditions warrant, visits are made by Diebold to inspect product, facilities and resources to provide quality products?

Should purchase orders be in need of some corrective action change, the required action is requested of the Purchasing Department and monitored to ascertain that the change is accomplished. Where a P.O. has been incorrectly issued and action could be taken by the Vendor, a telephone call (or other expedient method of communication) is undertaken to notify the vendor of the impending change. Those purchase orders in process are periodically reviewed by QA to assure that the requirements of the contract will be met relative to compliance with the specifications.

Incoming Material Control

By preliminary and quantitative means, the Receiving Department determines that incoming material conforms to that which is specified in the Purchase Order. Material and accompanying documentation are forwarded to the Inspection Area. Unusually large or awkward items are inspected in the Receiving Areas. If parts or materials become suspect for any reason, they are submitted for examination and testing.

In handling customer returns, the Receiving Department shall:

a. Issue a receiving report for all customers returned items.

b. Notify appropriate vendor for a return order number and commitment date for return
c. Verify return item defects and tag each item with the customer's name and sales order (contract) number.

d. All repairs and associated paperwork to be returned to QA for final evaluation and acceptance.

Receiving Inspection Control

All incoming parts or components received shall be inspected for all applicable characteristics using sample plan or other sampling or screening techniques as may be established by Contract and approved for use by the QA Program.

The information as generated by the inspections shall be recorded. No parts shall be accepted and released to stock until quality compliance has been met.

It shall be the decision of the QA Program to change or select an appropriate sampling plan. The sampling plan selected shall be such as to minimize the amount of inspection decision regarding the conformance of product to the specified quality standards. The level of sampling and the quantity of inspection shall vary inversely with the perceived quality of the product.

Where critical characteristics of the product/materials are involved additional testing and measurements may be required over and above the usual testing procedures.

When ECO is released and issued to "rework" or "must conform" parts or assemblies involved in the change(s) will then be gathered from stock and assembly areas and held in a designated "hold area". After rework, the parts and/or assemblies are reinspected to their respective change order and treated in normal manner, depending upon their acceptance status at that time.

Stockroom Material Control

All material entering the stockroom will be identified by part number, description, quantity and date material was received. Stockroom personnel will verify the proper packaging, quantity and accuracy of documentation. Records of all materials received will be recorded including part number, issue and date.

Failure Analysis

Based upon the results of the testing, meetings are held with the Engineering Department, company management, and/or the OEM supplier to address any problem areas of deficiencies in the item under test. Where such remedial action is required, the appropriate party shall be directed, in writing, to make such modifications as may be required to correct the situation.

Sub-Assembly Failure

Failures in the sub-assembly production phase may be defined as one of two types:

- Random Failure which cannot be repeated and falls within the statistical failure aspects of the items being made, and..

- Pattern Failure where a high percentage of the items experience the same type of failure.

For a pattern failure, this usually denotes a change of parameters on the part of suppliers to Diebold. This type of failure must be corrected at once, as it affects not only all products to be built, but requires investigation of prior products built from the same lot of goods and/or the same supplier.

Environmental Failure

Assuming proper design and the correct selection of materials suitable for the stated environments, a failure of the equipment in environmental testing often times relates to:

The interaction of two materials and devices at temperature or humidity extreme which would normally not interact at regular temperatures. This is especially true of lubricants and adhesives, which experience unusual characteristics at extreme temperatures.

Operational Testing

A failure during the operational testing phase of a Diebold product often times points up a software bug in the program. Given that all modules are previously tested and correct, the operational testing forces the exposure of problems with the software when they come together in the machine and interact with the electronic logic.

In-Field Testing

Products which pass the various Diebold tests are released for shipment. However, once the equipment is placed in the often-demanding revenue service operations, certain latent problems are brought out under the conditions of "field-testing." The QA Program monitors all returns under the warranty provisions to ascertain if there is a particular type of problem developing. Further, based upon field reports, QA obtains items which present certain problems for detailed analysis. The result of such monitoring is the improvement of overall design, parts manufacture and the type and quality of the tests themselves.

SOFTWARE

As part of the Diebold QA program, the software programs which are resident in the electronic equipment are also tested relative to compliance with the customer specifications and to determine that the programs are free from operations problems, which might impede the normal operation of the equipment in the field.

Data Reporting

For those items of equipment which have the ability to transmit information for data reporting, the transmission ability is fully tested by Diebold as part of the final inspection process. Each inspection station is provided with a computer, screen and printer so that the actual reports can be generated.

Data Transmission

For those items of equipment which are fitted with telephone modems and are intended to be used for transmission by telephone lines, the equipment is tested using local phone circuits to ascertain the ability of the equipment to transmit and/or receive.

Recruitment Procedures
Individuals hired by Diebold are recruited from newspaper ads, career fairs, college campuses placement offices, civic organizations, high schools, vocational schools, private employment agencies, employee and non-employee referrals, state employment agencies, business contacts and walk-ins.

Generally, candidates are interviewed for requisite skills established by those in management with whom they would work.

Employment for all candidates is contingent upon passing a drug test and a comprehensive background verification which includes a criminal history check and past employment confirmation. The drug tests are administered by a third party within applicable state laws. The background verification is administered through an independent, outside source.

Background Checks
Employee Investigations: Currently and as part of an employee's initial screening process, Diebold, at its expense, conducts a background investigation, prior to employment, on each new employee to determine work experience and suitability for the assignment. Although the scope of the employment screening will be determined by Diebold and may, at Diebold's discretion, be narrowed or broadened depending on the particular circumstances of the case, typically such investigations will consist of the following elements:

Elements of Background Checks
- Social Security Number Trace: Confirming the applicant's social security number in order to identify prior addresses and names, to assist in conducting a thorough criminal conviction search;
- Felony/Misdemeanor Criminal Conviction Search: Searching the appropriate court records relating to the applicant's county of residence for evidence of any and all felony and/or misdemeanor convictions in the previous ten years;
- Education Verification: Confirmation (where available) of attendance, degree and graduation date from the institution where the applicant obtained his or her highest degree;
- Employment Verification: Confirmation (where available) of employment, position, pay, reason for leaving and eligibility for rehire from all employers who employed the applicant in the previous five years; and

based on meeting individual goals. These plans help to attract and retain qualified people by ensuring that pay at Diebold is competitive.

- Driver's License Abstract: Reporting accidents, suspensions and violations from the state in which the applicant is a licensed driver during the previous three years.

Equal Employment Opportunity Policy
The Company recruits, hires, promotes, assigns, compensates and trains applicants and associates for all job classifications without regard to race, color, religion, sex, age, national origin, disability, veteran status, or any other protected group status.

The Company makes all employment decisions and personnel actions including those relating to compensation, benefits, transfers, layoffs, company sponsored training and educational assistance programs in accordance with the principles of equal employment opportunity.

The Company encourages all associates to use the Company's facilities and participate in programs sponsored by the Company.

The Company posts at conspicuous locations this policy statement so that all employees and applicants will know of the Company's commitment to equal opportunity. Further, management and supervisory personnel have been specifically informed of this nondiscrimination in employment policy. Ms. Sheila Rutt, Vice President, Corporate Human Resources, is the Company's corporate officer with specific responsibility for implementing this policy.

Staffing Retention Plan
Addressing the needs of its customers and making sure their equipment is up and running is Diebold's top priority. The staffing required to accomplish this is critical and Diebold works hard to provide the professional climate and competitive employment packages necessary to retain qualified and quality support personnel.

Our support staff receives the following benefits:

Comprehensive Medical Coverage	Life Insurance
Prescription Drug coverage	Disability
Dental & Vision plans	Tuition Reimbursement
Health & Wellness Program	Employee Assistance Program (EAP)
401(K) Plan & 529 College	Paid Holidays
Employee Stock Purchase Plan	Adoption Assistance Plan

Employee Incentive Compensation
Diebold's compensation philosophy is designed to rewarding associates for their contributions to the company's mission. This is accomplished through a pay program that ties both individual contribution and the business unit's contribution to the company's success. The team performance plan concentrates on paying awards based on the level of achievement toward the business unit's goal during the calendar year. The personal performance plan rewards job performance

Section F
(2) Technical Approach

Technical Expertise and Past Experience.....(d)

d) *Technical Expertise and Past Experience*

The Proposer shall submit to the Port Authority, a detailed itemized description explaining technical expertise and past experience the Proposer has in the following areas:

- Utilization of technological advances in Access Control and CCTV systems, and resulting benefits
- Management of Access Control systems, CCTV systems, ID Badging system, and Mobile ID Verification system

Response:

Expertise in FIPS 201

Since the inception of FIPS 201, Diebold has been working with government agencies to develop plans for compliance, as well as strategies for usage. Diebold participates in and is actively involved with the independent organizations that helped shape the evolution of FIPS 201. These organizations include the Smart Card Alliance's Physical Access and Identity Councils and the Security Industry Association.

Past Experience:

1) General Services Administration – Region 2 Contract

Diebold is certified and listed by the U.S. General Services Administration (GSA) to provide the 12th Homeland Security Presidential Directive (HSPD-12) products and services up to and including a complete end-to-end, turnkey HSPD-12 solution.

Diebold is one of a limited number of security integrators to be certified to provide solutions that enable compliance with HSPD-12 and Federal Information Processing Standard (FIPS 201). Tasks included:

- The maintenance and support of the Lenel On-Guard Physical Access Control Systems (PACS) in the GSA offices located at New York City, Newark New Jersey, Syracuse New York and Puerto Rico.
- I/T support services (upgrades, disaster recovery, database back-ups, etc.) for the head-end and the complete network
- Replacement of fileservers located at various locations.

In order to meet the rigid response requirements of GSA, Diebold placed a full-time technician at GSA's headquarters and provided the customer with 24/7 technical support. Diebold performed preventative and remedial maintenance services and maintained an overall system availability uptime of 99.99%. The system consists of several hundred door controllers, readers, panel workstations, and Delta and Automatic Controls optical-based turnstiles. Access is controlled by conforming to GSC-IS and FIPS-201 PIV II, and wireless handheld readers are used for emergency purposes.

2) JetBlue Terminal at JFK Airport

This project doubled the number of JetBlue gates to accommodate more than 250 flights per day. The impressive new terminal needed to adhere to Transportation

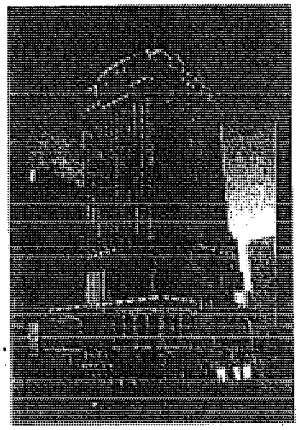
Security Administration (TSA) security compliance requirements, while maintaining overall security of the airline and public safety both during and after construction.

Exemption (4)

3) Royal Bank of Scotland
The new security system included over 140 card readers on a Lenel On-Guard Access control system with approximately 125 new cameras that consisted of fixed, high powered Panasonic PTZ's that were integrated with a Verint Nextiva CCTV platform. Also, included were over 60 intercom stations with a Zenitel Alphacom head-end system.

A new Verint network video recording system with SAN storage connectivity was integrated with the Lenel On-Guard access control system. The access control system included fully redundant hot swappable RAID level servers. Smarter Security interior turnstiles were installed in public areas. Full height exterior turnstiles and Gunnebo glass style ADA gates were part of the scope as well.

4) See NYS Supreme Court, 330 Jay Street Project Summary



New York State Supreme Court
MetroTech Center, 330 Jay Street, Brooklyn, NY

Construction Manager:	Turner Construction
Prime Contractor:	Diebold-ESS
Project Value:	Multiple millions. Actual dollar figure is confidential.
Construction:	New

In January 2002, Diebold-Enterprise Security Systems, Incorporated was awarded the largest security integration project on the east coast, The New York State Supreme Court complex located at 330 Jay Street, in MetroTech Center, Brooklyn, New York. The 32-story 1.2 million square foot building comprises:

- below grade parking
- 5 floors of commercial office space
- 25 floors dedicated:
  - State and County Department of Corrections
  - Court offices
  - Courtrooms and holding cells

Access Control & CCTV: With over 4,500 devices under one roof from four major systems and several third party applications, this project represents true systems integration. The project consists of over 600 card readers, 750 cameras, 100 DVRs, 1,000 intercom stations, (2) Zenitel PBX switches, (3) massive Panasonic 850 matrix switches, and a very large and complex system of Programmable Logic Controls (PLCs). A bi-directional interface connects security, communication and building systems to a Software House CCURE 800 access control system database. Alarm events are monitored and responded to from several command and control consoles equipped with touch screen technology, in addition to automated communication and alarm response controls.

Tamper Proof Hardware/PLC: The building houses three floors of detention space comprised of roughly (32) holding cells and several command centers all with detention grade hardware. Tamper proof screws, housings, detention grade locks, vandal/pick resistant are utilized throughout. The detention section utilizes a powerful PLC integrated into the building management, elevator, fire alarm and security systems via the integration protocol, OLE for Process Control or "OPC".

Technology & Material Innovations:
Implementation of such a large scale project with only small amounts of available real estate, prompted Diebold-ESS to work with numerous manufacturers to provide custom made bundled cable, customized enclosures, changes to console designs and pull out equipment racks. In addition, Diebold-ESS engineered and implemented a building wide private security network. A single database was partitioned for use by all parties in the building to enable system management by several separate entities with the advantage of single source data. Although the system was specified by the Owner more than three years earlier, Diebold-ESS provided "best of breed" most current technology upgrades throughout the project at no additional cost Best of breed enhancements represent significant benefits to the owner for linking of the four fundamental subsystems, CCTV, Access Control, the intercom system and the PLC system to operate more efficiently and with true integration not available at the start of the project.

Perimeter Protection/Vehicle-Traffic Light Control: The perimeter intrusion detection is comprised of both exterior and interior detection devices tied to the CCURE 800 and designed to provide alarm notification to various Command Centers within the building, dependent on time of day, type of alarm, day of the week, and other variables. Hydraulic bollards provide one level of protection. Diebold-ESS re-engineered bollard functionality to interface into the building PLC system. The interface enables the integration and monitoring of the bollards at Command and Control Centers within the building. Barrier gates with access control and intercoms are designed for vehicle and pedestrian access control to the building. The gate system is also PLC controlled to provide maximum flexibility (manual and automatic)

in viewing and controlling the barrier gates. Further, an elaborate vehicle detection, movement and direction system coupled with street traffic lights was engineered and implemented by Diebold-ESS. The traffic control system allows the scheduling of vehicle movement into and out of the various sub-garage levels without causing traffic congestion. Intrusion alarms can be annunciated locally and routed to an outside central station monitoring facility. Alarms can be further announced via the use of wireless devices such as Blackberry, cell phones, pages, etc.

Intrusion Integrated with Access: Several areas within the building are outfitted with an intrusion detection system that is an integral part of the Software House CCURE 800 Access Control. Each area is outfitted with motion detectors, photo beams and other detection devices connected to the CCURE 800. Additionally, keypads with alphanumeric touch pads and digital displays are installed to arm/disarm the protected areas. In addition to providing a password combination, users have to present their proximity card for validation to the keypad access these areas. The system is engineered with one "real time" common database for both personnel cardholders and system configuration and events. Since the CCURE 800 is upwards compatible with many of the current integration and database exchanges and mechanisms available, the CCURE 800 has further abilities to interface and match its database with other governmental agencies via the use of built-in tools such as ODBC, SMP, OPC, and the bi-directional serial interface, etc.

Turnstiles: The system utilizes optical barrier turnstiles and magnetometers at main entry/exit barriers for the court system for pedestrian traffic control. Turnstiles are connected to both the ACS and PLC and are controlled/monitored remotely.

Database Partitioning: The 330 Jay Street building houses a number of city, governmental and Department of Corrections agencies for New York City and New York State. Through the power of the CCURE 800 database partitioning is invoked so that various entities within the building are able to control their "world" and simultaneously are incorporated into this hot redundant fully backed up system platform. By utilizing one database, each entity is able to monitor and view "it's own system" while for purposes of global management, security and control certain administrative are limited. The singular database also enables automatic update of personnel records throughout the facility disabling terminated employee access and enabling new employees with extreme efficiency.

Photo ID Badging: The integrated Software House CCURE 800 Vision badging system connects to the unified CCURE 800 database and associates ID badging pictures with specific cardholders. Badging stations are placed in several locations, enabling administrative personnel to add/delete users and associate pictures via the use of an onboard video camera or the importation of digital video images. Each ID badging station can accommodate it is own di-sublimation PVC card printer. Card printing and distribution is easily managed centrally even when images are taken remotely.

Project Management/Schedule: Under construction for nearly 24 months, Diebold-ESS provided project management and extensive security installation engineering services on this highly complex project. Throughout the project, Diebold-ESS coordinated with system manufacturers, construction personnel, subcontractors, the developer, governing authorities and end-users thus ensuring proper system installation and ease of use. Systems were pre-assembled, pre-wired, pre-programmed and pre-tested at the in-house Diebold-ESS lab and prefabrication department prior to shipment to the job site for final installation. This approach not only saved hundreds of hours of on-site coordination, it has enabled immediate system commissioning at the job site. We have brought up floors of 75 card readers in a single day. Diebold-ESS delivered the project ahead of schedule and well within the project budget.

Training: Diebold-ESS is providing system training to client end users during and after system commissioning. Training will occur in phases as the project is completed and various parts of the system are commissioned for use. Diebold-ESS has produced a DVD video training series for system administrators and security officers for the facility. The training series covers the access control, CCTV/DVR systems, the PLC system and a number of integrated specialty systems.

The Diebold-ESS team has successfully completed one of the most significant and complex security integration projects in the United States.

For additional case studies and information please see the following:

- *2009 Global Physical Security Systems Integration Company of the Year Award*
- *2009 Global Physical Security Commercial Monitoring Company of the Year Award*
- *White Paper enclosure, Remote Video Monitoring*
- *Case Study enclosure, Hearst Tower, New York City*

FROST & SULLIVAN

2009 Global Physical Security Systems Integration Company of the Year Award

DIEBOLD SECURITY

Frost & Sullivan is proud to present the 2009 North American Award for Physical Security Systems Integrator of the year to Diebold Security for its excellence in developing physical security solutions with a focus to increase productivity, improve customer service, reduce costs and enhance security for assets and people. The company leverages its longevity, deep understanding of customer needs, trusted service organization and best-in-breed integration capabilities to provide a comprehensive physical security solution for customers.

Diebold, Incorporated is a global leader in providing integrated self-service delivery and security systems and services in the financial market. Diebold Security is an integral division of Diebold, Incorporated specializing in providing comprehensive end-to-end security solutions and services in the financial, retail, government, commercial / enterprise markets.

In recognition for its excellence in providing customers with quality products and services, Frost & Sullivan recognizes Diebold Security as its 2009 recipient of the Physical Security Systems Integrator of the Year. In spite of dire economic conditions in its primary market of banking and financial services, Diebold has grown its business in 2008 with healthy revenue and margin growth, triggered by increase in RMR. The diversification of Diebold's service offering and vertical market expansion will aid the company in sustaining growth in the future.

About the Award

The Frost & Sullivan Award for Company of the Year is presented each year to the company that has demonstrated unparalleled excellence within its industry. The Award is based on numerous factors including the company's business development, competitive strategy, customer satisfaction, and leadership within a particular Frost & Sullivan Industry Research Group (IRG). This company is perceived to exhibit outstanding management and consistent growth. The company must offer high quality products and/or services and have positive social and economic impact on local and national communities. The company's customer service offerings and performance are expected to be of very high caliber. The company should have proven expertise in taking advantage of market changes by capturing and solidifying market presence, or through execution of innovative strategies within the existing competitive landscape.

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FROST & SULLIVAN

2009 North American Physical Security Commercial Monitoring Company of the Year Award

DIEBOLD SECURITY

Frost & Sullivan is proud to present the 2009 North American Physical Security Commercial Monitoring Company of the Year Award to Diebold Security for its excellence in growing its alarm monitoring business in 2008, despite the global downturn by increasing its recurring monthly revenues (RMR). The company has continued its strong growth in retail and commercial markets and has made concerted efforts to increase market share in overall commercial monitoring. Diebold has achieved its growth in 2008 by expanding its product portfolio and increasing penetration into the retail and commercial verticals.

In recognition for its excellent customer satisfaction, technology leadership and growth ability, Frost & Sullivan is proud to select Diebold Security as the recipient of the 2009 North American Physical Security Commercial Monitoring Company of the Year Award. The company's ability to respond quickly to meet customer needs holds Diebold in good stead and poises them to grow exponentially in an improving economy in the near future.

About the Award

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WHITE PAPER

REMOTE VIDEO MONITORING

A solid foundation for effective security measures in the financial industry

Safeguarding assets, meeting regulatory compliance and reducing operating costs for financial institutions

By Jacqueline Grimm,
Director of Security Solutions
Global Security Division,
Diebold, Incorporated

Introduction

Reducing risk through effective security measures is at the top of any business's list of priorities, but its importance in the financial industry goes without saying. While phishing, identity theft, malware and hackers are capturing the headlines, physical threats to financial institutions (FIs) are steadily rising, propelled by the economic downturn. The Federal Bureau of Investigation's (FBI) most recent bank crime statistics report 7,272 thefts against federally insured FIs in 2006 — up from previous years — resulting in more than $70 million in lost cash, checks and property. Acts of violence and use of firearms are also on the rise, according to the FBI, and the most likely targets are branch offices of metropolitan banks.

But FIs have access to effective weapons that can help them to avoid becoming part of these statistics. One of the most reliable tools is remote video monitoring, which can be incorporated into existing security systems, unifying an institution's security components in a custom-designed system that operates quickly, efficiently and in real-time.

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The financial industry must remain diligent in employing the most effective security tactics available.

Remote video monitoring is even more valuable because of the changing criminal profile. In a struggling economy, desperate, ordinary citizens are committing burglaries, robberies and larceny, competing with seasoned veterans who traditionally orchestrate and carry out planned assaults. This shift has made identifying potential criminals a moving target. As part of this shift, the nature of crimes against FIs has become opportunistic and spontaneous, according to a 2007 U.S. Department of Justice study. The study identified three factors contributing to rising robbery rates, including the increased numbers of branches and banking outlets offering longer hours, the belief that FIs are a lucrative target, and the perception that robberies are quick, low-risk crimes. The FBI reports that crimes against FIs also are changing geographically, with increasing numbers of violent crimes taking place in rural areas, with community branches as targets.

Considering these shifting influences, the financial industry must remain diligent in employing the most effective security tactics available. This white paper explores the security challenges facing today's financial industry and focuses on how remote video monitoring can play a vital role in helping financial professionals safeguard assets and comply with regulatory mandates, while also realizing operational efficiencies.

The Need for Proactive Security Measures

The threat of burglary, robbery, larceny, fraud, money laundering, and a host of other crimes at FIs is constant. While an FI certainly needs to protect its assets and investments, the FBI reports that more than 25 percent of physical security breaches also involve a firearm or other weapon. This means an FI is also responsible for protecting the safety and security of its customers and employees. Furthermore, a financial institution depends on its intangible reputation to protect and secure customer assets; security breaches can negatively impact an FI's image within the community and amongst customers.

FIs must therefore implement proactive security technologies to help protect their assets, people and reputation. By effectively monitoring activities 24/7 and in real-time and capturing vital video and audio surveillance, FIs can create a proactive, integrated security system that protects their most important investments.

How Remote Video Monitoring Can Help

One of the many benefits of remote video monitoring is that it can make use of existing security equipment in a new and more effective fashion, helping FIs to leverage existing security investments. This also helps institutions meet self-imposed profitability metrics and apply a powerful, more integrated approach to their current security systems.

With remote video monitoring, FIs can tie their most essential security components together through cameras and alarm triggers that can be positioned virtually anywhere and cued to communicate with a central monitoring station. Providing high-level security for vital areas, ranging from access control to off-site ATMs to processing centers monitoring, remote video monitoring embodies one of the financial industry's most effective, new security technologies.

What is remote video monitoring?

Remote video monitoring takes video surveillance a giant step forward. It is composed of two-way, interactive audio technology that combines existing DVR technology and video surveillance systems with monitoring processes to provide real-time voice and video images to a central monitoring station for alarm verification and action.

With an Underwriter's Laboratories required reaction time of 45 seconds or better, central station dispatchers can quickly and remotely view and monitor a site when an alarm is triggered and communicate with anyone on-site. In an event-driven situation, dispatchers can send out assistance if the event is a detectable situation or prevent a false dispatch if no security breach has occurred. Once a situation is diagnosed, the dispatcher responds using a customized response plan that has been designed to meet the unique monitoring requirements of each FI location.

How video monitoring works

No matter what the facility — a branch, off-site ATMs, check processing center or an FI's headquarters — any critical area at that facility is considered a contact point,

Through video monitoring, the number of opportunities to combine security events is greatly enhanced, which translates into greater opportunities to help prevent crimes from taking place.

which can be wired to a zone on a central alarm panel and paired with a video camera. Consequently, any contact point can be monitored 24/7 and programmed to immediately trigger an alarm signal that alerts the central monitoring center that a security event occurred at that specific contact point. Vital contact points include access sites for employees and customers, safes and vaults, server rooms, teller lanes and ATMs, as well as off-site facilities such as check processing centers.

Triggers can be set to trip alarms for doors opening or closing in restricted areas, people entering restricted areas, glass breaking, or any number of other events to include motion or heat. Because every facility's needs are different, contact points and triggers vary, resulting in the need for custom-designed security systems. Additionally, video monitoring technology is compatible with many manufacturers' control panels, allowing connection to existing systems often without the need to purchase new equipment and normally with only minor upgrades.

Through video monitoring, the number of opportunities to combine security events is greatly enhanced, which translates into greater opportunities to help prevent crimes from taking place. This technology allows for the immediate identification of the true nature of an event, which has a powerful impact on reducing the number of false dispatches as well as in helping capture and preserve vital information to assist law enforcement in tracking criminal activity and protecting critical assets.

THE FINANCIAL INDUSTRY'S TOP CHALLENGES

Ask any number of financial professionals to identify their top challenges and the majority will agree on the following:

- Safeguarding assets
- Reducing false alarms
- Complying with industry regulations

Safeguarding assets

Remote video monitoring helps FIs keep oversee interior and exterior operations any time of the day or night, and its presence alone can serve as a valuable deterrent to criminals. It also can provide a strong sense of safety for employees, which can translate through customers interaction. With remotely-monitored, strategically placed cameras at vital contact points, central station dispatchers can monitor the most important areas of a facility and, if a breach were to occur, provide accurate information to law enforcement to generate a quick and appropriate response.

Unfortunately, employees have been identified as common source for information leaks in many instances, both intentionally and unintentionally. The National Association for Bank Security lists some of the top ways these internal breaches can occur:

- Lost or stolen laptops, PCs or computer storage devices
- Backup tapes lost in transit
- Employees allowing access to information
- Employee theft of information
- Internal security failures
- Improper disposal of information

By placing cameras in sensitive areas, such as server rooms, offices, delivery areas, employee break areas, and throughout the parking lot, a FI can discourage the mishandling of customer information. Simply knowing live operators are randomly looking into a facility can encourage professional employee code of conduct. Remote video monitoring can also help to prevent costly mistakes that could result in released confidential information, by monitoring doors that are left open or laptops left unsecured.

Employee carelessness is only one way that personal information is leaked. In the financial industry, identity theft, network intrusions and other information breaches can be devastating for an institution's reputation. With cyber crime, it's important to understand that they usually begin with a physical security breach, which can be captured with remote video monitoring. With video monitoring equipment positioned to monitor specific, strategic contact points within a facility, a dispatcher c an immediately be alerted if an unauthorized individual enters a secured area — a computer or server room, or offices where computers containing valuable

The fees associated with false alarms can be overwhelming and vary by geography, but many FIs have reported fines upwards of $10,000 per month.

information are stored — and if equipment leaves that area. Motion detectors paired with video cameras provide a powerful level of security by identifying who or what tripped the alarm when a contact point is triggered.

Protecting access areas also ranks high among the industry's security challenges — the presence of video monitoring can be critical. The FBI's statistics identify 9 a.m. to 11 a.m. as an FI's most vulnerable time, making video monitoring an essential component of opening any financial facility. Remote video monitoring can record and help identify exactly who enters the facility and at what time, and can capture such anomalies as someone "piggybacking" on an employee's credentials at an access portal or an employee entering under duress. If an employee has a problem entering the facility because of a lost or defective access card, a dispatcher at the central monitoring station can communicate with the individual, make an ID through an access code and provide entry, in many cases also avoiding a false alarm.

Remote guard tours and look-ins

For the financial industry, an invaluable feature of video monitoring is the ability to perform round-the-clock proactive site monitoring through video-monitored guard tours, which can virtually mimic an on-site security guard making after-hours rounds. This eliminates the high wages associated with armed guards while providing eyes on multiple areas at once. During a video guard tour, central station dispatchers remotely walk through the facility, including its exterior, using a DVR and cameras to confirm all is as it should be. This type of monitoring is especially effective in safeguarding locations such as processing centers, which are usually located away from more trafficked areas. Guard tours can be programmed for specific times of the day or night, depending on each site's needs, and allow FIs to boost security without adding staff.

A similar video monitoring capability is remote look-ins. Again, configured to a custom-designed schedule, video look-ins can randomly move around a site during open hours as often as needed. This service can help keep employees alert and honest and have a similar effect on customers. While neither guard tours nor remote look-ins are driven by actual security events, with cameras correctly positioned to protect the most critical areas, video monitoring has proven effective in curtailing robberies and securing sites, while reducing staffing costs.

For the financial industry, it's imperative to not only look in on an event taking place, but to ensure it is recorded. If a security breach were to occur, the availability of high-quality digital video and audio evidence can provide vital information that can assist local law enforcement in potentially catching the criminals. Video monitoring technology also enables video clips and sound bites to be digitally captured and shared with other law enforcement entities as the FBI or used as evidence in the courtroom.

Reducing False Alarms

The fees associated with false alarms can be overwhelming and vary by geography, but many FIs have reported fines upwards of $10,000 per month. Cincinnati, Philadelphia, Kansas City, Orlando, Dallas and Baltimore are just a few of the major U.S. cities introducing ordinances to recoup the costs of police dispatches for false alarms. According to the Center for Problem-Oriented Policing, police in the U.S. responded to about 36 million alarm activations at an estimated annual cost of $1.8 billion, with false alarms accounting for 10 to 25 percent of all alarm calls to police.

Moreover, research performed by the Alarm Industry Research & Educational Foundation found that about 80 percent of all false dispatches are due to human error rather than robberies or burglaries. The foundation's survey results included a recommendation that commercial alarm systems be monitored by an industry central monitoring station, and for good reason. When an alarm occurs at an FI, police are automatically dispatched because robbing a bank is a federal offense, unless verification can be provided confirming a nonevent. During the day, when people are on site, verification is more readily available; but without remote video monitoring, FIs can pay dearly for recurring false alarms after-hours.

Moreover, research performed by the Alarm Industry Research & Educational Foundation found that about 80 percent of all false dispatches are due to human error rather than robberies or burglaries.

And, there are myriad of events that can trip after-hours alarms. In the financial industry, it's not uncommon for non-employees such as real estate representatives or financial advisors to meet at a site, driving up the potential for alarms to be triggered by the visitors mistakenly entering off-limits areas or setting off motion detectors. Additionally, after-hours workers such as employees, cleaning crews and maintenance companies can accidentally fail to disarm a security system upon entering.

Alarms also can be tripped after-hours by such innocuous sources as a large truck rattling the facility's doors and windows as it passes, or a forgotten balloon from a branch's special event floating by a motion detector. At just one false alarm per week, an FI with 10 sites can pay out more than $5,500 a month. Implementing video monitoring services facilitates an immediate and appropriate response that can verify the false alarm, potentially reducing them by 30 to 50 percent.

HERE'S HOW IT WORKS:

A central station dispatcher receives an alarm signal from a monitored site. The dispatcher can quickly visually inspect the site and if necessary, listen in through two-way audio, which can assist in preventing a false alarm dispatch. Additionally, if there are workers or other individuals on-site who accidentally tripped the alarm and are instructed to not answer the telephone after hours, the audio system is broadcast over speakers, facilitating communication. By using the two-way audio system, the dispatcher can verify who is on-site with a personal code and circumvent a false alarm.

Complying with Industry Regulations

Incorporating remote video monitoring not only helps FIs meet the security challenges of today, but also ensures a security system robust enough to tackle new security issues as they arise. This means the ability to comply with evolving regulatory mandates, which according to Deloitte Touche Tohmatsu's 2007 Global Security Survey, is a top concern for industry professionals. In the survey, which included responses from thousands of financial professionals in more than 40 countries, security regulatory compliance is the only category that has ranked in the top five priorities for respondents in all five years since the survey's inception.

The industry's longest standing rules were published in the Bank Protection Act of 1968, which established the minimum standards for a security program, including mandating alarms and surveillance systems. Regulations were also established through such rules as Title V of the Gramm-Leach-Billey Act, which developed Interagency Guidelines for Safeguarding Customer Information. Under this act, financial institutions are required to implement and maintain administrative, technical and physical safeguards for protecting customer information, which covers a range of banking operations from access controls to firewalls. In addition, the international Basel Committee, which formerly focused on an FI's loan portfolio, recently implemented the New Capital Accord, or Basel II. Basel II applies a scorecard approach that allocates capital based on an assessment of the quality of an FI's physical security, access control and other operational risks measured against established Basel II standards. Failing to comply can result in huge liabilities and significantly greater costs in the long run.

In light of these regulations, FIs must be prepared to show that their physical security systems are as effective as the security systems that have been developed for their online banking models. Adopting remote video monitoring significantly enhances an existing system by unifying the security components under a central monitoring station to provide a more integrated approach that can substantially strengthen the institution's overall security system.

To help meet these challenges head on, remote video monitoring offers the next step in integrated security.

Summary

Although cyber crime is capturing headlines, law enforcement data shows an alarming rise in physical threats against the financial industry in a broader geographical area and by a larger criminal demographic, attributed at least in part to the floundering economy. In addition, regulatory requirements continue to evolve that requires the integration of physical and logical security measures to safeguard FI assets and information.

To help meet these challenges head on, remote video monitoring offers the next step in integrated security. This service offers FIs the ability to integrate fully customized, alarm monitoring into existing security systems, to monitor all facilities in real-time, resulting in a proactive security strategy. Remote video monitoring is also invaluable in reducing false alarms, which are some of the top challenges financial professionals face. Offering numerous additional benefits, video monitoring provides the live audio and video necessary to secure any critical area of a financial institution, while capturing vital information to assist law enforcement.

Authored by Diebold, Incorporated.

Diebold, Incorporated has been at the forefront of the security industry for nearly 150 years, and has been recognized as Frost & Sullivans 2008 Global Physical Security Systems Integrator of the Year for its expertise in physical, logical and electronic security. Diebold's event monitoring center, now in its twentieth year, has been named a Five Diamond, Level II 100 percent Operator Certified Central Station, which is a prominent designation awarded by the Central Station Alarm Association to less than one percent of U.S. security companies. Diebold also received the 2007 Central Station of the Year award by CSAA for its commitment to security monitoring excellence.

For more information about Diebold, Incorporated and its monitoring capabilities for financial institutions, please visit www.monitorsmarter.com or call 1-800-248-2460, ext. 2566.

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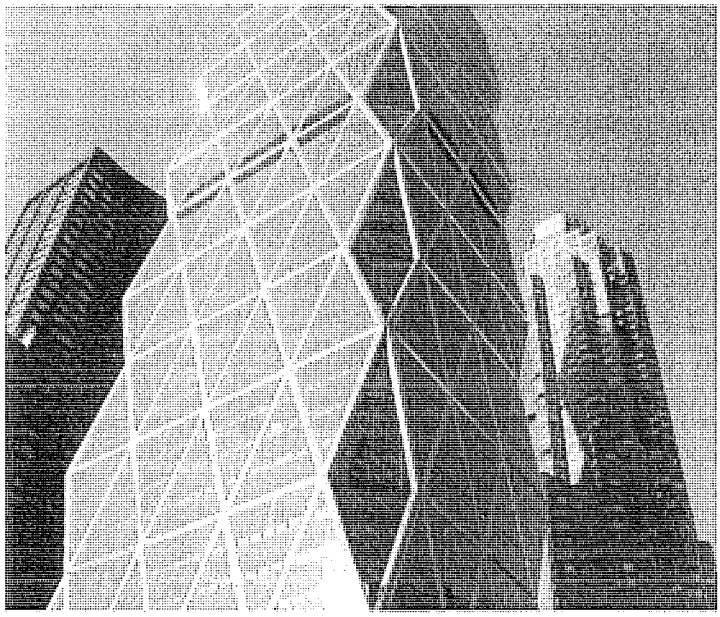
THE ENGINEERING OF A CUSTOM-DESIGNED COMPREHENSIVE SECURITY SYSTEM



HEARST TOWER
NEW YORK CITY

The Hearst Corporation relied on the custom design and installation of a dedicated security network including access control, video alarm monitoring, a new control center and several additional specialized technologies that would secure the high-profile structure and complement the LEED certified architecture and construction of its world headquarters in the new high-visibility Hearst Tower in Manhattan.

Diebold engineered a dedicated custom-designed comprehensive security system, including access control with 300 card readers and seven optical turnstiles with barrier arms, video monitoring with an intercom system of more than 1,000 programmed alarm contact points that interacted with nearly 300 high resolution cameras, recording capabilities via 18 DVRs, badging stations, a newly constructed control room and redundant servers to secure the LEED Gold certified headquarters of one of the world's highest profile communications organizations.

The architecturally complex new Hearst Tower in Manhattan houses the world headquarters of the famed Hearst Corporation, which is the world's largest publisher of monthly magazines. Hearst publishes the likes of Esquire, Good Housekeeping, Harper's BAZAAR, The Oprah Magazine, Cosmopolitan, Town & Country and many more.

The celebrated 46-story glass and steel structure is the first occupied office building in New York City to achieve a LEED Gold certification under the U.S. Green Building Council's Leadership in Energy and Environmental Design program, which recognizes excellence in environmentally sustainable design and construction. But Hearst Tower was designed and constructed with much more than architectural grace and environmental sensitivity in mind.

As world headquarters for some of the highest visibility publications in the world, the Hearst Tower is commonly visited by celebrities and high-profile figures from around the world and its lower lobby is open to the general public.

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SECURITY

Section F
(2) Technical Approach

Relationships with Key Vendors.....(e)

e) *Relationships with Key Vendors*

The Proposer shall submit a description of relationships with key vendors, including a description of all existing and planned agreements, with the terms thereof. Beginning at Contract commencement, these third parties, Lenel Systems International, Inc. and Verint Systems, Inc., and Enterprise Air, are expected to be utilized as a source of labor and materials by the Contractor throughout the Contract period. It is expected that the Contractor will be able to utilize such resources on behalf of the Port Authority's Work Order and Maintenance activities. Proposer must include a discussion of all existing and planned agreements, with the terms thereof.

Response:

Diebold considers its relationships with vendors vital to its success. Diebold will work with the manufacturers to ensure we can use their resources for consultation on product installation and operations, as well as for escalation of potential issues. Diebold will engage each manufacturer on an as-needed basis. The level of involvement generally consists of providing enhancement modifications to the system and resolving problems. In order to maintain certification and enterprise dealer rights, Diebold's staff is continually investing in vendor-conducted certification programs and well as internal training on an annual basis.

Included with this response are manufacturer authored letters stating that Diebold is a current authorized Value Added Reseller of:

a. **Lenel** –Diebold has an enterprise agreement and (17) certified technicians in the tri-state area. Recently deployed Lenel projects include:
    i. JetBlue Terminal 5 JFK airport
    ii. Royal Bank of Scotland
    iii. NYCT Grand Avenue Bus Terminal
    iv. NYCT Corona Yard

b. **Verint** – Diebold is one of Verint's largest VAR's, reselling over $10 million annually. Recently deployed Verint projects include:
    i. JetBlue Terminal 5 JFK airport
    ii. Royal Bank of Scotland
    iii. Lincoln Center NYC
    iv. Pier 12, 88, 90
    v. PANYNJ – WTC site

c. **Identica** –
    i. PANYNJ WTC site

d. **Intelect** -

At the commencement of the contract, Diebold will purchase a Service Level agreement from each of the manufacturers. These agreements will allow Diebold Level 1 support directly with manufacturer, in addition to including software version and patch upgrades.

Vendor Letters

Lenel Systems International, Inc.
1212 Pittsford-Victor Road
Pittsford, New York 14534
Tel 585.248.9720 Fax 585.248.9185
www.lenel.com

LENEL
A UTC Fire & Security Company

June 24, 2009

To Whom It May Concern:

Lenel Systems International, Inc. hereby confirms that Diebold, Inc. has been an authorized Lenel reseller since June 4, 2004.

Lenel also confirms that it has submitted a renewal agreement to Diebold, Inc. which, once executed, will continue its status as an authorized Lenel reseller through March 31, 2010 for the purposes of marketing, reselling and implementing Lenel products and support services in the United States, Brazil, Colombia, Chile, Costa Rica, Venezuela, Peru, Trinidad & Tobago, Dominican Republic and Ecuador. Lenel fully expects Diebold to execute this renewal agreement within the next four weeks.

Sincerely,

Luis Orbegoso
President
Lenel Systems International

VERINT
POWERING ACTIONABLE INTELLIGENCE®

April 30, 2009

RE: Diebold Enterprise Security Systems

To Whom It May Concern:

This letter is to confirm that Diebold ESS of White Plains, NY is a current dealer/systems integrator for Verint Video Solutions. Diebold ESS is currently in good standing and is authorized to sell, install and service Verint Video Solutions products.

If you have any questions or need further information, please contact me at 631-754-9192 or by e-mail at ian.chambers@verint.com .

Sincerely,

Ian Chambers

Ian Chambers
Director, Business Development
Verint Video Solutions

Intelect
Technologies
Incorporated

July 24, 2009

Nelson Barreto
Diebold Security
3 Westchester Plaza
Elmsford, NY 10523

Dear Mr. Barreto,
This letter certifies that as of the date of this correspondence Diebold Security is an Authorized Reseller of OmniLynx equipment. As an Authorized Reseller, Intelect is committed to supporting Diebold Security in the preparation of quotations and proposals for the sale and support of the OmniLynx equipment.

Best regards,

Danny Moon
Customer Service Manager
Intelect Technologies Inc.

identica™
Undeniable Identity

Identica Holdings Corporation Phone: 813.642.3479
3825 Henderson Blvd., Ste 605A Fax: 813.774.4725
Tampa, Florida 33629
www.identicacorp.com

June 24, 2009

To Whom It May Concern:

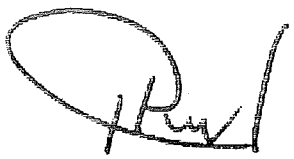
This letter of reference has been written for the benefit of Diebold, and their prospective clients.

Diebold is an Authorized "Value Added Reseller" and Installer of Enterprise Air and Identica Mobile ID Verification System for Hand Held Units. In accordance with the terms of our VAR agreement Diebold status shall remain valid and effective until 12:01Am 1-1-2013 with an option to renew.

Diebold employees have attended authorized training programs and have been certified on the product. Diebold has invested in a technical support center that has shown continued growth in its operations and service over this past year. Diebold technicians have demonstrated they are knowledgeable, competent and effective when called upon for "in the field" or "in the lab" support and solutions.

We see Diebold as an integrator committed to, and succeeding in the delivery of high quality service that often exceeds our customer's expectations. We are pleased to have Diebold a part of our distribution and technical support system.

I would be happy to answer any questions in the above regard through any of the contact information below.



Howard A. Pearl, Chief Operating Officer

Identica Holdings Corporation

813 642 3479 ext 1108

hpearl@identicacorp.com

Section F
(2) Technical Approach

Methodology and Approach to ASCS System Enhancements & Maintenance..... (f)

f) Methodology & Approach to ASCS System Enhancements & Maintenance

The Proposer shall describe its methodology and approach to the system enhancement and maintenance of the ASCS equipment including but not limited to the Access Control System, CCTV cameras, Mobile ID Verification system, and ID Badging system, included in Attachment D, Scope of Work

Response

Diebold will staff each airport with a dedicated onsite certified technician. The technician will be responsible for providing:

- preventive and remedial maintenance services at each of the airports
- maintaining the ASCS system so it adheres to manufacturer's recommendations of the maintenance of equipment
- adhere to all compliance with the Port Authority's plans and rules, and Code of Federal Regulations (CFR) 1542, Transportation Security Administration (TSA) Security Directives, and all other applicable federal regulations as they are enacted by any applicable governing agency

Diebold will be responsible for the uninterrupted operation of all software and hardware components/specifications of, and management services for, the ASCS system.

The Lenel ACS shall meet a standard for hardware component uptime availability of 99.97% and a Host Availability of 100%. Reliability and Maintainability **will** meet industry standards for MTBF (Mean Time Between Failures) and MTTR (Mean Time To Repair).

The Preventive Maintenance Plan will be performed in accordance with the manufacturer's recommendation for the maintenance of equipment, which is designed to minimize system and component failures due to equipment failures, In addition it will keep the Airport Security System in a proper, safe, and efficient operating condition. The Preventive Maintenance Plan will help to prevent system and component failure and will help to extend the Airport Security System's useful life. PM tasks will include

- Check and verify that the systems are running and operating, per manufacturer's specification.
- Perform a visual inspection of all related components, per manufacturer's specification, on all physical connections and ensure terminations are adequate for proper system function per preventative plan
- Testing, lubricating, adjustments, repairs and cleaning relative to all related system devices and components (cleaning cameras lenses, housings, lenses & domes, card readers, CCTV head-end system equipment, and biometric enrollment readers in the ID offices and other airport security access locations) in accordance with the manufacturer's suggested Preventative Maintenance recommendations.

- Change any air filters that are in place. Vacuum cabinets areas inside and out, including any dust, dirt or debris that may have covered equipment components.
- Provide the following perishable items: laminate, cartridges, ribbons, and cards used in the operations system for the ID offices as well as any other items necessary to maintain the badging equipment functioning. Exemption (4)

- Monitor the performance of the CCTV system by performing the manufacturers' recommended routines.
- Support general user administration, including adding, changing and deleting CCTV system user accounts.
- Replace parts that are approaching an unserviceable status using trouble report log and manufacturers' recommended end of life determination.
- Maintaining the Nextiva System, configure data, backup and recover the database.
- Support Global Settings.
- Managing Nextiva users & groups: adding, deleting and renaming users and groups, refreshing user information, editing user properties, assigning permissions.
- Video Quality Profiles
- Coverage Profiles
- Recording and Archiving
- Supporting Investigative Management Application
- Monthly cleaning of all equipment, including the replacement of any filters located in the equipment cabinets.
- Periodic cleaning of domes and camera lenses.

The Technician will report to the Airport Security Manager at the start and completion of each maintenance visit. The Technician will keep the Airport Security Manager informed of the work performed by utilizing a form which can be imported into the maintenance reporting software.

Remedial Maintenance shall consist of all unscheduled actions necessary to diagnose and correct ASCS malfunctions and failures. Diebold will repair or replace at the direction of the Airport Security Managers and/or Program Manager, any part or parts of the Airport Security Control System that becomes unsuitable for continued use. Diebold will make every possible effort to adhere to all original specified performance requirements found on the manufacturers' websites.

For CCTV systems, the following RM activities shall include, but not be limited to, the following tasks:

Troubleshooting, repairing and or replacing the following hardware components:

- Master File Servers Analytic File Servers Storage Array units Ethernet switches
- Video Encoders & Decoder.
- Viewing Workstations Display Monitors System Admin PC / Terminal & KVM Camera Power Supply's

- Encoder Power Supply's Power Distributors Uninterruptible Power Supplies (UPS's)
- Fixed Cameras
- PTZ Cameras

The equipment maintenance, repair and replacement should be viewed as Remedial Maintenance
as required. The following statements outline the required response times for typical outages:

- Major Outage responses within 4 hours, Resolution within 24 hours:
- Minor Outage (responses within 8 hours, Resolution within 48 hours

Diebold will purchase service level agreements directly from each manufacturer in order maintain current system software. This will ensure that software is maintained at a release level supported

Section F
(2) Technical Approach

Factory Trained and Certified Service Technicians.....(g)

g. Factory Trained and Certified Service Technicians

g) *Factory Trained and Certified Service Technicians*

The Proposer shall submit the number of factory trained and certified service technicians employed at the Proposer's New York and New Jersey Metropolitan area offices for Lenel, Verint Systems, Inc., and Enterprise Air and each of the major system components.

Response:
Lenel: 17
Verint: 3
Identica Enterprise Air: 2
Intelect: 2 (ongoing certification)
Cisco: 5
Microsoft: 10

Included with this response are the certifications for Diebold's (17) Lenel Certified technicians and (3) Verint certified technicians and certification letter from Identica. As part of Diebold's ongoing training plan, certified technicians and manufacturer's representatives conduct training and refresher courses to Diebold's technical staff at the Elmsford training center and vendor facilities. Diebold shall continue to certify employees to complement the existing technician pool.

Additionally, at the Diebold Education Center (DEC) located in Canton, OH, the primary instructor is Lenel Master Level-certified and factory authorized to teach CR1000-2000. The technician training for Lenel is equivalent to Lenel's CR-1000/CR-2000 courses. When the students are certified, they are then authorized to participate in further training (CR3000 and up) at the Lenel facility in Rochester NY. The CR-1000 course covers hardware components and CR-2000 covers software install and basic setup procedures.

Section F
(2) Technical Approach

Engagement and Transition Plan.....(h)

h) *Engagement and Transition Plan*

The Proposer shall provide a detailed engagement and transition plan that addresses all of the requirements as described in Attachment D, Scope of Work. The Proposer shall describe the methodology previously employed by them in other engagements to transition current staff.

Response:

Upon award of the contract, Diebold will require a minimum of 1-2 months to formally assemble its service team. During this time, Diebold will request to work directly with the Port Authority staff to become familiar with all systems at each physical location. At the same time, Diebold will also begin to document all serviceable equipment. All firmware and software versions will be identified and imported into a Diebold database. Diebold will conduct bi-weekly team meetings with the Port Authority staff as well. Meeting minutes with assigned responsibilities will be issued to track the progress and ensure everyone remains on track.

Transition Planning:

Diebold's approach incorporates techniques and processes developed from its security team's significant experience in transitioning Mission Critical 24x7 Security Operations at a variety of customer locations. Emphasis is placed on a low risk, seamless operations throughout the process. Diebold will focus on:

- risk mitigation
- minimization of impact to ongoing operations
- effective coordination with security operations activities and personnel efficient and rapid migration of new capabilities into operations

To facilitate the transition, Diebold will provide a multi-tiered organization dedicated to the success of the client's program. Built upon proven management processes, policies, and performance, the Diebold Program Management Office will deliver a multi-level management approach and will leverage all resources within the Program Office as well as Diebold North America (DNA).

Section F
(2) Technical Approach

Web Enabled Computerized Work Order and Maintenance Management System..... (i)

i) *Computerized Work Order and Maintenance Management System*

The Proposer shall describe a web enabled Computerized Work Order and Maintenance Management System to be used in this Contract as stated in Attachment D, Scope of Work. In addition, the Proposer shall submit their approach to maintenance management reporting.

Response:

Computerized Work Order:

Diebold will use Microsoft SQL Server 2008, which is a web-enabled, commercial, off-the-shelf software tool for Work Order and Maintenance Management System. This software provides a complete server-based platform that is designed to support a wide variety of reporting needs. During the transition period, Diebold will work with the PANYNJ to develop customer reports which will be delivered in both electronic and hardcopy formats. Report delivery will begin 30 days after the contract is awarded and Diebold will keep a record of all reports. Reports will be delivered on a scheduled deemed necessary by the Airport Security Managers and/or Program Manager – monthly, quarterly, semi-annually, and/or annually.

The system will provide the following information:

- Tracking of individual supplier information, including contact information such as: company name, name of contact person, company address, telephone number(s), fax number(s), and email address.

- Equipment Inventory - Information on all parts and components within the system. Track each part and component by supplier, by location, serial number, and part/component ID. If an item is a component system, track each part of the system by its individual parts.

- Hardware/Software Inventory -Track all software, version, and license numbers for the ASCS.

- Parts and Component Usage - Track the disbursement of parts and components to technicians for use in making repairs. Location also extends to where the equipment is installed. Each item should will a status, such as "available", "damaged", "on-hold" or others, as needed by the operation. All parts and components will be tracked by serial numbers.

    - The system will track the performance of equipment used within the system as well as calculate and maintain Mean Time Between Failure (MTBF) and Mean Time to Repair (MTTR) information.

- Reports - Track status and schedule of each work order from the time a request is made until the work order is closed-out. The system will include the approval of the work, final payment, and all of the steps in between.

- Maintenance Management - The system will include caller identification, date and time of call, description of problem by caller, location of problem,

technician assigned, time of technician arrival at site, description of technician action, time of completion of work, parts used with serial numbers, and all other relevant information.

Performance Measures:

Reports will be distributed as outlined above and will show an overall calculation and/or be broken down into individual calculations. Reports will show the following:

- Percent of equipment and software components uptime and downtime
- Percent of repetitive equipment and software components failures
- Number of calls and total repair time spent on repeat problems
- Mean time between equipment repairs
- Time required to complete a repair
- Number of problems including the number of hours spent on non-routine maintenance and scheduled maintenance calls
- Preventative Maintenance Compliance which includes Preventative Maintenance tasks complete and scheduled
- Vendor response to time to "off-hour" calls
- Percent of equipment and software components maintained on schedule
- Percent of parts with two or more suppliers

See cut sheet enclosure, Microsoft Dynamics SL Business Portal

BENEFITS

- Unlock the potential of all your employees
  Accelerate productivity across your business by providing employees with immediate access to business applications and updated, accurate information.

- Take advantage of Windows SharePoint Services
  Deliver powerful information-sharing and collaboration tools that foster teamwork and improve performance with Microsoft Windows® SharePoint™ Services and Microsoft Office System 2003.

- Take the hassle (and expense) out of common tasks
  Timecard entry, expense reports, ad hoc database queries, and other tasks can be delivered through the user's Web browser, reducing the time it takes to manage these processes and eliminating related paperwork and data re-entry.

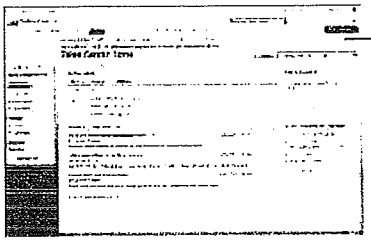
- Reduce information support costs
  By opening the flow of useful business information to your employees, you'll reduce the stream of requests for custom reports and calls for simple business facts, freeing your IT, accounting, and support resources to drive your business forward.

- Share business information with customers and suppliers
  Work more effectively with customers, suppliers, and other business partners by granting secure access to business information such as order status, inventory levels, and payment data.

Microsoft Dynamics™ SL

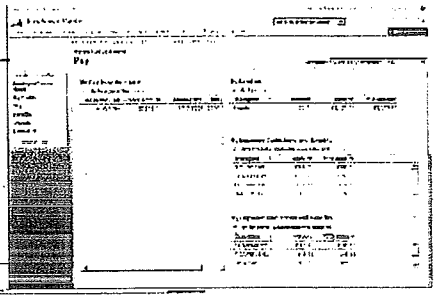
Unlock business potential and enhance productivity by providing role-based access to information and processes from a single Web-based portal.

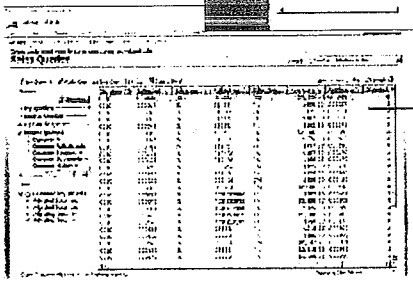
Business portal integrates seamlessly with Microsoft Dynamics SL to deliver applications, information, and processes to employees, customers, and partners across the organization.



Share the right information with the right people by assigning role-based privileges.

Take routine HR tasks online- employees can update profiles, enter time cards, view pay stubs, and more.



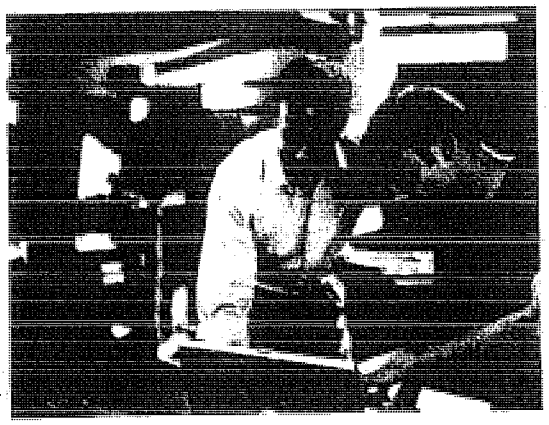


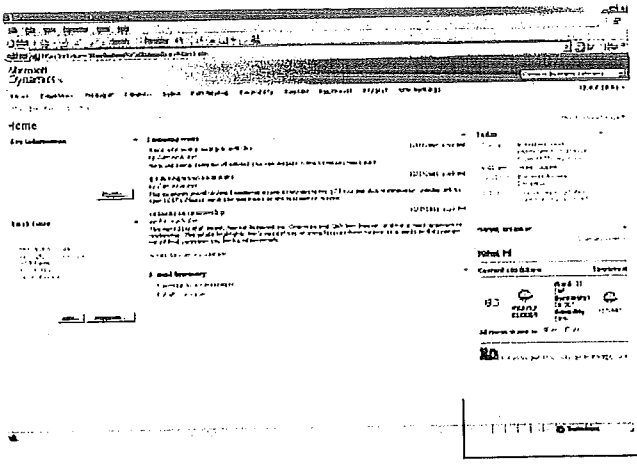
Drive fast, informed decisions by enabling users to look up information themselves.

Microsoft Dynamics SL

Give your organization a framework for information sharing and collaboration

Business Portal 3.0 is built on Windows SharePoint Services, enabling you to deploy one portal site to deliver access to business applications, information, and processes across the organization. Windows SharePoint Services offers easy-to-use features that enable employees to work together on documents, share ideas, and distribute targeted information to the right people.





Share and collaborate on documents
Business Portal is installed as a Windows SharePoint site, enabling you to store, share, and edit Microsoft Word, Microsoft Excel, and other documents by adding Document Libraries to portal pages.

Create new pages and parts more easily
Business Portal Web parts are built as native SharePoint Web parts, with drag-and-drop page design that saves time and lets you to create pages that work the way you want them to.

Add Excel graphs to Portal pages
Business Portal Web parts can be connected to SharePoint Excel Web parts, giving your customers new charting abilities for business data.

Add sites for projects and meetings
Create pages with all the resources that team members need — including Calendars, Participant Lists, Announcements, Document Libraries, and other Web parts — to record activities, share and edit documents, track meeting notes, and provide links to other relevant sites.

Connect to external data sources
Expand the reach of business information by exposing not only Microsoft Dynamics SL data, but other sources of business information to your business portal site.

Windows SharePoint Services
is the foundation for business portal, making it easy to share documents, announcements, news and other applications across the organization.

Give executives "at-a-glance" access to key business metrics

Enable executives and business decision makers to assess the current health of your business and respond quickly when conditions change with Key Performance Indicators for Business Portal.

Multiple Views and Alert Ranges
Using graphs, tables, and "green/yellow/red" conditional alerts, companies can create Key Performance Indicators (KPIs) that draw attention to the most important aspects of each information view. Decision makers can then drill down quickly to discover underlying causes of changing conditions.

Easy to define
Once you've built the underlying queries, it's a simple process to define and deploy the KPIs most important to your business success, making it easy for decision makers to identify "hot spots" and act quickly to drive your business forward.

Role-based Access
Individual KPIs can be created for each executive, depending on their areas of responsibility. Role-based access enables you to align the right information with each individual.

Easy Updating
KPIs can be refreshed as often as needed, so decision makers will always be working with current, accurate information.

Give employees and managers a portal they'll us

Empower employees and managers to streamline huma resource management tasks with the HRM Self Service Suite for Business Portal.

Time and Attendance
Enable employees to enter their own time cards online- including the hours they have worked, the pay type (regular time, overtime, holiday, and so forth), and location. Once submitted, timecards are automatically routed for approval and processing through the payroll system.

Employee Self Service
Allow employees to view and change information such as addresses, phone numbers, and emergency contacts, submit time-off requests, and view pay stubs and benefits information.

Manager Self Service
Enable managers to approve timecards and time-off requests, view direct reports' emergency contacts and compensation history, evaluate team skills, and check applicant status for internally posted positions, helping them work more effectively with direct reports and make critical staff decisions.

FEATURES	BENEFITS
Increase availability of information throughout your business	• Publish sales reports, outstanding purchase orders, budget reports and financial reports. • Run queries to access detailed information on customers, vendors, inventory items, sales, and purchases. Modify and export queries to Microsoft Excel for further analysis. • Deliver instant access to personalized views of key business information with the Key Performance Indicators module. • Deliver role-based information to salespeople, purchasing agents, budget managers, customers, and any other role you create. • Add Windows SharePoint pages that include all the resources that team members need to share information and collaborate on projects and meetings.
Enable employees to complete common tasks more efficiently	• Enable employees to enter timecards and expense reports, update personal information, and review pay, benefits, vacation, and sick time information. • Workflow management improves efficiency for routine processes such as timecard and expense report approval.
Deliver Web-browser access to business applications	• Eliminate the need to load Microsoft Dynamics SL on every user's desktop machine by delivering access through Business Portal, via Windows Terminal Server. • Enable users to easily access the Microsoft Dynamics SL windows they use most often to do their jobs by creating quick links within Business Portal pages.
Tailor Business Portal to your business	• Identify which tasks and information you wish to share by role, and add reports, queries, and tasks to each role-based page. • Include links to other Web-delivered applications, intranets, and external data sources. • Enable users to design customized layouts and add Web parts to their pages.
Streamline portal administration tasks	• Browser-based delivery eliminates the need to load and update applications on each desktop computer. • Deliver out-of-the-box access to data and processes. • Quickly set up user access by matching User IDs to their corresponding Employee ID in Payroll in Microsoft Dynamics SL.
Extend access to information	Access to Microsoft Dynamics SL Project Maintenance program is available from remote locations 24x7 through Business Portal without logging into Microsoft Dynamics SL, so managers can set up new projects or alter current information from a client site, for example.

For more information about Microsoft Dynamics™ SL, visit: **http://www.microsoft.com/dynamics/sl**

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Microsoft

Section F
(2) Technical Approach

Pre-employment Screening, Safety & Emergency Procedures and Disaster Recovery Plans.....(j)

j) *Pre-employment Screening Procedures and Safety and Emergency Procedures and Disaster Recovery*

The Proposer shall provide detailed descriptions of its pre-employment screening procedures and safety and emergency procedures including, but not limited to, disaster recovery plans. The Proposer shall identify and provide key management and resources for program administration.

Response

Recruitment Procedures

Individuals hired by Diebold are recruited from newspaper ads, career fairs, college campuses placement offices, civic organizations, high schools, vocational schools, private employment agencies, employee and non-employee referrals, state employment agencies, business contacts and walk-ins.

Generally, candidates are interviewed for requisite skills established by those in management with whom they would work.

Employment for all candidates is contingent upon passing a drug test and a comprehensive background verification which includes a criminal history check and past employment confirmation. The drug tests are administered by a third party within applicable state laws. The background verification is administered through an independent, outside source.

Background Checks

Employee Investigations: Currently and as part of an employee's initial screening process, Diebold, at its expense, conducts a background investigation, prior to employment, on each new employee to determine work experience and suitability for the assignment. Although the scope of the employment screening will be determined by Diebold and may, at Diebold's discretion, be narrowed or broadened depending on the particular circumstances of the case, typically such investigations will consist of the following elements:

Elements of Background Checks

- Social Security Number Trace: Confirming the applicant's social security number in order to identify prior addresses and names, to assist in conducting a thorough criminal conviction search;
- Felony/Misdemeanor Criminal Conviction Search: Searching the appropriate court records relating to the applicant's county of residence for evidence of any and all felony and/or misdemeanor convictions in the previous ten years;
- Education Verification: Confirmation (where available) of attendance, degree and graduation date from the institution where the applicant obtained his or her highest degree;
- Employment Verification: Confirmation (where available) of employment, position, pay, reason for leaving and eligibility for rehire from all employers who employed the applicant in the previous five years; and

Driver's License Abstract: Reporting accidents, suspensions and violations from the state in which the applicant is located.

Recovery Mode

Diebold has project planning capabilities to allow for recovery of a current situation, especially when there is a need to elevate the performance level for a new customer. This mode is based on a proven "disaster recovery plan" model. Diebold has been successful in implementing these capabilities and gained real-time experience in this type of project planning during the Florida hurricanes and Diebold's intervention following Hurricane Katrina.

Diebold utilizes its recovery mode when:

- A new contract is awarded because the previous supplier was at subpar performance.
- A customer has a change in business model and Diebold must partner with them to allow the organization to adapt as needed.
- Technology changes that create an immediate need for an upgrade or replacement.

Section F
(3) Firm Experience and Management Commitment

Relevant Experience and Past Performance.....(a)

(3)Firm Experience and Management Commitment

(a) The Proposer shall submit a listing on Attachment J, Form #6, entitled: "Relevant Experience and Past

Performance", of all Physical Security, Maintenance and Work Order Contracts that were performed by or are currently being performed by the Proposer within the last five (5) years. For each Contract listed, include:

- The project name, locations, and descriptions where the work was performed
- Duration of the Contract (start and end dates)
- Approximate dollar amount of the Contract
- Annual staff hours and percentage of full and part time labor expended in the performance of the Contract
- Names, addresses and telephone numbers of the owners
- Representatives familiar with the work whom the Port Authority may contact

Response

See Attachment "J"

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

he following forms have been organized to provide a standardized mechanism for responding to the Qualifications and Information equirements of this Request for Proposal. THESE FORMS ARE NOT A SUBSTITUTE FOR A WRITTEN PROPOSAL; THEY ARE NTENDED TO SUMMARIZE KEY INFORMATION IN THE PROPOSAL AND MUST BE SUBMITTED WITH THE PROPOSAL.

he information in these forms has been ordered for ease of review and comparison of responses. Each part of a form represents a collection of related information that may have been described or specified in different, separate, and non-contiguous areas of this document.

ach of the parts of a form carries a reference to the area in the Request for Proposal where the definition of the information requested ıay be found. Such references, however, are presented as an aid to the Proposer, and in no way imply that other, unreferenced sections re to be ignored with respect to a form or any of its parts. It is the responsibility of the Proposer to apply the entire Request for Proposal ıformation and definitions, as needed, to prepare the following statements.

. **Prime Proposer's Business Information**

ı Check how bid will be submitted:

☒ Single Entity ☐ Joint Venture

f a Joint Venture, each participant in such Joint Venture must submit all the information that is required or a single entity. A complete set of forms must be provided for each participant in a joint venture.

ndicate the type of work generally performed with your own work force.

System Design, Project Engineering, Program Maintenance, Site Supervision, CAD, Commissioning, Training , Support Services

ı ındicate which part of the work indicated in this Request For Proposal you plan on performing with your own forces and what work you plan on sub-contracting to another firm?

- Work to be performed with own forces:

System Design, Project Engineering, Program Maintenance, Site Supervision, CAD, Commissioning, Training , Support Services

- Work to be performed with sub-Proposers:

Installation of Cable, Conduit, and Devices

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

. Proposer's General Business Information

This form must be completed by each organization included in the proposal	
Primary Proposer's Name	: Diebold Security
Name(s) of Proposed Subcontractor	: _____

ı Statement submitted by: Nelson Barreto

Name of Organization:	Diebold Security
Address:	3 Westchester Plaza Elmsford, NY 10523
Telephone No.:	914 949-2400
ıme of Contact Person:	Nelson Barreto
Title:	Sr Sales Representative
Address (if not above).	Same as above
Telephone No (if not above).:	914 872-4450

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

Additional Information about Proposer Company:

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Diebold Security

Name(s) of
Proposed Subcontractor : _____

Primary Banking Institution:	PNC
Institution Address:	620 Liberty Way Pittsburg, PA 15222
Banking Representative:	Linda Darling
Representative Phone #:	412 768-0594
Proposer's Federal EIN:	Exemption (1/4)
Proposer's D&B #:	00-4469300
Other Credit Service Name:	JP Morgan Chase
Proposer's # with Other Service	_____

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

. **Certifications and Validations**

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Diebold Security

Name(s) of
Proposed Subcontractor : _____

s your firm in a certified Lenel relationship as described in the Request for Proposal?

☒ Yes ☐ No

Does your firm have the required certification(s) and/or license(s) described under the Request for proposal?

☒ Yes ☐ No

If No, indicate how you plan on meeting this requirement:

_____

_____

➢ **Submit documentation of required certification(s) and/or license(s)**

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

5. Other Submissions

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Diebold Security

Name(s) of
Proposed Subcontractor : _____

Has your firm reviewed **Attachment A, "Agreement on Terms of Discussion"**, and submitted a copy of that attachment signed by an authorized representative of all parties participating in your proposal?

☒ Yes ☐ No

Has your firm reviewed **NDA, Security Information Handbook** prior to signing the letter of transmittal?

☒ Yes ☐ No

If your firm reviewed **NDA, Security Information Handbook** and could not make the required certifications, has your firm enclosed an explanation of that inability?

☐ Yes ☐ No

Reviewed and accepted

ATTACHMENT J - PROPOSER QUALIFICATION FORMS
6. Relevant Experience and Past Performance

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Diebold Security

Name(s) of Proposed Subcontractor : _____

- Has your firm ever failed to complete any security system support contract awarded it? ☐ Yes ☒ No
  If yes, describe the circumstances on a separate piece of paper.
- In the last five years, has your firm ever failed to substantially complete a contract in a timely manner? ☐ Yes ☒ No
  If yes, describe the circumstances on a separate piece of paper.

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Date Completed	Contract Price **	Percent of Work Performed By Own Forces
General Services Administration – Region 2	Edward Lew	M	In progress	$ 1.3M	95%
JetBlue Terminal. Terminal 5 – JFK Airport	Al Volpe: Turner Construction (646)	WO and M	12 / 2008	$ 10M	65%
Royal Bank of Scotland . Stamford, CT	Michael Mingey: Royal Bank of Scotland	WO and M	5/ 2009	$ 4M	65%
PANYNJ Wireless WTC Perimeter Recording and Access Control System WTC Construction Site, NYC	Leonard Kovlov: PANYNJ	WO	In progress	Currently two contracts valued over 2M	65%
Westchester County Airport White Plains, NY	Wendell Orr	WO and M	2008	$ 3.5M	70%
New York State Supreme CourtMetroTech Center 330 Jay Street, Brooklyn, NY	Jim Imperatrice:	WO	2005	$12M	65%

The Hearst Tower New York City , NY	Mr. Louis Nowikas (	WO and M	2007	$ 2M	65%

Notes: Use additional copies of this form, if needed

*** Include Name, Address and Phone No. of Reference Contact**

****Indicate amount of Proposer's contract and if work was done as a Prime Contractor or Subcontractor**

ATTACHMENT J - PROPOSER QUALIFICATION FORMS

7. Key Personnel

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Diebold Security

Name(s) of Proposed Subcontractor : _____

Name	Position	Date started with this organization	Date started in profession	Prior relevant positions and experience
Kevin Engelhardt	**Vice President and GM**	**June 2002**	**SEE RESUME**	**SEE RESUME**
Jeremy Brecher	**VP Operations**	**May 2005**	**SEE RESUME**	**SEE RESUME**
Nelson Barreto	**Sr Sales Representative**	**September 2003**	**SEE RESUME**	**SEE RESUME**
Paul Woods	**Director of Field Implementations**	**August 2002**	**SEE RESUME**	**SEE RESUME**
Thomas Reilly	**Project Manager**	**August 2006**	**SEE RESUME**	**SEE RESUME**
Karen Kemp	**Support Manager**	**October 2008**	**SEE RESUME**	**SEE RESUME**

Notes: **Include a resume for each individual listed**
Use additional copies of this form, if needed

ATTACHMENT J - PROPOSER QUALIFICATION FORMS
ork on Hand / Bids Submitted

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Diebold Security

Name(s) of Proposed Subcontractor : _____

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Contract Price **	Scheduled Completion Date
Port Authority Perimeter Recording	PA-Leonard Kozlov	WO	$754,708	8/2009
Port Authority WTC Access Control	PA-Leonard Kozlov Exemption (1)	WO	$1.12M	12/2009
DEP UV –Access Control CCTV Valhalla, NY	Welsbach Electric Garry Stroud	WO	$6.2 M	12/2012
Pier 90 New York City, NY	EDC - Carlo Caci	WO	$1.7M	8/2009

DS SUBMITTED:

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Bid Price **	Low Bidder (Yes or No)	Anticipated Award Date/ Contract Duration
PTCC-CCTV Jersey City, NY	Siemans	WO	$ 3.6M	RFI	Jan 2010
Raytheon- NY/ NJ Airports PIDS Maintanance	Raytheon	M	$ 1M	RFI	Jan 2010

ites: *** Include Name, Address and Phone No. of Reference Contact**
****Indicate amount of Proposer's contract and if work was done as a prime or general Subcontractor**

Section F
(3) Firm Experience and Management Commitment

Detailed Description of Ability To Perform the Work.....(b)

(b) The Proposer shall describe in detail its experience, its financial capability, management structure and proposed staffing, certifications, applicable licenses (i.e. electrical), skills and experiences and capability of proposed staff and other supporting documentations demonstrating its ability to perform the work

Response

Financial Capability

Diebold Security has global operations in North America (with headquarters in Elmsford, NY), the EMEA region (with headquarters in London, England) and Australia (with headquarters in Sydney), delivering projects in emerging markets throughout the world. Diebold Security is recognized as a global integrator, delivering uniformity, consistency and the best return on total cost of ownership to help customers enhance their businesses and business practices.

With the power of Diebold, a Fortune 500 company with over 17,000 associates and over $3 billion in revenue behind us (Diebold consolidated financial reports and balance are enclosed in Section E), Diebold Security easily provides service and support with over 3,000 service technicians in the U.S. alone, and our five-diamond, UL-certified central monitoring station in Canton, Ohio. In addition, our associates and customers have unlimited access to numerous technical and business courses, with over 40 full-time trainers.

Management Structure

In addition to the project management structure included in our response to Section F2 subsection a and b; the project management structure will be under the leadership of the Program Manager from Diebold Security, who will be based out of our Plainview, Long Island or New York City offices. However, we propose to base him at one of the airports pending Port Authority concurrence. The executive management team based out of Elmsford, NY, will consist of the VP of Operations and the VP of Engineering who will each be responsible for managing the portion of the project within their own departments and for coordinating the performance of the work within the Preventive Maintenance and Work Order project teams as depicted in the Organizational Charts provided in Section F2 subsection a.

Proposed Staffing

The project staffing plan is included in our response to Section F2 subsection a

Certifications and Applicable Licenses
A copy of all project related certifications is included in Section F2 subsection b
Electrical contractor license numbers:

GMA Electrical Corp: New York State # 11108
Hellman Electrical Corp: New York State # 11333
S&J Electrical Contractors Co. Inc.: New Jersey State # 7114
EJ Electric New York State

Skills and Experience and Capability of Staff
A detailed description of the experience and capability of the ASCS staff is included in Section F2 subsection b

Other Supporting Documentation
A detailed description of technical expertise and past experience is included in section F2 subsection d.

Attached are Letters of recommendation, vendor letters, etc

THE PORT AUTHORITY OF NY & NJ

June 26, 2009

Nelson Barreto
Senior Sales Representative
Diebold Enterprise Security Systems, Incorporated
155 Lafayette Avenue
White Plains, NY 10603

Dear Nelson:

It often goes unmentioned so I just wanted to take a moment to let you know how much we appreciate our on-going partnership. Your team's supporting work and team effort on our most recent implementation project did not go unnoticed.

The personnel that have been assigned to our project and subsequent support team have been most knowledgeable and helpful. The support team has been able to respond with great efficiency.

We realize that we will continue to find success only because we have forged some great partnerships with teams like yours who gave us loyal support along the way. Again, thank you.

Sincerely,

Mr. Leonard Kozlov, PMP
Senior Project Manager
World Trade Center
Construction Department
THE PORT AUTHORITY OF NY & NJ
115 Broadway, 10th Floor
New York, NY 10006

GSA Northeast & Caribbean Region

July 05, 2009

Mr. Howard Paul
Business Development Manager
Diebold Enterprise Security Systems
155 Lafayette Avenue
White Plains, NY 10603

Dear Howard,

Please accept this letter of recommendation for your firm, Diebold Enterprise Security Systems. The US General Services Administration selected Diebold as a provider with exceptional service and resources, and the firm immediately became an important resource for our daily operations.

Diebold has been seamlessly integrated into our organization's security processes. The Diebold team has willing tackled challenges head-on, provided team solutions, and provided expert guidance.

I wholly recommend your firm for any similar or like requirements to other interested organizations to acquiesce Diebold Enterprise Security Systems' valued performance expertise.

Sincerely,

Edward Lew
Senior Contracting Officer
GSA Federal Acquisition Service
Assisted Acquisition Service Division
(AAS)
26 Federal Plaza
New York, NY 10278

Section F

(3) Firm Experience and Management Commitment

Project Management Plan.....(c)

c) Project Management Plan

The Proposer shall provide a Project Management Plan, which clearly indicates the anticipated roles and responsibilities of the Proposers as well as the Proposer's expectations concerning the Port Authority's role. The management plan must describe the Proposer's:

• Intended organizational and operational structure to be employed for contract management. This should include:

i) The Proposer's principal personnel and provide a profile of their qualifications, experience and length of time as employees.

ii) A company organization chart for the Proposer's staff as it will exist for the work. This chart should show areas of responsibility and the anticipated function of each key staff member. If the Proposer plans to utilize sub-contractors, the Proposer must clearly delineate the functional area of responsibility. The information submitted is expected to be used for the duration of the project. Any changes during the project will have to be submitted to the Port Authority for approval.

• The management plan must include the criteria used to determine the number of full time personnel and the processes the Proposer will employ to ensure proper management and execution of the Contract. The project management plan must demonstrate sufficient staffing and expertise to address Attachment D, Scope of Work.

Response:

The intended Diebold organizational and operational structure to be employed for contract management will be structured as shown in the Preventive and Remedial Maintenance Project Organization chart figure F-1 and Work Order Project Organization chart F-2 below.

A profile of qualifications, experience and length of time as employees is included in Section F2 subsection b resumes.

The Preventive and Remedial Maintenance and Work Order Project Organization will be under the leadership of a Program Manager from Diebold Security, who will be based out of our Plainview, Long Island, or New York City offices. However, we propose to base this position at one of the airports pending Port Authority concurrence. The Core Management Team will consist of the Program Manager, VP of Operations and the VP of Engineering who will each be responsible for managing the portion of the project within their own departments and for coordinating the performance of the work within the Preventive / Remedial Maintenance and Work Order project teams.

The Program Management Team will establish and maintain a strong working relationship with the Port Authority Program Manager, the Airport Security Managers and the Port Authority Operations personnel.

The program management team will be staffed as follows:

- Program Manager of the Diebold team will be responsible for all aspects of the project and will be based at the 265 Executive Drive, Plainview, New York, or 501 Fifth Avenue, New York City.
- Project Manager will serve as the lead for the day to day management of work orders and is primarily based on site at the airports but will report to the 501 Fifth Avenue office and visit the Elmsford, NY, headquarters for meetings and logistics.
- Account Manager will work hand in hand with the program manager and the Airport Security Managers for each site to oversee that the obligations of the contract are met. The Account Manager will report to the Program Manager and be located at the Elmsford, NY headquarters.
- Service Support Manager will report to the program manager and will responsible for the delivery and serve as the technical lead for the PM RM services. The Service Support Manager will report to the Program Manager and be located at the Elmsford, NY headquarters.

Program Management Plan

Day to day program management for all required tasks under this contract in support of the customer program is accomplished by the Diebold Program Management Office (PMO). A typical PMO will:

* Be staffed and equipped to meet the requirements of the customer's program
* Provide day-to-day program management oversight of all customer tasks
* Program management processes based on Diebold ISO 9001:2000 processes
* Provide direction to all field resources (Diebold and subcontractor personnel)
* Act as primary communication point with customer
* Provide technical services for design and implementation plans
* Provide cost data support services
* Provide scheduling of all contract tasks
* Provide scheduling and tracking of task orders or projects
* Provide program deliverables

Each program has a fixed and scalable structure in place that relies first on dedicated personnel, then on the personnel designated as scalable and utilized based on fluctuating workload of project, and finally on the existing Diebold infrastructure that can be drawn upon to accommodate workload surges. Ensuring that the project is assigned the right level of resources at a given time ensures further cost savings to the customer.

Diebold utilizes a tiered project management approach to ensure overlapping resources and continuity of service throughout the lifecycle of each customer program. Diebold's Project Management Execution model consists of:

* Best practices
* Documented Project Planning Process
* Detailed Project Plan Requirements
* Diebold Operations Command Center (DOCC) Engaged
* Electronic Security Project Staging
* Documented processes
* Initiation, planning, execution, controls, closure
* Established standards

* Minimum baseline standards used on every project
* PM Certification Process (40% PMP Certified)
* Methods
* Communication tools, kick offs, stakeholder input/feedback

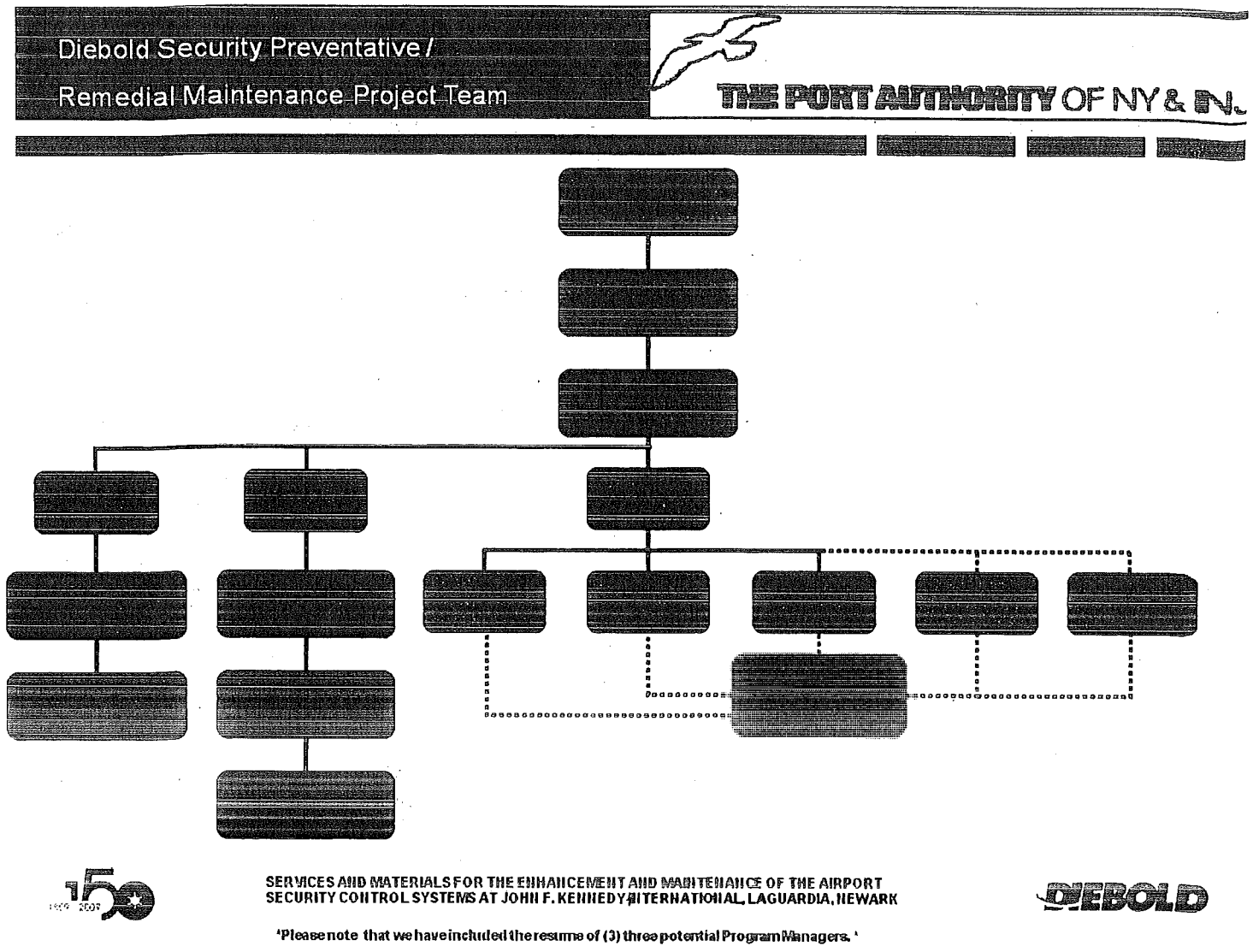


Figure F-1: Preventive and Remedial Maintenance Project Organization

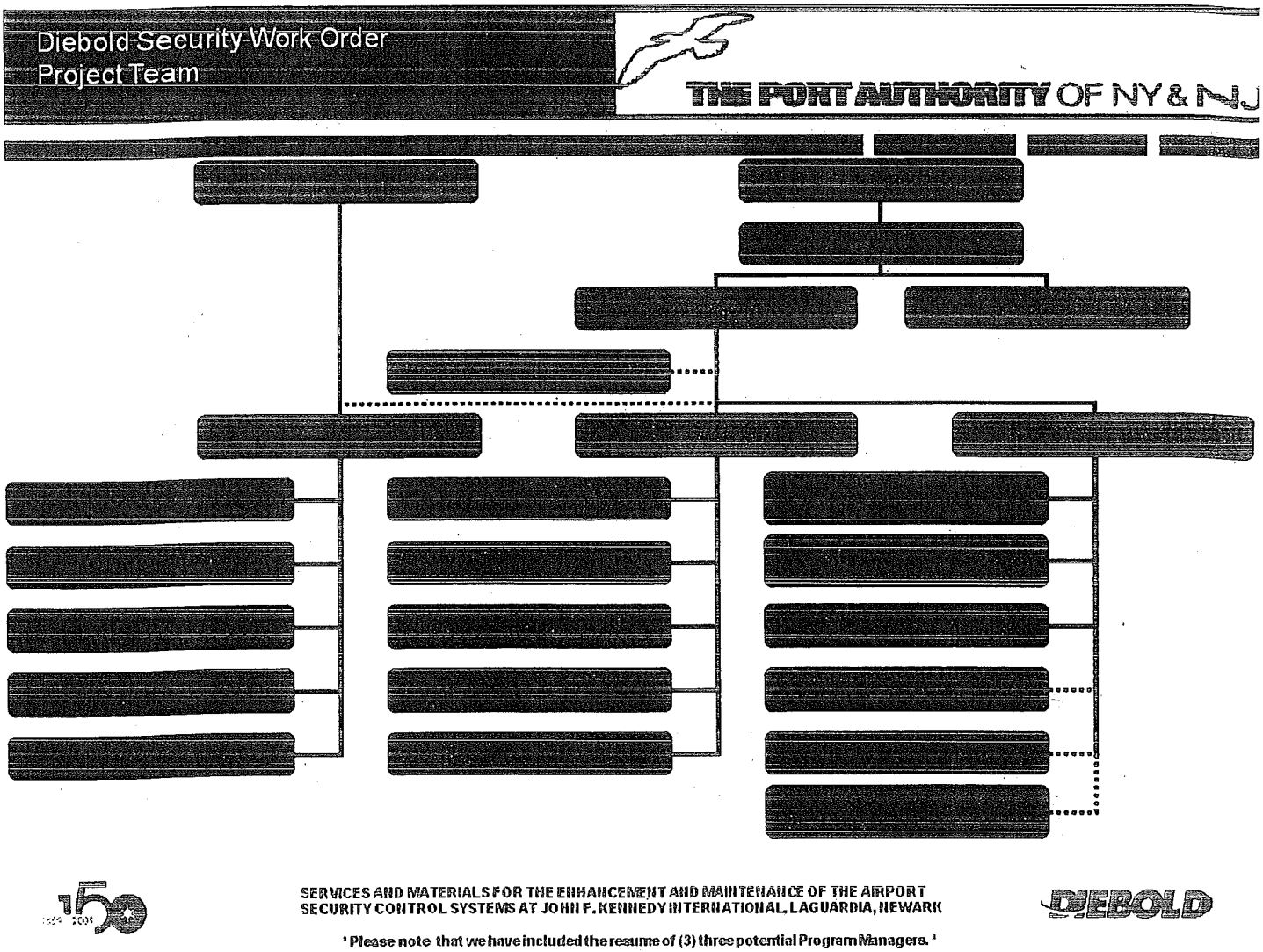


Figure F-1: Work Order Project Organization

Section F

(3) Firm Experience and Management Commitment

Detailed Work Plan.....(d)

d) The Proposer is encouraged to provide a detailed work plan which clearly exceeds the minimum requirements stated by including and explaining any value added services which would be provided by the Proposer and how they benefit the Port Authority.

Response:

Value Add #1:

Diebold is tracking that the PANYNJ has released an RFI for an Information Management Security System framework to migrate the PANYNJ Access Control and Digital Vide Recording system. Diebold strives with the integration of multiple manufacturers and should the PANYNJ decide to migrate to a new platform, Diebold will adopt and partner with the PANYNJ with a migration and implementation plan. Diebold Service, Installation Technicians, and engineers are the most highly trained service employees in the industry. We never stop our employee training and certification process. Listed below are the manufacturers that Diebold Security is a certified Value ad

- Lenel
- Verint
- Intelect
- Identica
- NICE
- Software House Certification
  - CCURE 800/8000 System Installer/Maintainer
  - CCURE 800/8000 System Integrator/Designer
  - CCURE 800/8000 Legato/Vinca Redundant Server

  CCURE Central and iSTAR
- Casi-Rusco Certified
- Keri Systems
- DHS
- Robotics
- AS&E
- Rapiscan
- Commport
- InfoGraphics Certified
- Bosch
- Casi
- 3M Fiber
- Federal APC
- Hirsch
- Integral
- Intellex
- MDI
- NVT
- NEC
- Panasonic
- Pelco

Additionally, Diebold, Inc. has achieved the following advanced training Information Technology Certifications:

- Operating Systems
- Networking and Network Infrastructure
- Database Administration

Diebold, Inc. in-house IT Department has been working in conjunction with the IT departments of many of our clients. We are certified in:

- **Microsoft**
- **Cisco**
- **SQL**
- **Oracle**
- **VB\C++**
- **A++**

Due to our IT strength and capabilities, we have delivered countless servers and workstations to dozens of the largest security data centers in the country. We have designed, engineered and implemented systems including complex fiber network backbones, CISCO certified networks, private security WAN and LAN projects, SDLT and EMC storage solutions.

Network Services

We recognize the varying needs and levels of network expertise our clients require. For instance, one client requires minimal direction and assistance, primarily needing applications support, system wide data programming and manufacturer interfaces while other clients require us to provide and maintain a separate fiber driven, CISCO 1GB network backbone complete with routing, VLANs and Remote Terminal Services Access including the application. We have the capabilities, in-house knowledge and experience to provide assistance at any level.

HRIS Integration

The integration of an HR database with the access control system database is no problem. Diebold, Inc. has completed numerous integrations of this type with a number of security software platforms and a number of HRIS database platforms. The integration can involve anything from moving information from table to table in an SQL database, to assisting customers write complex stored procedures in Oracle based environments. Many client security applications depend on linking the access control database to the HRIS database for automatic deactivation of card access for employee terminations or convenient automatic activation of low-level access for new employees.

Project Implementation

The Diebold, Inc. approach to IT project implementation is a multi-tiered process ensuring a strong relationship for the long term. We work closely with our customers and their IT departments to identify specific needs to ensure that core requirements such as disaster recovery, anti-virus protection and data redundancy are accounted for from the onset. Our IT team assigns an IT technician for the duration of a project The IT technician provides the experience and knowledge to implement the requirements of our

customer's IT standards for a uniform and consistent enterprise solution.
Diebold, Inc. provides many IT and network related services such as:

- Network hardware and software infrastructure
- Redundant Server Solutions
- EMC, SDLT, LDAP, Legato and other solutions
- Applications Security
- Backup/Disaster Recovery
- Data center standards
- Win 2000 SP3 /build /SQL Server
- Data Sharing. Import/Export
- Other interfaces. (Cafeteria, ID Badging, PeopleSoft, SAP, Kronos, Tivoli, Daycare, etc)
- VPN /Terminal Services
- System programming, testing and commissioning
- Software and hardware upgrades

Value Add #2:

We are pleased to submit this value added service response as part of the Diebold Project Management Plan. Our goal is to exceed the Port Authority's expectations with an organization that provides the services required in the RFP and support any landside, airside and terminal projects at all five airports, as required. Diebold plans to utilize the general contracting and construction management services of Halmar International and its affiliate companies providing construction, systems, and manufacturing skill sets needed to support a complete turnkey solution for the enhancements and maintenance of the airport security control systems. Halmar supports the implementation of advanced technology into legacy and new systems and mission critical activities. Together, Halmar's heavy civil construction and its transportation systems group, makes the Diebold team the most versatile and dynamic Port Authority contractor serving the region.

With the addition of Halmar, new ideas and solutions were incorporated into our proposal including the transportation system experience required for this project. Established in 1962, Halmar International is a heavy civil general contractor. The firm's key staff members and executives are recognized for their expertise managing the engineering and construction of many significant projects in New York State. Since 2005, Halmar International, LLC, has completed over $40 million worth of projects and currently has a backlog of nearly $500 million.

The foundation on which Halmar designs and reliably implements projects, minimizing risks, and reducing costs for the Port Authority, its customers, and the communities it serves, is the result of our focused, multi-disciplined resources. Construction and construction management services range from airport and transit facilities to roads, highways, and bridges, signal and communication systems, facility access / intrusion detection and CCTV, traction power, and utility systems.

Diebold shall engage the services of Halmar International and its affiliate companies to complement installation and construction activities with additional and certain specific resources. As part of the Diebold team, Halmar will be responsible for the management of construction, installation, and final acceptance of construction-related work order projects and the support of the engineer role providing expertise in construction standards and codes, physical plant design, construction, and maintenance. We envision the role of the Construction Manager and construction services to include the relocation, reconstruction, and modifications of guard booths, guard posts, high security areas, passenger security checkpoints, baggage handling areas, changes as a result of projects by others, new installations at SWF and TEB and new technology enhancements such as biometrics and explosive detection and trace systems. Additionally, the scope for adds, moves and changes, integration, pilot project support, work orders, emergencies, disaster recovery, architectural finishes and ancillary system changes may require the support of multiple trades supervised and coordinated by a Construction Manager.

With the release of the American Recovery and Reinvestment Act funding for shovel-ready projects and the scope of work for the Airport Security Control Systems (ASCS), the Diebold team anticipates the need to provide the Port Authority with a project management plan that identifies specific staffing resources and expertise to support electronic security projects which, often have been combined with infrastructure hardening requirements. There is an advantage between the enhancement and

maintenance of the ASCS, as part of this RFP, and in parallel moving forward the Port Authority's technology usage and staying ahead of emerging threats. If the Port Authority selects the Diebold team there are several clear advantages that we offer for this important project:

- Provide the Port Authority a versatile turnkey security integration and construction team with proven expertise and track record for delivering projects at airport facilities on time and within budget.

- Allows the Port Authority flexibility to consolidate multi-discipline security related work orders through one avenue thus saving time and cost. These savings are characterized by minimizing coordination of several projects vying for access to the same work site, eliminating multiple procurement cycles, reducing overlapping scope, eliminating multiple Port Authority project force accounts, etc.

- The team's ability to work together, and work with Port Authority personnel, as well as manage numerous subcontractors required in order to deliver successful projects on schedule or in an accelerated time frame.

3) Diebold's in-house engineering and CAD team differentiates us from any other Security integrator in the industry. Enclosed is a sample print of the quality of our drawings.

Section F

(3) Firm Experience and Management Commitment

Methodology & Approach To ASCS System Maintenance.....(e)

e) The Proposer shall describe its methodology and approach to the maintenance of Airport Security Control System - equipment including but not limited to the: (a) CACS System, (b) ID Badging System, (c) Mobile ID Verification system, and (d) Close-Circuit-Television (CCTV) system for each heading in Attachment D, Scope of Work.

Response

Diebold's approach is to provide a dedicated Program team to the Project, which is led by a high level Program Manager. The team will consist of dedicated on-site technicians at each airport between the hours of 8:00 am – 5:00 pm Monday - Friday. A senior technician will be assigned as a dedicated floater to support all airports. A pool of (16) certified technicians will be providing additional support capabilities as needed.

All technicians assigned to the program will be certified in Lenel, Verint and Intelect C.

Diebold will respond to all service requests made via the 24 x 7 hour toll-free Service Number by dispatching a technician to the airport site for a non-emergency call within two (4) hours of notification, twenty-four (24) hours a day, seven (7) days per week, including holidays, and within (2) hours for emergency calls. Below is the support process that will be followed to address each support call.

Customer Service Representative Ticket Process Overview

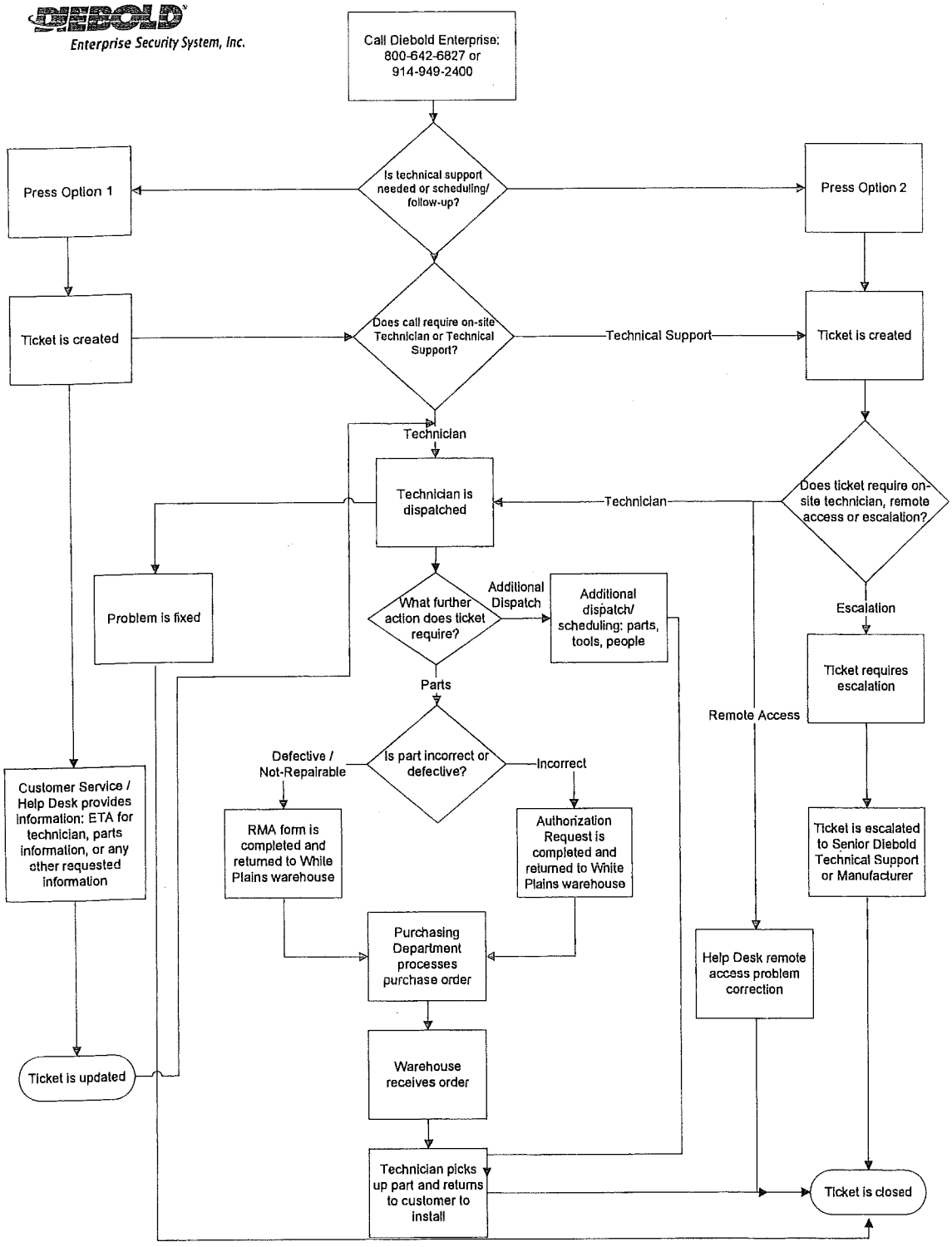
Service tickets will be opened by the Customer Service Representatives and Help Desk personnel located in Elmsford, NY. This process is overseen by the Regional Dispatch Supervisor and the National Helpdesk Supervisor who are located in Elmsford, NY. Microsoft Dynamics SL is the system of record for all service tickets.

There are dedicated customer service representatives (CSRs) located in Elmsford, NY. The CSRs report to the Regional Dispatch Supervisor who is also located in Elmsford, NY. The CSRs are responsible for the following tasks*:

*Note: This is not intended to be a complete list of job responsibilities.

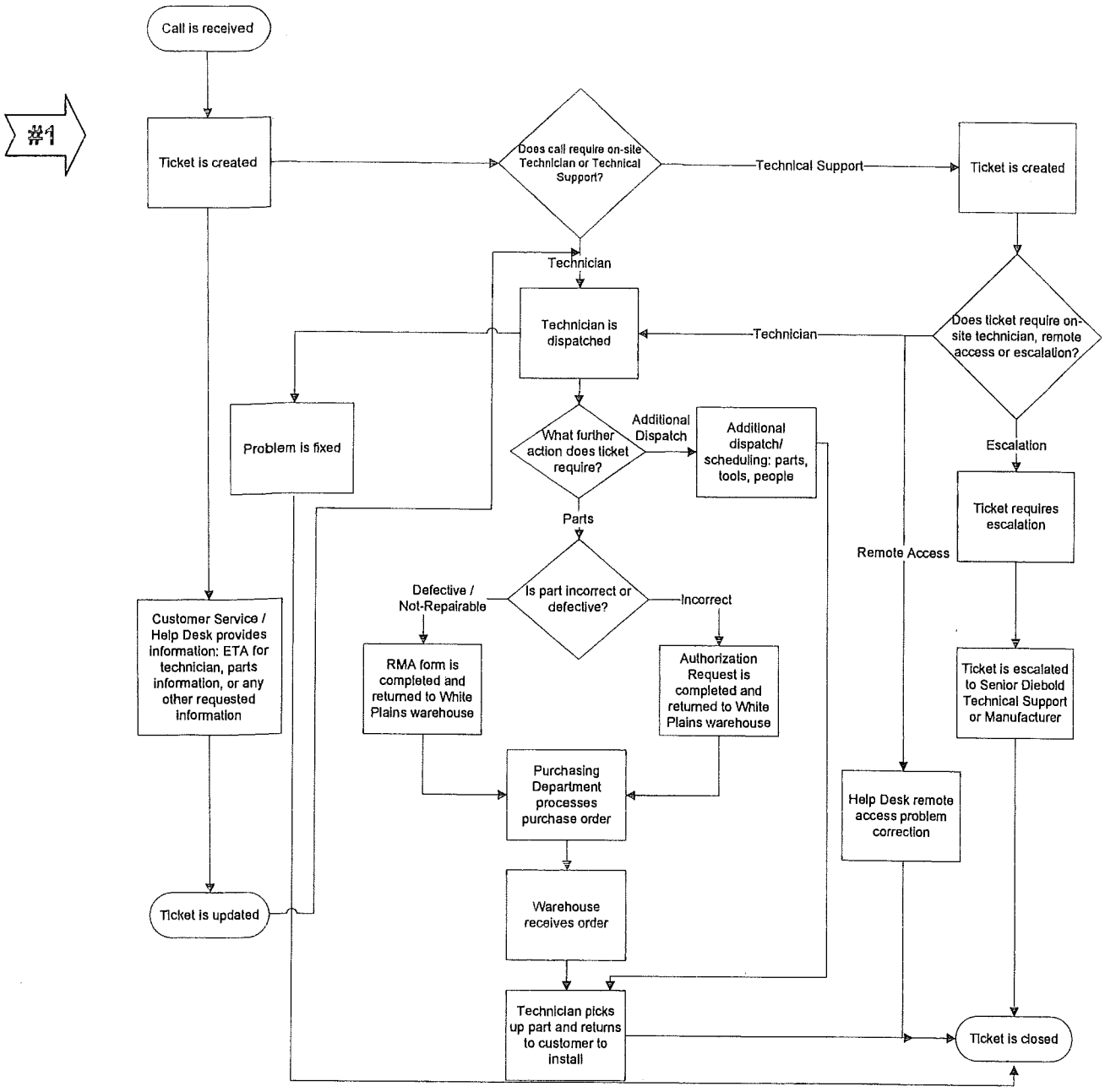
Answering incoming customer calls
Opening service tickets
Updating service tickets with on-site technician notes
Scheduling of additional technicians
Following up on open tickets
Following up with the warehouse on ordered parts and repairs
Preparing and mailing customer invoices
Coordinating customer care

Support Process Overview



Customer Service Representative Ticket Work Flow

Shown below is the process flow associated with the processing of CSR Service Tickets.



1.0 Help Desk Ticket Process Overview

Service tickets will be opened by the Customer Service Representatives and Help Desk personnel located in Elmsford, NY. This process is overseen by the Regional Dispatch Supervisor and the National Helpdesk Supervisor who are located in Elmsford, NY. Microsoft Dynamics SL is the system of record for all service tickets.

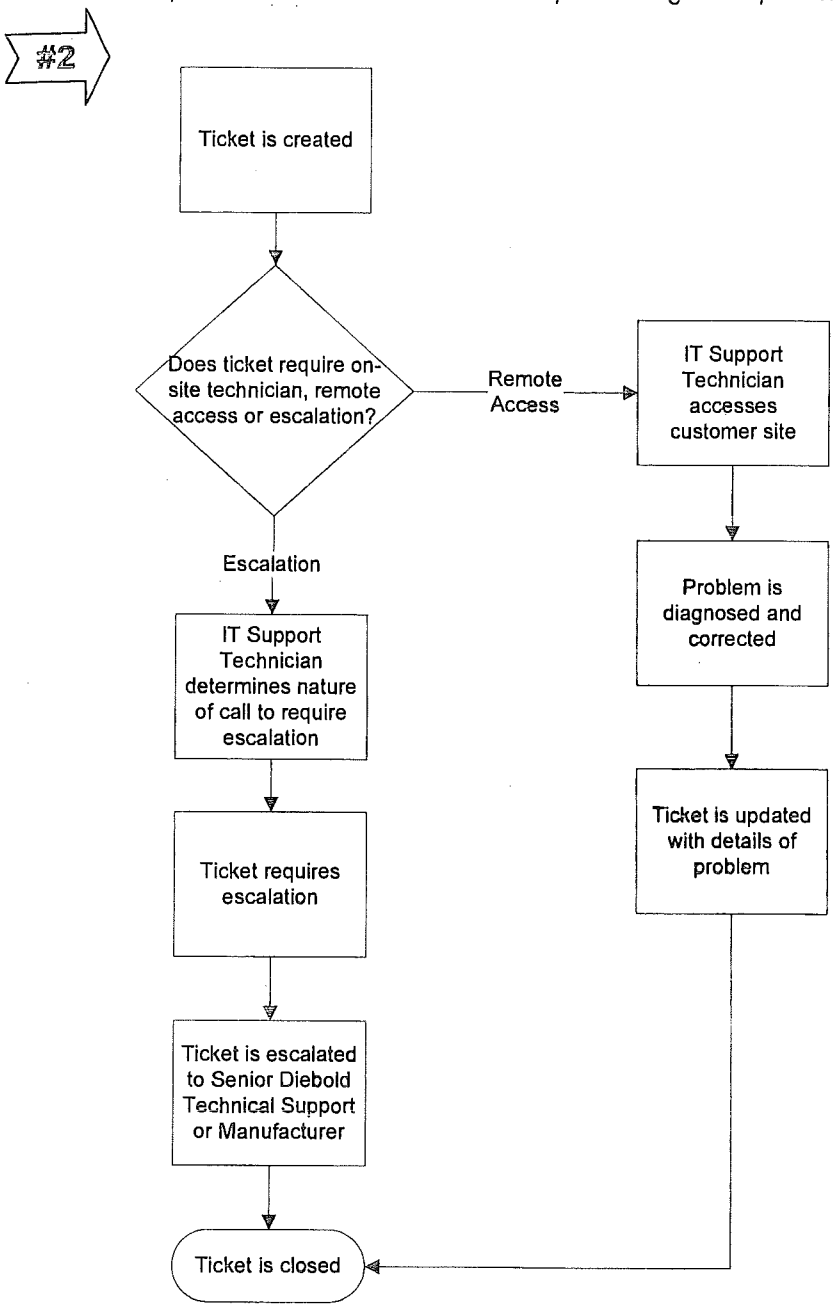
There are dedicated IT support desk personnel located in Elmsford, NY. They report to the National Helpdesk Supervisor. The IT support desk staff is responsible for the following tasks*:

*Note: This is not intended to be a complete list of job responsibilities.

- Providing on-phone technical field support to customers and field technicians
- Remotely accessing customer site hardware via 3rd party software such as: webX, virtual server, etc
- Provide back up support to the CSR team
- Answering incoming customer calls
- Opening service tickets
- Updating service tickets with technician notes
- Scheduling of local and national technicians
- Following up on open tickets
- Following up with the warehouse on ordered parts and repairs
- Coordinating customer care

Help Desk Ticket Work Flow

Shown below is the process flow associated with the processing of Help Desk Service Tickets.



2.0 Escalation Process

In an effort to expedite high priority support tickets, Diebold has implemented an Escalation Process. This process involves escalating tickets from the technicians to the next appropriate level of personnel as well as establishing a method of tracking tickets that require go-backs.

For job resolutions that are not complete, technicians include detailed explanations as to why the ticket cannot be closed, a specific plan of action necessary to close the ticket and any assistance that may be required. This step is critical to the Escalation Procedure.

The in-office support team ticket owners will be responsible for reporting ticket status on a daily basis. Any tickets that require escalation will be identified at this time and additional action will be taken.

An escalation log will be kept. This log will contain the ticket number, date, reported by, description and reason code. This will also allow staff to readily identify tickets that have on-going issues that require additional attention. The escalation log will also be sent to the VP of Operations every other day to notify of any trends developing.

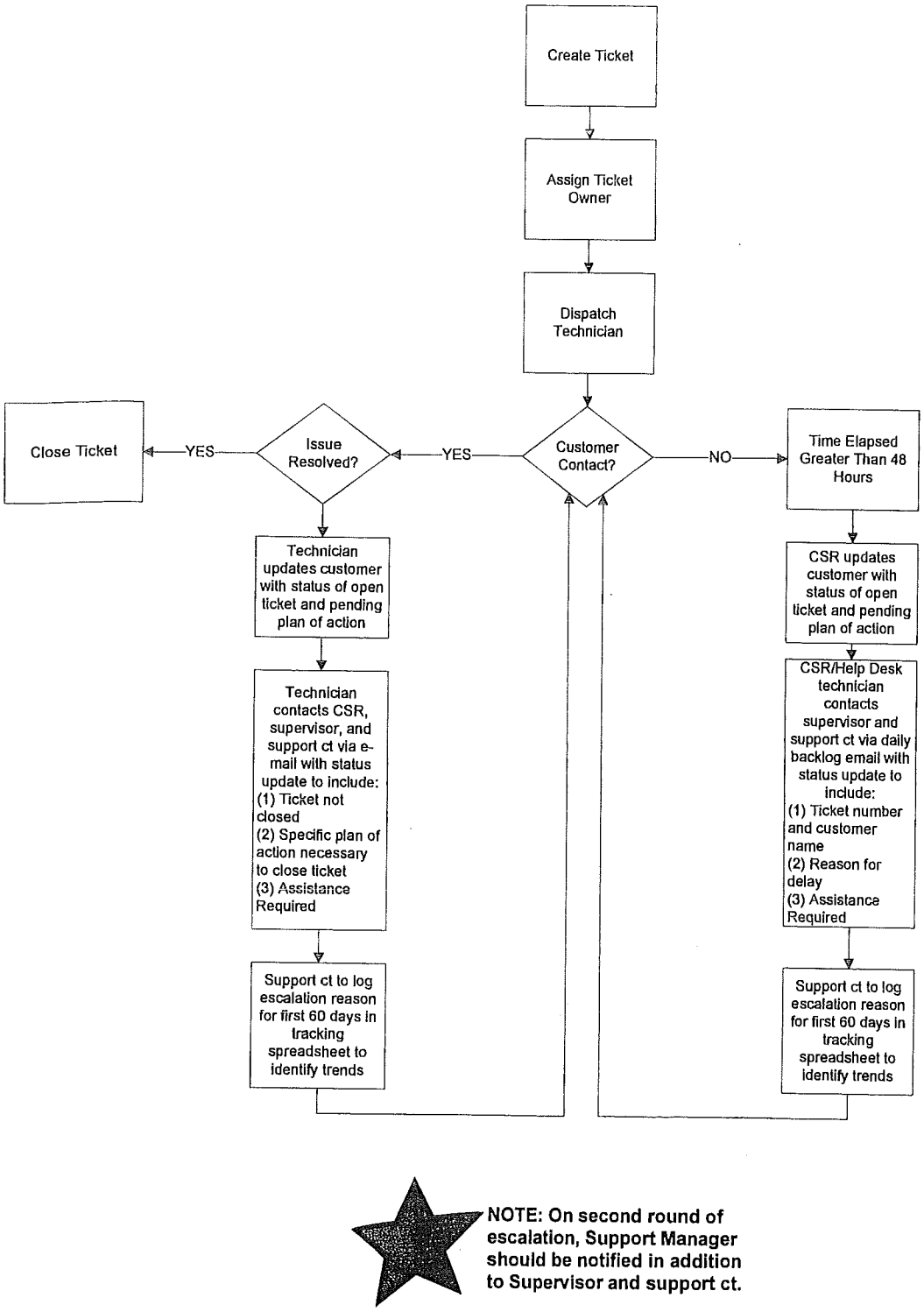
2.1 Ticket Escalation/Backlog Reports

Support personnel will report 3 times per week on the status of all open tickets. This status will be sent to the support personnel's immediate supervisor and escalated to the department manager and VP, as appropriate.

The report will include the ticket number, customer name, action to be taken and escalation request, if necessary.

Escalation Process Flow

Shown below is the process flow associated with the Escalation Process.

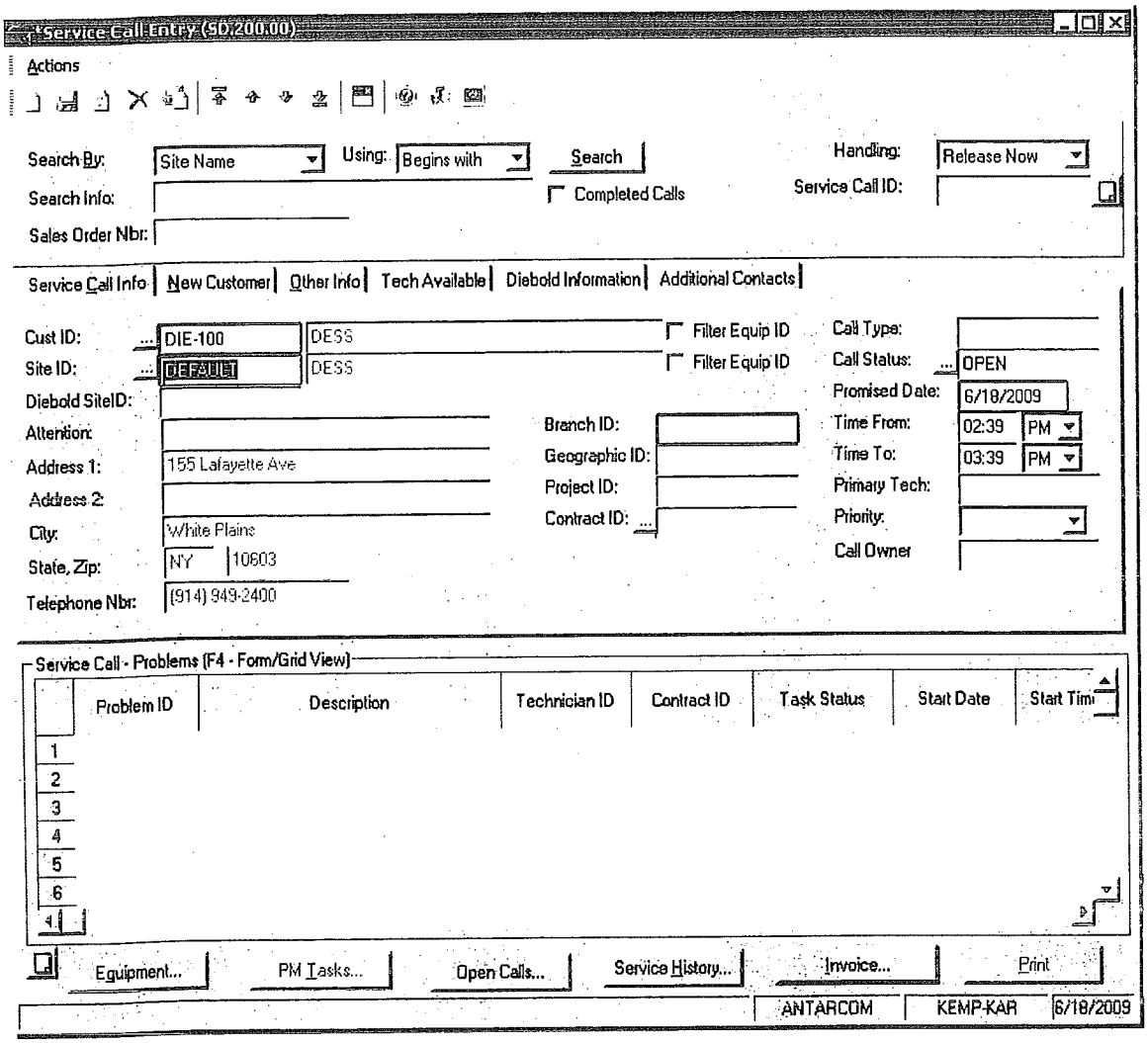


NOTE: On second round of escalation, Support Manager should be notified in addition to Supervisor and support ct.

3.0 Microsoft Dynamics SL System

Microsoft Dynamics SL is the system of record for all Service Dispatch, Inventory and Financial transactions for Diebold. Following are images of screens that Support Personnel will be utilizing to track and resolve open issues.

Service Call Entry Screen:



Preventive Maintenance Plan:

The Preventive Maintenance Plan is intended to minimize component and system failures (due to equipment failures) and to keep the Security System operating in a safe and efficient operating condition. The Preventive Maintenance will be performed in accordance with manufacturer recommendation for the maintenance of equipment.

Preventative maintenance services include verification that the system components are in good working order and are functioning as designed for the installed project. Systems are checked 100% on an annual basis. Preventative Maintenance services will be coordinated with the client on a mutually agreed upon basis.

A final preventive maintenance schedule is developed once the contract is fully signed. Diebold will perform a survey and create documentation based upon the original Point-to-Point document provided by the installation team's engineer or from the Port Authority's existing maintenance contractor during the transition period.

Sample Preventive Maintenance Services Schedule and Spreadsheet will include (where applicable):

SCHEDULE TYPE A

CCTV

Digital Video Recorders (DVR)

Verify record and playback capability of the DVR.

Conduct scheduled back-ups of data files and system configuration files.

Inspect DVR to ensure all cabling is secure, and all vents are clear of obstructions. Clean filters, fan grates, keyboards, mouse rollers, and screens.

Verify video connections, titles, configuration, and set-up for each camera.

Test connectivity and functionality of remote-view software.

Matrix and Monitoring Stations

Check the functionality of CCTV Matrix, Matrix Keypads, Multiplexers, and Monitors.

Clean all filters, fan grates, keyboards, screens, housings, racks, and cabinets.

Verify video connections, titles, configuration, and set-up for each camera.

Cameras

Clean each camera, lens, and housing annually. Verify that each is securely mounted.

Verify video connection, focus, and target view of each camera.

Test functionality of each PTZ camera.

Check operating voltage and current load of each camera power supply.

SCHEDULE TYPE B

ACCESS CONTROL

Data Gathering Panels (DGP)

Inspect each DGP location to ensure that each panel cabinet, splice box, and trough is secure. Verify panel tamper functionality. Check operating voltage and current load of all power supplies.

Inspect batteries, check operating voltage, and perform load test.

Verify ground connection at each panel and reference source.
Verify firmware version and memory capacity.
Inspect all device terminations.
Verify functionality of fire alarm interface.

Field Devices
Clean each field device, and verify that each is securely mounted.
Check the functionality of each controlled door to confirm proper operation of the reader, door status switches, request to exit devices, and door hardware. This includes proper mechanical operation of the door, lockset, and door closer.
INTERCOM Systems and STATIONS:
Test and verify all sub station intercoms are calling correct master stations and communications are good.
Test and verify camera call up where applicable.
Check and clean head end equipment.
Check and test exchanges for correct voltages.
Check and tighten if necessary all exchanges cables and connectors.
Check and test UPS back-up operation.
Back up all databases.

SCHEDULE TYPE C

TURNSTILES
Inspect: Motors, motor crank bumper, limit switches, shutter sliders, shutter guides, safety shutter assembly, photocells, Plexiglass, pictograms, electrical connections and cables, motor crank set screws, up and down main shaft set screws, clips on rod, springs tension, door locks, mobile glass, fixed glass, stainless steel housing
Adjust: limit switches, photocells, springs tension, mobile glass, fixed glass, stainless steel housing
Clean: photocells, plexiglas, mobile glass, fixed glass, stainless steel housing
Tighten: bolts
Measure: main voltage (120V), low voltage (24V)
Lubricate: bushings, springs, shutter guides, shutter pin,
Clean: all the inside of the PNG with a vacuum
** Replace motor crank bumper (annually if necessary)
Test PNG in entrance and exit

SCHEDULE TYPE D

BURGULAR ALARM

Clean each field device, and verify that each is securely mounted.
Inspect batteries and voltage
Test zones
Test communication with monitoring station

SCHEDULE TYPE E

FIRE

Clean each field device, and verify that each is securely mounted.
Inspect batteries and voltage
Test zones
Test communication with monitoring station
Perform smoke test

SCHEDULE TYPE F

HEAD END

Head-end/Software
Conduct scheduled back-ups of data files and system configuration files. Save "vault" copies with software CDs.
Verify accuracy of active and inactive cardholders. *Present report for system administrator's review.
Verify inventory and status of visitor, vendor, and temporary cardholders. *Present report for system administrator's review.
Verify expiration of software agreement and current operating version.
Inspect server and workstations to ensure all cabling is secure, and all vents are clear of obstructions. Clean filters, fan grates, keyboards, mouse rollers, and screens.
Run status report of all field devices and peripherals.

SCHEDULE TYPE G

IT

Digital Recorders
Database tuning and maintenance
Version updates
Hard drive tests
Configuration updates
Recording and live video adjustments

Servers
(hot redundant)
Legato software
Backups and tape maintenance
Ccure800 database management
OS management

Workstations
screens
client software applications

Diagnostics and tuning
Network health management
Diagnostics and tuning
Network health management

SCHEDULE TYPE H

TRAFFIC

Gates
Verify gate operation and sequence
Check gate voltages and all wiring connections
Clean and lubricate gate controllers
Verify operation of safety, exit and entrance loops

Traffic Systems
Test and check of traffic signal operation
Test and check of traffic loop operation
Verify all control timers and sequence of operation
Check traffic controller voltages and all wiring connections

SCHEDULE TYPE I

INPUTS

Validate events in software against mechanical operation of access point

Section F
(3) Firm Experience and Management Commitment

Skill Sets for Seven Types of Services.....(f)

f) The Proposer shall provide the Port Authority with a listing of skill sets to complete the seven types of services as discussed in Attachment D, Scope of Work. The seven types described are:

1. Adds, Moves & Changes
2. Integration
3. Pilot Project Support
4. Projects
5. Training
6. Preventive Maintenance
7. Remedial Maintenance

Response:

Following are the specific skill sets associated with the seven types of services required. The description of each skill set is listed below.

Skill Sets

	Move adds & changes	Integration	Pilot Project Support	Projects	Training	Preventive Maintenance	Remedial Maintenance
Program Manager	P	P	P	P	P	P	P
Project Manager	P	P	P	P	P		
IT Technician	P	P	P	P	P		
Sr. Technician	P					P	P
Technician	P	P	P	P		P	P
Engineer	P	P	P	P			
Auto CAD	P	P	P	P			
Electrician	P		P				
Construction Mgmt	P		P				
Manu. Reps.			P	P	P		

P = Shall Provide

Program Manager

The program manager shall be responsible for ensuring 100% complete satisfaction for the client.

Project Manager (PM) & Project Assistant (PA)

The PM has overall responsibility for the Work Order project and is in charge of the day-to-day management and operation of the work order. The PM shall possess the technical knowledge, experience and expertise to direct the progress of the installation and make decisions throughout the course of the project to ensure timely and satisfactory completion. The project assistant "PA" supports the PM by performing coordination and logistics work within the office. The PA is responsible for project paperwork such as: meeting minutes, transmittals, schedule updates, correspondence, etc. as well as coordination of product orders and deliveries, project billing and payables. The PA reports to the PM.

IT Department

Diebold has a CISCO, Microsoft, Lenel, Verint, ,Intelect certified **IT department in-house.** This department is known as one of the strongest in the industry due to its extreme knowledge of a variety of technical access control and recording systems integrated with wide area and local area

networks. The Diebold IT staff shall oversee the technical aspects of this project and coordinate directly with the Diebold PM to provide the IT labor required for network, programming, commissioning and training services for the project.

Senior Technician
The Senior Technician has the responsibility of being the 1st point of escalation to the onsite dedicated technician. This technician has an IT skill set and the overall experience in service, programming and commissioning.

Technician
Each technician will be certified in Lenel, Verint, Identica and Intelect. The technician will be responsible for the duties associated to preventative and remedial maintenance,

Engineering / Drafting
A dedicated project engineer, along with the support of the entire AutoCAD & Engineering department, shall be assigned to this project. This engineer shall be familiar with the project and all proposed manufacturers and contract design requirements. Diebold's design and engineering department is responsible for producing the Diebold installation drawings, details and specifications necessary for its installation teams to fully and properly install the system. The engineering team coordinates heavily with the PM, system manufacturers and the project consultant to ensure the details and requirements of the project are met. Diebold shall provide a full set of system "As-Built" plans and specifications to the client after completion and acceptance of the project.

Section F
(3) Firm Experience and Management Commitment

Capability to Perform and Approach to the Work.....(g)

g) Proposals must detail and clearly describe the Proposer's capability to perform the work described in this Request for Proposal and its approach to such work. Proposers must be able to demonstrate the capacity for providing the wide variety of related skills and experience needed to support enhancements and changes to the present system as well as the ability to support routine maintenance and repair of the system. The Proposer shall submit documentation to demonstrate the degree to which the Proposer meets the qualifications described below:

- Lenel System & Equipment

The Proposer shall be certified by Lenel Systems International, Inc for the New York and New Jersey Metropolitan Area, as of the date on which proposals are opened.

- Verint CCTV Systems & Equipment

The Proposer shall be certified by Verint Systems, Inc. for the New York and New Jersey Metropolitan Area, as of the date on which proposals are opened.

- Professional Licenses

The entity actually performing the work, whether that entity is the Proposer or a Subcontractor, must have the following licenses:

1. Electrical Contractor License from the State of New York
2. Electrical Contractor License from the State of New Jersey

Response:

The proposal requirements call for a versatile and dynamic contractor to provide a wide variety related skills and experience needed to immediately support enhancements and changes as well as the ability to support routine maintenance and repair of the system. By choosing
Diebold Security, you're teaming with an experienced security partner that has been certified and listed by the U.S. General Services Administration (GSA) to provide the 12th Homeland Security Presidential Directive (HSPD-12) products and services --- up to and including a complete end-to-end, turnkey HSPD-12 solution.

Diebold is one of a limited number of security integrators to be certified to provide solutions that enable compliance with HSPD-12 and Federal Information Processing Standard (FIPS 201). A trusted GSA provider for nearly 10 years, Diebold holds GSA Schedule 84, 71 and 70 security contracts that allow the delivery of turnkey systems assessment, design, installation, training and support. And Diebold partners with technology providers that have also earned schedules through GSA's rigorous processes. There are a number of factors that differentiate Diebold from other security integrators, including:

- Our people's passion and dedication to do our best – every day -- for our clients. In fact, our executive management team is personally involved in projects.
- We have reach behind us. We are in over 88 countries throughout the world and 90 major cities, nationwide.
- We have successfully delivered the largest integrated security system under one roof in the United States.
- We have the advantage of volume buying power with the most prestigious manufacturers in the industry.
- We have industry-leading, in-house design and engineering knowledge and experience.

- We have an in-house, AutoCAD based Engineering Department of (15) full-time associates.
- Every job is engineered and every job is documented utilizing CAD technology.
- We have an in-house Microsoft and CISCO certified IT Department consisting of a (17) full-time associates.
- We have completed more HR database integration projects than 99.9 percent of our competitors.
- We have completed EMC and SANs storage solutions.
- We have a dedicated Corporate National Account Team focused on delivering projects to the highest quality standards throughout the world.
- Our Motto: On time. On budget.

Refer to Section E c to review certifications from: Lenel and Verint Technicians

Professional Licenses:

NY Licensed IBEW is GMA Electric: #11108

NY Licensed IBEW is Hellman Electric: # 11333

NJ License is S& J Electric: #7114

Section F

(3) Firm Experience and Management Commitment

MBE/WBE Subcontracting Provisions....(h)

h) The Proposer shall address MBE/WBE provisions as to what efforts it has taken for subcontracting provisions.

Response:

During the life cycle of this project Diebold will utilize and partner with IBEW electrical contractors to fulfill the MBE/WBE requirement of this contract. Typically in an installation project the electrical labor associated to install is 30% -40% of the project total. Addendum 4, Answer (16) states that the PA anticipates issuing (35) work orders at JFK, (20) at LGA, and (25) at EWR per year.
The plan is to utilize GMA electric which is a WBE entity at JFK and LGA airport, and S&J Electric at EWR. The anticipated goal each year is 25-30% of work order amount.

Diebold has developed and maintains a program that enables minority suppliers to become valued partners in this nation's economy. Diebold achieves this goal by seeking and building a minority supplier base which can be accessed and used by all segments of our organization and which will contribute to our business goals of quality and profitability. In 2008 Diebold worked with hundreds of minority and women-owned and small businesses throughout the country. We are proud of our efforts and continue to develop strong business relationships in fulfilling all of our market requirements.

Suppliers
In 2008 Diebold worked with hundreds of minority and women-owned and small businesses throughout the country. We are proud of our efforts and continue to develop strong business relationships in fulfilling all of our market requirements.

For 2008 Diebold transacted the following business:

• Minority suppliers (104)	$15,048,769
• Women suppliers (281)	$52,781,022
• 500 Small Businesses -	$235,967,114
Total D/M/WBE, Small Business purchases	$303,796,905

Corporate goal
Develop a program to enable minority suppliers to become valued partners in this nation's economy by seeking and building a minority supplier base which can be accessed and utilized by all segments of our organization and which will contribute to our bottom line business goals of quality and profitability. In order to accomplish this, we must:

- Monitor our procurement process to ensure we are progressing and not perpetuating or condoning unjust barriers to business activity.
- Re-address these principles in our policies and procedures.
- Commit to those principles that will result in opportunities for every facet of our company.

Corporate policy
It is the policy of the company to encourage meaningful participation of minority/women owned vendor sources wherever possible to provide useful and acceptable quality services or materials at competitive prices.

Corporate Quality Process
This policy is made a part of the Corporate Quality Process. The Diebold Corporate Procurement Organization Purchasing documentation outlines the requirements for including MBE, WBE, SBA and DBE organizations in our supplier qualification requirements.

Procurement sources
Minority/Women owned vendor sources are an important facet of the procurement source selection. We will not limit participation to the smaller or simpler jobs providing the vendor has the capabilities and resources to properly provide for the necessary requirements in the best interests of the company objectives.

Purchasing will provide all potential suppliers with the necessary information, including technical guidance, to insure that all quotations are inclusive, and no errors have been made.

To enhance our selection of minority suppliers and to extend our exposure throughout the supplier community, Diebold is a member of the National Minority Supplier Development Council.

Equal opportunity
All minority/women owned business suppliers must be competitive and will be provided equal opportunities in conducting business with Diebold."

Section F
(3) Firm Experience and Management Commitment

Certification of Recycled Materials Provision.....(i)

i) The Proposer's Certified Environmentally Preferable Products/Practices Form ensuring compliance with all applicable federal, state and local standards in their business practices, in accordance with the Certified Environmentally Preferable Products/Practices Provision

Response

See Attachment M

Attachment M Addendum

1. **Packaging**

__X__ Use of corrugated materials that exceed the EPA recommended post-consumer recycled content

Many of our solutions are provided by our supply chain partners, and Diebold provides design integration and implementation services. Diebold encourages suppliers to participate in environmentally appropriate packaging programs and, where able, selects products and suppliers whose packaging meets this criteria.

__X__ Use of other packaging materials that contain recycled content and are recyclable in most local programs.

Many of our solutions are provided by our supply chain partners, and Diebold provides design integration and implementation services. Diebold encourages suppliers to participate in environmentally appropriate packaging programs, and where able selects products and suppliers whose packaging meets this criteria. Diebold employs packaging design engineers for effective and environmentally appropriate packaging designs for in-bound materials, intra-plant shipments, and end-user customer packaging.

__X__ Promotes waste prevention and source reduction by reducing the extent of the packaging and / or offering packaging take back services, or shipping carton return

Diebold works to reduce packaging for our own manufactured products and employs a "light packaging" design philosophy. For those suppliers we use for major components of a configured system, we and our installation / implementation teams return packaging from our job sites to our offices, where it is combined with other recyclable packaging for appropriate re-entry into the recyclable materials commodity stream.

__X__ Reduces or eliminates materials which have been bleached with chlorine or chlorine derivatives.

Diebold products do not use packaging which has been processed in this way.

__X__ Eliminates any packaging that may contain polyvinyl chloride (PVC) or polystyrene, or heavy metals

Diebold product packaging does not contain PVC, polystyrene, or heavy metals.

2. **Business Practices / Operations / Manufacturing**

_X___ Recycles materials in the warehouse or other operations

All Diebold manufacturing and warehouse operations follow the formal Diebold Environmental Policy (attached), and recycle materials from our operations whenever possible. Raw materials (sheet metal, paint materials, etc.) are returned to the suppliers for their recycling processes. We use Redemtech (http://www.redemtech.com/ Global electronic waste recycling firm) for certified environmentally-appropriate electronic waste recycling. We recycle wastewater in our painting operations for reuse. Excess packaging materials from in-bound suppliers is collected and recycled in all manufacturing and warehouse facilities.

Attachment M Addendum

___X_ Use of alternative fuel vehicles or vehicles equipped with diesel emission control devices for deliver or transportation purposes.

At this time Diebold has a fleet of 4,400 vehicles in the US market. A large majority are service vans and are certified for flexible fuel operation where available. Diebold is working with our fleet lease operations, PHH Greenfleet, to model potential changes in vehicle types and sizes to reduce total fuel consumption. Hybrid vehicles are being considered for major metropolitan areas where long trips are rare, and urban driving is typical. New vehicle types are planned for introduction in 2010, phasing in over a three-year period.

__X__ Use of energy efficient office equipment, signage, or the incorporation of green building design elements

In an effort to reduce energy consumption, office computers have been changed to low consumption laptops with mobile (Intel™) processors, which use substantially less energy than desktop models. Additionally our newest warehouse operation located in Greensboro NC is a LEED Silver Certified facility. All new Diebold owned facilities, and leased where available, will be energy efficient facilities. Under construction in Miami, Florida, is a facility which meets both energy efficiency and hurricane resistance standards.

_NA__ Use of recycled paper (that meets Federal Specifications) in their marketing and / or resource materials.

A large portion of Diebold's marketing materials are electronic and printed copies are discouraged. Diebold is reducing printed content and encouraging sales and service teams to use alternative media to communicate with our markets.

__X__ Other sustainability initiatives

Diebold has appointed a senior leader to assume full, dedicated responsibility for its environmental stewardship program. A broad series of initiatives is underway that will measure established objectives, and monitor progress toward Diebold's improved environmental performance. This includes:

- *Office paper recycling programs*
- *Beverage container recycling programs*
- *Personal electronics recycling programs*
- *ISO 14001 certification of all manufacturing facilities in 2009*
- *Carbon Accounting and Reporting initiative in support of major customers, and reporting to the Carbon Disclosure Project, and EPA Climate Leaders.*
- *Energy reduction programs in all major facilities*
- *Examination of self-service products for energy efficiency and material chemistry to meet all current and planned guidelines and regulations*
- *Review of fleet operations to reduce fuel consumptions and GHG emissions*

3. **Training and Education**

__X__ Does the Proposer conduct / offer a program to train or inform customers and employees of the of the environmental benefits of the products to be offered under this contract, and / or does the Proposer conduct environmental training of it's own staff?

Diebold has implemented an internal intranet website dedicated to communication of environmental programs, initiatives, tips, and other information, to help educate associates. Additionally, monthly communiqués to all associates via e-mail inform them of latest initiatives, programs, and progress.

For those manufacturing facilities working toward ISO 14001 registration, all associates in those facilities will undergo specific training in accordance with the requirements of ISO 14001.

4. **Certifications**

Has the proposer and / or subcontractors obtained any of the following product / industry certifications?

__X__ ISO 14001 or adopted some other equivalent manufacturing system

Diebold has two manufacturing facilities ISO 14001 certified today, and all manufacturing facilities will be complete by the end of 2009.

Diebold facilities have long been diligent with appropriate permit and monitoring procedures, covering waste water, air, and other potential emissions, and are careful to operate within all applicable federal, state, and local laws and regulations. This is managed by Diebold's Risk Management team

__X__ Other industry environmental standards (where applicable) such as the CERES principals, LEED certification, GHG Protocols, Responsible Card Codes of Practice or other similar standards.

LEED and GHG protocol alignments and accomplishments are described above.

____ Third party product certifications such as the Green Seal, Scientific Certification Systems, Smartwood, etc.

Diebold products are certified by Underwrites Laboratory, FCC regulations, and other applicable regulatory bodies for the products we manufacture and sell.

5. **Other Environmental Criteria**

Proposers are encouraged to respond to criteria specifically indicated in this RFP as "Management Approach" (and attach appropriate documentation) to receive consideration in the evaluation.

Section F
(4) Work Approach

Work Order Management Plan.....(a)

(4) *Work Approach*

a) The Proposer shall submit and describe its Work Order Management Plan, including how it will handle anticipated staff mobilization requirements for systems integration projects and pilot projects, should they be required. The Contractor shall describe how the Agency's integration requirements will be met, including any significant issues of assumptions, which may have a bearing on completion of the work.

Diebold will handle the (5) types of Work Orders with the breakdown structure listed below.

Diebold Security Work Order Plan consists of developing budgets, proposals, shop drawings, installation, programming, commissioning, acceptance test plans, field acceptance testing, training and as-builts along with close out documentation for all related projects.

Work Breakdown Structure (WBS) showing a hierarchical breakdown of the work to be completed on the program and shall be broken down into the following steps:

1. Submittals – Submittals are the first step and are critical to ensure the end user is getting exactly what they expect. In general the submittals shall consist of an equipment list with catalog cut sheets, shop drawings, and any required samples. We will not order any equipment with out written authorization approving at a minimum the equipment list.

2. Equipment Ordering – Once the submittals have been approved equipment can be ordered. Depending on the size of the job and the payment schedule we prefer to order all equipment at once. This allows us to have equipment at a moments noticed and eliminates the need to wait for equipment to be delivered from the manufacturer. Any long lead items such as racks, consoles, or custom equipment shall be ordered immediately.

3. Equipment Testing and Pre-Fabrication – The majority of equipment will be bench tested at our facility. In doing this we are able to ensure all equipment is properly working in a clean & controlled environment. Although this is an added cost to us we believe it is a major reason why are jobs run so smoothly. The chances of installing a defective piece of equipment in the field are reduced and unwanted surprises are eliminated.

4. Delivery – If storage is available in a clean secure room we may decide to store equipment on site. If not, equipment will be delivered to the site on an as needed basis.

5. Installation – Installation shall be preformed under the direct supervision of our Project Manager. As these projects are union jobs, all work shall be installed by the proper union employees. All

equipment shall be installed in accordance to the manufacturer recommendations.

6. Programming – We attempt to do a large amount of the programming in house at our facility early in the project. We contact the end user for programming information and load all this data before the PC is shipped to the site. In doing this, when the PC is shipped to the site it is more of a plug and play installation.

7. Activation/Testing – When the system is activated we shall perform an extensive test to ensure the system is working as designed.

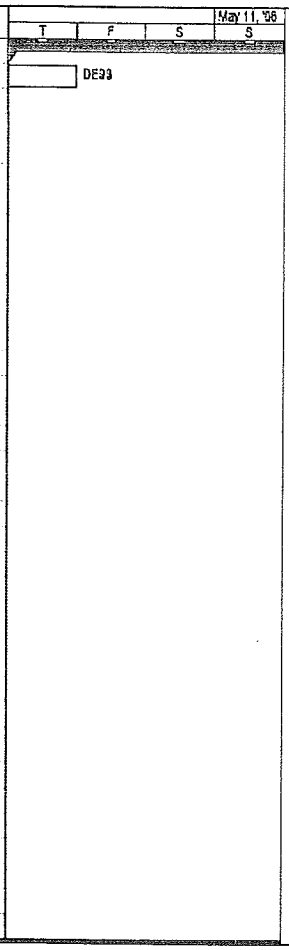
8. Training – Training shall be performed by a factory trained Diebold Training Department and shall be done at the customer's location or at our facility. We take great care in training, which will help reduce questions in the future and will allow the customer to use their system to its fullest capability. There are many different levels of training according to the type of system and sophistication required.

Milestone Deliverable Chart showing a high level, deliverable oriented schedule.

Below find a sample project schedule. All projects get a preliminary project schedule developed at proposal submission then get handed off to the Project Manager for further development and tracking. These schedules get updated for all parties, internal and external for Security tracking.

UN Skanska library PRELIMINARY PROJECT SCHEDULE MANY OF THESE DATES CAN RUN SIMULTANEOUSLY. THE PROJECT SCHEDULE IS FOR TIME DURATIONS, NOT ACTUAL START AND FINISH DATES.

ID	Task Name	Duration	Start	Finish	Predecess	Resource Names
1	UN Library	109 days?	Thu 5/8/08	Tue 10/7/08		
2	Bid doc received and estimating	1 day	Thu 5/8/08	Thu 5/8/08		DESS
3	Revised bid doc received and estimating	1 day?	Thu 7/3/08	Thu 7/3/08		Skanska
4	Bid Submission	1 day?	Fri 7/11/08	Fri 7/11/08	3	DESS
5	Bid Leveling	5 days	Mon 7/14/08	Fri 7/18/08	4	Skanska
6	Approval, PO received	3 days	Mon 7/21/08	Wed 7/23/08	5	Skanska
7	DESS internal kick off meeting	1 day	Thu 7/24/08	Thu 7/24/08	6	DESS
8	Team Kick off meeting	1 day?	Fri 7/25/08	Fri 7/25/08	7	TEAM
9	Start working on submittals and drawings for approval	2 wks	Fri 7/25/08	Thu 8/7/08	7	DESS
10	Approval of shop drawings	3 days	Wed 8/13/08	Fri 8/15/08	9	Consultant,UN
11	Order placement for materials	03 days	Mon 8/2/08	Thu 8/14/08		
12	Order Locking hardware	1 wk	Fri 8/8/08	Thu 8/14/08	9	DESS
13	Place order for DVR	2 wks	Fri 8/8/08	Thu 8/21/08	9	DESS
14	Order Access and CCTV equipment	4 wks	Fri 8/8/08	Thu 9/4/08	9	DESS
15	Order All Cable and Electrical Materials	3 days	Fri 8/8/08	Tue 8/12/08	9	TEAM
16	Provide Shaft ways and Paths, conduits	5 days	Mon 6/2/08	Fri 6/6/08		Skanska
17	Work:	20 days?	Mon 8/18/08	Fri 9/12/08	16,10	
18	Start with Skanska Project Schedule Primavera	1 day?	Mon 8/18/08	Mon 8/18/08	10	
19	Start Pulling cable	4 days	Tue 8/19/08	Fri 8/22/08	18	EC
20	Provide Approved Drawings and Specs to Electrician	2 days	Mon 8/18/08	Tue 8/19/08	10	DESS
21	pull power for wall field and device locations	3 days	Wed 8/20/08	Fri 8/22/08	20	Skanska
22	mount all door devices	4 days	Mon 8/25/08	Thu 8/28/08	19	EC
23	Terminations in the wall fields	2 days	Fri 8/29/08	Mon 9/1/08	22	EC
24	wire terminations	5 days	Tue 9/2/08	Mon 9/8/08	23	EC
25	start pre-programming NVR's, programming bring up in the SCC	4 days	Tue 9/9/08	Fri 9/12/08	24	EC
26	Fire Alarm tie in from existing UIB.	1 day	Tue 9/2/08	Tue 9/2/08	23	DESS
27	System programming	40 days?	Tue 8/5/08	Tue 10/7/08		DESS
28	UN ITSD working hand and glove with Diebold ESS to communicate with Head end	2 days	Tue 8/5/08	Wed 8/6/08		UN
29	system communicating to SCC	2 days	Mon 9/15/08	Tue 9/16/08	25	DESS
30	Final test DESS	2 days	Wed 9/17/08	Thu 9/18/08	29	DESS
31	Final Test with UN and Team for Acceptance	2 days	Fri 9/19/08	Mon 9/22/08	30	TEAM
32	Punch list, if any	5 days	Tue 9/23/08	Mon 9/29/08	31	DESS
33	As-Builts, OE Manuals, etc	2 wks	Tue 9/23/08	Mon 10/6/08	31	DESS
34	Complete	1 day?	Tue 10/7/08	Tue 10/7/08	33	TEAM
35	First Year Warranty Start	1 day?	Tue 9/23/08	Tue 9/23/08	31	DESS



The Work Order Organizational Chart which details the project team which will support the Work Order program. This chart shows the organizational structure and functional alignment of Diebold Security project team, The Organizational Chart delineates roles and responsibilities, and demonstrates the recommended lines of authority to address problems and carry out the work required under the contract.

Work Order Types with approach:

:

1. Add, Moves, & changes
    i. The Port Authority will initiate a Work Order for all adds, moves and changes to the system. This category of work deals with the modification of the present system to address new operational needs, requirements and factory software upgrade releases.
    ii. With a high priority change Diebold will deliver a proposal within (7) business days.
    iii. With a Normal priority change Diebold will deliver a proposal within (15) business days.
    iv. The Port Authority will review and accept the Work Order by signing proposal.
    v. After Work Order acceptance by the Authority, Diebold will schedule the installation with the PA, mobilize the staff that will be doing the installation work, and then perform the contracted work.
    vi. After acceptance by the PA, Diebold will begin work of high priority within 15 days and within 30 days for normal priority
    vii. Before the start date Diebold will perform steps 1-4 of Work Breakdown Structure listed below.
    viii. After the Work Order has been completed and approved by the PA, Diebold will issue as-builts drawings and a final invoice will be created.
2. Integration

    i. Diebold will follow the plan listed above for Add, moves and changes. Diebold will engage in-house IT certified staff to deploy the integrations required. If necessary Diebold will work with the manufacturer to develop interfaces that shall enable the systems to interface and exchange information.

3. Pilot Project Support
    i. Diebold will follow the plan listed above for Add, moves and changes. Diebold will engage in-house IT certified staff to deploy the integrations required to support the Pilot project. Engineering and CAD personnel shall be engaged to develop engineered drawings. Diebold will build the system at its prefabrication warehouse in Elmsford, NY. At this point the system shall be fully operational, programmed and tested prior to deployment to the PA. If necessary Diebold will work with the manufacturer to develop interfaces that shall enable the installed systems to interface and exchange information.
4. Projects
    i. Diebold will follow the plan listed above for Add, moves and changes. Diebold will engage in-house IT certified staff to deploy the integrations required. Diebold will sub-contract the labor required to a PA approved IBEW electrician. .

5. Training
    i. Diebold has produced various training curriculums for many clients including the Port Authority and the MTA NYCT.
    ii. Instructor guides, student guides and training aids are developed by our engineering staff, certified master trainers and manufacturer's representatives.
    iii. Training is conducted for operators, administrators and maintainers during all three working shifts at the Diebold training facility or the Port Authority's designated location.
    iv. Diebold has also provided e-Learning and web based training to many of its clients

With a systematic program team as described on the organization chart. Diebold process oriented approach has made Diebold the best of the best integrators world wide.

Section F
(4) Work Approach

Maintenance Management Plan.....(b)

b) The Proposer shall provide a Maintenance Management Plan, which describes:
(1) Day-to-day activities that shall be completed by assigned maintenance personnel at each facility. The Port Authority assumes that at least one (1) full time equivalent personnel is required at each facility to complete the Scope of Work, including both preventative and Remedial Maintenance. The Proposer however shall set forth and justify its proposed staffing level. Additionally, the Proposer shall describe the approach for adjusting the staff level periodically, if approved.
(2) A methodology in the detailed Preventative Maintenance Plan for actively monitoring and reporting on system performance especially as it pertains to key points of failure.
(3) Remedial Maintenance approach in detail. Include the proposed strategy for resolving system malfunctions during business hours, non-business hours and weekends.
(4) How availability and response time requirements will be met on the off shifts.
(5) Service level escalation procedures and tracking process for service calls and escalating recurring problems or problems not resolved in a timely manner as described in Attachment B, Contract Specific Terms and Conditions, Section 4 entitled: "Required Service Levels and Liquidated Damages for Non-Performance for Work Order and Maintenance Services". Provide concise definitions of threshold "triggers" that cause escalation of a service call to a higher support level and indicate the level and timeframe at which manufacturer's support personnel are involved. Describe the roles and responsibilities of personnel at each level.

Response:

Diebold options for on-site support would include a full time Diebold technician that reports to each airport every day for a minimum of 8 working hours. The onsite technician shall be certified in Lenel and Verint.

This on-site team member is responsible for but not limited to:
Daily site walk through
On-going preventative maintenance
On-going remedial maintenance
Level 1 service calls
Coordinating all site maintenance

DIEBOLD shall provide four (4) on-site qualified and trained service technicians, one (1) at each of the three (3) airports, JFK, EWR, and LGA, and (1) dedicated floater. If the Port Authority requests that an additional service technician be permanently assigned to any of the three (3) airports or for TEB or SWF Airports, DIEBOLD shall submit a Proposal and, if approved, shall assign additional fully qualified and trained technician to the ASCS project.

DIEBOLD shall provide day service such as repairs, adjustments, and general routine preventive and remedial maintenance during normal work hours between the hours of 8AM through 5PM, Monday through Friday. Non-emergency service requests received prior to 12PM, Monday through Friday, shall be prioritized due to scheduled preventive maintenance for that day and shall be serviced as soon as possible that same day, time permitting. If non-scheduled service work cannot be completed the same day, it shall be scheduled and prioritized for the next normal workday.

DIEBOLD has seventeen (17) Lenel certified technicians on staff. There are also three (3) technicians who are Verint certified. Additional technicians have been scheduled for both, Verint, Intelect and Identica certification classes. DIEBOLD routinely refreshes technician's skills through training classes which are taught by master certified engineers and technicians. Additionally, these engineers and technicians train new employees in one-on-one sessions, providing the most comprehensive apprenticeship training available.

The Preventive Maintenance Plan is designed to minimize system and component failures due to equipment failures, and to keep the ASCS in its designed operating condition. The Preventive Maintenance Plan shall include, but not be limited to, equipment inspection, testing, cleaning, lubrication, adjustments, repairs, and replacement of field installable parts that are approaching their useful life, and actions necessary to prevent further system and component failure. DIEBOLD shall furnish all labor, supervision, materials, supplies, parts, and equipment necessary or proper for, or incidental to, such maintenance. An adequate supply of the most commonly needed spare parts will be stored at each airport in a padlocked storage space that will be provided by each Airport Security Manager.

Preventive Maintenance shall be performed in accordance with manufacturer recommendation for the maintenance of equipment. A sample Preventive Maintenance schedule (see Section 3F subsection c) shows the location of equipment by area of an airport and schedule when equipment shall be inspected and maintained during a normal Preventive Maintenance cycle. DIEBOLD shall provide the Port Authority a detailed Preventive Maintenance Schedule for each airport within thirty (30) days of contract award.

The DIEBOLD Service Technician shall report to the Airport Security Manager or his designee at the start and completion of each maintenance visit, and the Service Technician shall keep the Airport Security Manager informed of the work performed with a "Service Maintenance Form" which will include such data as times of arrival and departure, materials replaced, the hours any item was out of service, the specific components which were inspected and/or adjusted, description of the work performed, and the technician's name.

DIEBOLD shall perform Preventive and Remedial Maintenance to insure that the ASCS is in working order according to technical and manufacturer's specifications. During normal business hours when Remedial Maintenance is required:

1. the Airport Security Manager or his designee should place a call to the 24 hour toll free DIEBOLD Support Desk Number (800-642-6827).

2. The DIEBOLD on site airport Service Technician shall be contacted and directed to respond to the service ticket.

3. The Airport Security Manager and the Service Technician shall assess the problem to determine the cause. If the Service Technician determines that additional support is required to address the problem, he shall notify the DIEBOLD Service Manager who shall dispatch the appropriate resources.

4. If the Airport Security Manager or his designee determines that the work has to be performed after hours, the DIEBOLD Service Manager shall be notified and a Service Technician shall be assigned.

If Remedial Service is required during non-business hours and weekends, the Airport Security Manager, or designee, should place a call to the 24 hour toll free DIEBOLD Support Desk Number (800-642-6827). An on-call Service Technician shall arrive at the airport within four (4) hours of notification. The Service Technician shall report to the requesting airport in accordance with the airport's reporting procedure.

When a problem has been identified with the Airport Security System Exemption (2b) fiber, DIEBOLD shall notify the Port Authority Radio, Tolls, and Electronics Shop for corrective maintenance. DIEBOLD shall continue to work with that group until problem resolution has been achieved.

If analysis and diagnosis of problems and other issues determine that there is a problem with the Lenel software, DIEBOLD shall engage the assistance of DIEBOLD IT Technicians to resolve issues related to software problems when necessary and where appropriate. On an "as needed" basis, DIEBOLD shall engage the services of Lenel technical support for final resolution.

Non-Business Hours

DIEBOLD responds to requests for service during non-business hours in the same manner as described above.

Weekends

DIEBOLD responds to requests for service during weekend hours in the same manner as described above.

An estimated weekly schedule for each airport is listed below

Preventative Maintenance for head end:	12 hours
Remedial Maintenance for head end:	8 hours
Preventative Maintenance for field devices:	8 hours
Remedial Maintenance for field devices:	12 hours

(2) A methodology in the detailed Preventative Maintenance Plan for actively monitoring and reporting on system performance especially as it pertains to key points of failure.

In addition to our response below refer to Section F2 subsection i – Computerized Work Order and Maintenance Management System.

Regular inspection and testing through Preventative Maintenance (PM) reduces the probability of equipment malfunction during system operations. PM involves several basic functions such as cleaning, lubricating, calibrating, adjusting, aligning, checking voltage, testing functions, and replacing worn or faulty components. Diebold emphasizes rigorous PM procedures and schedules to allow constant analysis of performance and to provide the opportunity for more frequent equipment inspections. These factors lead to early detection of potential equipment failures and the opportunity to replace defective or potentially defective parts or subassemblies during scheduled downtime rather than during normal operating times.

A comprehensive Preventive Maintenance program continues to be the single greatest contributor to maintaining equipment in good operating condition. The Diebold PM procedures are consistent with the manufacturer-recommended procedures and manufacturer-supplied documentation, and are amplified in those cases where our experience or equipment maintenance history has shown that specific items are prone to frequent failure. Diebold monitors equipment performance from data entered into Help Desk during PM and maintenance service and repair. This allows for early identification of potential problems and assignment of an experienced technician to inspect equipment and recommend corrective strategies such as component replacement, refurbishment, or more frequent periods of PM. Diebold shall work with customer personnel as required to provide PM that results in minimum disruption to work schedules to ensure the best possible mix of service and scheduled off-line maintenance (if necessary), and honors all individual customer requests for enhanced Preventive Maintenance practices.

Preventive Maintenance in Conjunction with Maintenance Service and Repair - Diebold shall continually look for ways to refine the PM process to gain efficiency while maintaining performance levels of the equipment. One such approach is to perform the PM in conjunction with requests for maintenance service and repair. Diebold shall institute this approach to minimize equipment downtime for the customer, improve the probability of fault-free operation of the equipment, and reduce the cost associated with preventive maintenance. Under this approach, when a maintenance service and repair request is received, the Help Desk automatically identifies whether a PM service was accomplished on the item of equipment within the past 180 days and, if not, shall generate a PM work order to accompany the service and repair request. Upon completion of the service and repair, Diebold technicians initiate and complete the PM process. This approach is very cost-effective and has been well received by Diebold customers on previous and current contracts.

(3) Remedial Maintenance approach in detail. Include the proposed strategy for resolving system malfunctions during business hours, non-business hours and weekends.
In addition to our response in Section 4 subsection b1, the method Diebold shall hold to the Port Authority response and repair time is shown in the flow chart enclosed and described below:

Non emergency Call
Level 1 Interaction:
Diebold Security receives a "support call" data from the Port Authority. A customer service representative creates a ticket, our onsite Technician shall respond within 8 hours.

Level 2:
Diebold Security on site technician evaluates the issue from the above Level 1 interaction, if equipment is required, Diebold shall provide or order from our spare parts depot. Onsite technician shall repair malfunction within the 48 hours. If this cannot fixed/rectified OR the on site Technician is working a previous "support Call" OR is not on site then the Level 2 Help Desk Technician (1 of 4 desk support people) Telephone number 1.800.642.6827 Option 1 support Option 2 is the IT Help Desk. 7 times out of 10 the IT Help desk IT Engineers can rectify the problem within this call session.

Level 3:
Once a ticket "support call" was created from either Level 1 or 2 above our team of 18 IT Engineers (in addition to the pool of 17 certified technicians) shall research the problem/issue, test in our lab, vet out issues with our Manufacturer Partners, dispatch additional IT Engineers to the site or call in manufacturer's support as needed and resolved within 48 hours.

Emergency Call
Level 1 Interaction:
Diebold Security receives a "support call" data from the Port Authority. A customer service representative creates a ticket, our onsite Technician shall respond within 4 hours.

Level 2:
Diebold Security on site technician evaluates the issue from the above Level 1 interaction, if equipment is required, Diebold shall provide or order from spare parts depot. Onsite technician shall repair malfunction within the 24 hours. If this can not fixed/rectified OR the on site Technician is working a previous "support Call" OR is not on site then the Level 2 Help Desk Technician (1 of 4 desk support people) Telephone number 1.800.642.6827 Option 1 support Option 2 is the IT Help Desk. 7 times out of 10 the IT Help desk IT Engineers can rectify the problem within this call session.

Level 3:
Once a ticket "support call" was created from either Level 1 or 2 above our team of 18 IT Engineers (in addition to the pool of 17 certified technicians) shall research the problem/issue, test in our lab, vet out issues with our Manufacturer Partners, dispatch additional IT Engineers to the site or call in manufacturer's

support as needed and resolved within 24 hours.

(4) How availability and response time requirements shall be met on the off shifts.

In addition to our response in Section 2 subsection a:

DIEBOLD shall perform Preventive and Remedial Maintenance to insure that the ASCS is in working order according to technical and manufacturer's specifications. During normal business hours when Remedial Maintenance is required, the Airport Security Manager or his designee should place a call to the 24 hour toll free DIEBOLD Support Desk Number (800-642-6827). The DIEBOLD on site airport Service Technician shall be contacted and directed to respond to the service ticket. The Airport Security Manager and the Service Technician shall assess the problem to determine the cause. If the Service Technician determines that additional support is required to address the problem, he shall notify the DIEBOLD Service Manager who shall dispatch the appropriate resources. If the Airport Security Manager or his designee determines that the work has to be performed after hours, the DIEBOLD Service Manager shall be notified and a Service Technician shall be assigned.

If Remedial Service is required during non-business hours and weekends, the Airport Security Manager, or designee, should place a call to the 24 hour toll free DIEBOLD Support Desk Number (800-642-6827). An on-call Service Technician shall arrive at the airport within four (4) hours of notification. The Service Technician shall report to the requesting airport in accordance with the airport's reporting procedure.

Escalation Process

In an effort to expedite high priority support tickets, Diebold has implemented an Escalation Process. This process involves escalating tickets from the technicians to the appropriate next level of personnel as well as establishing a method of tracking tickets that require go-backs.

Technicians include in their job resolutions that are not complete, detailed explanations as to why the ticket cannot yet be closed and a specific plan of action necessary to close the ticket as well as any assistance required. This step is critical to the Escalation Procedure.

The in-office support team ticket owners shall be responsible for reporting ticket status on a daily basis. Any tickets that require escalation shall be identified at this time and additional action shall be taken.

An escalation log shall be kept. This log shall contain the ticket #, date, reported by, description and reason code. This will also allow staff to readily identify tickets that have on-going issues that require additional attention. The escalation log shall also be sent to the VP of Operations every other day to notify of any trends developing.

Section F
(4) Work Approach

Sensitive Security Information Procedures.....*(c)*

ATTACHMENT K - Non-Disclosure and Confidentiality Agreements

NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT BETWEEN

DIEBOLD SECURITY

AND

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

THIS NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT (this "**Agreement**") is made as of this **_28th__** day of **__July_____**, 2008, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (the "**Port Authority**") a body corporate and politic created by Compact between the States of New York and New Jersey, with the consent of the Congress of the United States, and having an office and place of business at 225 Park Avenue South, New York, New York, 10003, and **_Diebold Security_** having an office and place of business at **__3Westchester Plaza, Elmsford, NY 10523**_____(address) ("**Recipient**").

WHEREAS, the Port Authority desires, subject to the terms and conditions set forth below, to disclose to Recipient Confidential Information (as defined below) in connection with **_Services & Material for the Enhancement & Maintenance of the Airport Security Control Systems at John F. Kennedy International, Laguardia, & Newark Liberty International Airports_**(insert description of project/work) (collectively, the "Project(s)", or "Proposed Project(s)"); and

WHEREAS, the Recipient acknowledges that the Port Authority, in furtherance of its performance of essential and critical governmental functions relating to the Project, has existing and significant interests and obligations in establishing, maintaining and protecting the security and safety of the Project site and surrounding areas and related public welfare matters; and

WHEREAS, in furtherance of critical governmental interests regarding public welfare, safety and security at the Project site, the Port Authority has collected information and undertaken the development of certain plans and recommendations regarding the security, safety and protection of the Project site, including the physical construction and current and future operations; and

WHEREAS, the Port Authority and Recipient (collectively, the "**Parties**") acknowledge that in order for Recipient to undertake its duties and/or obligations with regard to its involvement in the Project, the Port Authority may provide Recipient or certain of its Related Parties (as defined below) certain information in the possession of the Port Authority, which may contain or include confidential, privileged, classified, commercial, proprietary or

sensitive information, documents and plans, relating to the Project or its occupants or other matters, the unauthorized disclosure of which could result in significant public safety, financial and other damage to the Port Authority, the Project, its occupants, and the surrounding communities; and

WHEREAS, Recipient recognizes and acknowledges that providing unauthorized access to, or disclosing such information to third parties in violation of the terms of this Agreement could compromise or undermine the existing or future guidelines, techniques and procedures implemented for the protection against terrorist acts or for law enforcement, investigation and prosecutorial purposes, and accordingly could result in significant irreparable harm and injury; and

WHEREAS, in order to protect and preserve the privilege attaching to and the confidentiality of the aforementioned information as well as to limit access to such information to a strict need to know basis, the Port Authority requires, as a condition of its sharing or providing access to such confidential, privileged, classified, commercial, proprietary or sensitive information, documents and plans, that the Recipient enter into this Agreement and that its Related Parties thereafter acknowledge and agree that they will be required to treat as strictly confidential and/or privileged any of such information so provided, as well as the work product and conclusions of any assessments and evaluations or any recommendations relating thereto, and to also fully comply with applicable federal rules and regulations with respect thereto; and

WHEREAS, as a condition to the provision of such information to Recipient and certain Related Parties, the Recipient has agreed to enter into this Agreement with respect to the handling and use of such information and to cause Related Parties to join in and be bound by the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the provision by Port Authority of Information for Project Purposes (as each such term is defined below) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Recipient and each Related Party that receives such Information, the Recipient and each such Related Party agrees, as follows:

1. **Defined Terms.** In addition to the terms defined in the Recitals above, the following terms shall have the meanings set forth below:

(a) **"Authorized Disclosure"** means the disclosure of Confidential Information strictly in accordance with the Confidentiality Control Procedures applicable thereto: (i) as to all Confidential Information, only to a Related Party that has a need to know such Confidential Information strictly for Project Purposes and that has agreed in writing to be bound by the terms of this Agreement by executing a form of Acknowledgment as set forth in Exhibit A; and (ii) as to Confidential Privileged Information, only to the extent expressly approved in writing and in advance by the Port Authority, and

then only the particular Confidential Privileged Information that is required to accomplish an essential element of the Project.

(b) "**Confidential Information**" means and includes collectively, Confidential Proprietary Information, Confidential Privileged Information, and Information that is labeled, marked or otherwise identified by or on behalf of the Port Authority so as to reasonably connote that such Information is confidential, privileged, sensitive or proprietary in nature. The term Confidential Information shall also include all work product that contains or is derived from any of the forgoing, whether in whole or in part, regardless of whether prepared by the Recipient, the Port Authority or others. The following Information shall not constitute Confidential Information for the purpose of this Agreement:

(i) Particular Information, other than Confidential Privileged Information, that is provided to the Recipient by a source other than the Port Authority, provided that such source is not subject to a confidentiality agreement, or similar obligation, or understanding with or for the benefit of the Port Authority, with respect to such Information and that the identity of such source is not itself part of such Confidential Information.

(ii) Information that is or becomes generally available to the public other than as a result of a disclosure by the Recipient or a Related Party in violation of this Agreement.

(c) "**Confidential Privileged Information**" means and includes collectively, (i) any and all Information, documents and materials entitled to protection as a public interest privilege under New York State law and as may be deemed to be afforded or entitled to the protection of any other privilege recognized under New York, and/or New Jersey state laws or Federal laws, (ii) Critical Infrastructure Information, (iii) Sensitive Security Information, and (iv) Limited Access Safety and Security Information.

(d) "**Confidential Proprietary Information**" means and includes Information that contains financial, commercial or other proprietary, business Information concerning the Project, the Port Authority, or its facilities.

(e) "**Confidentiality Control Procedures**" means procedures, safeguards and requirements for the identification, processing, protection, handling, care, tracking and storage of Confidential Information that are required under applicable federal or state law, the Port Authority Handbook, or by the terms of this Agreement.

(f) "**Critical Infrastructure Information**" (CII) has the meaning set forth in the Homeland Security Act of 2002, under the subtitle Critical Infrastructure Information Act of 2002 (6 U.S.C. §131-134), and any rules or regulations enacted pursuant thereto, including, without limitation, the Office of the Secretary, Department of Homeland Security Rules and Regulations, 6 C.F.R. Part 29 and any amendments

thereto. CII may also be referred to as "Protected Critical Infrastructure Information" or "PCII," as provided for in the referenced rules and regulations and any amendments thereto.

(g) "**Information**" means, collectively, all information, documents, data, reports, notes, studies, projections, records, manuals, graphs, electronic files, computer generated data or information, drawings, charts, tables, diagrams, photographs, and other media or renderings containing or otherwise incorporating information that may be provided or made accessible at any time, whether in writing, orally, visually, photographically, electronically or in any other form or medium, including, without limitation, any and all copies, duplicates or extracts of the foregoing.

(h) "**Limited Access Safety and Security Information**" means and includes sensitive Information, the disclosure of which would be detrimental to the public interest and might compromise public safety and/or security as it relates to Port Authority property, facilities, systems and operations, and which has not otherwise been submitted for classification or designation under any Federal laws or regulations.

(i) "**Port Authority Handbook**" means the Port Authority of N.Y. & N.J. Information Security Handbook, a copy of which is attached hereto as Exhibit B, as may be amended by the Port Authority, from time to time.

(j) "**Project Purposes**" means the use of Confidential Information strictly and only for purposes related to Recipient's and its Related Parties' participation and involvement in the Project, and only for such period of time during which Recipient and its Related Parties are involved in Project related activities.

(k) "**Related Party**" and "**Related Parties**" means the directors, employees, officers, partners or members of the Recipient, as applicable, and the Recipient's outside consultants, advisors, accountants, architects, engineers or subcontractors or subconsultants (and their respective directors, employees, officers, partners or members) to whom any Confidential Information is disclosed or made available.

(l) "**Sensitive Security Information**" has the definition and requirements set forth in the Transportation Security Administrative Rules & Regulations, 49 CFR 1520, (49 U.S.C. §114) and in the Office of the Secretary of Transportation Rules & Regulations, 49 CFR 15, (49 U.S.C. §40119).

2. **Use of Confidential Information**. All Confidential Information shall be used by the Recipient in accordance with the following requirements:

(a) All Confidential Information shall be held in confidence and shall be processed, treated, disclosed and used by the Recipient and its Related Parties only for Project Purposes and in accordance with the Confidentiality Control Procedures established pursuant to Paragraph 2(c), below, including, without limitation, the Port Authority Handbook, receipt of which is acknowledged by Recipient and shall be acknowledged

in writing by each Related Party by signing the Acknowledgment attached hereto as Exhibit A, and applicable legal requirements. Confidential Information may be disclosed, only if and to the extent that such disclosure is an Authorized Disclosure.

(b) Recipient and each Related Party acknowledges and agrees that (i) any violation by the Recipient or any of its Related Parties of the terms, conditions or restrictions of this Agreement relating to Confidential Information may result in penalties and other enforcement or corrective action as set forth in such statutes and regulations, including, without limitation, the issuance of orders requiring retrieval of Sensitive Security Information and Critical Infrastructure Information to remedy unauthorized disclosure and to cease future unauthorized disclosure and (ii) pursuant to the aforementioned Federal Regulations, including, without limitation, 49 C.F.R. §§ 15.17 and 1520.17, any such violation thereof or mishandling of information therein defined may constitute grounds for a civil penalty and other enforcement or corrective action by the United States Department of Transportation and the United States Department of Homeland Security, and appropriate personnel actions for Federal employees.

(c) Recipient and each Related Party covenants to the Port Authority that it has established, promulgated and implemented Confidentiality Control Procedures for identification, handling, receipt, care, and storage of Confidential Information to control and safeguard against any violation of the requirements of this Agreement and against any unauthorized access, disclosure, modification, loss or misuse of Confidential Information. Recipient and each Related Party shall undertake reasonable steps consistent with such Confidentiality Control Procedures to assure that disclosure of Confidential Information is compartmentalized, such that all Confidential Information shall be disclosed only to those persons and entities authorized to receive such Information as an Authorized Disclosure under this Agreement and applicable Confidentiality Control Procedures. The Confidentiality Control Procedures shall, at a minimum, adhere to, and shall not be inconsistent with, the procedures and practices established in the Port Authority Handbook.

(d) The Port Authority may request in writing that the Recipient or any Related Parties apply different or more stringent controls on the handling, care, storage and disclosure of particular items of Confidential Information as a precondition for its disclosure. The Port Authority may decline any request by the Recipient or any of its Related Parties to provide such item of Confidential Information if the Recipient or any of the Related Parties do not agree in writing to apply such controls.

(e) Nothing in this Agreement shall require the Port Authority to tender or provide access to or possession of any Confidential Information to the Recipient or its Related Parties, whether or not the requirements of this Agreement are otherwise satisfied. However, if such Confidential Information is provided and accepted, the Recipient and its Related Parties shall abide by the terms, conditions and requirements of this Agreement.

(f) The Recipient and each Related Party agrees to be responsible for enforcing the provisions of this Agreement with respect to its Related Parties, in accordance with the Confidentiality Control Procedures. Except as required by law pursuant to written advice of competent legal counsel, or with the Port Authority's prior written consent, neither the Recipient, nor any of the Related Parties shall disclose to any third party, person or entity: (i) any Confidential Information under circumstances where the Recipient is not fully satisfied that the person or entity to whom such disclosure is about to be made shall act in accordance with the Confidentiality Control Procedures whether or not such person or entity has agreed in writing to be bound by the terms of this Agreement or any "Acknowledgement" of its terms or (ii) the fact that Confidential Information has been made available to the Recipient or such Related Parties, or the content or import of such Confidential Information. The Recipient is responsible for collecting and managing the Acknowledgments signed by Related Parties pursuant to this Agreement. Recipient shall, at the Port Authority's request, provide the Port Authority a list of all Related Parties who have signed an Acknowledgment, and copies of such Acknowledgments.

(g) As to all Confidential Information provided by or on behalf of the Port Authority, nothing in this Agreement shall constitute or be construed as a waiver of any public interest privilege or other protections established under applicable state or federal law.

3. **Disclosures and Discovery Requests.** If a subpoena, discovery request, Court Order, Freedom of Information Request, or any other request or demand authorized by law seeking disclosure of the Confidential Information is received by the Recipient or any Related Party, Recipient shall notify the Port Authority thereof with sufficient promptness so as to enable the Port Authority to investigate the circumstances, prepare any appropriate documentation and seek to quash the subpoena, to seek a protective order, or to take such other action regarding the request as it deems appropriate. In the absence of a protective order, disclosure shall be made, in consultation with the Port Authority, of only that part of the Confidential Information as is legally required to be disclosed. If at any time Confidential Information is disclosed in violation of this Agreement, the Recipient shall immediately give the Port Authority written notice of that fact and a detailed account of the circumstances regarding such disclosure to the Port Authority.

4. **Retention Limitations; Return of Confidential Information.** Upon the earlier occurrence of either the Port Authority's written request or completion of Recipient's need for any or all Confidential Information, such Confidential Information, all writings and material describing, analyzing or containing any part of such Confidential Information, including any and all portions of Confidential Information that may be stored, depicted or contained in electronic or other media and all copies of the foregoing shall be promptly delivered to the Port Authority at Recipient's expense. In addition, as to Confidential Information that may be stored in electronic or other form, such Confidential Information shall be completely removed so as to make such Confidential

Information incapable of being recovered from all computer databases of the Recipient and all Related Parties. The Recipient may request in writing that the Port Authority consent to destruction of Confidential Information, writings and materials in lieu of delivery thereof to the Port Authority. The Port Authority shall not unreasonably withhold its consent to such request. If the Port Authority consents to such destruction, the Recipient and each Related Party shall deliver to the Port Authority a written certification by Recipient and such Related Party that such Confidential Information, writings and materials have been so destroyed within such period as may be imposed by the Port Authority. Notwithstanding the foregoing, to the extent required for legal or compliance purposes, the Recipient may retain a copy of Confidential Information, provided that (a) the Port Authority is notified in writing of such retention, and (b) Recipient continues to abide by the requirements of this Agreement with respect to the protection of such Confidential Information.

5. **Duration and Survival of Confidentiality Obligations.** The obligations under this Agreement shall be perpetual (unless otherwise provided in this Agreement) or until such time as the Confidential Information is no longer considered confidential and/or privileged by the Port Authority.

6. **Severability**. Each provision of this Agreement is severable and if a court should find any provision of this Agreement to be unenforceable, all other provisions of this Agreement shall remain in full force and effect.

7. **Injunctive and Other Relief**. Recipient and each Related Party acknowledges that the unauthorized disclosure and handling of Confidential Information is likely to have a material adverse and detrimental impact on public safety and security and could significantly endanger the Port Authority, its facilities (including, without limitation, the Project site), its patrons and the general public and that damages at law are an inadequate remedy for any breach, or threatened breach, of this Agreement by Recipient or its Related Parties. The Port Authority shall be entitled, in addition to all other rights or remedies, to seek such restraining orders and injunctions as it may deem appropriate for any breach of this Agreement, without being required to show any actual damage or to post any bond or other security.

8. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflict of laws principles. The Port Authority (subject to the terms of the Port Authority Legislation (as defined below)) and the Recipient specifically and irrevocably consent to the exclusive jurisdiction of any federal or state court in the County of New York and State of New York with respect to all matters concerning this Agreement and its enforcement. The Port Authority (subject to the terms of the Port Authority Legislation (as defined below)) and the Recipient agree that the execution and performance of this Agreement shall have a New York situs and, accordingly, they each consent (and solely with respect to the Port Authority, subject to the terms of the Port Authority Legislation (as defined below)) to personal jurisdiction in the State of New York for all purposes and proceedings arising from this Agreement. "**Port Authority Legislation**" shall mean the concurrent legislation of the State of New York and State of New Jersey set forth at Chapter 301 of

the Laws of New York of 1950, as amended by Chapter 938 of the Laws of New York of 1974 (McKinney's Unconsolidated Laws §§7101-7112) and Chapter 204 of the Laws of New Jersey of 1951 (N.J.S.A. 32:1-157 to 32:1-168).

9. **Notices.** Any notice, demand or other communication (each, a "**notice**") that is given or rendered pursuant to this Agreement by either party to the other party, shall be: (i) given or rendered, in writing, (ii) addressed to the other party at its required address(es) for notices delivered to it as set forth below, and (iii) delivered by either (x) hand delivery, or (y) nationally recognized courier service (e.g., Federal Express, Express Mail). Any such notice shall be deemed given or rendered, and effective for purposes of this Agreement, as of the date actually delivered to the other party at such address(es) (whether or not the same is then received by other party due to a change of address of which no notice was given, or any rejection or refusal to accept delivery). Notices from either party (to the other) may be given by its counsel.

The required address(es) of each party for notices delivered to it is (are) as set forth below. Each party, however, may, from time to time, designate an additional or substitute required address(es) for notices delivered to it, provided that such designation must be made by notice given in accordance with this Paragraph 9.

If to the Port Authority:	_____ _____ The Port Authority of New York and New Jersey 225 Park Avenue South, __th Floor New York, NY 10003
with a copy to:	The Port Authority of New York and New Jersey 225 Park Avenue South - 15th Floor New York, NY 10003 Attn: General Counsel
If to the Recipient:	Deibold Security Att Nelson Barreto 3Westchester Plaza, Elmsford, NY 10523
with a copy to:	Diebold Security Att Kevin Engelhardt **3Westchester Plaza, Elmsford, NY 10523**

10. **Entire Agreement.** This Agreement contains the complete statement of all the agreements among the parties hereto with respect to the subject matter thereof, and all prior agreements among the parties hereto respecting the subject matter hereof, whether written or oral, are merged herein and shall be of no further force or effect. This Agreement may not be changed, modified, discharged, or terminated, except by an instrument in writing signed by all of the parties hereto.

11. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be one and the same document.

12. **Parties Bound**. This Agreement shall be binding upon the Recipient and its respective successors. The foregoing shall not be affected by the failure of any Related Party to join in this Agreement or to execute and deliver an Acknowledgement hereof.

13. **Authority**. The undersigned individual(s) executing this Agreement on behalf of the Recipient below represent(s) that they are authorized to execute this Agreement on behalf of the Recipient and to legally bind such party.

14. **Disclosure of Ownership Rights or License**. Nothing contained herein shall be construed as the granting or conferring by the Port Authority of any rights by ownership, license or otherwise in any Information.

15. **No Liability**. Neither the Commissioners of the Port Authority, nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Recipient with any liability, or held liable to the Recipient under any term or provision of this Agreement, or because of its execution or attempted execution or because of any breach, or attempted or alleged breach thereof.

16. **Construction**. This Agreement is the joint product of the parties hereto and each provision of this Agreement has been subject to the mutual consultation, negotiation, and agreement of the parties hereto, and shall not be construed for or against any party hereto. The captions of the various sections in this Agreement are for convenience only and do not, and shall not be deemed to, define, limit or construe the contents of such Sections.

[*No further text on this page; signatures appear on next page*]

IN WITNESS WHEREOF, the Recipient has executed this Agreement as of the date first above written.

Dated: New York, New York
_JULY__28th__, _2009_

RECIPIENT:
Diebold Security

By: _____
Kevin Engelhardt

Title: Vice President & General Manager

Date: July 28th, 2009

DIEBOLD
SECURITY

Diebold Security Systems, Incorporated
3 Westchester Plaza
Elmsford, New York 10523

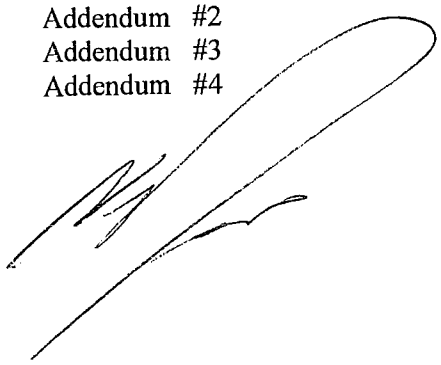
914.949.2400
www.diebold.com/enterprise

Section G Acknowledgement of Addenda

G. Acknowledgment of Addenda
If any Addenda are sent as part of this RFP, the Proposer shall complete, sign and include with its proposal the addenda form(s). In the event any Proposer fails to conform to these instructions, its proposal will nevertheless be construed as though the Addenda had been acknowledged.

Diebold Security acknowledges all 4 Addendums

Addendum # 1
Addendum #2
Addendum #3
Addendum #4



1859 - 2009

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date May 29, 2009

ADDENDUM #1

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS NETWORK COMPUTING RESOURCE MANAGEMENT SERVICES

☒ Due back on July 8, 2009, no later than 2:00 PM

☐ Originally due on , no later than

The following changes are hereby made in the documents:

THE SITE INSPECTIONS ARE RESCHEDULED TO THE FOLLOWING DATES LISTED BELOW:

Thursday, June 11, 2009, at 9:00am, Building 14, at John F. Kennedy International Airport
Thursday, June 11, 2009 at 2:00pm, Central Terminal Building 3870 at LaGuardia Airport
Friday, June 12, 2009 at 9:00am, Building 1, at Newark Liberty International Airport

Proposers that are interested in attending the site inspections scheduled June 11 – 12, 2009 must call Courtney Fong at (212) 435-3848 no later than noon on Tuesday, June 9, 2009.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

PS11All

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

BIDDER'S/PROPOSER'S FIRM NAME: Diebold Security

INITIALED: _____

DATE: July 28, 2009

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO
Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date : June 22, 2009

ADDENDUM #2

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS NETWORK COMPUTING RESOURCE MANAGEMENT SERVICES

☐ Due back on , no later than

☒ Originally due on July 8, 2009, no later than 2:00PM

The following changes are hereby made in the documents:

1. THE SITE INSPECTIONS ARE SCHEDULED ON THE FOLLOWING DATES:

Tuesday, June 30, 2009 at 9:00am, Central Terminal Building 3870 at LaGuardia Airport
Tuesday, June 30, 2009 at 1:00 pm, Building 14, at John F. Kennedy International Airport
Wednesday, July 1, 2009 at 9:30am, Building 1, at Newark Liberty International Airport

Proposers that are interested in attending the site inspections scheduled June 30, 2009 – July 1, 2009 must call Courtney Fong at (212) 435-3848 no later than noon on Friday, June 26, 2009.

2. COMMUNICATIONS REGARDING THIS REQUEST FOR PROPOSALS (RFP)

All questions regarding this RFP should be submitted in writing to the Buyer at the address or facsimile number listed on the cover page of the RFP document, no later than July 7, 2009 at 3:00 PM.

3. PROPOSAL DUE DATE IS RESCHEDULED FOR WEDNESDAY, JULY 15, 2009 AT 2:00 PM.

4. Sign-In Sheet for Site Inspection held on June 11, 2009 – June 12, 2009 attached hereto.

SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

JFK - SITE INSPECTION
9:00 AM
THURSDAY, JUNE 11, 2009

NAME	FIRM	PHONE #	EMAIL
Bernie Drury	HBE	201-805-1410	bdrury@hbe-inc.com
Gregory Vickers	HBE	732 803 7137	GVickers@HBE-inc.com
Rich Conklin	ADESTA	908-756-1181	RConklin@Adestagroup.com
Michele Delgado	PANYNJ	516-375-2890	MDelgado@panynj.
Karl Niedt	Romani International	908-686-3773	alroyal@aol.com
A. J. Robayta Sr	Romani Int.	954-520-0655	Exemption (1)
Nelson Barreto	Diebold	914-872-4450	Nelson.Barreto@diebold.com
Courtney Fong	PANYNJ	212-435-3848	cfong@panynj.gov
Ami Patel	PANYNJ	(718) 244-4223	atpatel@panynj.gov
Nicolette Roberts	PANYNJ	(212) 435-3301	Nroberts@panynj.gov
MARIA CHEN	PANYNJ	212-435-3760	mchen@PANYNJ.gov
Jeanette Anderson	PANYNJ	212 435 3930	jsantos@panynj.gov

SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

LGA - SITE INSPECTION
2:00 PM
THURSDAY, JUNE 11, 2009

NAME	FIRM	PHONE #	EMAIL
Gregory Vickers	HBE	732 803 7137	GVickers@HBE-inc.com
Nelson Barreto	Diebold	914-872-4450	Nelson-Barreto@diebold.com
Tom Reilly	Diebold	914-755-5816	reillyt@diebold.com
Courtney Fong	PANYNJ	212-435-3848	cfong@panynj.gov
Caleb Chu	PA	(718) 533-4001	cachu@panynj.gov
MARIA CHEN	PANYNJ	212-435-3760	mchen@PANYNJ.gov
Orlando Benitez	PA	212-435-3740	obenitez@panynj.gov
Jeanette Anderson	PANYNJ	212 435 3930	jsantos@panynj.gov
Rich Conklin	ADESTA	908-756-1181	RConklin@Adestagroup.com
Nwelert Rozens	PANYNJ	212 435-3304	NRozens@PANYNJ.GOV

SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

EWR - SITE INSPECTION
9:00 AM
FRIDAY, JUNE 12, 2009

NAME	FIRM	PHONE #	EMAIL
Priscilla Duncan	PA	212-435-3946	
Nicholas Homer	PA	973-792-5955	
PAUL WOODS	DIEBOLD	914-872-4418	PAUL.WOODS@DIEBOLD.COM
Nelson Barreto	Diebold	914-872-4450	Nelson.Barreto@Diebold.com
GREGORY VICKERS	HBE	732 803 7137	GVICKERS@HBE-INC.COM.
BERNIE DRURY	HBE	201-805-1410	bdrury@hbe-inc.com
[illegible]	PA EWR	973-961-6340	RCODA@PANYNJ.GOV
[illegible]	PA TSD	212 435 5304	[illegible]
BILL FARNAN	PROBAN	609-780-5592	BFARNAN@PROBAN.COM
Courtney Fong	PANYNJ	212-435-3848	cfong@panynj.gov
Denise Dugan	PA	(973) 792-5954	ddugan@panynj.gov
JESSICA MILLS	PA EWR	973 961-6361	jmills@panynj.gov

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

BIDDER'S/PROPOSER'S FIRM NAME: Diebold Security

INITIALED: _____

DATE: July 28, 2009

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date : July 9, 2009

ADDENDUM #3

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

☒ Due back on July 29, 2009, no later than 2:00PM

☒ Originally due on July 15, 2009, no later than 2:00PM

The following changes are hereby made in the documents:

1. Sign-In Sheets for Site Inspection held on June 30, 2009 and July 1, 2009 attached hereto.
2. See attached handbook entitled: "The Port Authority of New York & New Jersey - Information Security Handbook" dated October 15, 2008, corrected as of February 9, 2009.
3. Proposal Due Date is extended to Wednesday, July 29, 2009 no later than 2:00p.m.
4. See attached Questions and Responses.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

BIDDER'S/PROPOSER'S FIRM NAME: Diebold Security

INITIALED: _____

DATE: July 28, 2009

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO
Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date : July 10, 2009

ADDENDUM #4

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

☒ Due back on July 29, 2009, no later than 2:00PM

☐ Originally due on , no later than

The following changes are hereby made in the documents:

1. Proposal Due Date is Wednesday, July 29, 2009 no later than 2:00p.m.

4. See attached Questions and Responses.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

PS11All

BIDDER'S/PROPOSER'S FIRM NAME: Diebold Security

INITIALED: _____

DATE: July 28, 2009

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO
Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

DIEBOLD
SECURITY

Diebold Security Systems, Incorporated
3 Westchester Plaza
Elmsford, New York 10523

914.949.2400
www.diebold.com/enterprise

Section H Acceptance of Standard Terms and Conditions

H. Acceptance of Standard Contract Terms and Conditions
The Port Authority has attached to this RFP as Attachment C, Standard Contract Terms and Conditions governing the Contract. The Proposer is expected to agree with these Standard Contract Terms and Conditions. However, if the Proposer has any specific exceptions, such exceptions should be set forth in a separate letter included with its response to this RFP. After the proposal due date, the Proposer will be precluded from raising any exceptions unless such exceptions are justified by and directly related to substantive changes in the business or technical requirements and are agreed to by the Proposer and the Port Authority

Response:

Diebold agrees with the Standard Contract Terms and Conditions.

DIEBOLD
SECURITY

Diebold Enterprise Security Systems, Incorporated
3 Westchester Plaza
Elmsford, NY 10523

914.949.2400
www.diebold.com/enterprise

Section I - MBE WBE Plan

Attachment N

I. MBEIWBE Plan
The Proposer shall submit an MBEIWBE Plan in accordance with the MBEIWBE Subcontracting Provisions hereunder.

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PA 3749 . -07

PROCUR ENT
M/WBE PARTICIPATION PLAN

PAGE _____ OF _____

THE PORT AUTHORITY OF NY & NJ
Office of Business and Job Opportunity

NOTE: The Proposer/Bidder shall submit to the Manager, Line/Facility Dept. Form PA 3749 C MODIFIED PLAN for any changes to the original plan: i.e.; subcontractor, dollar amount or work performed.
If more than 1 page is used, complete totals on last page.

Purchase Order #: PA-DBD-JFK-SWO # 1
Proposer/Bidder Name: Diebold Security
Mailing Address: 3 Westchester Plaza
Telephone Number: 914-872-4450

Contract Description: _____

Contract Amount: $ 13,098.35

Contract Goals: MBE _____ WBE X

Name, Address, Phone Number of PA Certified M/WBE subcontractor (including name of contact person)	Indicate MBE or WBE	Description of Work, Services to be provided. Where applicable, specify, "supply" or "install or both "supply" and "install."	Anticipated date work will start and finish	Approximate $ amount of M/WBE Subcontract	M/WBE % of Total Contract Amount
GMA Electric 201 Edward Corry Ave Staten Island, NY 10314	WBE	Sample WO #1		4,550	34%
			TOTAL:	4,550	34%

Signature of Contractor: _____

Print Name: _____

Title: _____ Date _____

FOR OBJO USE ONLY
Contract Goals: ☐ Approved ☐ Waived ☐ Rejected
Reviewed by: _____
OBJO Business Development Representative
Print Name: _____ Date _____

Distribution: Original – OBJO; Copy 2 –Manager, Line/Facility Department; Copy 3 –Proposer/Bidder, Copy 4 – Procurement Dept – Award File

DIEBOLD
SECURITY

Diebold Security Systems, Incorporated
3 Westchester Plaza
Elmsford, New York 10523

914.949.2400
www.diebold.com/enterprise

Section I - MBE WBE Plan

Attachment N

I. MBEIWBE Plan
The Proposer shall submit an MBEIWBE Plan in accordance with the MBEIWBE Subcontracting Provisions hereunder.

During the life cycle of this project Diebold will utilize and partner with IBEW electrical contractors to fulfill the MBE/WBE requirement of this contract. Typically in an installation project the electrical labor associated to install is 30% -40% of the project total. Addendum 4, Answer (16) states that the PA anticipates issuing (35) work orders at JFK, (20) at LGA, and (25) at EWR per year.
The plan is to utilize GMA electric which is a WBE entity at JFK and LGA airport, and S&J Electric at EWR. The anticipated goal each year is 25-30% of work order amount.

Diebold has developed and maintains a program that enables minority suppliers to become valued partners in this nation's economy. Diebold achieves this goal by seeking and building a minority supplier base which can be accessed and used by all segments of our organization and which will contribute to our business goals of quality and profitability. In 2008 Diebold worked with hundreds of minority and women-owned and small businesses throughout the country. We are proud of our efforts and continue to develop strong business relationships in fulfilling all of our market requirements.

Suppliers
In 2008 Diebold worked with hundreds of minority and women-owned and small businesses throughout the country. We are proud of our efforts and continue to develop strong business relationships in fulfilling all of our market requirements.

For 2008 Diebold transacted the following business:

- Minority suppliers (104) $15,048,769
- Women suppliers (281) $52,781,022
- 500 Small Businesses - $235,967,114

Total D/M/WBE, Small Business purchases $303,796,905

Corporate goal
Develop a program to enable minority suppliers to become valued partners in this nation's economy by seeking and building a minority supplier base which can be accessed and utilized by all segments of our organization and which will contribute to our bottom line business goals of quality and profitability. In order to accomplish this, we must:

- Monitor our procurement process to ensure we are progressing and not perpetuating or condoning unjust barriers to business activity.

- Re-address these principles in our policies and procedures.
- Commit to those principles that will result in opportunities for every facet of our company.

Corporate policy
It is the policy of the company to encourage meaningful participation of minority/women owned vendor sources wherever possible to provide useful and acceptable quality services or materials at competitive prices.

Corporate Quality Process
This policy is made a part of the Corporate Quality Process. The Diebold Corporate Procurement Organization Purchasing documentation outlines the requirements for including MBE, WBE, SBA and DBE organizations in our supplier qualification requirements.

Procurement sources
Minority/Women owned vendor sources are an important facet of the procurement source selection. We will not limit participation to the smaller or simpler jobs providing the vendor has the capabilities and resources to properly provide for the necessary requirements in the best interests of the company objectives.

Purchasing will provide all potential suppliers with the necessary information, including technical guidance, to insure that all quotations are inclusive, and no errors have been made.

To enhance our selection of minority suppliers and to extend our exposure throughout the supplier community, Diebold is a member of the National Minority Supplier Development Council.

Equal opportunity
All minority/women owned business suppliers must be competitive and will be provided equal opportunities in conducting business with Diebold."

Diebold Seccurity
3 Westchester Plaza
Elmsford NY 10523

914.949.2400
www.diebold.com/enterprise

Original

DIEBOLD

SECURITY

THE PORT AUTHORITY OF NY & NJ

SERVICES AND MATERIALS FOR THE ENCHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEM (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

Number 18473

Book 2 of 2 Section E Proposer's Prerequisites

Diebold Enterprise Security Systems, Incorporated

3 Westchester Plaza Elmsford, NY 10523

914.949.2400

www.diebold.com/enterprise

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Celebrating 150 Years of Innovation

FROST & SULLIVAN

Global Physical Security Systems Integrator of the Year 2008 & 2009

North American Monitoring Provider of the Year 2009

July 29, 2009

Table of Contents
Section E

THE PORT AUTHORITY OF NY & NJ

SERVICES AND MATERIALS FOR THE ENCHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEM (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTYINTERNATIONAL AIRPORTS

E. Proposer Prerequisites

a) **Five Years Continuous Experience**
b) **Lenel and Verint Contracts**
c) **Lenel and Verint Licensing and Staff Certifications**
d) **Last 2 Years Gross Revenue for Similar Services**

Section E:

Proposer Prerequisites

Five Years Continuous Experience.....(a)

a. Five Years Continuous Experience

DIEBOLD
SECURITY

Diebold Security
3 Westchester Plaza
Elmsford, NY 10523

914.949.2400
www.diebold.com/enterprise

Section E Documentation of Proposer Prerequisites

E. Documentation of Proposer Prerequisites
The Proposer shall submit documentation to demonstrate that it meets all prerequisites, as set forth in Section 3 above.

3. **PROPOSER PREREQUISITES**

Only Proposers who can demonstrate that they comply with the following should submit proposals, as only proposals from such Proposers will be considered. Proof of meeting the following prerequisites must be submitted with the proposal. It should be noted that a determination that a Proposers meets the prerequisites is no assurance that the Proposers will be deemed qualified in connection with other proposal requirements included herein. At a minimum, Proposers must meet all of the following qualification requirements:

a. The Proposer shall have had a minimum of five (5) years of continuous business experience providing security access control and CCTV system services immediately prior to the date of the submission of its proposal, including without limitation the design, purchase, installation, system, (software and hardware), commissioning, testing, training, and maintenance of security access control and CCTV systems. The Proposer may fulfill this prerequisite if the Proposer can demonstrate to the satisfaction of the Port Authority that the persons or entities owning and controlling the Proposer have a cumulative total of at least five (5) year(s) of experience immediately prior to the date of the submission of its bid in the management and operation of a business actually engaged in providing these services to commercial or industrial accounts under Contract during that time, or have owned and controlled other entities which have actually engaged in providing the above described services during that time period.

a. Five Years Continuous Experience

The following experience matrix summarizes representative projects relevant to providing security access control and CCTV system services:

RELEVANT PROJECT EXPERIENCE	ACCESS CONTROL	CCTV	DESIGN	PURCHASE	INSTALLATION	SYSTEM INTEGRATION	COMMISSIONING	TESTING	TRAINING	MAINTENANCE	NOTES
GSA NYS Supreme Court Bldg 330 Jay Street, Brooklyn, NY Award 2002	●	●	●	●	●	●	●	●	●	●	Prime Contractor: Turner Construction
Westchester County Airport White Plains, New York Award 2005	●	●	●	●	●	●	●	●	●	●	Prime Contractor: Westfair Electric
Jet Blue/PANYNJ JFK Terminal Queens, New York Award 2006	●	●	●	●	●	●	●	●	●	●	LENEL and VERINT equipment Prime Contractor: Turner Construction
Royal Bank of Scotland Stamford, Connecticut Award 2007	●	●	●	●	●	●	●	●	●	●	LENEL and VERINT equipment
GSA REGION 2 LENEL Physical Access Control Maintenance & IT Services, New York , NY Award 2008	●	●	●	●	●	●	●	●	●	●	LENEL equipment Contract # 02TR4780023 covers NY, NJ, Caribbean
PANYNJ Piers 12, 88 & 90 Brooklyn & New York, NY Award 2006	●	●	●	●	●	●	●	●	●	●	LENEL and VERINT equipment Prime Contractor: Turner Construction
PANYNJ WTC Perimeter Protection, New York, NY Award 2008		●	●	●	●	●	●	TBP	TBP	TBP	VERINT equipment TBP= To Be Performed
PANYNJ WTC Access Control New York, New York Award 2009	●		●	●	●	TBP	TBP	TBP	TBP	TBP	LENEL equipment TBP= To Be Performed
NYS DEP Police ABC Maint. Brooklyn, New York Award 2009	●	●		●	TBP	TBP	TBP	TBP	TBP	TBP	LENEL equipment TBP= To Be Performed

References:

JetBlue Terminal.
Terminal 5 – JFK Airport

Contract Value – 10M
Start Date – 11/2006

References:

Al Volpe:	Turner Construction (646) 772-2152
Bob Sheehan:	PANYNJ
Ken Velsor:	DMJM consultant to PANYNJ (646) 341-1622

This project doubled the number of JetBlue gates to accommodate more than 250 flights per day. The impressive new terminal needed to adhere to Transportation Security Administration (TSA) security compliance requirements, while maintaining overall security of the airline and public safety both during and after construction.

Exemption (4)

Royal bank of Scotland .
Stamford, CT

Contract Value – 4M
Start Date – 10/2007

References:

Michael Mingey:	Royal Bank of Scotland Exemption (1)
Jim Tuccillo:	Turner Construction
Jan Higeman	Hines

The new system included over 140 card readers on a Lenel Onguard Access control system, approximately 125 new cameras consisting of fixed, high powered Panasonic PTZ's utilizing a Verint Nextiva CCTV platform, also included was over 60 intercom stations with a head end consisting of a Zenitel alphacom system.

A new Verint network video recording system with SAN storage connectivity was integrated with the Lenel onguard access control system. The access control system includes fully redundant hot swappable RAID level servers. Smarter Security interior turnstiles are located in public areas, full height exterior turnstiles, and Gunnebo glass style ADA gates are included as required.

PANYNJ Wireless WTC Perimeter Recording and Access Control System
WTC Construction Site, NYC

Contract Value – Currently two contracts valued over 2M
Start Date – 11/2008

References:
Leonard Kovlov : PANYNJ

Diebold is in the process of deploying a Verint Nextiva Digital Video Recording solution and a Lenel On-Guard Security and Access control system for the perimeter of the World Trade Center construction site. The solution includes designing and implementing a wireless Cisco mesh network to support both the transmission of the video and access data. The video from each of the (12) PTZ cameras installed on poles throughout the perimeter will be transmitted back to the Port Authority Police Department or and Port Authority Operation Center to provide control of live and recorded video of vehicles and pedestrians entering and exiting the WTC construction site. The Security system requires implementing intelligent system controllers, contactless smart cards, Enterprise Air wireless handheld smartcard/barcode readers, smartcard iris scan capturing devices for badging enrollment, smartcard encoders, reader interfaces, badging cameras.

General Services Administration – Region 2
26 Federal Plaza, New York, NY 10278

Contract Value: $1.3 M (base amount)
Start date: 6/2008

Reference
Edward Lew: GSA

Offices are located in New York City, Newark, NJ, Syracuse, NY and Puerto Rico

Diebold won this award from a competitive field of Lenel Enterprise-Level VARs located in the tri-state area. Tasks include the maintenance and support of the Physical Access Control Systems (PACS) in all locations, I/T support services (upgrades, disaster recovery, database back-ups, etc.) for the head-end and the complete network, and replacement of fileservers located at various locations. In order to meet the rigid response requirements of GSA, Diebold placed a full-time technician at GSA's headquarters and provided the customer with 24/7 technical support. Diebold performed Level 1 and Level 2 maintenance services and maintained an overall system availability of 99.99%.

General Size of System (number of cameras, monitor points, etc): The system consisted of several hundred door controllers, readers, panels workstations, and optical-based turnstiles. Access is controlled by conforming to GSC-IS and FIPS-201 PIV II. Wireless handheld readers are used for emergency purposes.

Manufacturer of the access control and CCTV system that comprised the referenced project: Lenel On-Guard was the vendor for the PACS, and the turnstiles were manufactured by Delta and Automatic Control Systems.

Section E:

Proposer Prerequisites

b. Five Years Continuous Experience

Lenel and Verint Contracts.....(b)

b. During the time period as stated in (a) above, the Proposer, or persons or entities owning and controlling the Proposer, shall have satisfactorily performed or be performing under at least one (1) Contract requiring similar services, scope and complexity to transportation, commercial or industrial business accounts utilizing Lenel Systems International, Inc., and Verint Systems, Inc.

b. Lenel and Verint Contracts
The matrix listed in (a) above indicates in the notes column Diebold projects satisfactorily performed or being performed requiring similar services, scope and complexity to transportation, commercial or industrial business accounts utilizing Lenel Systems International, Inc., and Verint Systems, Inc.

a. Five Years Continuous Experience

The following experience matrix summarizes representative projects relevant to providing security access control and CCTV system services:

RELEVANT PROJECT EXPERIENCE	ACCESS CONTROL	CCTV	DESIGN	PURCHASE	INSTALLATION	SYSTEM INTEGRATION	COMMISSIONING	TESTING	TRAINING	MAINTENANCE	NOTES
GSA NYS Supreme Court Bldg 330 Jay Street, *Brooklyn, NY* *Award 2002*	●	●	●	●	●	●	●	●	●	●	Prime Contractor: Turner Construction
Westchester County Airport *White Plains, New York* *Award 2005*	●	●	●	●	●	●	●	●	●	●	Prime Contractor: Westfair Electric
Jet Blue/PANYNJ JFK Terminal *Queens, New York* *Award 2005*	●	●	●	●	●	●	●	●	●	●	LENEL and VERINT equipment Prime Contractor: Turner Construction
Royal Bank of Scotland *Stamford, Connecticut* *Award 2007*	●	●	●	●	●	●	●	●	●	●	LENEL and VERINT equipment
GSA REGION 2 LENEL Physical Access Control Maintenance & IT Services, New York , NY *Award 2008*	●	●	●	●	●	●	●	●	●	●	LENEL equipment Contract # 02TR47B0023 covers NY, NJ, Caribbean
PANYNJ Piers 12, 88 & 90 *Brooklyn & New York, NY* *Award 2006*	●	●	●	●	●	●	●	●	●	●	LENEL and VERINT equipment Prime Contractor: Turner Construction
PANYNJ WTC Perimeter Protection, New York, NY *Award 2008*		●	●	●	●	●	●	TBP	TBP	TBP	VERINT equipment TBP= To Be Performed
PANYNJ WTC Access Control New York, New York *Award 2009*	●		●	●	●	TBP	TBP	TBP	TBP	TBP	LENEL equipment TBP= To Be Performed
NYS DEP Police A&C Maint. Brooklyn, New York Award 2009	●	●		●	TBP	TBP	TBP	TBP	TBP	TBP	LENEL equipment TBP= To Be Performed

Section E:

Proposer Prerequisites

Lenel and Verint Licensing and Staff Certifications.....(c)

c. The Proposer shall possess all applicable licenses and certifications. The Proposer shall provide supporting documentation with regard to licensing, and staff certification with the manufacturers with which they are associated. The categories include but are not limited to: Lenel Systems International Inc. (Access Control and Alarm Monitoring System), and Verint Systems, Inc. (Closed Circuit Camera Control, Display, and Digital Video Recording System).

c. Lenel and Verint Licensing and Staff Certifications
Attached

3 Westchester Plaza, Elmsford, New York 10523
Tel: 914.949.2400 / Fax: 914. 949-3873
www.dieboldess.com

Lenel Systems International, Inc.
1212 Pittsford-Victor Road
Pittsford, New York 14534
Tel 585.248.9720 Fax 585.248.9185
www.lenel.com

LENEL
A UTC Fire & Security Company

June 24, 2009

To Whom It May Concern:

Lenel Systems International, Inc. hereby confirms that Diebold, Inc. has been an authorized Lenel reseller since June 4, 2004.

Lenel also confirms that it has submitted a renewal agreement to Diebold, Inc. which, once executed, will continue its status as an authorized Lenel reseller through March 31, 2010 for the purposes of marketing, reselling and implementing Lenel products and support services in the United States, Brazil, Colombia, Chile, Costa Rica, Venezuela, Peru, Trinidad & Tobago, Dominican Republic and Ecuador. Lenel fully expects Diebold to execute this renewal agreement within the next four weeks.

Sincerely,

Luis Orbegoso
President
Lenel Systems International

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

FEBRUARY 6, 2009

Eric Miceli

of

Diebold

IS SILVER CERTIFIED

DL1000R, DL2000R

For the Lenel OnGuard 6.1.222 Product

Lynn Johnson, Director of Global Support Services

Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

JUNE 25, 2007

Steve Amara

of

Diebold

IS SILVER CERTIFIED

CR1000R, CR2000R

For the Lenel OnGuard 5.12.110 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

FEBRUARY 15, 2008

Miguel Casanova

of

Diebold

IS SILVER CERTIFIED

DL1000R, DL2000R

For the Lenel OnGuard 6.0.148 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

FEBRUARY 27, 2008

Dennis Dougherty

of

Diebold

IS SILVER CERTIFIED

DL1000R, DL2000R

For the Lenel OnGuard 6.0.148 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

LENEL
A UTC Fire & Security Company
HAVING MET THE REQUIREMENTS
DECEMBER 16, 2008
Edward Kalarchian
Diebold
IS SILVER CERTIFIED
CR1000R, CR2000R
For the Lenel OnGuard 6.1.222 Product
Tina Serafin, VP of Lenel Global Services
Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

FEBRURARY 16, 2009

James Lash

Diebold

IS SILVER CERTIFIED

DL1000R, DL2000R

For the Lenel OnGuard 6.1.222 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

FEBRUARY 27, 2008

Bruce Marette

of

Diebold

IS SILVER CERTIFIED

DL1000R, DL2000R

For the Lenel OnGuard 6.0.148 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

NOVEMBER 3, 2008

Ric Pabone

Diebold

IS SILVER CERTIFIED

CR1000R, CR2000R

For the Lenel OnGuard 6.1.222 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

APRIL 4, 2008

Jacek Pilaszewicz

of

Diebold

IS SILVER CERTIFIED

DL1000R, DL2000R

For the Lenel OnGuard 6.0.148 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

MAY 1, 2009

Luis Pinto

of

Diebold

IS GOLD CERTIFIED

DL1000R, DL2000R, DL4000R

For the Lenel OnGuard 6.1.222 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

MAY 1, 2009

Brian Renak

of

Diebold

IS GOLD CERTIFIED

DL1000R, DL2000R, DL40000R

For the Lenel OnGuard 6.1.222 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

APRIL 21, 2009

Daniel Reyes

of

Diebold

IS SILVER CERTIFIED

CR1000R, CR2000R

For the Lenel OnGuard 6.1.222 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

DECEMBER 16, 2008

Keven Roberts

of

Diebold

IS SILVER CERTIFIED

CR1000R, CR2000R

For the Lenel OnGuard 6.1.222 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

APRIL 21, 2009

Shahriar Saadat

of

Diebold

IS SILVER CERTIFIED

CR1000R, CR2000R

For the Lenel OnGuard 6.1.222 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

FEBRURARY 6, 2009

Chuck Sharpe

of

Diebold

IS SILVER CERTIFIED

DL1000R, DL2000R

For the Lenel OnGuard 6.1.222 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

Lenel
A UTC Fire & Security Company
HAVING MET THE REQUIREMENTS
APRIL 2, 2008
Andrew Silibovsky
of
Diebold
IS SILVER CERTIFIED
DL1000R, DL2000R
For the Lenel OnGuard 6.0.148 Product
Tina Serafin, VP of Lenel Global Services
Kurt Brooks, Director of Global Education

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

APRIL 21, 2009

Mike Villano

Diebold

IS SILVER CERTIFIED

CR1000R, CR2000R

For the Lenel OnGuard 6.1.222 Product

Tina Serafin, VP of Lenel Global Services

Kurt Brooks, Director of Global Education

April 30, 2009

RE: Diebold Enterprise Security Systems

To Whom It May Concern:

This letter is to confirm that Diebold ESS of White Plains, NY is a current dealer/systems integrator for Verint Video Solutions. Diebold ESS is currently in good standing and is authorized to sell, install and service Verint Video Solutions products.

If you have any questions or need further information, please contact me at 631-754-9192 or by e-mail at ian.chambers@verint.com .

Sincerely,

Ian Chambers

Ian Chambers
Director, Business Development
Verint Video Solutions

Nextiva Installation, Configuration & Support

Verint Video Solutions Certifies:

Mike Sinko

Has received certification on Nextiva Software / Installation, Configuration, & Support and is authorized to install and support these systems.

Training Certification Number: 08080001X

Erik Fenton, Technical Trainer

August 7, 2008

VERINT
POWERING ACTIONABLE INTELLIGENCE

Nextiva Installation, Configuration & Support

Verint Video Solutions Certifies:

Luis Pinto

Has received certification on Nextiva Software / Installation, Configuration, & Support and is authorized to install and support these systems.

Training Certification Number: 08080002X

Erik Fenton, Technical Trainer

August 7, 2008

VERINT
POWERING ACTIONABLE INTELLIGENCE™

Nextiva Software / Intelligent Edge Devices

Verint Video Solutions Certifies:

Jonathan Soderman

Has received certification on Nextiva Software / Intelligent Edge Devices and is authorized to install and support these systems.

Training Certification Number: 07060005X

Rhiauna Holmes, Jr. Technical Trainer

Eric Ranz, Technical Trainer

July 28, 2006

VERINT

POWERING ACTIONABLE INTELLIGENCE

Intelect
Technologies
Incorporated

July 24, 2009

Nelson Barreto
Diebold Security
3 Westchester Plaza
Elmsford, NY 10523

Dear Mr. Barreto,
This letter certifies that as of the date of this correspondence Diebold Security is an Authorized Reseller of OmniLynx equipment. As an Authorized Reseller, Intelect is committed to supporting Diebold Security in the preparation of quotations and proposals for the sale and support of the OmniLynx equipment.

Best regards,

Danny Moon
Customer Service Manager
Intelect Technologies Inc.

identica™
Undeniable Identity

Identica Holdings Corporation Phone: 813.642.3479
3825 Henderson Blvd., Ste 605A Fax: 813.774.4725
Tampa, Florida 33629
www.identicacorp.com

June 24, 2009

To Whom It May Concern:

This letter of reference has been written for the benefit of Diebold, and their prospective clients.

Diebold is an Authorized "Value Added Reseller" and Installer of Enterprise Air and Identica Mobile ID Verification System for Hand Held Units. In accordance with the terms of our VAR agreement Diebold status shall remain valid and effective until 12:01Am 1-1-2013 with an option to renew.

Diebold employees have attended authorized training programs and have been certified on the product. Diebold has invested in a technical support center that has shown continued growth in its operations and service over this past year. Diebold technicians have demonstrated they are knowledgeable, competent and effective when called upon for "in the field" or "in the lab" support and solutions.

We see Diebold as an integrator committed to, and succeeding in the delivery of high quality service that often exceeds our customer's expectations. We are pleased to have Diebold a part of our distribution and technical support system.

I would be happy to answer any questions in the above regard through any of the contact information below.

Howard A. Pearl, Chief Operating Officer

Identica Holdings Corporation

813 642 3479 ext 1108

hpearl@identicacorp.com

Section E:

Proposer Prerequisites

Last 2 Years Gross Revenue for Similar Services.....(d)

d. Last 2 Years Gross Revenue for Similar Services

d. The Proposer shall demonstrate that it has earned gross revenues of at least $8 million a year for each of the last two calendars and/or fiscal years from the type of services described herein.

d. Last 2 Years Gross Revenue for Similar Services
Attached: Please see Book 2 of 2

3 Westchester Plaza, Elmsford, New York 10523
Tel: 914.949.2400 / Fax: 914. 949-3873
www.dieboldess.com

Section E:

Proposer Prerequisites

Single Venture .....(e)

DIEBOLD
SECURITY

Diebold Enterprise Security Systems, Incorporated
3 Westchester Plaza Elmsford NY 10523

914.949.2400
www.diebold.com/enterprise

July 29, 2009

Jeannette Anderson
Purchasing Manager
Purchasing Services Division
The Port Authority of NY & NJ
One Madison Avenue, 7th Floor
New York, NY 10010

Re: SERVICES AND MATERIALS FOR THE ENCHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEM (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTYINTERNATIONAL AIRPORTS
Project # 18473

Dear Ms Anderson:

Diebold's proposal is being submitted as a single venture.

Regards,

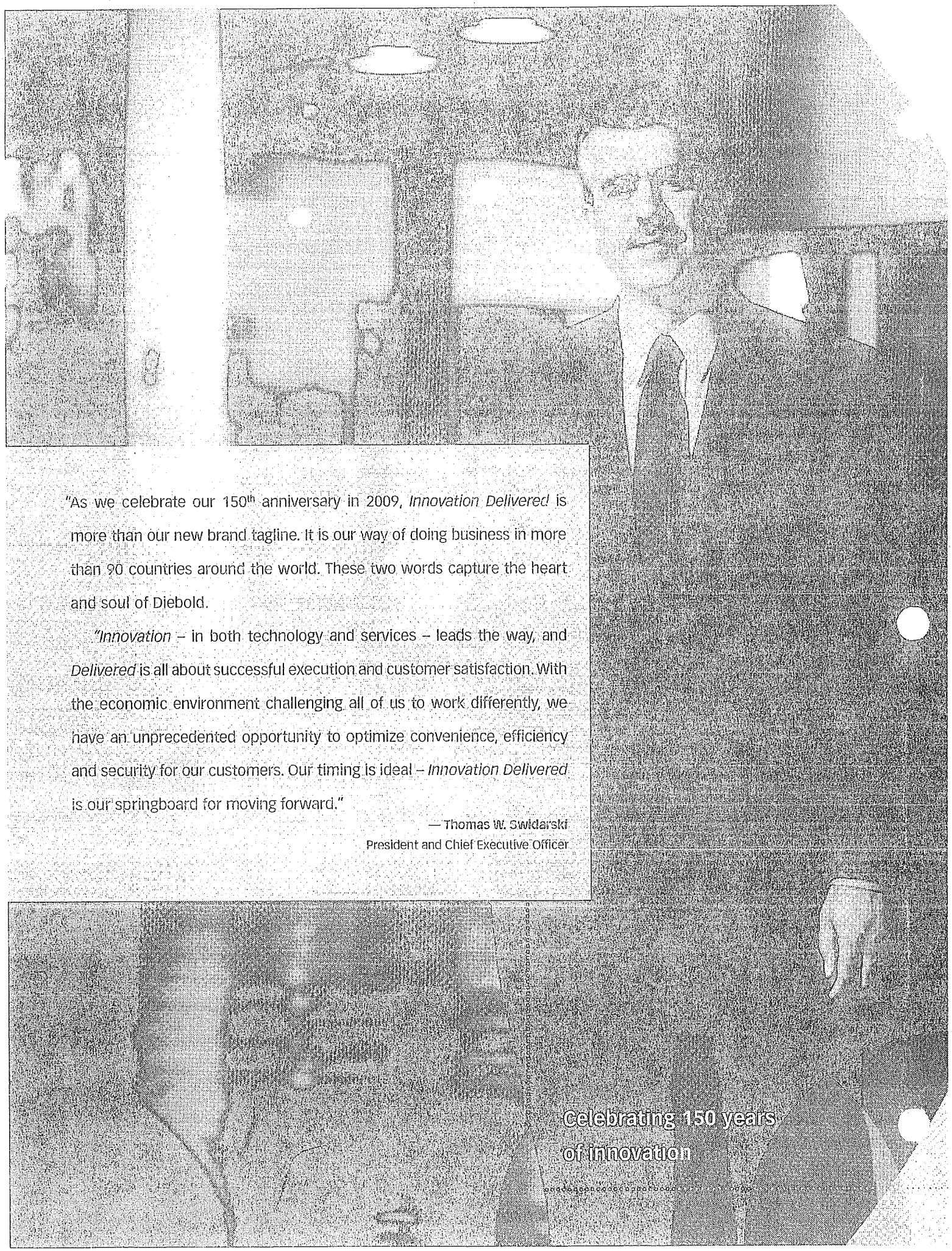
Nelson Barreto

1859 - 2009

DIEBOLD

Innovation Delivered

innovation delivered



"As we celebrate our 150th anniversary in 2009, *Innovation Delivered* is more than our new brand tagline. It is our way of doing business in more than 90 countries around the world. These two words capture the heart and soul of Diebold.

"*Innovation* – in both technology and services – leads the way, and *Delivered* is all about successful execution and customer satisfaction. With the economic environment challenging all of us to work differently, we have an unprecedented opportunity to optimize convenience, efficiency and security for our customers. Our timing is ideal – *Innovation Delivered* is our springboard for moving forward."

— Thomas W. Swidarski
President and Chief Executive Officer

Celebrating 150 years
of innovation

To our fellow shareholders

My annual letter to shareholders is a time to look back on our performance during the past 12 months, and assess how we are positioned to capitalize on opportunities in the future. As I reflect on the past year, one main thought stands out loud and clear – and it should give you confidence and make all of our associates very proud:

Diebold today is a stronger company than it was a year ago.

- **We're a stronger company because we once again increased customer loyalty.**
- **We're a stronger company because we further improved on-time delivery and product quality.**
- **We're a stronger company because we increased our profit margins, operating income, earnings and cash flow while strengthening our financial controls.**

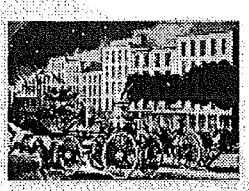
We faced many obstacles in 2008, including a challenging economic environment and uncertainty among our financial institution customers. But at the end of the day – or to be more precise, the year – we addressed the issues and emerged as a stronger, more efficient and more profitable company.

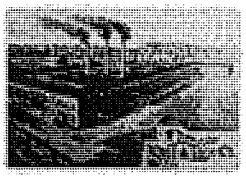
2009 looks to be equally challenging. But we face it with a strong resolve and financial strength, knowing that during the last 150 years we have created the products, services and technology required for success in today's competitive environment. What's more, throughout our company we have a values system focused on the customer, a shared commitment to developing creative solutions, and a culture that prizes imagination, promotes integrity and doesn't accept being second best. This is why we are introducing in 2009 a new brand tagline that captures the heart and soul of our company: ***Innovation Delivered.*** These two words perfectly meld our 150-year history of innovation with our strategic focus for the future.

Our Strategic Roadmap

The progress we have made – and continue to make – is due in large part to our relentless devotion to achieving Diebold's strategic roadmap. During the past three years, this roadmap drove us to undertake a number of operational and supply chain initiatives – initiatives designed to increase customer loyalty, improve productivity, streamline processes, enhance efficiency and decrease costs.

1859 Diebold founded in Cincinnati, Ohio

1871  More than 800 Diebold safes survive Great Chicago Fire

1872  Diebold moves operations to Canton, Ohio

1881 First recorded international sale – Diebold builds safe for the President of Mexico

The results of these efforts are clear. We achieved our initial goal of cutting costs by $100 million and are now driving to cut another $100 million – with $70 million to be achieved by the middle of 2010. More broadly – and more importantly – we have put in place the infrastructure, processes and culture to drive continuous improvement across our business. This is how we will thrive and win in an increasingly competitive global marketplace.

Expanding Services Opportunities

The centerpiece of our business strategy is the continued growth of our service and advanced services businesses. Currently, service and advanced services account for more than half of our annual revenue. Given the size of the global services market, it's clear that there is great potential for growth in this area.

It all starts with helping our customers succeed. In today's difficult environment, our financial customers are looking for solutions that both enhance the value of their prime asset – the retail banking channel – and also help to improve productivity and decrease costs. They recognize automated teller machine (ATM) networks are critical components in their ability to serve retail customers. But they also know the importance of allocating their resources most productively.

Increasingly, financial institutions will turn to outsourcing solutions providers to solve this paradox. And that's the focus of our financial self-service strategy: We leverage our existing strengths to help customers manage all aspects of their ATM networks, and in doing so, we provide the services that enable financial institutions to offer more to their customers at a lower cost.

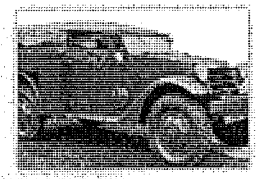
During 2008, we saw solid growth in our outsourcing solutions, or Diebold Integrated Services®, because of burgeoning customer demand and our market leadership. Our outsourcing solutions – through which we provide software, hardware and services – are meeting with broad customer acceptance because they provide financial institutions with access to the latest, cutting-edge technology and comprehensive support, while minimizing upfront capital expenses. And in 2009 for the third consecutive year, Diebold was named one of the world's top 100 outsourcing service providers by the International Association of Outsourcing Professionals™– ranked well ahead of the nearest industry competitor.

Leadership in a Global Marketplace

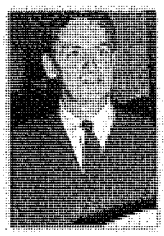
At Diebold, we recognize our marketplace is global, and we have been working for some time to capture the potential in high-growth markets abroad such as in Brazil, Russia, India and China. In Russia, for example, we're assisting Moscow-based Master Bank to transform its ATM channel into a currency-exchange network. In China, we grew revenue more than 20 percent year over year, with major customer wins that included Agricultural Bank of China. We were also selected by the Bank of China as the ATM provider for Beijing Olympics facilities this past summer. During 2008, Thailand's largest bank, Bangkok Bank Public Company

1915 Diebold establishes the industry's first nationwide service division

1936 Diebold expands its product line by acquiring companies that specialize in products such as rotary and visible files, and index and microfilming systems



Diebold begins developing armor plate for military vehicles



1944–51 Eliot Ness, former crime fighter of "The Untouchables" fame, serves as chairman of the board

Limited, purchased more than 1,000 of our Opteva® ATMs. Nigeria's Union Bank also selected our hardware, software and services offerings.

Latin America, and more specifically Brazil, continues to be an area of significant opportunity for Diebold. Banco do Brasil, the largest financial institution in Brazil, has chosen Diebold to provide more than 5,400 ATMs and check dispensers, enabling the financial institution to expand its reach to new and existing customers at its branches in all Brazilian states, as well as through new retail locations. Also during the year, we partnered with Brazil's Caixa Econômica Federal in one of the largest ATM sales agreements in history – nearly 10,000 full-function units.

Developing a New Portfolio of Opportunities

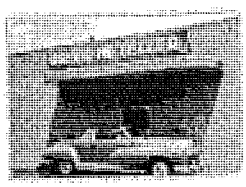
An important dimension to our strategy for 2009 and beyond is expanding our deposit automation solutions, both hardware and software, that help customers improve the operation of their self-service networks. Check imaging, for example, is not only a regulatory compliance imperative, but a significant potential driver of cost savings. Our Diebold ImageWay® check-imaging solution fulfills an industry-wide demand for cutting-edge technologies that enhance efficiencies. Similarly, our new rapid processing capability enables financial institutions to expedite bulk note and check deposits at any time of the day or night, improving security and enhancing convenience at the ATM. Since 2007, we have increased shipments of deposit automation solutions by more than 50 percent.

As one measure of the increasing scope and scale of our software offerings, we were proud to note in 2008 that Diebold received seven patents related to Agilis® branch network software. The patents protect the unique features of Agilis' Campaign Office™ suite, which can transform ATMs into revenue-generating business tools by delivering one-to-one marketing messages to customers at the ATM.

Strengthening Our Security Capabilities

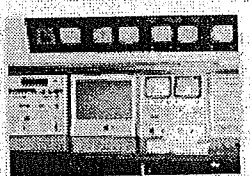
If there's one single transaction that characterizes the progress we made in 2008, it's surely the United States Postal Service's selection of Diebold to implement a multi-site, technologically advanced video security program. This deal underscores how we have successfully elevated our presence and our security integration capabilities beyond financial services into entirely new markets, opening up new avenues of opportunity.

As we move forward, we intend to build on this success. We are developing security enterprise risk management solutions to help our customers with everyday challenges and regulatory requirements by leveraging our expertise in information technology systems. For example, we are in the early phases of introducing energy management solutions that can control and monitor heating, ventilation, air conditioning and lighting for our customers. With our broad solutions portfolio, our goal is to further diversify and penetrate key markets such as government, commercial and retail, while adding value for customers.



1947 Diebold enters the drive-up banking and electrical alarm systems businesses through purchase of O.B. McClintock, Minneapolis

1964 Diebold listed on the New York Stock Exchange under the symbol "DBD"



1970 Computer-controlled security and surveillance systems offered

1984 Futura Automatic Banking System provides teller services around the clock

1984 24-hour-a-day Customer Response Center (1-800-DIEBOLD) begins operation

Continued Operational Improvements

The scope and scale of the operational improvements we made during the past three years are substantial. And it's not just because of the significant cost savings we are realizing today or the additional savings we intend to realize in 2009 and beyond. It's really more about the wholesale improvements made in all areas of our business – from responding to customer requests to manufacturing ATMs, from developing software to training our service team.

Today, for example, when we develop new solutions, we have a cross-functional team of people who all work together. Hardware engineers, software engineers, design, procurement, manufacturing, marketing, sales and all other parts of the organization participate collaboratively in the development process. And with testing and trialing proceeding along parallel lines, the end result is better quality, less cost and faster time to market. It's an approach we like and have worked hard to instill across our business, and it's one that we will continue to improve upon in the years ahead.

2009 Outlook

As I mentioned at the outset of this letter, 2009 will be challenging for the economy, the financial system, the banking industry and our company. But Diebold possesses many strengths – our people, our culture, our technology, our commitment to innovation, our strong customer relationships, our broad portfolio of solutions and our financial strength. We believe these strengths, refined during our 150 years in business, will enable us to thrive in this difficult economic environment. ***Reflecting the confidence our board and management have in Diebold, we increased our dividend for the 56th consecutive year in early 2009.***

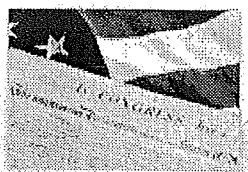
Our focus during 2009 will be to continue refining and leveraging these strengths to enhance our leadership position as a provider of integrated self-service and security solutions around the world. The trends driving customer demand for our offerings are deep and powerful, and our goal is to capture opportunities for profitable growth. Just as important is our commitment to sustaining an environment of financial control consciousness as we continue to improve our financial systems, processes and procedures with proper controls that drive efficiency, accuracy and timeliness in our accounting and financial reporting.

I would like to express my thanks for the ongoing counsel and support of our board of directors and our business partners around the world. To all of our Diebold associates, a special word of appreciation for the terrific job you do every day. To our shareholders, thank you for your continued support.

Sincerely,

Thomas W. Swidarski

Thomas W. Swidarski
President and Chief Executive Officer



1985 Modular Delivery System family of ATMs introduced, allowing new technologies to be added as developed

1991 Interbold, joint venture between Diebold and IBM, introduces *i* Series® ATMs

2001 Diebold constructs three vaults to protect Charters of Freedom

150 years of innovation

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)**
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2008

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)**
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-4879

Diebold, Incorporated

(Exact name of Registrant as specified in its charter)

Ohio	**34-0183970**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)
5995 Mayfair Road, P.O. Box 3077, North Canton, Ohio (Address of principal executive offices)	**44720-8077** (Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (330) 490-4000

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

Title of each class	**Name of each exchange on which registered:**
Common Shares $1.25 Par Value	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☑

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 such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated Filer ☑ Accelerated Filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

State the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2008, the last business day of the registrant's most recently completed second fiscal quarter. The aggregate market value was computed by using the closing price on the New York Stock Exchange on June 30, 2008 of $35.58 per share.

Common Shares, Par Value $1.25 per Share $2,321,224,755

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	**Outstanding at February 13, 2009**
Common Shares $1.25 Par Value	66,187,798

DOCUMENTS INCORPORATED BY REFERENCE

Listed hereunder are the documents, portions of which are incorporated by reference, and the parts of this Form 10-K into which such portions are incorporated:

(1) Diebold, Incorporated Proxy Statement for 2009 Annual Meeting of Shareholders to be held on April 23, 2009, portions of which are incorporated by reference into Part III of this Form 10-K.

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PART I

ITEM 1: BUSINESS

(Dollars in thousands)

GENERAL

Diebold, Incorporated (collectively with its subsidiaries, the Company) was incorporated under the laws of the state of Ohio in August 1876, succeeding a proprietorship established in 1859.

The Company develops, manufactures, sells and services self-service transaction systems, electronic and physical security systems, software and various products used to equip bank facilities and voting equipment. The Company's primary customers include banks and financial institutions, as well as public libraries, government agencies, utilities and various retail outlets. Sales of systems and equipment are made directly to customers by the Company's sales personnel and by manufacturers' representatives and distributors globally. The sales and support organization works closely with customers and their consultants to analyze and fulfill the customers' needs.

The Company's vision is, "To be recognized as the essential partner in creating and implementing ideas that optimize convenience, efficiency and security." This vision is the guiding principle behind the Company's transformation of becoming a more services-oriented company. Today, service comprises more than 50 percent of the Company's revenue and the Company expects that this percentage will grow over time as the Company's integrated services business continues to gain traction in the marketplace. Financial institutions are eager to reduce costs and optimize management and productivity of their ATM (automated teller machine) channels — and as a result they are increasingly exploring outsourced solutions. The Company remains uniquely positioned to provide the infrastructure necessary to manage all aspects of an ATM network — hardware, software, maintenance, transaction processing, patch management and cash management — through its integrated product and services offerings.

We are *people-oriented,* not product-oriented. We strive to be an essential partner to our customers, not a seller. Our products and services enhance our customers' businesses. This reflects our commitment to solving each customer's individual needs. In 2008, the Company remained focused on five key priorities: increase customer loyalty; improve quality; strengthen the supply chain; enhance communications and teamwork and rebuild profitability. The Company met or exceeded its targets within each of these priorities through a number of operational and supply chain initiatives designed to increase customer satisfaction, improve productivity, streamline processes, enhance efficiency and decrease costs.

PRODUCT AND SERVICE SOLUTIONS

The Company has three product and service solutions: Self-Service Solutions, Security Solutions and Election Systems. Financial information for the product and service solutions can be found in Note 19 to the Consolidated Financial Statements, which is incorporated herein by reference. In 2008, 2007 and 2006, the Company's sales of products and services related to its financial self-service and security solutions accounted for 95.1, 97.8 and 92.0 percent, respectively, of consolidated net sales.

Self-Service Solutions

Self-service is technology that empowers people worldwide to access services *when, where* and *how* they may choose. One popular example is the automated teller machine (ATM). The Company offers an integrated line of self-service technologies and services, including comprehensive ATM outsourcing, ATM security and fraud, ImageWay® ATM check imaging, RemoteTeller™ system and teller cash automation. The Company is a leading global supplier of ATMs and related services and holds the leading market position in many countries around the world.

Self-Service Hardware

The Company offers a wide variety of self-service solutions. Self-service products include a full range of ATMs including increasing deposit automation technology, cash dispensers, check-cashing machines, bulk cash recyclers and bulk check deposit technology.

Self-Service Software

The Company offers software solutions consisting of multiple applications that process events and transactions. These solutions are delivered on the appropriate platform, allowing the Company to meet customer requirements while adding new functionality in a cost-effective manner.

Self-Service Support and Managed Services

From analysis and consulting to monitoring and repair, the Company provides value and support to its customers every step of the way. Services include installation and ongoing maintenance of our products, OpteView® remote services, branch transformation and distribution channel consulting. Outsourced and managed services include remote monitoring, trouble-shooting for self-service customers, transaction processing, currency management, maintenance services and full support via person to person or online communication.

Integrated Self-Service Solutions

Each unique solution may include hardware, software, services or a combination of all three components. The Company provides value to its customers by offering a comprehensive array of integrated services and support. The Company's service organization provides strategic analysis and planning of new systems, systems integration, architectural engineering, consulting, and project management that encompass all facets of a successful financial self-service implementation.

Security Solutions

From the safes and vaults that the Company first manufactured in 1859, to the full range of advanced security offerings it provides today, the Company's integrated security solutions contain best-in-class products and award-winning services for its customers' unique needs. The Company provides its customers with the latest technological advances to better protect their assets, improve their workflow and increase their return on investment. These solutions are backed with experienced global sales, installation and service teams. The Company is a global leader in providing physical and electronic security systems as well as facility transaction products that integrate security, software and assisted-service transactions, providing total security systems solutions to financial, retail, commercial and government markets.

Physical Security and Facility Products

The Company provides security solutions and facility products, including in-store bank branches, pneumatic tube systems for drive-up lanes, vaults, safes, depositories, bullet-resistive items, teller-assist systems, cash-handling automation, plus a global service organization that supports Diebold and non-Diebold security products.

Electronic Security Products

The Company provides a broad range of security products including digital surveillance, card systems, biometric technologies, alarms and remote monitoring and diagnostics.

Integrated Security Solutions

The Company provides global sales, service, installation, project management and monitoring of original equipment manufacturer (OEM) electronic security products to financial, government, retail and commercial customers.

Election Systems

The Company, through its wholly-owned subsidiaries Premier Election Solutions, Inc. (PESI) and Procomp Industria Eletronica S.A. (in Brazil), is a provider of voting equipment and related products. The Company provides elections equipment, software, training, support, installation and maintenance. The election systems contracts contain multiple deliverable elements and custom terms and conditions.

OPERATIONS

The principal raw materials used by the Company are steel, plastics, and electronic parts and components, which are purchased from various major suppliers. These materials and components are generally available in ample quantity at this time.

The Company's operating results and the amount and timing of revenue are affected by numerous factors including production schedules, customer priorities, sales volume and sales mix. During the past several years, the Company has dramatically changed the focus of its self-service business to that of a total solutions and integrated services approach. The value of unfilled orders is not as meaningful an indicator of future revenues due to the significant portion of revenues derived from the Company's growing service-based business, for which order information is not available. Therefore, the Company believes that backlog information is not material to an understanding of its business.

The Company carries working capital mainly related to trade receivables and inventories. Inventories, generally, are only manufactured as orders are received from customers. The Company's normal and customary payment terms are net 30 days from date of invoice. The Company generally does not offer extended payment terms. The Company's government customers represent a small portion of the Company's business. Domestically, with the exception of PESI, the Company's contracts with its government customers do not contain fiscal funding clauses. In the event that such a clause exists, revenue would not be recognizable until the funding clause was satisfied. Internationally, contracts with Brazil's government are subject to a twenty-five percent quantity adjustment prior to purchasing any raw materials under the contracted purchasing schedule. In general, with the exception of PESI, the Company recognizes revenue for delivered elements only when the fair values of delivered and undelivered elements are known, uncertainties regarding customer acceptance are resolved and there are no customer-negotiated refunds or return rights affecting the revenue recognized for the delivered elements.

SEGMENTS AND FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

The Company's segments are comprised of its three main sales channels: Diebold North America (DNA), Diebold International (DI) and Election Systems (ES) & Other. The DNA segment sells financial and retail systems, and also services financial and retail systems, in the United States and Canada. The DI segment sells and services financial and retail systems over the remainder of the globe through wholly-owned subsidiaries, majority-owned joint ventures and independent distributors in every major country throughout Europe, the Middle East, Africa, Latin America and in the Asia Pacific region (excluding Japan and Korea).The ES & Other segment includes the operating results of PESI and the voting and lottery related business in Brazil. Segment financial information can be found in Note 19 to the Consolidated Financial Statements, which is incorporated herein by reference.

Sales to customers outside the United States in relation to total consolidated net sales continued to trend upward and were $1,603,963 or 50.6 percent in 2008, $1,417,574 or 48.1 percent in 2007 and $1,354,878 or 46.4 percent in 2006.

Property, plant and equipment, at cost, located in the United States totaled $437,524, $424,657 and $398,425 as of December 31, 2008, 2007 and 2006, respectively, and property, plant and equipment, at cost, located outside the United States totaled $142,427, $151,139 and $152,072 as of December 31, 2008, 2007 and 2006, respectively.

Additional financial information regarding the Company's international operations is included in Note 19 to the Consolidated Financial Statements, which is incorporated herein by reference.

The Company's non-U.S. operations are subject to normal international business risks not generally applicable to domestic business. These risks include currency fluctuation, new and different legal and regulatory requirements in local jurisdictions, political and economic changes and disruptions, tariffs or other barriers, potentially adverse tax consequences and difficulties in staffing and managing foreign operations.

COMPETITION

All phases of the Company's business are highly competitive. Some of the Company's products are in competition directly with similar products and others competing with alternative products having similar uses or producing similar results. The Company believes, based upon outside independent industry surveys, that it is a leading manufacturer of self-service systems in the United States and is also a market leader internationally. In the area of automated transaction systems, the Company competes on a global basis primarily with NCR Corporation and Wincor-Nixdorf. On a regional basis, the Company competes with many other hardware and software companies such as Grg Equipment Co. in Asia Pacific and Itautec in Latin America. In serving the security products market for the financial services industry, the Company competes with national, regional and local security

companies. Of these competitors, some compete in only one or two product lines, while others sell a broader spectrum of products competing with the Company. The unavailability of comparative sales information and the large variety of individual products make it difficult to give reasonable estimates of the Company's competitive ranking in or share of the market in its security product fields of activity. However, the Company is ranked as one of the top integrators in the security market.

In the election systems market, the Company provides product solutions and support for customers within the United States and Brazil. Competition in this market is typically from a variety of hardware, software and service companies.

RESEARCH, DEVELOPMENT AND ENGINEERING

In order to meet customers' growing demand for self-service and security technologies faster, the Company is focused on delivering innovation to its customers by continuing to invest in technology solutions that enable customers to reduce costs and improve efficiency. Expenditures for research, development and engineering initiatives were $79,070, $73,950 and $71,625 in 2008, 2007 and 2006, respectively. Opteva® ATMs are designed with leading technology to meet our customers' growing deposit automation needs and provide maximum value. All full function Opteva ATMs support intelligent check and automated cash deposits. Key features include check imaging with intelligent depository module™ and bulk document intelligent depository modules.

PATENTS, TRADEMARKS, LICENSES

The Company owns patents, trademarks and licenses relating to certain products in the United States and internationally. While the Company regards these as items of importance, it does not deem its business as a whole, or any industry segment, to be materially dependent upon any one item or group of items.

ENVIRONMENTAL

Compliance with federal, state and local environmental protection laws during 2008 had no material effect upon the Company's business, financial condition or results of operations.

EMPLOYEES

At December 31, 2008, the Company employed 16,658 associates globally. The Company's service staff is one of the financial industry's largest, with professionals in more than 600 locations and representation in nearly 90 countries worldwide.

AVAILABLE INFORMATION

This annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports are available, free of charge, on or through the Company's website, www.diebold.com, as soon as practicable after such material is electronically filed with or furnished to the SEC. Additionally, these reports can be furnished free of charge to shareholders upon written request to Diebold Global Communications at the corporate address, or call +1 330 490-3790 or [800] 766-5859. The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

ITEM 1A: RISK FACTORS

The following are certain risk factors that could affect our business, financial condition, operating results and cash flows. These risk factors should be considered in connection with evaluating the forward-looking statements contained in this annual report on Form 10-K because they could cause actual results to differ materially from those expressed in any forward-looking statement. The risk factors highlighted below are not the only ones we face. If any of these events actually occur, our business, financial condition, operating results or cash flows could be negatively affected.

We caution the reader to keep these risk factors in mind and refrain from attributing undue certainty to any forward-looking statements which speak only as of the date of this annual report.

Demand for and supply of our products and services may be adversely affected by numerous factors, some of which we cannot predict or control. This could adversely affect our operating results.

Numerous factors may affect the demand for and supply of our products and services, including:

- changes in the market acceptance of our products and services;
- customer and competitor consolidation;
- changes in customer preferences;
- declines in general economic conditions;
- changes in environmental regulations that would limit our ability to sell products and services in specific markets; and
- macro-economic factors affecting banks, credit unions and other financial institutions may lead to cost-cutting efforts by customers, which could cause us to lose current or potential customers or achieve less revenue per customer.

If any of these factors occur, the demand for and supply of our products and services could suffer, and this would adversely affect our results of operations.

Increased raw material and energy costs could reduce our income.

The primary raw materials in our financial self-service, security and election systems product and service solutions are steel, plastics and electronic parts and components. The majority of our raw materials are purchased from various local, regional and global suppliers pursuant to long-term supply contracts. However, the price of these materials can fluctuate under these contracts in tandem with the pricing of raw materials.

In addition, energy prices, particularly petroleum prices, are cost drivers for our business. In recent years, the price of petroleum has been highly volatile, particularly due to the unstable political conditions in the Persian Gulf and increasing international demand from emerging markets. Any increase in the costs of energy would also increase our transportation costs. Although we attempt to pass on higher raw material and energy costs to our customers, given the competitive markets in which we operate, it is often not possible to do this.

Our business may be affected by general economic conditions and uncertainty that may cause customers to defer or cancel sales commitments previously made.

Recent economic difficulties in the United States credit markets and the global markets have led to an economic recession in some or all of the markets in which we operate. A recession or even the risk of a potential recession may be sufficient reason for customers to delay, defer or cancel purchase decisions, including decisions previously made. Under difficult economic conditions, customers may seek to reduce discretionary spending by forgoing purchases of our products and services. This risk is magnified for capital goods purchases such as ATMs and physical security products. As a result of economic conditions and other factors, financial institutions have failed and may continue to fail resulting in a loss of current or potential customers, or deferred or cancelled sales orders. Any customer delays or cancellations could materially affect our level of revenue and operating results.

Our sales and operating results are sensitive to global economic conditions and cyclicality, and could be adversely affected during economic downturns.

Demand for our products is affected by general economic conditions and the business conditions of the industries in which we sell our products and services. The business of most of our customers, particularly our financial institution and election systems customers, is, to varying degrees, cyclical and has historically experienced periodic downturns. Any future downturns in general economic conditions could adversely affect the demand for our products and services, and our sales and operating results. In addition, downturns in our customer's industries, even during periods of strong general economic conditions, could adversely affect our sales and operating results. As a result of economic conditions and other factors, financial institutions have failed and

may continue to fail resulting in a loss of current or potential customers, or cause them to defer or cancel sales orders. Additionally, the unstable political conditions in the Persian Gulf could lead to further financial, economic and political instability, and this could lead to an additional deterioration in general economic conditions.

We may be unable to achieve, or may be delayed in achieving, our cost-cutting initiatives, and this may adversely affect our operating results and cash flow.

We have launched a number of cost-cutting initiatives, including restructuring initiatives, to improve operating efficiencies and reduce operating costs. Although we are anticipating a substantial amount of annual cost savings associated with these cost-cutting initiatives, we may be unable to sustain the cost savings that we have achieved. In addition, if we are unable to achieve, or have any unexpected delays in achieving additional cost savings, our results of operations and cash flow may be adversely affected. Even if we meet the goals pursuant to these initiatives, we may not receive the expected financial benefits of these initiatives.

We face competition that could adversely affect our sales and financial condition.

All phases of our business are highly competitive. Some of our products are in direct competition with similar or alternative products provided by our competitors. We encounter competition in price, delivery, service, performance, product innovation, product recognition and quality.

Because of the potential for consolidation in any market, our competitors may become larger, which could make them more efficient and permit them to be more price-competitive. Increased size could also permit them to operate in wider geographic areas and enhance their abilities in other areas such as research and development and customer service. As a result, this could also reduce our profitability.

Our competitors can be expected to continue to develop and introduce new and enhanced products. This could cause a decline in market acceptance of our products. In addition, our competitors could cause a reduction in the prices for some of our products as a result of intensified price competition. Also, we may be unable to effectively anticipate and react to new entrants in the marketplace competing with our products.

Competitive pressures can also result in the loss of major customers. An inability to compete successfully could have an adverse effect on our operating results, financial condition and cash flows in any given period.

In international markets, we compete with local service providers that may have competitive advantages.

In a number of international markets, especially those in Asia Pacific and Latin America, we face substantial competition from local service providers that offer competing products and services. Some of these companies may have a dominant market share in their territories and may be owned by local stakeholders. This could give them a competitive advantage. Local providers of competing products and services may also have a substantial advantage in attracting customers in their country due to more established branding in that country, greater knowledge with respect to the tastes and preferences of customers residing in that country and/or their focus on a single market. Further, the local providers may have greater regulatory and operational flexibility since we are subject to both U.S. and foreign regulatory requirements.

Because our operations are conducted worldwide, they are affected by risks of doing business abroad.

We generate a significant percentage of revenue from sales and service operations conducted outside the United States. Revenue from international operations amounted to approximately 50.6 percent in 2008, 48.1 percent in 2007 and 46.4 percent in 2006 of total revenue during these respective periods.

Accordingly, international operations are subject to the risks of doing business abroad, including the following:

- fluctuations in currency exchange rates;
- transportation delays and interruptions;
- political and economic instability and disruptions;

- restrictions on the transfer of funds;
- the imposition of duties and tariffs;
- import and export controls;
- changes in governmental policies and regulatory environments;
- labor unrest and current and changing regulatory environments;
- the uncertainty of product acceptance by different cultures;
- the risks of divergent business expectations or cultural incompatibility inherent in establishing joint ventures with foreign partners;
- difficulties in staffing and managing multi-national operations;
- limitations on the ability to enforce legal rights and remedies;
- reduced protection for intellectual property rights in some countries; and
- potentially adverse tax consequences.

Any of these events could have an adverse effect on our international operations by reducing the demand for our products or decreasing the prices at which we can sell our products, thereby, adversely affecting our financial condition or operating results. We may not be able to continue to operate in compliance with applicable customs, currency exchange control regulations, transfer pricing regulations or any other laws or regulations to which we may be subject. In addition, these laws or regulations may be modified in the future, and we may not be able to operate in compliance with those modifications.

We may expand operations into international markets in which we may have limited experience or rely on business partners.

We continually look to expand our products and services into international markets. We have currently developed, through joint ventures, strategic investments, subsidiaries and branch offices, sales and service offerings in over 90 countries outside of the United States. As we expand into new international markets, we will have only limited experience in marketing and operating products and services in such markets. In other instances, we may rely on the efforts and abilities of foreign business partners in such markets. Certain international markets may be slower than domestic markets in adopting our products and services, and our operations in international markets may not develop at a rate that supports our level of investment.

The failure of governments to certify election systems products may hinder our growth and harm our business.

Our election system products must go through rigorous federal and state certification processes in order for them to be sold in various states. As a result, there is a risk that our products will not be certified for use or will be decertified. Our election systems products could also be subject to differing and inconsistent laws, regulations and certification requirements which could adversely affect our business, financial condition and operating results. As a result, we may find it necessary to eliminate, modify or cancel components of our services, and this could result in additional development costs and the possible loss of revenue. Future legislative changes or other changes in law could also have an adverse effect on our business, financial condition and operating results.

Our election systems products might not achieve market acceptance, which could adversely affect our growth.

Because of the political nature of our election systems business, various individuals and advocacy groups may raise challenges, including legal challenges, in the media and elsewhere, about the reliability and security of our election systems products and services. Our election systems business is vulnerable to these types of challenges because the electronic election systems industry is emerging.

Our ability to grow will depend on the extent to which potential customers accept our products. This acceptance may be limited by:

- the failure of prospective customers to conclude that our products are valuable and should be used;
- the reluctance of prospective customers to replace their existing solutions with our products; and
- marketing efforts of our competitors.

Furthermore, adverse publicity, whether directed at our products or a competitor's products due to processing errors or other system failures, could adversely affect the electronic election systems industry as a whole, and this would have an adverse effect on our business, financial condition and operating results. In addition, these efforts may adversely affect our relations with our election systems customers.

We are currently subject to shareholder class action litigation, the unfavorable outcome of which might have a material adverse effect on our financial condition, operating results and cash flow.

A number of shareholder class action lawsuits have been filed against us and certain current and former officers and directors alleging violations of the federal securities laws and breaches of fiduciary duties with respect to our 401(k) savings plan. The securities class action was dismissed and the court entered a judgment in favor of the defendants in August 2008, but the plaintiffs have appealed the court's decision. We believe that these lawsuits are without merit, and we intend to vigorously defend against these claims. We cannot, however, determine with certainty the outcome or resolution of these claims or any future related claims, or the timing for their resolution. In addition to the expense and burden incurred in defending this litigation and any damages that we may suffer, management's efforts and attention may be diverted from the ordinary business operations in order to address these claims. If the final resolution of this litigation is unfavorable, our financial condition, operating results and cash flows could be materially affected.

Any failure to manage acquisitions, divestitures and other significant transactions successfully could harm our operating results, business and prospects.

As part of our business strategy, we frequently engage in discussions with third parties regarding possible investments, acquisitions, strategic alliances, joint ventures, divestitures and outsourcing arrangements, and we enter into agreements relating to such extraordinary transactions in order to further our business objectives. In order to pursue this strategy successfully, we must identify suitable candidates, successfully complete extraordinary transactions, some of which may be large and complex, and manage post-closing issues such as the integration of acquired companies or employees. Integration and other risks of extraordinary transactions can be more pronounced in larger and more complicated transactions, or if multiple transactions are pursued simultaneously. If we fail to identify and successfully complete extraordinary transactions that further our strategic objectives, we may be required to expend resources to develop products and technology internally. This may put us at a competitive disadvantage, and we may be adversely affected by negative market perceptions any of which may have a material adverse effect on our revenue, gross margin and profitability.

Integration issues are complex, time-consuming and expensive and, without proper planning and implementation, could significantly disrupt our business. The challenges involved in integration include:

- combining product offerings and entering into new markets in which we are not experienced;
- convincing customers and distributors that the transaction will not diminish client service standards or business focus, preventing customers and distributors from deferring purchasing decisions or switching to other suppliers (which could result in additional obligations to address customer uncertainty), and coordinating sales, marketing and distribution efforts;
- consolidating and rationalizing corporate information technology infrastructure, which may include multiple legacy systems from various acquisitions and integrating software code;
- minimizing the diversion of management attention from ongoing business concerns;

- persuading employees that business cultures are compatible, maintaining employee morale and retaining key employees, integrating employees into the Company, correctly estimating employee benefit costs and implementing restructuring programs;
- coordinating and combining administrative, manufacturing, research and development and other operations, subsidiaries, facilities and relationships with third parties in accordance with local laws and other obligations while maintaining adequate standards, controls and procedures; and
- achieving savings from supply chain and administration integration.

We evaluate and enter into extraordinary transactions on an ongoing basis. We may not fully realize all of the anticipated benefits of any transaction, and the timeframe for achieving benefits of a transaction may depend partially upon the actions of employees, suppliers or other third parties. In addition, the pricing and other terms of our contracts for extraordinary transactions require us to make estimates and assumptions at the time we enter into these contracts, and, during the course of our due diligence, we may not identify all of the factors necessary to estimate costs accurately. Any increased or unexpected costs, unanticipated delays or failure to achieve contractual obligations could make these agreements less profitable or unprofitable.

Managing extraordinary transactions requires varying levels of management resources, which may divert our attention from other business operations. These extraordinary transactions could result in significant costs and expenses and charges to earnings, including those related to severance pay, early retirement costs, employee benefit costs, asset impairment charges, charges from the elimination of duplicative facilities and contracts, in-process research and development charges, inventory adjustments, assumed litigation and other liabilities, legal, accounting and financial advisory fees, and required payments to executive officers and key employees under retention plans. Moreover, we could incur additional depreciation and amortization expense over the useful lives of certain assets acquired in connection with extraordinary transactions, and, to the extent that the value of goodwill or intangible assets with indefinite lives acquired in connection with an extraordinary transaction becomes impaired, we may be required to incur additional material charges relating to the impairment of those assets. In order to complete an acquisition, we may issue common stock, potentially creating dilution for existing shareholders, or borrow funds, affecting our financial condition and potentially our credit ratings. Any prior or future downgrades in our credit rating associated with an acquisition could adversely affect our ability to borrow and result in more restrictive borrowing terms. In addition, our effective tax rate on an ongoing basis is uncertain, and extraordinary transactions could impact our effective tax rate. We also may experience risks relating to the challenges and costs of closing an extraordinary transaction and the risk that an announced extraordinary transaction may not close. As a result, any completed, pending or future transactions may contribute to financial results that differ from the investment community's expectations.

System security risks and systems integration issues could disrupt our internal operations or services provided to customers, and any such disruption could adversely affect revenue, increase costs, and harm our reputation and stock price.

Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate confidential information or that of third parties, create system disruptions or cause shutdowns. As a result, we could incur significant expenses in addressing problems created by network security breaches. Moreover, we could lose existing or potential customers, or incur significant expenses in connection with customers' system failures. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the system. The costs to eliminate or alleviate security problems, viruses and bugs could be significant, and the efforts to address these problems could result in interruptions, delays or cessation of service that could impede sales, manufacturing, distribution or other critical functions.

Portions of our information technology infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems, and transitioning data and other aspects of the process could be expensive, time consuming, disruptive and resource-intensive. Such disruptions could adversely impact the ability to fulfill orders and interrupt

other processes. Delayed sales, lower margins or lost customers resulting from these disruptions could adversely affect financial results, stock price and reputation.

Our inability to attract, retain and motivate key employees could harm current and future operations.

In order to be successful, we must attract, retain and motivate executives and other key employees, including those in managerial, professional, administrative, technical, sales, marketing and information technology support positions. We also must keep employees focused on our strategies and goals. Hiring and retaining qualified executives, engineers and qualified sales representatives are critical to our future, and competition for experienced employees in these areas can be intense. The failure to hire or loss of key employees could have a significant impact on our operations.

We may not be able to generate sufficient cash flows to fund our operations and make adequate capital investments.

Our cash flows from operations depend primarily on sales and service margins. To develop new product and service technologies, support future growth, achieve operating efficiencies and maintain product quality, we must make significant capital investments in manufacturing technology, facilities and capital equipment, research and development, and product and service technology. In addition to cash provided from operations, we have from time to time utilized external sources of financing. Depending upon general market conditions or other factors, we may not be able to generate sufficient cash flows to fund our operations and make adequate capital investments. In addition, due to the recent economic downturn there has been a tightening of the credit markets, which may limit our ability to obtain alternative sources of cash to fund our operations.

New product developments may be unsuccessful.

We are constantly looking to develop new products and services that complement or leverage the underlying design or process technology of our traditional product and service offerings. We make significant investments in product and service technologies and anticipate expending significant resources for new product development over the next several years. There can be no assurance that our product development efforts will be successful, that we will be able to cost effectively manufacture these new products, that we will be able to successfully market these products or that margins generated from sales of these products will recover costs of development efforts.

An adverse determination that our products or manufacturing processes infringe the intellectual property rights of others could have a materially adverse effect on our business, operating results or financial condition.

As is common in any high technology industry, others have asserted from time to time, and may also do so in the future, that our products or manufacturing processes infringe their intellectual property rights. A court determination that our products or manufacturing processes infringe the intellectual property rights of others could result in significant liability and/or require us to make material changes to our products and/or manufacturing processes. We are unable to predict the outcome of assertions of infringement made against us. Any of the foregoing could have a materially adverse effect on our business, operating results or financial condition.

Anti-takeover provisions could make it more difficult for a third party to acquire us.

Certain provisions of our charter documents, including provisions limiting the ability of shareholders to raise matters at a meeting of shareholders without giving advance notice and permitting cumulative voting, may make it more difficult for a third party to gain control of our Board of Directors and may have the effect of delaying or preventing changes in our control or management. This could have an adverse effect on the market price of our common stock. Additionally, Ohio corporate law provides that certain notice and informational filings and special shareholder meeting and voting procedures must be followed prior to consummation of a proposed "control share acquisition," as defined in the Ohio Revised Code. Assuming compliance with the prescribed notice and information filings, a proposed control share acquisition may be made only if, at a special meeting of shareholders, the acquisition is approved by both a majority of our voting power represented at the meeting and a majority of the voting power remaining after excluding the combined voting power of the "interested shares," as defined in the Ohio Revised Code. The application of these provisions of the Ohio Revised Code also could have the effect of delaying or preventing a change of control.

Any SEC investigation and Department of Justice investigation could result in substantial costs to defend enforcement or other related actions that could have a materially adverse effect on our business, operating results or financial condition.

We have incurred substantial expenses for legal and accounting services due to the SEC and the U.S. Department of Justice (DOJ) investigations. We could incur substantial additional costs to defend and resolve litigation or other governmental investigations or proceedings arising out of, or related to, the completed investigations. In addition, we could be exposed to enforcement or other actions with respect to these matters by the SEC's Division of Enforcement or the DOJ.

In addition, these activities have diverted the attention of management from the conduct of our business. The diversion of resources to address issues arising out of the investigations may harm our business, operating results and financial condition in the future.

Our ability to maintain effective internal control over financial reporting may be insufficient to allow us to accurately report our financial results or prevent fraud, and this could cause our financial statements to become materially misleading and adversely affect the trading price of our common stock.

We require effective internal control over financial reporting in order to provide reasonable assurance with respect to our financial reports and to effectively prevent fraud. Internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we cannot provide reasonable assurance with respect to our financial statements and effectively prevent fraud, our financial statements could become materially misleading which could adversely affect the trading price of our common stock.

Management determined that, in certain instances, misapplication of accounting principles generally accepted in the United States (US GAAP) reflected a material weakness in our internal control over financial reporting. Our material weaknesses could harm stockholder and business confidence in our financial reporting, our ability to obtain financing and other aspects of our business. We have enhanced, and continue to enhance, our internal controls in order to remediate the material weaknesses. Implementing new internal controls and testing the internal control framework will require the dedication of additional resources, management time and expense. If we fail to establish and maintain the adequacy of our internal control over financial reporting, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business, financial condition and operating results could be harmed.

Any material weakness or unsuccessful remediation could affect investor confidence in the accuracy and completeness of our financial statements. As a result, our ability to obtain any additional financing, or additional financing on favorable terms, could be materially and adversely affected. This, in turn, could materially and adversely affect our business, financial condition and the market value of our securities and require us to incur additional costs to improve our internal control systems and procedures. In addition, perceptions of the Company among customers, lenders, investors, securities analysts and others could also be adversely affected.

We can give no assurances that the measures we have taken to date, or any future measures we may take, will remediate the material weaknesses identified or that any additional material weaknesses will not arise in the future due to our failure to implement and maintain adequate internal control over financial reporting. In addition, even if we are successful in strengthening our controls and procedures, those controls and procedures may not be adequate to prevent or identify irregularities or ensure the fair presentation of our financial statements included in our periodic reports filed with the SEC.

Low investment performance by our domestic pension plan assets may require us to increase our pension liability and expense, which may require us to fund a portion of our pension obligations and divert funds from other potential uses.

We sponsor several defined benefit pension plans which cover certain eligible employees. Our pension expense and required contributions to our pension plans are directly affected by the value of plan assets, the projected rate of return on plan assets, the actual rate of return on plan assets and the actuarial assumptions we use to measure the defined benefit pension plan obligations.

Due to the significant market downturn occurring in 2008, the funded status of our pension plans has declined and actual asset returns were below the assumed rate of return used to determine pension expense. If plan assets continue to perform below expectations, future pension expense will increase. Further, as a result of the global economic instability, our pension plan investment portfolio has recently incurred greater volatility.

We establish the discount rate used to determine the present value of the projected and accumulated benefit obligations at the end of each year based upon the available market rates for high quality, fixed income investments. We match the projected cash flows of our pension plans against those generated by high-quality corporate bonds. The yield of the resulting bond portfolio provides a basis for the selected discount rate. An increase in the discount rate would reduce the future pension expense and, conversely, a decrease in the discount rate would increase the future pension expense.

Based on current guidelines, assumptions and estimates, including stock market prices and interest rates, we anticipate that we will make a cash contribution of approximately $12 million to $15 million to our pension plans in 2009. Changes in the current assumptions and estimates could result in a contribution in years beyond 2009 that is greater than the projected 2009 contribution required. We cannot predict whether changing market or economic conditions, regulatory changes or other factors will further increase our pension expenses or funding obligations, diverting funds we would otherwise apply to other uses.

ITEM 1B: UNRESOLVED STAFF COMMENTS

None.

ITEM 2: PROPERTIES

The Company's corporate offices are located in North Canton, Ohio. The Company owns manufacturing facilities in Canton, Ohio, Lynchburg, Virginia, and Lexington, North Carolina. The Company also has manufacturing facilities in Belgium, Brazil, China, Hungary and India. The Company has selling, service and administrative offices in the following locations: throughout the United States, and in Australia, Austria, Barbados, Belgium, Belize, Brazil, Canada, Chile, China, Colombia, Costa Rica, Czech Republic, Dominican Republic, Ecuador, El Salvador, France, Greece, Guatemala, Haiti, Honduras, Hong Kong, Hungary, India, Indonesia, Italy, Malaysia, Mexico, Namibia, Netherlands, New Zealand, Nicaragua, Panama, Paraguay, Peru, Philippines, Portugal, Poland, Romania, Russia, Singapore, Slovakia, South Africa, Spain, Switzerland, Taiwan, Thailand, Turkey, the United Arab Emirates, the United Kingdom, Uruguay, Venezuela and Vietnam. The Company leases a majority of the selling, service and administrative offices under operating lease agreements.

The Company considers that its properties are generally in good condition, are well maintained, and are generally suitable and adequate to carry on the Company's business.

ITEM 3: LEGAL PROCEEDINGS

At December 31, 2008, the Company was a party to several lawsuits that were incurred in the normal course of business, none of which individually or in the aggregate is considered material by management in relation to the Company's financial position or results of operations. In management's opinion, the Company's Consolidated Financial Statements would not be materially affected by the outcome of any present legal proceedings, commitments, or asserted claims.

In addition to the routine legal proceedings noted above, the Company has been served with various lawsuits, filed against it and certain current and former officers and directors, by shareholders and participants in the Company's 401(k) savings plan, alleging violations of the federal securities laws and breaches of fiduciary duties with respect to the 401(k) plan. These complaints seek compensatory damages in unspecified amounts, fees and expenses related to such lawsuits and the granting of

extraordinary equitable and/or injunctive relief. For each of these lawsuits, the date each complaint was filed, the name of the plaintiff and the federal court in which such lawsuit is pending are as follows:

- *Konkol v. Diebold Inc., et al.*, No. 5:05CV2873 (N.D. Ohio, filed December 13, 2005).
- *Ziolkowski v. Diebold Inc., et al.*, No. 5:05CV2912 (N.D. Ohio, filed December 16, 2005).
- *New Jersey Carpenter's Pension Fund v. Diebold, Inc.*, No. 5:06CV40 (N.D. Ohio, filed January 6, 2006).
- *Rein v. Diebold, Inc., et al.*, No. 5:06CV296 (N.D. Ohio, filed February 9, 2006).
- *Graham v. Diebold, Inc., et al.*, No. 5:05CV2997 (N.D. Ohio, filed December 30, 2005).
- *McDermott v. Diebold, Inc., et al.*, No. 5:06CV170 (N.D. Ohio, filed January 24, 2006).
- *Barnett v. Diebold, Inc., et al.*, No. 5:06CV361 (N.D. Ohio, filed February 15, 2006).
- *Farrell v. Diebold, Inc., et al.*, No. 5:06CV307 (N.D. Ohio, filed February 8, 2006).
- *Forbes v. Diebold, Inc., et al.*, No. 5:06CV324 (N.D. Ohio, filed February 10, 2006).
- *Gromek v. Diebold, Inc., et al.*, No. 5:06CV579 (N.D. Ohio, filed March 14, 2006).

The *Konkol, Ziolkowski, New Jersey Carpenter's Pension Fund, Rein* and *Graham* cases, which allege violations of the federal securities laws, have been consolidated into a single proceeding. The *McDermott, Barnett, Farrell, Forbes* and *Gromek* cases, which allege breaches of fiduciary duties under the Employee Retirement Income Security Act of 1974 with respect to the 401(k) plan, likewise have been consolidated into a single proceeding. The Company and the individual defendants deny the allegations made against them, regard them as without merit, and intend to defend themselves vigorously. On August 22, 2008, the court dismissed the consolidated amended complaint in the consolidated securities litigation and entered a judgment in favor of the defendants. On September 16, 2008, the plaintiffs in the consolidated securities litigation filed a notice of appeal with the U.S. Court of Appeals for the Sixth Circuit.

The Company, including certain of its subsidiaries, filed a lawsuit on May 30, 2008 (*Premier Election Solutions, Inc., et al. v. Board of Elections of Cuyahoga County, et al.*, Case No. 08-CV-05-7841, (Franklin Cty. Ct Common Pleas)) against the Board of Elections of Cuyahoga County, Ohio, the Board of County Commissioners of Cuyahoga County, Ohio, (collectively, the County), and Ohio Secretary of State Jennifer Brunner (Secretary) regarding several Ohio contracts under which the Company provided voting equipment and related services to the State of Ohio and a number of its counties. The lawsuit was precipitated by the County's threats to sue the Company for unspecified damages. The complaint seeks a declaration that the Company met its contractual obligations. In response, on July 15, 2008, the County filed an answer and counterclaim alleging that the voting system was defective and seeking declaratory relief and unspecified damages under several theories of recovery. In addition, the County is trying to pierce the Company's "corporate veil" and hold Diebold, Incorporated directly liable for acts and omission alleged to have been committed by its subsidiaries (even though Diebold, Incorporated is not a party of the contracts.) The Secretary has also filed an answer and counterclaim seeking declaratory relief and unspecified damages under several theories of recovery. The Butler County Board of Elections has joined in, and incorporated by reference, the Secretary's counterclaim. The Company has not yet responded to the counterclaims.

The Company has filed motions to dismiss and for more definite statement of the counterclaims. The motions are fully briefed and are awaiting a decision by the court. The Secretary has also added ten Ohio counties as additional defendants, claiming that those counties also experienced problems with the voting systems, but many of those counties have moved for dismissal.

Management is unable to determine the financial statement impact, if any, of the federal securities class action, the 401(k) class action and the electronic voting systems action.

The Company was informed during the first quarter of 2006 that the staff of the SEC had begun an informal inquiry relating to the Company's revenue recognition policy. In the second quarter of 2006, the Company was informed that the SEC's inquiry had been converted to a formal, non-public investigation. In the fourth quarter of 2007, the Company also learned that the DOJ had

begun a parallel investigation. The Company is continuing to cooperate with the government in connection with these investigations. The Company cannot predict the length, scope or results of the investigations, or the impact, if any, on its results of operations.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company's annual meeting of shareholders was held November 12, 2008. At the meeting, the following actions were taken:

1. The ten nominees for director were elected by the following votes:

	For	Withheld
Louis V. Bockius III	53,622,656	6,445,112
Phillip R. Cox	46,543,977	13,523,791
Richard L. Crandall	53,912,122	6,155,646
Gale S. Fitzgerald	47,262,269	12,805,499
Phillip B. Lassiter	45,502,168	14,565,600
John N. Lauer	45,441,405	14,626,363
Eric J. Roorda	53,897,386	6,170,382
Thomas W. Swidarski	58,640,517	1,427,251
Henry D.G. Wallace	52,120,361	7,947,407
Alan J. Weber	53,887,143	6,180,625

2. Ratification of appointment of KPMG as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2008 was approved by the following vote:

For	Against	Abstained
57,394,762	2,466,490	206,516

PART II

ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The common shares of the Company are listed on the New York Stock Exchange with a symbol of DBD. The price ranges of common shares of the Company for the periods indicated below are as follows:

	2008		2007		2006	
	High	Low	High	Low	High	Low
1st Quarter	**$39.30**	**$23.07**	$48.42	$42.50	$43.84	$36.40
2nd Quarter	**40.44**	**35.44**	52.70	47.25	46.35	39.15
3rd Quarter	**39.81**	**30.60**	54.50	42.49	44.90	36.93
4th Quarter	**34.47**	**22.50**	45.90	28.32	47.13	41.41
Full Year	**$40.44**	**$22.50**	$54.50	$28.32	$47.13	$36.40

There were approximately 75,397 shareholders at December 31, 2008, which includes an estimated number of shareholders who have shares held in their accounts by banks, brokers, and trustees for benefit plans and the agent for the dividend reinvestment plan.

On the basis of amounts paid and declared, the annualized quarterly dividends per share were $1.00, $0.94 and $0.86 in 2008, 2007 and 2006, respectively.

Information concerning the Company's share repurchases made during the fourth quarter of 2008:

Period	Total Number of Shares Purchased(1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under the Plans(2)
October	3,194	$33.34	—	2,926,500
November	—	—	—	2,926,500
December	—	—	—	2,926,500
Total	3,194	$33.34	—	2,926,500

(1) Includes 3,194 shares surrendered or deemed surrendered to the Company in connection with the Company's stock-based compensation plans.

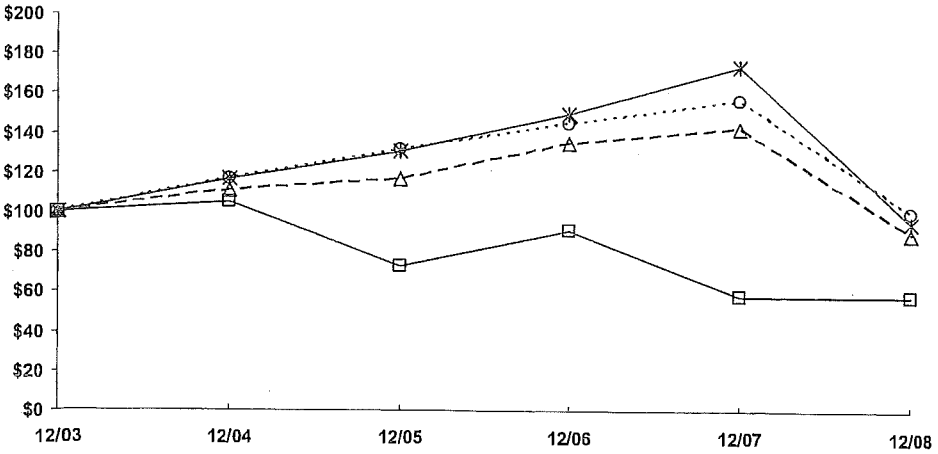
(2) The total number of shares repurchased as part of the publicly announced share repurchase plan was 9,073,500 as of December 31, 2008. The plan was approved by the Board of Directors in April 1997 and authorized the repurchase of up to two million shares. The plan was amended in June 2004 to authorize the repurchase of an additional two million shares, and was further amended in August and December 2005 to authorize the repurchase of an additional six million shares. On February 14, 2007, the Board of Directors approved an increase in the Company's share repurchase program by authorizing the repurchase of up to an additional two million of the Company's outstanding common shares. The plan has no expiration date.

PERFORMANCE GRAPH

Set forth below is a line graph comparing the yearly percentage change in the cumulative shareholder return, which includes the reinvestment of cash dividends, of the Company's common shares with the cumulative total return of (i) the S&P 500 index, (ii) the S&P Midcap 400 index, and (iii) a Custom Composite Index (28 stocks) made up of companies selected by the Company based on similarity to the Company's line of business and similar market capitalization. The comparison covers the five-year period starting December 31, 2003 and ended December 31, 2008. The comparisons in this graph are required by rules promulgated by the SEC and are not intended to forecast future performance of the Company's common shares.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Diebold, Inc., The S&P 500 Index,
The S&P Midcap 400 Index And A Custom Composite Index (28 Stocks)



* $100 invested on 12/31/03 in stock & index-including reinvestment of dividends.
Fiscal year ending December 31.

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As of December 31, 2008, the Custom Composite Index included 28 stocks as follows: Affiliated Computer Services Inc.; Ametek Inc.; Benchmark Electronics Inc.; Cooper Industries Limited; Corning Inc.; Crane Company; Deluxe Corp.; Donaldson Company Inc.; Dover Corp.; Fiserv Inc.; FMC Technologies Inc.; Harris Corp.; Hubbell Inc.; International Game Technology; Lennox International Inc.; Mettler Toledo International Inc.; NCR Corp.; Pall Corp.; Perkinelmer Inc.; Pitney-Bowes Inc.; Rockwell Automation Inc.; Rockwell Collins Inc.; Sauer Danfoss Inc.; Teleflex Inc.; Thermo Fisher Scientific Inc.; Thomas & Betts Corp.; Unisys Corp.; and Varian Medical Systems Inc.

ITEM 6: SELECTED FINANCIAL DATA

The following table should be read in conjunction with "Part II — Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part II — Item 8 — Financial Statements and Supplementary Data."

	Year ended December 31,				
	2008	2007	2006	2005	2004(1)
	(In millions, except per share data)				
Results of operations					
Net sales	**$3,170**	$2,947	$2,921	$2,569	$2,388
Cost of sales	**2,375**	2,265	2,186	1,919	1,715
Gross profit	**795**	682	735	650	673
Income from continuing operations, net of tax	**102**	45	109	95	177
(Loss) income from discontinued operations, net of tax	**(13)**	(5)	(4)	7	2
Net Income	**$ 89**	$ 40	$ 105	$ 102	$ 179
Basic earnings per common share:					
Income from continuing operations	**$ 1.54**	$ 0.68	$ 1.63	$ 1.34	$ 2.46
(Loss) income from discontinued operations	**(0.20)**	(0.08)	(0.06)	0.11	0.03
Net Income	**$ 1.34**	$ 0.60	$ 1.57	$ 1.45	$ 2.49
Diluted earnings per common share:					
Income from continuing operations	**$ 1.52**	$ 0.67	$ 1.62	$ 1.33	$ 2.43
(Loss) income from discontinued operations	**(0.19)**	(0.08)	(0.07)	0.10	0.03
Net Income	**$ 1.33**	$ 0.59	$ 1.55	$ 1.43	$ 2.46
Number of weighted-average shares outstanding					
Basic shares	**66**	66	67	71	72
Diluted shares	**66**	67	67	71	73
Dividends					
Common dividends paid	**$ 67**	$ 62	$ 58	$ 58	$ 54
Common dividends paid per share	**$ 1.00**	$ 0.94	$ 0.86	$ 0.82	$ 0.74
Consolidated balance sheet data					
(as of period end)					
Current assets	**$1,614**	$1,594	$1,658	$1,528	$1,291
Current liabilities	**735**	701	746	728	853
Net working capital	**879**	893	912	800	438
Property, plant and equipment, net	**204**	220	208	226	219
Total long-term liabilities	**856**	779	816	568	140
Total assets	**2,538**	2,595	2,560	2,341	2,119
Shareholders' equity	**947**	1,115	998	1,045	1,126

(1) The data for the year ended December 31, 2004 is derived from unaudited financial statements.

ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The MD&A is provided as a supplement and should be read in conjunction with the Consolidated Financial Statements and accompanying Notes that appear elsewhere in this annual report.

Introduction

Diebold, Incorporated is a global leader in providing integrated self-service delivery and security systems and services to the financial, retail, commercial and government markets. Founded in 1859, and celebrating 150 years of innovation in 2009, the Company today has more than 16,000 employees with representation in nearly 90 countries worldwide.

During the past three years, the Company's management continued to execute against its strategic roadmap developed in 2006 to strengthen operations and build a strong foundation for future success in its two core lines of business: financial self-service and security solutions. This roadmap was built around five key priorities: increase customer loyalty; improve quality; strengthen the supply chain; enhance communications and teamwork; and rebuild profitability. In 2008, the Company met or exceeded its targets within each of these priorities through a number of operational and supply chain initiatives designed to increase customer satisfaction, improve productivity, streamline processes, enhance efficiency and decrease costs. As a result, in 2008, income from continuing operations was $101,537 or $1.52 per share, up 126 percent and 127 percent, respectively, from 2007. Total revenue in 2008 was $3,170,080 up 8 percent from 2007.

In connection with the Company's filing of the restated financial statements, the Company incurred significant legal, audit and consultation fees during 2007 and 2008. In addition, the Company incurred advisory fees in 2008 as a result of the withdrawal of the unsolicited takeover bid from United Technologies Corp.

Looking ahead to 2009, management has positioned the Company well to withstand the challenges of a very difficult global economy. The turmoil in the financial industry, in particular, may take some time to subside, but the Company is in a unique position to deliver value to its customers by enabling them to reduce costs and improve efficiency. Based on its solid performance in 2008, the Company believes demand for financial self-service solutions remains relatively stable. However, demand in the security business is being affected by weak new bank branch construction and retail store openings in the United States. Also, the Company will focus on remediation of its material weaknesses in its internal controls. Management estimates the total cost for remediation efforts to be approximately $3,000, which includes $2,400 of consultation fees and $600 of internal costs, including software purchases.

Vision and strategy

The Company's vision is, "To be recognized as the essential partner in creating and implementing ideas that optimize convenience, efficiency and security." This vision is the guiding principle behind the Company's transformation of becoming a more services-oriented Company. Today, service comprises more than 50 percent of the Company's revenue, and the Company expects that this percentage will grow over time as the Company's integrated services business continues to gain traction in the marketplace. For example, financial institutions are eager to reduce costs and optimize management and productivity of their ATM channels — and they are increasingly exploring outsourced solutions. The Company remains uniquely positioned to provide the infrastructure necessary to manage all aspects of an ATM network — hardware, software, maintenance, transaction processing, patch management and cash management — through its integrated product and services offerings.

Another area of focus within the financial self-service business is broadening the Company's deposit automation solutions set, including check imaging, envelope-free currency acceptance, teller automation, payment and document imaging solutions. For example, check imaging is not only a regulatory compliance imperative for financial institutions but a significant potential driver of cost-savings. The Company's ImageWay® check-imaging solution fulfills an industry-wide demand for cutting-edge technologies that enhance efficiencies. In 2008, the Company solidified its competitive position in deposit automation technology with an increase in shipments of deposit automation solutions by more than 50 percent from 2007 and expanded its solutions set with the launch of a bulk check deposit capability. And in 2009, a new bulk cash acceptor will be rolled out later in the year.

Within the security business, the Company is diversifying by expanding and enhancing service offerings in its financial, government, commercial and retail markets. A critical area of focus is bringing thought leadership to customers while becoming a long-term business partner in the key growth areas of internet protocol security solutions, credential management, enterprise security integration and expanded integrated solutions. One new customer relationship that characterizes the progress made in 2008 is the United States Postal Service's selection of the Company to implement a multi-site, technologically-advanced security program. This relationship underscores the Company's commitment to elevate its presence and security integration capabilities beyond the financial market, opening up new avenues of opportunity. For example, the Company is in the early phases of introducing an energy management solution that can control and monitor heating, ventilation, air conditioning and lighting for its customers. This is another value-added service that can help relieve customers of the every-day challenges in managing their facilities while also reducing their costs and increasing environmental efficiency.

The focus during 2009 will be to continue to enhance and diversify the Company's offerings, realize synergies where sensible and make prudent decisions — taking swift action wherever necessary to capture profitable growth opportunities.

The Company continues to face a variety of challenges and opportunities in responding to customer needs within the election systems market. While the company fully supports the subsidiary, Premier Election Solutions, it continues to pursue strategic alternatives to ownership of the subsidiary.

Cost savings initiatives

In 2006, the Company launched the SmartBusiness (SB) 100 initiative to deliver $100,000 in cost savings by the end of 2008. This key milestone was achieved in November 2008 with significant progress made in areas such as rationalization of product development, streamlining procurement, realigning the Company's manufacturing footprint and improving logistics.

In September 2008, the Company announced a new goal to achieve an additional $100,000 in cost savings called SB 200 with a goal of eliminating $70,000 by the middle of 2010 and the remainder to be eliminated by the end of 2011. More specifically, as part of cost saving initiatives, during 2008, the Company transitioned from four global Opteva manufacturing plants to two based in China and Hungary, further reduced redundancy and waste across the supply chain, rationalized its U.S. warehouse network from 89 down to three major distribution centers, and initiated a product optimization and simplification program. In addition, the Company exited unprofitable business segments in Japan and Europe as well as reduced its global workforce by more than 800 full-time positions.

The Company is committed to making the strategic decisions that not only streamline operations, but also enhance its ability to serve its customers. The Company remains confident in the ability to continue to execute on cost-reduction initiatives, delivering solutions that help improve customers' businesses and creating shareholder value.

The Company incurred significant restructuring charges in 2008 and 2007 related to severance and reorganization costs from the previously announced reduction in the Company's global workforce. In addition, during the fourth quarter of 2008, the Company decided to discontinue its enterprise security operations in the Europe, Middle East and Africa (EMEA) region. As a

result, the Company recorded an impairment charge of $16,658 related to previously recorded goodwill and certain intangible assets. In addition, the Company incurred severance expenses and other charges incidental to the closure of $1,734 in 2008. These charges, along with the results of operations of this enterprise security business, are included in loss from discontinued operations, net of tax, in the Company's Consolidated Statements of Operations for the years ended December 31, 2008, 2007 and 2006. The Company anticipates incurring additional charges associated with this closure of approximately $2,200 during 2009.

The following discussion of the Company's financial condition and results of operations provide information that will assist in understanding the financial statements and the changes in certain key items in those financial statements.

The business drivers of the Company's future performance include several factors that include, but are not limited to:

- timing of a self-service upgrade and/or replacement cycle in mature markets such as the United States;
- high levels of deployment growth for new self-service products in emerging markets, such as Asia Pacific;
- demand for new service offerings, including outsourcing or operating a network of ATMs; and
- demand beyond expectations for security products and services for the financial, retail and government sectors.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS as of December 31, 2008 (Continued)
(Unaudited)
(in thousands, except per share amounts)

The table below presents the changes in comparative financial data for the years ended December 31, 2008, 2007 and 2006. Comments on significant year-to-year fluctuations follow the table. The following discussion should be read in conjunction with the Consolidated Financial Statements and the accompanying Notes that appear elsewhere in this annual report.

	Year ended December 31,							
	2008			2007			2006	
	Dollars	% of Net Sales	% Change	Dollars	% of Net Sales	% Change	Dollars	% of Net Sales
	(In thousands, except percentages)							
Net sales								
Products	**$1,562,948**	**49.3**	**9.3**	$1,429,646	48.5	(4.8)	$1,500,998	51.4
Services	**1,607,132**	**50.7**	**5.9**	1,517,835	51.5	6.9	1,419,976	48.6
	3,170,080	**100.0**	**7.6**	2,947,481	100.0	0.9	2,920,974	100.0
Cost of sales								
Products	**1,145,225**	**36.1**	**7.0**	1,070,286	36.3	1.2	1,057,375	36.2
Services	**1,230,239**	**38.8**	**2.9**	1,195,286	40.6	5.9	1,128,428	38.6
	2,375,464	**74.9**	**4.9**	2,265,572	76.9	3.6	2,185,803	74.8
Gross profit	**794,616**	**25.1**	**16.5**	681,909	23.1	(7.2)	735,171	25.2
Selling and administrative expenses	**534,486**	**16.9**	**15.4**	463,354	15.7	1.3	457,267	15.7
Research, development and engineering expense	**79,070**	**2.5**	**6.9**	73,950	2.5	3.2	71,625	2.5
Impairment of assets	**4,376**	**0.1**	**(90.6)**	46,319	1.6	139.5	19,337	0.7
Loss (gain) on sale of assets, net	**403**	**0.0**	**(106.3)**	(6,392)	(0.2)	(2,048.8)	328	0.0
	618,335	**19.5**	**7.1**	577,231	19.6	5.2	548,557	18.8
Operating profit	**176,281**	**5.6**	**68.4**	104,678	3.6	(43.9)	186,614	6.4
Other expense, net	**(28,906)**	**(0.9)**	**85.6**	(15,575)	(0.5)	(15.0)	(18,324)	(0.6)
Minority interest	**(8,413)**	**(0.3)**	**0.6**	(8,365)	(0.3)	29.6	(6,452)	(0.2)
Income from continuing operations before taxes	**138,962**	**4.4**	**72.1**	80,738	2.7	(50.1)	161,838	5.5
Taxes on income	**37,425**	**1.2**	**4.5**	35,797	1.2	(32.4)	52,916	1.8
Income from continuing operations	**101,537**	**3.2**	**125.9**	44,941	1.5	(58.7)	108,922	3.7
Loss from discontinued operations — net of tax	**(12,954)**	**(0.4)**	**139.9**	(5,400)	(0.2)	23.6	(4,370)	(0.1)
Net income	**$ 88,583**	**2.8**	**124.0**	$ 39,541	1.3	(62.2)	$ 104,552	3.6

RESULTS OF OPERATIONS

2008 Comparison with 2007

Net Sales

The following table represents information regarding our net sales for the years ended December 31, 2008 and 2007:

	Year ended December 31,			
	2008	2007	$ Change	% Change
Net sales	**$3,170,080**	$2,947,481	$222,599	7.6

The increase in net sales included a net positive currency impact of approximately $48,205. Financial self-service revenue in 2008 increased by $169,456 or 8.2 percent over 2007. Within the geographic areas, there was particularly strong growth in the Americas of $125,051 and Asia Pacific of $68,226. The increase in the Americas was due to higher revenue in Brazil of $90,300 in relation to several large orders as well as positive currency impact of 8.7 percent. The Asia Pacific increase was due to higher volume, with approximately two-thirds of the total growth coming from China and with additional contributions from India and Thailand. Security solutions revenue decreased by $37,262 or 4.6 percent for 2008. Weakness in the banking segment accounted for much of the year-over-year decrease. In addition, security revenue was impacted by reduced spending by major customers in the retail market. However, the government and commercial security business, in total, was up slightly for the year. Election systems/lottery net sales of $154,108 increased by $90,405 or 141.9 percent compared to 2007. The year-over-year increase was related to increases in voting equipment revenue of $90,670, with Brazil accounting for two-thirds of the growth. The Brazilian lottery systems revenue of $4,308 was down $265 from 2007.

Gross Profit

The following table represents information regarding our gross profit for the years ended December 31, 2008 and 2007:

	Year ended December 31,		$ Change/	
	2008	2007	% Point Change	% Change
Gross profit	**$794,616**	$681,909	$112,707	16.5
Gross profit margin	**25.1%**	23.1%	2.0	

Product gross margin was 26.7 percent in 2008 compared to 25.1 percent in 2007. Product gross margin was adversely impacted by $15,982 of restructuring charges in 2008 and $27,349 in 2007. The 2007 restructuring charges were primarily related to the closure of the manufacturing plant in Cassis, France. In addition, product gross margin for 2008 was positively affected by the Brazilian election systems business and increased profitability in the U.S. election systems business, despite an inventory write down of $12,969 in 2008 compared to $3,713 in 2007. Benefits realized from cost savings initiatives were partially offset by unfavorable sales mix within North America, higher steel and commodity costs, and price erosion in certain international markets. Service gross margin for 2008 was 23.5 percent compared with 21.3 percent for 2007. Service gross margin was adversely affected by $9,663 of restructuring charges in 2008 and $1,319 in 2007. The increase in service gross margin reflects savings from our cost savings initiatives, productivity and efficiency gains, and improved product quality. These gains came despite significant year-over-year increases in fuel costs.

Operating Expenses

The following table represents information regarding our operating expenses for the years ended December 31, 2008 and 2007:

	Year ended December 31,			
	2008	**2007**	**$ Change**	**% Change**
Selling and administrative expense	**$534,486**	$463,354	$ 71,132	15.4
Research, development, and engineering expense	**79,070**	73,950	5,120	6.9
Impairment of assets	**4,376**	46,319	(41,943)	(90.6)
Loss (gain) on sale of assets, net	**403**	(6,392)	6,795	(106.3)
Total operating expenses	**$618,335**	$577,231	$ 41,104	7.1

Selling and administrative expense was adversely impacted by $11,780 of restructuring charges in 2008 compared to $1,299 of restructuring charges in 2007. In addition, selling and administrative expenses were adversely affected by non-routine expenses of $45,145 in 2008 and $7,288 in 2007. These non-routine expenses consisted of legal, audit and consultation fees, primarily related to the internal review of other accounting items, restatement of financial statements and the ongoing SEC and DOJ investigations and related advisory fees. Included in the non-routine expenses for 2008 was a $13,500 fee owed to financial advisor Goldman Sachs as a result of the withdrawal of the unsolicited takeover bid from United Technologies Corp. Selling and administrative expense in 2008 was also unfavorably impacted by a weakening of the U.S. dollar. Finally, in 2007, the Company reduced the reserve for the election systems trade receivable mainly related to two counties in California by $10,090, due to payments received. Research, development and engineering expense for both 2008 and 2007 were 2.5 percent of net sales. Restructuring charges of $63 were included in research, development and engineering expense for 2007 as compared to $3,712 of restructuring charges in 2008 related to product development rationalization. The Company incurred a charge of $4,376 for the impairment of intangible assets related to the 2004 acquisition of TFE Technology Holdings, a maintenance provider of network and hardware service solutions to federal and state government agencies and commercial firms. The impairment of assets in 2007 was a non-cash charge of $46,319 related to the goodwill impairment for PESI. The gain on sale of assets for 2007 of $6,392 was related to the sale of the Company's manufacturing facility in Cassis, France, of which $6,438 was associated with the Company's restructuring initiatives. Restructuring charges of $435 were included in the loss/(gain) on sale of assets in 2008.

Operating Profit

The following table represents information regarding our operating profit for the years ended December 31, 2008 and 2007:

	Year ended December 31,			
	2008	**2007**	**$ Change/ % Point Change**	**% Change**
Operating profit	**$176,281**	$104,678	$71,603	68.4
Operating profit margin	**5.6%**	3.6%	2.0	

The increase in operating profit resulted from the Brazilian election systems business, higher revenue and profitability in the U.S. and international service markets, and lower expense related to the goodwill impairment for PESI of $46,319 in 2007. This was partially offset by the increase in non-routine expenses as well as higher restructuring charges.

Other Income (Expense) and Minority Interest

The following table represents information regarding our other income (expense) and minority interest for the years ended December 31, 2008 and 2007:

	Year ended December 31,		$ Change/	
	2008	2007	% Point Change	% Change
Investment income	**$ 25,228**	$ 22,489	$ 2,739	12.2
Interest expense	**(45,247)**	(42,200)	(3,047)	7.2
Miscellaneous, net	**(8,887)**	4,136	(13,023)	(314.9)
Other income (expense)	**$(28,906)**	$(15,575)	$(13,331)	85.6
Percentage of net sales	**(0.9)**	(0.5)	(0.4)	
Minority interest	**$ (8,413)**	$ (8,365)	$ (48)	0.6

The change in miscellaneous income/(expense) between years was due to moving from a foreign exchange gain in 2007 of $1,587 to a foreign exchange loss in 2008 of $9,341.

Income from Continuing Operations

The following table represents information regarding our income from continuing operations for the years ended December 31, 2008 and 2007:

	Year ended December 31,		$ Change/	
	2008	2007	% Point Change	% Change
Income from continuing operations	**$101,537**	$44,941	$56,596	125.9
Percent of net sales	**3.2**	1.5	1.7	
Effective tax rate	**26.9%**	44.3%	(17.4)	

The increase in income from continuing operations was related to the Brazilian election systems business, lower expense related to the impairment of assets, and a more favorable tax rate. This was partially offset by an unfavorable change in foreign exchange gain/(loss) between years within other income (expense). The decrease in the 2008 effective tax rate is attributable to an increase in foreign earnings in jurisdictions with lower effective tax rates. Additionally, in 2007, the Company had a significant goodwill impairment that negatively impacted the 2007 effective tax rate by 20 percent.

Loss from Discontinued Operations

The following table represents information regarding our loss from discontinued operations for the years ended December 31, 2008 and 2007:

	Year ended December 31,		$ Change/	
	2008	2007	% Point Change	% Change
Loss from discontinued operations, net of tax	**$(12,954)**	$(5,400)	$(7,554)	139.9
Percent of net sales	**(0.4)**	(0.2)	(0.2)	

Discontinued operations in the EMEA based enterprise security business negatively impacted net income. This business was not achieving an acceptable level of profitability and therefore, the operations were closed entirely. Included in the 2008 discontinued operations was a non-cash pre-tax asset impairment charge of $16,658.

Net Income

The following table represents information regarding our net income for the years ended December 31, 2008 and 2007:

	Year ended December 31,		$ Change/ % Point Change	% Change
	2008	2007		
Net income	**$88,583**	$39,541	$49,042	124.0
Percent of net sales	**2.8**	1.3	1.5	

Based on the results from continuing and discontinued operations discussed above, the Company reported net income of $88,583 and $39,541 for the years ended December 31, 2008 and 2007.

Segment Revenue and Operating Profit Summary

DNA net sales of $1,535,989 for 2008 decreased $7,066 or 0.5 percent from 2007 net sales of $1,543,055. The decrease in DNA net sales was due to decreased revenue from the security solutions product and service offerings. DI net sales of $1,479,983 for 2008 increased by $139,260 or 10.4 percent over 2007 net sales of $1,340,723. The increase in DI net sales was due to revenue growth across most international markets, led by growth of $90,300 in Brazil and $62,714 in Asia Pacific. ES & Other net sales of $154,108 for 2008 increased $90,405 or 141.9 percent over 2007 net sales of $63,703. The increase was due to higher Brazilian voting revenue of $61,560 and U.S.-based election systems revenue of $29,110. Revenue from lottery systems was $4,308 for 2008, a decrease of $265 over 2007.

DNA operating profit for 2008 decreased by $26,054 or 23.1 percent compared to 2007. Operating profit was unfavorably affected by higher non-routine expenses, workforce optimization restructuring charges, and increased commodity costs. This was partially offset by higher service profitability and the Company's ongoing cost reduction efforts. DI operating profit for 2008 increased by $32,727 or 62.2 percent compared to 2007. The increase was due to higher volume in Brazil and China as a result of several large orders. Operating profit for ES & Other increased by $64,930, moving from an operating loss of $60,890 in 2007 to an operating profit of $4,040 in 2008. The increase resulted from the goodwill impairment for PESI of $46,319, which occurred in 2007, and higher revenue in the Brazilian election systems business in 2008. In 2007, the Company reduced the reserve for the election systems trade receivable related to two counties in California by $10,090, primarily due to payments received.

Refer to Note 19 to the Consolidated Financial Statements for further details of segment revenue and operating profit.

2007 Comparison with 2006

Net Sales

The following table represents information regarding our net sales for the years ended December 31, 2007 and 2006:

	Year ended December 31,		$ Change	% Change
	2007	2006		
Net sales	$2,947,481	$2,920,974	$26,507	0.9

The increase in net sales included a net positive currency impact of approximately $98,589. Financial self-service revenue in 2007 increased by $132,486 or 6.8 percent over 2006, due to solid growth in the international market segments and a weakening of the U.S. dollar, which accounted for 4.6 percent of the growth. Security solutions revenue increased by $63,609 or 8.5 percent for 2007. Election systems/lottery net sales of $63,703 decreased by $169,588 or 72.7 percent compared to 2006. The year-over-year decline was related to decreases in both voting equipment revenue of $137,723 and decreased Brazilian lottery systems revenue of $31,865.

Gross Profit

The following table represents information regarding our gross profit for the years ended December 31, 2007 and 2006:

	Year ended December 31,		$ Change/ % Point Change	% Change
	2007	2006		
Gross profit	$681,909	$735,171	$(53,262)	(7.2)
Gross profit margin	23.1%	25.2%	(2.1)	

Product gross margin was 25.1 percent in 2007 compared to 29.6 percent in 2006. Product gross margin was adversely impacted by $27,349 of restructuring charges in 2007 compared to $3,299 of restructuring charges in 2006. The 2007 restructuring charges were primarily related to the closure of the manufacturing plant in Cassis, France. In addition, product gross margin was adversely affected by lower election systems/lottery revenue and decreased profitability in the U.S. election systems business in 2007 compared to 2006 which included an inventory write down of $3,713 in 2007. Service gross margin for 2007 was 21.3 percent compared with 20.5 percent for 2006. The increase in service gross margin was due to higher revenue and profitability in DNA, which was partly attributable to a decrease in restructuring charges of $2,640 from 2006 to 2007.

Operating Expenses

The following table represents information regarding our operating expenses for the years ended December 31, 2007 and 2006:

	Year ended December 31,		$ Change	% Change
	2007	2006		
Selling and administrative expense	$463,354	$457,267	$ 6,087	1.3
Research, development, and engineering expense	73,950	71,625	2,325	3.2
Impairment of assets	46,319	19,337	26,982	139.5
(Gain) loss on sale of assets, net	(6,392)	328	(6,720)	N/M
Total operating expenses	$577,231	$548,557	$28,674	5.2

Selling and administrative expense for 2007 was 15.7 percent of net sales, flat from 15.7 percent for 2006. Selling and administrative expense included $1,299 of restructuring charges in 2007 compared to $14,866 of restructuring charges in 2006 associated with the termination of the information technology outsourcing agreement, realignment of global service, and relocation of the Company's European headquarters. In addition, non-routine expenses of $7,288, which consisted of legal, audit and consultation fees related to the internal review of other accounting items, restatement of financial statements and the ongoing SEC and DOJ investigations and related advisory fees, adversely impacted 2007 compared with $791 of similar expenses

for 2006. Selling and administrative expense in 2007 was also unfavorably impacted by a weakening of the U.S. dollar and incremental spend related to acquisitions. In 2007, the Company reduced the reserve for the election systems trade receivable related to two counties in California by approximately $10,090 due to payments received. Research, development and engineering expense for 2007 was 2.5 percent of net sales as compared to 2.5 percent in 2006. Restructuring charges of $63 were included in research, development and engineering expense for 2007 as compared to $4,950 of restructuring charges in 2006 related to product development rationalization. The impairment of assets in 2007 was a non-cash charge of $46,319 related to the goodwill impairment for PESI. In 2006, the non-cash charge of $19,337 related to the impairment of a portion of the costs previously capitalized relative to the Company's enterprise resource planning system implementation. The gain on sale of assets for 2007 of $6,392 was related to the sale of the Company's manufacturing facility in Cassis, France, of which $6,438 was associated with the Company's restructuring initiatives.

Operating Profit

The following table represents information regarding our operating profit for the years ended December 31, 2007 and 2006:

	Year ended December 31,		$ Change/	
	2007	2006	% Point Change	% Change
Operating profit	$104,678	$186,614	$(81,936)	(43.9)
Operating profit margin	3.6%	6.4%	(2.8)	

The decrease in operating profit resulted from lower election systems/lottery revenue, decreased profitability in the U.S. election systems business in 2007 compared to 2006, and higher expense related to the impairment of assets. Additional contributing factors were increased operating expenses resulting from a weakening of the U.S. dollar and incremental spend related to acquisitions. Restructuring charges of $23,592 or 0.8 percent of net sales related to the closure of the manufacturing plant in Cassis, France, adversely affected the operating profit in 2007 compared to $27,074 or 0.9 percent of net sales for in 2006. The 2006 restructuring charges were associated with the consolidation of global research and development and other service consolidations, termination of the information technology outsourcing agreement, relocation of the Company's European headquarters, realignment of the Company's global manufacturing operations and product development rationalization. In addition, non-routine expenses as described previously of $7,288 or 0.2 percent of net sales affected the operating profit in 2007 compared to $791 for 2006.

Other Income (Expense) and Minority Interest

The following table represents information regarding our other income (expense) and minority interest for the years ended December 31, 2007 and 2006:

	Year ended December 31,		$ Change/ % Point Change	% Change
	2007	2006		
Investment income	$ 22,489	$ 19,069	$ 3,420	17.9
Interest expense	(42,200)	(35,305)	(6,895)	19.5
Miscellaneous, net	4,136	(2,088)	6,224	(298.1)
Other income (expense)	$(15,575)	$(18,324)	$ 2,749	(15.0)
Percentage of net sales	(0.5)	(0.6)	0.1	
Minority interest	$ (8,365)	$ (6,452)	$(1,913)	29.6

The increase in interest expense was the result of higher interest rates year-over-year. The change in miscellaneous income / (expense) between years was due to movement from a position of foreign exchange loss in 2006 to a foreign exchange gain in 2007.

Income from Continuing Operations

The following table represents information regarding our income from continuing operations for the years ended December 31, 2007 and 2006:

	Year ended December 31,		$ Change/ % Point Change	% Change
	2007	2006		
Income from continuing operations	$44,941	$108,922	$(63,981)	(58.7)
Percent of net sales	1.5	3.7	(2.2)	
Effective tax rate	44.3%	32.7%	11.6	

The decrease in income from continuing operations was related to lower election systems/lottery revenue, decreased profitability in the U.S. election systems business in 2007 compared to 2006, and higher expense related to the impairment of assets between years. For the reconciliation between the U.S. statutory rate and the Company's effective tax rate, see Note 4 to the Consolidated Financial Statements.

Loss from Discontinued Operations

The following table represents information regarding our loss from discontinued operations for the years ended December 31, 2007 and 2006:

	Year ended December 31,		$ Change/ % Point Change	% Change
	2007	2006		
Loss from discontinued operations, net of tax	$(5,400)	$(4,370)	$(1,030)	23.6
Percent of net sales	(0.2)	(0.1)	(0.1)	

Discontinued operations in the EMEA based enterprise security business negatively impacted net income, moving from a loss of $4,370 net of tax in 2006 to a loss net of tax of $5,400 in 2007. This business was not achieving an acceptable level of profitability and therefore the operations were closed entirely in 2008.

Net Income

The following table represents information regarding our net income for the years ended December 31, 2007 and 2006:

	Year ended December 31,		$ Change/ % Point Change	% Change
	2007	2006		
Net income	$39,541	$104,552	$(65,011)	(62.2)
Percent of net sales	1.3	3.6	(2.3)	

Based on the results from continuing and discontinued operations discussed above, the Company reported net income of $39,541 and $104,552 for the years ended December 31, 2007 and 2006.

Segment Revenue and Operating Profit Summary

DNA net sales of $1,543,055 for 2007 increased $23,386 or 1.5 percent over 2006 net sales of $1,519,669. The increase in DNA net sales was due to increased revenue from the security solutions product and service offerings. DI net sales of $1,340,723 for 2007 increased by $172,709 or 14.8 percent over 2006 net sales of $1,168,014. The increase in DI net sales was due to revenue growth across all international markets, led by growth of $51,560 in EMEA and $46,910 in Asia Pacific. ES & Other net sales of $63,703 for 2007 decreased $169,588 or 72.7 percent compared to 2006. The decrease was due to decreases in Brazilian voting revenue of $24,728 and U.S.-based election systems revenue of $112,995, as political debates over electronic voting negatively impacted the U.S. election systems business, resulting in decreased sales of election systems products. Revenue from lottery systems was $4,573 for 2007, a decrease of $31,865 over 2006.

DNA operating profit for 2007 decreased by $6,796 or 5.7 percent compared to 2006. The decrease was due to higher operating expenses consisting of incremental spend related to acquisitions as well as higher non-routine expenses associated with the legal, audit and consultation fees for the internal review of other accounting items, restatement of financial statements, and the ongoing SEC and DOJ investigations and related advisory fees. DI operating profit for 2007 increased by $25,974 or 97.6 percent compared to 2006. The increase was due to strong financial self-service revenue growth and increased profitability. The improvement was partially offset by an increase in restructuring charges from 2006 to 2007 of $3,949 and higher non-routine expenses previously mentioned. Operating profit for ES & Other decreased by $101,114, moving from an operating profit of $40,224 in 2006 to an operating loss of $60,890 in 2007. The decrease in ES & Other operating profit resulted from the goodwill impairment for PESI of $46,319 in 2007 and lower revenue associated with the sales of election systems/lottery products and services. In 2007, the Company reduced the reserve for the election systems trade receivable related to two counties in California by approximately $10,090 due to payments received.

Refer to Note 19 to the Consolidated Financial Statements for further details of segment revenue and operating profit.

LIQUIDITY AND CAPITAL RESOURCES

Capital resources are obtained from income retained in the business, borrowings under the Company's senior notes, committed and uncommitted credit facilities, long-term industrial revenue bonds, and operating and capital leasing arrangements. Refer to Notes 9 and 10 to the Consolidated Financial Statements regarding information on outstanding and available credit

facilities, senior notes and bonds. Management expects that the Company's capital resources will be sufficient to finance planned working capital needs, investments in facilities or equipment, and the purchase of the Company's shares for at least the next 12 months. Part of the Company's growth strategy is to pursue strategic acquisitions. The Company has made acquisitions in the past and intends to make acquisitions in the future. The Company intends to finance any future acquisitions with either cash provided from operations, borrowings under available credit facilities, proceeds from debt or equity offerings and/or the issuance of common shares.

The following table summarizes the results of our Consolidated Statement of Cash Flows for the years ended December 31, 2008, 2007 and 2006:

	Year ended December 31,		
	2008	2007	2006
Net cash flow provided (used) by:			
Operating activities	$ 284,691	150,260	$ 232,926
Investing activities	(142,484)	(80,370)	(171,324)
Financing activities	(87,689)	(135,276)	(23,774)
Effect of exchange rate changes on cash and cash equivalents	(19,416)	17,752	5,747
Net increase (decrease) in cash and cash equivalents	$ 35,102	$ (47,634)	$ 43,575

During 2008, the Company generated $284,691 in cash from operating activities, an increase of $134,431 or 89.5 percent from 2007. Cash flows from operating activities are generated primarily from operating income and controlling the components of working capital. The primary reasons for the increase were the $49,042 increase in net income, a $30,149 increase in accounts payable and a $175,832 net change in certain other assets and liabilities, offset by a lower decrease of $110,316 in trade receivables, a $62,605 increase in inventory and a $41,943 decrease in asset impairments. The change in certain other assets and liabilities was primarily the result of a $16,000 increase in accruals for legal, audit and consultation fees, an $11,100 increase in warranty reserves, a $10,600 increase in restructuring accruals, an $11,976 change in notes receivable collections, net, as well as increases in VAT taxes and freight accruals as a result of increased product revenue and a $70,661 foreign currency translation impact on certain assets and liabilities. The decrease in trade receivables was $10,633 in 2008 compared to $120,949 in 2007 as a result of continued focus on cash collections. However, there were lower fourth quarter sales and accounts receivable levels in 2008 compared to 2007. Days sales outstanding was 45 days at December 31, 2008 compared to 46 days at December 31, 2007. The movement in inventory is largely due to foreign currency translation impact. The Company impaired $4,376 of intangible assets in 2008 continuing operations related to previously acquired customer contracts compared to $46,319 in 2007 related to PESI goodwill.

Net cash used for investing activities was $142,484 in 2008, an increase of $62,114 or 77.3 percent over 2007. The Company had net purchases of investments in 2008 of $53,681 compared to net proceeds from maturities of investments in 2007 of $6,845. Also, the Company's capital expenditures increased by $14,673 in 2008 compared to 2007, largely due to investments in information technology systems that help focus in improving operational efficiency. This increase was offset by a decrease of $13,661 in payments for acquisitions, moving from $18,122 in 2007 for three domestic acquisitions and earn-out payments to $4,461 in 2008 for earn-out payments related to prior acquisitions.

Net cash used for financing activities was $87,689 in 2008, a decrease of $47,587 or 35.2 percent over 2007. The Company had net repayments of $17,771 in 2008 compared to net repayments of $64,059 in 2007. Also, the Company paid $18,236 to

minority interest holders, offset by issuance of common shares of $8,544 in 2007 and paid $3,523 to minority interest holders in 2008.

The following table summarizes the Company's approximate obligations and commitments to make future payments under contractual obligations as of December 31, 2008:

		Payment Due by period			
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Operating lease obligations	$ 218,582	$ 66,058	$ 89,679	$ 38,200	$ 24,645
Industrial development revenue bonds	11,900	—	—	—	11,900
Notes payable	605,184	10,596	294,588	75,000	225,000
Interest on bonds and notes payable(1)	156,519	29,414	41,192	37,818	48,095
Purchase commitments	19,488	11,403	8,085	—	—
	$1,011,673	$117,471	$433,544	$151,018	$309,640

(1) Amounts represent estimated contractual interest payments on outstanding bonds and notes payable. Rates in effect as of December 31, 2008 are used for variable rate debt.

The Company also has uncertain tax positions of $9,009 recorded in accordance with Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*—an interpretation of FASB Statement No. 109 (FIN 48), for which there is a high degree of uncertainty as to the expected timing of payments.

The Company expects to contribute $12,000 to $15,000 to its pension plans in the year ended December 31, 2009.

In March 2006, the Company issued senior notes in an aggregate principal amount of $300,000. The maturity dates of the senior notes are staggered, with $75,000, $175,000 and $50,000 becoming due in 2013, 2016 and 2018, respectively. The Company used $270,000 of the net proceeds from this offering to repay notes payable under its revolving credit facility and used the remaining $30,000 in operations. See Note 9 to the Consolidated Financial Statements for further information. The Company does not participate in transactions that facilitate off-balance sheet arrangements.

The Company has a credit facility with borrowing limits of $509,665, ($300,000 and €150,000, translated), at December 31, 2008. Under the terms of the credit facility agreement, the Company has the ability to increase the borrowing limits an additional $150,000. This facility expires on April 27, 2010. The Company intends to begin the renewal process in the second half of 2009. The private placement investors and financial institutions continue to express support in meeting the credit needs of the Company. The Company believes that its financial position and its strong relationships with its credit group should help facilitate the renewal process, though there can be no assurance that the Company will be able to renew the credit facility on commercially acceptable terms. As of December 31, 2008, $294,588 was outstanding under the Company's credit facility and $215,077 was available for borrowing.

The average interest rate on the Company's bank credit lines was 3.90 percent, 5.46 percent and 4.66 percent for the years ended December 31, 2008, 2007 and 2006, respectively. Interest on financing charged to expense for the years ended December 31 was $30,137, $33,077 and $34,883 for 2008, 2007 and 2006, respectively.

The Company's financing agreements contain various restrictive financial covenants, including net debt to capitalization and net interest coverage ratios. As of December 31, 2008, the Company was in compliance with the financial covenants in our debt agreements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis of the Company's financial condition and results of operations are based upon the Company's Consolidated Financial Statements. The Consolidated Financial Statements of the Company are prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of the accompanying Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities and reported amounts of revenues and expenses. Such estimates include the value of purchase consideration, valuation of trade receivables, inventories, goodwill, intangible assets, other long-lived assets, legal contingencies, guarantee obligations, indemnifications and assumptions used in the calculation of income taxes, pension and postretirement benefits and customer incentives, among others. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic difficulties in the United States credit markets and the global markets. Management monitors the economic condition and other factors and will adjust such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets, volatile foreign currency and equity, and declines in the global economic environment have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

The Company's significant accounting policies are described in Note 1 to the Consolidated Financial Statements. Management believes that, of its significant accounting policies, its policies concerning revenue recognition, allowances for doubtful accounts, inventories, goodwill, and pensions and postretirement benefits are the most critical because they are affected significantly by judgments, assumptions and estimates. Additional information regarding these policies is included below.

Revenue Recognition The Company's revenue recognition policy is consistent with the requirements of Statement of Position 97-2, *Software Revenue Recognition* (SOP 97-2), and Staff Accounting Bulletin 104 (SAB 104). In general, the Company records revenue when it is realized, or realizable and earned. The Company considers revenue to be realized, or realizable and earned, when the following revenue recognition requirements are met: persuasive evidence of an arrangement exists, which is a customer contract; the products or services have been accepted by the customer via delivery or installation acceptance; the sales price is fixed or determinable within the contract; and collectability is probable.

For product sales, the Company determines that the earnings process is complete when title, risk of loss and the right to use equipment has transferred to the customer. Within the North America business segment, this occurs upon customer acceptance. Where the Company is contractually responsible for installation, customer acceptance occurs upon completion of the installation of all items at a job site and the Company's demonstration that the items are in operable condition. Where items are contractually only delivered to a customer, revenue recognition of these items is upon shipment or delivery to a customer location depending on the terms in the contract. Within the International business segment, customer acceptance is upon the earlier of delivery or completion of the installation depending on the terms in the contract with the customer. The Company has the following revenue streams related to sales to its customers:

Self-Service Product & Service Revenue Self-service products pertain to ATMs. Included within the ATM is software, which operates the ATM. The related software is considered more than incidental to the equipment as a whole. Revenue is recognized in accordance with SOP 97-2. The Company also provides service contracts on ATMs.

Service contracts typically cover a 12-month period and can begin at any given month during the year after the standard 90-day warranty period expires. The service provided under warranty is significantly limited as compared to those offered under service contracts. Further, warranty is not considered a separate element of the sale. The Company's warranty covers only replacement of parts inclusive of labor. Service contracts are tailored to meet the individual needs of each customer. Service contracts provide additional services beyond those covered under the warranty, and usually include preventative maintenance service, cleaning, supplies stocking and cash handling, all of which are not essential to the functionality of the equipment. For sales of service contracts, where the service contract is the only element of the sale, revenue is recognized ratably over the life of the contract period. In contracts that involve multiple-element arrangements, amounts deferred for services are determined based upon vendor specific objective evidence of the fair value of the elements as prescribed in SOP 97-2. The Company determines fair value of deliverables within a multiple element arrangement based on the price charged when each element is sold separately.

Physical Security & Facility Revenue The Company's Physical Security and Facility Products division designs and manufactures several of the Company's financial service solutions offerings, including the RemoteTeller™ System (RTS). The business unit also develops vaults, safe deposit boxes and safes, drive-up banking equipment and a host of other banking facilities products. Revenue on sales of the products described above is recognized when the four revenue recognition requirements of SAB 104 have been met.

Election Systems Revenue The Company, through its wholly-owned subsidiaries, PESI and Procomp Industria Eletronica S.A. , offers voting equipment. Election systems revenue consists of election equipment, software, training, support, installation and maintenance. The election equipment and software components are included in product revenue. The training, support, installation and maintenance components are included in service revenue. The election systems contracts contain multiple deliverable elements and custom terms and conditions. Revenue on election systems contracts is recognized in accordance with SOP 97-2. The Company recognizes revenue for delivered elements only when the fair value of undelivered elements are known, uncertainties regarding customer acceptance are resolved and there are no customer-negotiated refund or return rights affecting the revenue recognized for delivered elements. The Company determines fair value of deliverables within a multiple-element arrangement based on the price charged when each element is sold separately. Some contracts may contain discounts and, as such, revenue is recognized using the residual value method of allocation of revenue to the product and service components of contracts.

Integrated Security Solutions Revenue Diebold Integrated Security Solutions provides global sales, service, installation, project management and monitoring of OEM electronic security products to financial, government, retail and commercial customers. These solutions provide the Company's customers a single-source solution to their electronic security needs. Revenue is recognized in accordance with SAB 104. Revenue on sales of the products described above is recognized upon shipment, installation or customer acceptance of the product as defined in the customer contract. In contracts that involve multiple-element arrangements, amounts deferred for services are determined based upon the fair value of the elements as prescribed in EITF 00-21, *Accounting for Revenue Arrangements with Multiple Deliverables.*

Software Solutions & Service Revenue The Company offers software solutions consisting of multiple applications that process events and transactions (networking software) along with the related server. Sales of networking software represent software solutions to customers that allow them to network various different vendors' ATMs onto one network and revenue is recognized in accordance with SOP 97-2.

Included within service revenue is revenue from software support agreements, which are typically 12 months in duration and pertain to networking software. For sales of software support agreements, where the agreement is the only element of the sale, revenue is recognized ratably over the life of the contract period. In contracts that involve multiple-element arrangements,

amounts deferred for support are determined based upon vendor specific objective evidence of the fair value of the elements as prescribed in SOP 97-2.

Allowances for Doubtful Accounts The Company evaluates the collectibility of accounts receivable based on (1) a percentage of sales, which is based on historical loss experience and current trends, are reserved for uncollectible accounts as sales occur throughout the year and (2) periodic adjustments for known events such as specific customer circumstances and changes in the aging of accounts receivable balances. Since the Company's receivable balance is concentrated primarily in the financial and government sectors, an economic downturn in these sectors could result in higher than expected credit losses.

Inventories The Company primarily values inventories at the lower of cost or market applied on a first-in, first-out (FIFO) basis, with the notable exceptions of Brazil and PESI that value inventory using the average cost method, which approximates FIFO. At each reporting period, the Company identifies and writes down its excess and obsolete inventory to its net realizable value based on forecasted usage, orders and inventory aging. With the development of new products, the Company also rationalizes its product offerings and will write down discontinued product to the lower of cost or net realizable value.

Goodwill Goodwill is the cost in excess of the net assets of acquired businesses. The Company tests all existing goodwill at least annually for impairment using the fair value approach on a "reporting unit" basis in accordance with SFAS 142, *Goodwill and Other Intangible Assets*. The Company's reporting units are defined as Domestic and Canada, Brazil, Latin America, Asia Pacific, EMEA and Election Systems. The Company uses the discounted cash flow method and the guideline company method for determining the fair value of its reporting units. As required by SFAS 142, the determination of implied fair value of the goodwill for a particular reporting unit is the excess of the fair value of a reporting unit over the amounts assigned to its assets and liabilities in the same manner as the allocation in a business combination. Implied fair value goodwill is determined as the excess of the fair value of the reporting unit over the fair value of its assets and liabilities. The Company's fair value model uses inputs such as estimated future segment performance. The Company uses the most current information available and performs the annual impairment analysis as of November 30 each year. However, actual circumstances could differ significantly from assumptions and estimates made and could result in future goodwill impairment. The Company tests for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the carrying value of a reporting unit below its reported amount.

Pensions and Postretirement Benefits Annual net periodic expense and benefit liabilities under the Company's defined benefit plans are determined on an actuarial basis. Assumptions used in the actuarial calculations have a significant impact on plan obligations and expense. Annually, management and the investment committee of the Board of Directors review the actual experience compared with the more significant assumptions used and make adjustments to the assumptions, if warranted. The healthcare trend rates are reviewed with the actuaries based upon the results of their review of claims experience. The expected long-term rate of return on plan assets is determined using the plans' current asset allocation and their expected rates of return based on a geometric averaging over 20 years. The discount rate is determined by analyzing the average return of high-quality (i.e., AA-rated) fixed-income investments and the year-over-year comparison of certain widely used benchmark indices as of the measurement date. The rate of compensation increase assumptions reflects the Company's long-term actual experience and future and near-term outlook. Pension benefits are funded through deposits with trustees. The market-related value of plan assets is calculated under an adjusted market value method in order to determine the Company's net periodic benefit obligation. The value is determined by adjusting the fair value of assets to reflect the investment gains and losses (i.e., the difference between the actual investment return and the expected investment return on the market-related value of assets) during each of the last five years at the rate of 20 percent per year.

Postretirement benefits are not funded and the Company's policy is to pay these benefits as they become due. The following table represents assumed health care cost trend rates at December 31, 2008 and 2007, respectively.

	December 31, 2008	2007
Healthcare cost trend rate assumed for next year	9.00%	7.57%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.20%	5.00%
Year that rate reaches ultimate trend rate	2099	2014

The healthcare trend rates are reviewed with the actuaries based upon the results of their review of claims experience. In 2007, the Company used healthcare cost trends of 7.14 percent in 2008 reducing linearly to 5 percent in 2014 for medical benefits and 10 percent in 2008 reducing linearly to 5 percent in 2014 for prescription drug benefits. In 2008, the Company used healthcare cost trends of 9 percent in 2009, decreasing to an ultimate trend of 4.2 percent in 2099 for both medical and prescription drug benefits using the Society of Actuaries Long Term Trend Model with assumptions based on the 2008 Medicare Trustees' projections. Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	One-Percentage-Point Increase	One-Percentage-Point Decrease
Effect on total of service and interest cost	$ 80	$ (72)
Effect on postretirement benefit obligation	$1,118	$(1,009)

In accordance with SFAS 158, *Employers' Accounting for Defined Pension and Other Postretirement Plans,* the Company recognizes the funded status of each of its plans in the consolidated balance sheet. Amortization of unrecognized net gain or loss resulting from experience different from that assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value) is included as a component of net periodic benefit cost for a year if, as of the beginning of the year, that unrecognized net gain or loss exceeds five percent of the greater of the projected benefit obligation or the market-related value of plan assets. If amortization is required, the amortization is that excess divided by the average remaining service period of participating employees expected to receive benefits under the plan.

RECENT ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standards Board Staff Position No. 132(R)-1 In December 2008, the Financial Accounting Standards Board (FASB) issued FSP No. 132(R)-1, *Employers' Disclosures about Postretirement Benefit Plan Assets,* which amends the FASB Statement No. 132 (revised 2003), *Employers' Disclosures about Pensions and Other Postretirement Benefits.* FSP No. 132(R)-1 provides guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. It requires companies to disclose more information about how investment allocation decisions are made, major categories of plan assets, including concentrations of risk and fair-value measurements, and the fair-value techniques and inputs used to measure plan assets. FSP No. 132(R)-1 is effective for fiscal years ending after December 15, 2009.

Emerging Issues Task Force Issue No. 03-6-1 In June 2008, the FASB issued Financial Accounting Standards Board Staff Position (FSP) Emerging Task Force (EITF) No. 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities.* Under the FSP, unvested share-based payment awards that contain rights to receive nonforfeitable dividends (whether paid or unpaid) are participating securities, and should be included in the two-class method of

computing earnings per share. The FSP is effective for fiscal years beginning after December 15, 2008, and interim periods within those years. The adoption of FSP EITF No. 03-6-1 will not have a material impact on our Consolidated Financial Statements.

Statement of Financial Accounting Standards No. 162 In May 2008, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 162 (SFAS 162), *The Hierarchy of Generally Accepted Accounting Principles.* SFAS 162 identifies the sources of accounting principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (the US GAAP hierarchy). SFAS 162 became effective November 15, 2008. The Company does not expect the adoption of SFAS 162 to have a material effect on the Company's financial position, results of operations or liquidity.

Financial Accounting Standards Board Staff Position No. 142-3 In April 2008, the FASB issued FSP No. 142-3, *Determination of the Useful Life of Intangible Assets,* which amends the list of factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under SFAS No. 142, *Goodwill and Other Intangible Assets.* The position applies to intangible assets that are acquired individually or with a group of other assets and both intangible assets acquired in business combinations and asset acquisitions. FSP No. 142-3 is effective for financial statements issued for the fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The Company is in the process of determining the effect that adoption of FSP No. 142-3 will have on its Consolidated Financial Statements.

Statement of Financial Accounting Standards No. 161 In March 2008, the FASB issued SFAS No. 161 (SFAS 161), *Disclosures about Derivatives Instruments and Hedging Activities — an amendment of FASB Statement No. 133.* SFAS 161 applies to all entities and requires specified disclosures for derivative instruments and related hedged items accounted for under SFAS 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133). SFAS 161 amends and expands SFAS 133's existing disclosure requirements to provide financial statement users with a better understanding of how and why an entity uses derivatives, how derivative instruments and related hedged items are accounted for under SFAS 133, and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. The adoption of SFAS 161 is not expected to have a material impact on the Company's financial position, results of operations or liquidity.

Statement of Financial Accounting Standards No. 160 In December 2007, the FASB issued SFAS No. 160 (SFAS 160), *Non-controlling Interests in Consolidated Financial Statements — an Amendment of ARB 51.* SFAS 160 applies to all entities that have an outstanding non-controlling interest in one or more subsidiaries or that deconsolidate a subsidiary. Under SFAS 160, non-controlling interests in a subsidiary that are currently recorded within "mezzanine" (or temporary) equity or as a liability will be included in the equity section of the balance sheet. In addition, this statement requires expanded disclosures in the financial statements that clearly identify and distinguish between the interests of the parent's owners and the interest of the non-controlling owners of the subsidiary.

SFAS 160 is effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2008. Application of SFAS 160's disclosure requirements is retroactive. The Company is in the process of determining the effects that adoption of SFAS 160 will have on its Consolidated Financial Statements.

Statement of Financial Accounting Standards No. 141(R) In December 2007, the FASB issued SFAS 141 (revised 2007) (SFAS 141(R)), *Business Combinations,* which amends the accounting and reporting requirements for business combinations. SFAS 141(R) places greater reliance on fair value information, requiring more acquired assets and liabilities to be measured at fair value as of the acquisition date. The pronouncement also requires acquisition-related transaction and restructuring costs to be expensed rather than treated as a capitalized cost of acquisition. SFAS 141(R) is effective for fiscal years beginning on or after

December 15, 2008 and the Company will implement its requirements in future business combinations. The Company does not expect the adoption of SFAS 141(R) to have a material impact on the Company's historical financial position, results of operations or liquidity.

FORWARD-LOOKING STATEMENT DISCLOSURE

In this annual report on Form 10-K, statements that are not reported financial results or other historical information are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give current expectations or forecasts of future events and are not guarantees of future performance. These forward-looking statements relate to, among other things, the Company's future operating performance, the Company's share of new and existing markets, the Company's short- and long-term revenue and earnings growth rates, the Company's implementation of cost-reduction initiatives and measures to improve pricing, including the optimization of the Company's manufacturing capacity, and the ongoing SEC and DOJ investigations. The use of the words "will," "believes," "anticipates," "expects," "intends" and similar expressions is intended to identify forward-looking statements that have been made and may in the future be made by or on behalf of the Company.

Although the Company believes that these forward-looking statements are based upon reasonable assumptions regarding, among other things, the economy, its knowledge of its business, and on key performance indicators that impact the Company, these forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in or implied by the forward-looking statements. The Company is not obligated to update forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Some of the risks, uncertainties and other factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements include, but are not limited to:

- the results of the SEC and DOJ investigations;
- competitive pressures, including pricing pressures and technological developments;
- changes in the Company's relationships with customers, suppliers, distributors and/or partners in its business ventures;
- changes in political, economic or other factors such as currency exchange rates, inflation rates, recessionary or expansive trends, taxes and regulations and laws affecting the worldwide business in each of the Company's operations, including Brazil, where a significant portion of the Company's revenue is derived;
- the effects of the sub-prime mortgage crisis and the disruptions in the financial markets, including the bankruptcies, restructurings or consolidations of financial institutions, which could reduce our customer base and/or adversely affect our customers' ability to make capital expenditures, as well as adversely impact the availability and cost of credit;
- acceptance of the Company's product and technology introductions in the marketplace;
- the amount of cash and non-cash charges in connection with the planned closure of the Company's Newark, Ohio facility, and the closure of the Company's EMEA-based enterprise security operations;
- unanticipated litigation, claims or assessments;
- variations in consumer demand for financial self-service technologies, products and services;

- challenges raised about reliability and security of the Company's election systems products, including the risk that such products will not be certified for use or will be decertified;
- changes in laws regarding the Company's election systems products and services;
- potential security violations to the Company's information technology systems;
- the investment performance of our pension plan assets, which could require us to increase our pension contributions;
- the Company's ability to successfully execute its strategy related to the elections systems business
- the Company's ability to achieve benefits from its cost-reduction initiatives and other strategic changes; and
- the risk factors described above under "Item 1A. Risk Factors."

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

(Dollars in thousands)

The Company is exposed to foreign currency exchange rate risk inherent in its international operations denominated in currencies other than the U.S. dollar. A hypothetical 10 percent movement in the applicable foreign exchange rates would have resulted in a an increase or decrease in 2008 and 2007 year-to-date operating profit of approximately $12,197 and $7,038, respectively. The sensitivity model assumes an instantaneous, parallel shift in the foreign currency exchange rates. Exchange rates rarely move in the same direction. The assumption that exchange rates change in an instantaneous or parallel fashion may overstate the impact of changing exchange rates on amounts denominated in a foreign currency.

The Company's risk-management strategy uses derivative financial instruments such as forwards to hedge certain foreign currency exposures. The intent is to offset gains and losses that occur on the underlying exposures, with gains and losses on the derivative contracts hedging these exposures. The Company does not enter into derivatives for trading purposes. The Company's primary exposures to foreign exchange risk are movements in the euro/dollar, pound/dollar, dollar/yuan, dollar/forint, and dollar/real rates. There were no significant changes in the Company's foreign exchange risks in 2008 compared with 2007.

The Company manages interest rate risk with the use of variable rate borrowings under its committed and uncommitted credit facilities and interest rate swaps. Variable rate borrowings under the credit facilities totaled $306,488 and $328,164 at December 31, 2008 and 2007, respectively, of which $50,000 was effectively converted to fixed rate using interest rate swaps. A one percentage point increase or decrease in interest rates would have resulted in an increase or decrease in interest expense of approximately $3,052 and $2,406 for 2008 and 2007, respectively, including the impact of the swap agreements. The Company's primary exposure to interest rate risk is movements in the London Interbank Offered Rate (LIBOR), which is consistent with prior periods. As discussed in Note 9 to the Consolidated Financial Statements, the Company hedged $200,000 of the fixed rate borrowings under its private placement agreement, which was treated as a cash flow hedge. This reduced the effective interest rate by 14 basis points from 5.50 to 5.36 percent.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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All other schedules are omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Diebold, Incorporated:

We have audited the accompanying consolidated balance sheets of Diebold, Incorporated and subsidiaries (the Company) as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2008. In connection with our audits of the consolidated financial statements we have also audited the financial statement schedule, Schedule II "Valuation and Qualifying Accounts". These consolidated financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Diebold, Incorporated and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Company adopted Emerging Issues Task Force (EITF) Issue No. 06-10, *Accounting for Collateral Assignment Split-Dollar Life Insurance*, and EITF Issue No. 06-4, *Accounting for Deferred Compensation and Post Retirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements*, effective January 1, 2008.

As discussed in Note 4 to the consolidated financial statements, the Company adopted the provisions of Statement of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Standard No. 109*, effective January 1, 2007.

As discussed in Note 11 to the consolidated financial statements, the Company adopted the measurement date provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, effective January 1, 2008.

As discussed in Note 18 to the consolidated financial statements, the Company adopted the provisions of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, effective January 1, 2008.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 27, 2009 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG

Cleveland, Ohio
February 27, 2009

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Diebold, Incorporated:

We have audited Diebold, Incorporated and Subsidiaries' (the Company) internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting appearing under Item 9A(b) of the Company's December 31, 2008 annual report on Form 10-K. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses related to the Company's selection, application and communication of accounting policies; monitoring; manual journal entries; contractual agreements; and account reconciliations have been identified and included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A(b) of the Company's December 31, 2008 annual report on Form 10-K. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2008 consolidated financial statements, and this report does not affect our report dated February 27, 2009, which expressed an unqualified opinion on those consolidated financial statements.

In our opinion, because of the effect of the aforementioned material weaknesses on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG

Cleveland, Ohio
February 27, 2009

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share amounts)

	December 31, 2008	2007
ASSETS		
Current assets		
Cash and cash equivalents	$ 241,436	$ 206,334
Short-term investments	121,387	104,976
Trade receivables, less allowances for doubtful accounts of $25,060 for 2008 and $33,707 for 2007	447,079	494,911
Inventories	540,971	533,619
Deferred income taxes	95,086	80,443
Prepaid expenses	42,909	46,347
Other current assets	125,250	127,500
Total current assets	1,614,118	1,594,130
Securities and other investments	70,914	75,227
Property, plant and equipment at cost	579,951	575,796
Less accumulated depreciation and amortization	376,357	355,740
Property, plant and equipment, net	203,594	220,056
Goodwill	408,303	465,484
Deferred income taxes	69,698	—
Other assets	171,309	239,827
Total assets	$2,537,936	$2,594,724
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Notes payable	$ 10,596	$ 14,807
Accounts payable	195,483	170,632
Deferred revenue	195,164	251,657
Payroll and benefits liabilities	75,215	76,995
Other current liabilities	258,939	186,956
Total Current Liabilities	735,397	701,047
Notes payable — long term	594,588	609,264
Pensions and other benefits	131,792	36,708
Postretirement and other benefits	32,857	29,417
Deferred income taxes	35,307	39,393
Other long-term liabilities	43,737	50,304
Minority interest	17,657	13,757
Shareholders' equity		
Preferred shares, no par value, 1,000,000 authorized shares, none issued	—	—
Common shares, 125,000,000 authorized shares, 75,801,434 and 75,579,237 issued shares, 66,114,560, and 65,965,749 outstanding shares, respectively	94,752	94,474
Additional capital	278,135	261,364
Retained earnings	1,054,873	1,036,824
Treasury shares, at cost (9,686,874 and 9,613,488 shares, respectively)	(408,235)	(406,182)
Accumulated other comprehensive (loss) gain	(72,924)	128,354
Total shareholders' equity	946,601	1,114,834
Total liabilities and shareholders' equity	$2,537,936	$2,594,724

See accompanying Notes to Consolidated Financial Statements.

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)

	Year Ended December 31,		
	2008	2007	2006
Net sales			
Products	$1,562,948	$1,429,646	$1,500,998
Services	1,607,132	1,517,835	1,419,976
	3,170,080	2,947,481	2,920,974
Cost of sales			
Products	1,145,225	1,070,286	1,057,375
Services	1,230,239	1,195,286	1,128,428
	2,375,464	2,265,572	2,185,803
Gross profit	794,616	681,909	735,171
Selling and administrative expense	534,486	463,354	457,267
Research, development and engineering expense	79,070	73,950	71,625
Impairment of assets	4,376	46,319	19,337
Loss (gain) on sale of assets, net	403	(6,392)	328
	618,335	577,231	548,557
Operating profit	176,281	104,678	186,614
Other income (expense)			
Investment income	25,228	22,489	19,069
Interest expense	(45,247)	(42,200)	(35,305)
Miscellaneous, net	(8,887)	4,136	(2,088)
Minority interest	(8,413)	(8,365)	(6,452)
Income from continuing operations before taxes	138,962	80,738	161,838
Taxes on income	37,425	35,797	52,916
Income from continuing operations	101,537	44,941	108,922
Loss from discontinued operations, net of tax	(12,954)	(5,400)	(4,370)
Net income	$ 88,583	$ 39,541	$ 104,552
Basic weighted-average shares outstanding	66,081	65,841	66,669
Diluted weighted-average shares outstanding	66,492	66,673	67,253
Basic earnings per share:			
Net income from continuing operations	$ 1.54	$ 0.68	$ 1.63
Loss from discontinued operations	$ (0.20)	$ (0.08)	$ (0.06)
Net income	$ 1.34	$ 0.60	$ 1.57
Diluted earnings per share:			
Net income from continuing operations	$ 1.52	$ 0.67	$ 1.62
Loss from discontinued operations	$ (0.19)	$ (0.08)	$ (0.07)
Net income	$ 1.33	$ 0.59	$ 1.55

See accompanying Notes to Consolidated Financial Statements.

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands)

	Common Shares		Additional	Retained	Treasury	Comprehensive	Accumulated Other Comprehensive		
	Number	Par Value	Capital	Earnings	Shares	(Loss) Income	(Loss) Income	Other	Total
Balance, January 1, 2006	74,726,031	$93,408	$198,619	$1,013,137	$(256,336)		$ (3,781)	$(287)	$1,044,760
Net income				104,552		$ 104,552			104,552
Translation adjustment						50,246			50,246
Hedges						2,428			2,428
Pensions						(637)			(637)
Other comprehensive income						52,037	52,037		
Comprehensive income						$ 156,589			
Stock options exercised	336,085	420	10,703						11,123
Restricted stock units issued	4,635	6	(6)						—
Performance shares issued	5,800	7	(7)						—
Other share-based compensation	73,111	91	1,881						1,972
Tax benefit from employee stock plans			1,198						1,198
SFAS No. 123(R) reclass			4,807					287	5,094
SFAS No. 158 adoption, net							(35,624)		(35,624)
Share-based compensation expense			17,195						17,195
Colombia acquisition			816		2,592				3,408
DIMS acquisition			36		905				941
Dividends declared and paid				(57,964)					(57,964)
Treasury shares					(150,259)				(150,259)
Balance, December 31, 2006	75,145,662	$93,932	$235,242	$1,059,725	$(403,098)		$ 12,632	$ —	$ 998,433
Net income				39,541		$ 39,541			39,541
Translation adjustment						88,508			88,508
Hedges						(1,962)			(1,962)
Pensions						29,176			29,176
Other comprehensive income						115,722	115,722		
Comprehensive income						$ 155,263			
Stock options exercised	241,365	302	8,252						8,554
Restricted shares	8,620	11	295						306
Restricted stock units issued	84,865	106	(106)						—
Performance shares issued	98,725	123	2,500						2,623
Tax benefit from employee stock plans			1,399						1,399
Share-based compensation expense			13,782						13,782
Dividends declared and paid				(62,442)					(62,442)
Treasury shares					(3,084)				(3,084)
Balance, December 31, 2007	75,579,237	$94,474	$261,364	$1,036,824	$(406,182)		$ 128,354	$ —	$1,114,834
Pension beginning retained earnings adjustment (Note 11)				(1,387)					(1,387)
Split-dollar life insurance beginning retained earnings adjustment (Note 1)				(2,584)					(2,584)
Net income				88,583		$ 88,583			88,583
Translation adjustment						(99,689)			(99,689)
Hedges						(4,910)			(4,910)
Pensions						(96,679)			(96,679)
Other comprehensive loss						(201,278)	(201,278)		
Comprehensive loss						$(112,695)			
Stock options exercised	665	1	16						17
Restricted shares	121,985	152	5,861						6,013
Restricted stock units issued	49,526	62	(62)						—
Performance shares issued	50,021	63	719						782
Tax expense from employee stock plans			(2,122)						(2,122)
Share-based compensation expense			12,189						12,189
Colombia acquisition earnout			170		230				400
Dividends declared and paid				(66,563)					(66,563)
Treasury shares					(2,283)				(2,283)
Balance, December 31, 2008	75,801,434	$94,752	$278,135	$1,054,873	$(408,235)		$ (72,924)	$ —	$ 946,601

See accompanying Notes to Consolidated Financial Statements.

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31,		
	2008	2007	2006
Cash flow from operating activities:			
Net income	**$ 88,583**	$ 39,541	$ 104,552
Adjustments to reconcile net income to cash provided by operating activities:			
Loss from discontinued operations	**12,954**	5,400	4,370
Minority interest	**8,413**	8,365	6,452
Depreciation and amortization	**80,470**	69,397	70,726
Share-based compensation	**12,189**	13,782	17,195
Excess tax benefits from share-based compensation	**(168)**	(917)	(890)
Deferred income taxes	**(12,547)**	(7,250)	(23,592)
Impairment of asset	**4,376**	46,319	19,337
Loss (gain) on sale of assets, net	**403**	(6,392)	328
Cash provided (used) by changes in certain assets and liabilities:			
Trade receivables	**10,633**	120,949	46,109
Inventories	**(53,650)**	8,955	(4,258)
Prepaid expenses	**1,183**	(10,256)	(13,323)
Other current assets	**(14,706)**	(20,055)	(1,493)
Accounts payable	**36,480**	6,331	(36,031)
Deferred revenue	**(49,668)**	(89,921)	33,691
Pension and postretirement benefits	**(2,900)**	(20,802)	14,038
Certain other assets and liabilities	**162,646**	(13,186)	(4,285)
Net cash provided by operating activities	**284,691**	150,260	232,926
Cash flow from investing activities:			
Payments for acquisitions, net of cash acquired	**(4,461)**	(18,122)	(74,320)
Proceeds from maturities of investments	**303,410**	57,433	79,304
Payments for purchases of investments	**(357,091)**	(50,588)	(124,648)
Proceeds from sale of fixed assets	**42**	3,242	6,442
Capital expenditures	**(57,932)**	(43,259)	(38,514)
Increase in certain other assets	**(26,452)**	(29,076)	(19,588)
Net cash used by investing activities	**(142,484)**	(80,370)	(171,324)
Cash flow from financing activities:			
Dividends paid	**(66,563)**	(62,442)	(57,964)
Notes payable borrowings	**606,269**	720,299	1,664,986
Notes payable repayments	**(624,040)**	(784,358)	(1,492,658)
Distribution of affiliates' earnings to minority interest holder	**(3,523)**	(18,236)	(716)
Excess tax benefits from share-based compensation	**168**	917	890
Issuance of common shares	**—**	8,544	9,745
Repurchase of common shares	**—**	—	(148,057)
Net cash used by financing activities	**(87,689)**	(135,276)	(23,774)
Effect of exchange rate changes on cash	**(19,416)**	17,752	5,747
Increase (decrease) in cash and cash equivalents	**35,102**	(47,634)	43,575
Cash and cash equivalents at the beginning of the year	**206,334**	253,968	210,393
Cash and cash equivalents at the end of the year	**$ 241,436**	$ 206,334	$ 253,968
Cash paid for:			
Income taxes	**$ 42,154**	$ 53,176	$ 43,065
Interest	**$ 30,747**	$ 32,706	$ 33,235

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share amounts)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation The Consolidated Financial Statements include the accounts of Diebold, Incorporated and its wholly and majority owned subsidiaries (collectively, the Company). All significant intercompany accounts and transactions have been eliminated.

Use of Estimates in Preparation of Consolidated Financial Statements The preparation of the accompanying Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses. Such estimates include the value of purchase consideration, valuation of trade receivables, inventories, goodwill, intangible assets, and other long-lived assets, legal contingencies, guarantee obligations, indemnifications, and assumptions used in the calculation of income taxes, pension and other postretirement benefits, and customer incentives, among others. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic difficulties in the United States credit markets and the global markets. Management monitors the economic condition and other factors and will adjust such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets, volatile foreign currency and equity, and declines in the global economic environment have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

International Operations The financial statements of the Company's Diebold International (DI) operations are measured using local currencies as their functional currencies, with the exception of Venezuela, Argentina, Barbados, Ecuador, El Salvador and Panama, which are measured using the U.S. dollar as their functional currency. The Company translates the assets and liabilities of its non-U.S. subsidiaries at the exchange rates in effect at year end and the results of operations at the average rate throughout the year. The translation adjustments are recorded directly as a separate component of shareholders' equity, while transaction gains (losses) are included in net income. Sales to customers outside the United States approximated 50.6 percent in 2008, 48.1 percent of net sales in 2007 and 46.4 percent of net sales in 2006.

Reclassifications During 2008, the Company reclassified deferred product revenue for which it has not received payment as a reduction in trade receivables, net. In accordance with Statement of Financial Accounting Standards No. 154, *Accounting Changes and Error Corrections,* prior year amounts of deferred revenue and trade receivables have been adjusted to conform to current year classification. As a result of applying the accounting change retrospectively, deferred product revenue of $49,591 as of December 31, 2007, has been reclassified to reduce trade receivables, net in the Consolidated Balance Sheets. There was no impact of the accounting change on previously reported cash flows from operations, income from operations, net income or earnings per share of each prior period.

The Company has reclassified the presentation of certain prior-year information to conform to the current presentation, including the above reclassification of trade receivables, net.

Revenue Recognition The Company's revenue recognition policy is consistent with the requirements of Statement of Position 97-2, *Software Revenue Recognition* (SOP 97-2), and Staff Accounting Bulletin 104 (SAB 104). In general, the Company records revenue when it is realized, or realizable and earned. The Company considers revenue to be realized, or realizable and earned, when the following revenue recognition requirements are met: persuasive evidence of an arrangement exists, which is a customer contract; the products or services have been accepted by the customer via delivery or installation acceptance; the sales

price is fixed or determinable within the contract; and collectability is probable. For product sales, the Company determines that the earnings process is complete when title, risk of loss and the right to use equipment has transferred to the customer. Within the Diebold North America (DNA) business segment, this occurs upon customer acceptance. Where the Company is contractually responsible for installation, customer acceptance occurs upon completion of the installation of all items at a job site and the Company's demonstration that the items are in operable condition. Where items are contractually only delivered to a customer, revenue recognition of these items is upon shipment or delivery to a customer location depending on the terms in the contract. Within the DI business segment, customer acceptance is upon the earlier of delivery or completion of the installation depending on the terms in the contract with the customer. The Company has the following revenue streams related to sales to its customers:

Self-Service Product & Service Revenue Self-service products pertain to ATMs. Included within the ATM is software, which operates the ATM. The related software is considered more than incidental to the equipment as a whole. Revenue is recognized in accordance with SOP 97-2. The Company also provides service contracts on ATMs.

Service contracts typically cover a 12-month period and can begin at any given month during the year after the standard 90-day warranty period expires. The service provided under warranty is significantly limited as compared to those offered under service contracts. Further, warranty is not considered a separate element of the sale. The Company's warranty covers only replacement of parts inclusive of labor. Service contracts are tailored to meet the individual needs of each customer. Service contracts provide additional services beyond those covered under the warranty, and usually include preventative maintenance service, cleaning, supplies stocking and cash handling, all of which are not essential to the functionality of the equipment. For sales of service contracts, where the service contract is the only element of the sale, revenue is recognized ratably over the life of the contract period. In contracts that involve multiple-element arrangements, amounts deferred for services are determined based upon vendor specific objective evidence of the fair value of the elements as prescribed in SOP 97-2. The Company determines fair value of deliverables within a multiple element arrangement based on the price charged when each element is sold separately.

Physical Security & Facility Revenue The Company's Physical Security and Facility Products division designs and manufactures several of the Company's financial service solutions offerings, including the RemoteTeller™ System (RTS). The business unit also develops vaults, safe deposit boxes and safes, drive-up banking equipment and a host of other banking facilities products. Revenue on sales of the products described above is recognized when the four revenue recognition requirements of SAB 104 have been met.

Election Systems Revenue The Company, through its wholly owned subsidiaries, Premier Election Solutions, Inc. (PESI) and Amazonia Industria Eletronica S.A. Procomp, offers voting equipment. Election systems revenue consists of election equipment, software, training, support, installation and maintenance. The election equipment and software components are included in product revenue. The training, support, installation and maintenance components are included in service revenue. The election systems contracts contain multiple deliverable elements and custom terms and conditions. Revenue on election systems contracts is recognized in accordance with SOP 97-2. The Company recognizes revenue for delivered elements only when the fair values of undelivered elements are known, uncertainties regarding customer acceptance are resolved and there are no customer-negotiated refund or return rights affecting the revenue recognized for delivered elements. The Company determines fair value of deliverables within a multiple element arrangement based on the price charged when each element is sold separately. Some contracts may contain discounts and, as such, revenue is recognized using the residual value method of allocation of revenue to the product and service components of contracts.

Integrated Security Solutions Revenue Diebold Integrated Security Solutions provides global sales, service, installation, project management and monitoring of original equipment manufacturer (OEM) electronic security products to financial, government, retail and commercial customers. These solutions provide the Company's customers a single-source solution to

their electronic security needs. Revenue is recognized in accordance with SAB 104. Revenue on sales of the products described above is recognized upon shipment, installation or customer acceptance of the product as defined in the customer contract. In contracts that involve multiple-element arrangements, amounts deferred for services are determined based upon the fair value of the elements as prescribed in EITF 00-21, *Accounting for Revenue Arrangements with Multiple Deliverables.*

Software Solutions & Service Revenue The Company offers software solutions consisting of multiple applications that process events and transactions (networking software) along with the related server. Sales of networking software represent software solutions to customers that allow them to network various different vendors' ATMs onto one network and revenue is recognized in accordance with SOP 97-2.

Included within service revenue is revenue from software support agreements, which are typically 12 months in duration and pertain to networking software. For sales of software support agreements, where the agreement is the only element of the sale, revenue is recognized ratably over the life of the contract period. In contracts that involve multiple-element arrangements, amounts deferred for support are determined based upon vendor specific objective evidence of the fair value of the elements as prescribed in SOP 97-2.

Depreciation and Amortization Depreciation of property, plant and equipment is computed using the straight-line method for financial statement purposes. Accelerated methods of depreciation are used for federal income tax purposes. Amortization of leasehold improvements is based upon the shorter of original terms of the lease or life of the improvement. Repairs and maintenance are expensed as incurred. Amortization of the Company's other long-term assets such as its amortizable intangible assets and capitalized computer software is computed using the straight-line method over the life of the asset.

Advertising Costs Advertising costs are expensed as incurred and were $14,417, $15,232 and $13,663 in 2008, 2007 and 2006, respectively.

Shipping and Handling Costs The Company recognizes shipping and handling fees billed when products are shipped or delivered to a customer, and includes such amounts in net sales. Third-party freight payments are recorded in cost of sales.

Share-Based Compensation The Company accounts for share-based compensation arrangements, including stock options, restricted stock units (RSUs) and performance shares, in accordance with Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), *Share-Based Payment* (SFAS 123R), which requires companies to recognize in the statement of income the grant-date fair value of stock awards issued to employees and directors.

Taxes on Income In accordance with SFAS 109, deferred taxes are provided on an asset and liability method, whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Sales Tax The Company collects sales taxes from customers and accounts for sales taxes on a net basis, in accordance with EITF Issue No. 06-03.

Cash Equivalents The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

Financial Instruments The carrying amount of cash and cash equivalents, trade receivables and accounts payable, approximated their fair value because of the relatively short maturity of these instruments. The Company's risk-management strategy uses derivative financial instruments such as forwards to hedge certain foreign currency exposures and interest rate

swaps to manage interest rate risk. The intent is to offset gains and losses that occur on the underlying exposures, with gains and losses on the derivative contracts hedging these exposures. The Company does not enter into derivatives for trading purposes and accounts for its derivative financial instruments in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. The Company recognizes all derivatives on the balance sheet at fair value. Changes in the fair values of derivatives that are not designated as hedges are recognized in earnings. If the derivative is designated and qualifies as a hedge, depending on the nature of the hedge, changes in the fair value of the derivatives are either offset against the change in the hedged assets or liabilities through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings.

Allowances for Doubtful Accounts The concentration of credit risk in the Company's trade receivables with respect to financial and government customers is largely mitigated by the Company's credit evaluation process and the geographical dispersion of sales transactions from a large number of individual customers. The Company maintains allowances for potential credit losses, and such losses have been minimal and within management's expectations. Since the Company's receivable balance is concentrated primarily in the financial and government sectors, an economic downturn in these sectors could result in higher than expected credit losses. The Company evaluates the collectability of accounts receivable based on (1) a percentage of sales, which is based on historical loss experience and current trends, are reserved for uncollectible accounts as sales occur throughout the year and (2) periodic adjustments for known events such as specific customer circumstances and changes in the aging of accounts receivable balances.

Inventories The Company primarily values inventories at the lower of cost or market applied on a first-in, first-out (FIFO) basis, with the notable exceptions of Brazil and PESI that value inventory using the average cost method, which approximates FIFO. At each reporting period, the Company identifies and writes down its excess and obsolete inventory to its net realizable value based on forecasted usage, orders and inventory aging. With the development of new products, the Company also rationalizes its product offerings and will write down discontinued product to the lower of cost or net realizable value.

Deferred Revenue Deferred revenue is recorded for any services that are billed to customers prior to revenue being realizable related to the service being provided. In addition, deferred revenue is recorded for any goods that are billed to and collected from customers prior to revenue being recognized.

Split-Dollar Life Insurance On January 1, 2008, the Company adopted Emerging Issues Task Force (EITF) Issue No. 06-10, *Accounting for Collateral Assignment Split-Dollar Life Insurance*, which applies to entities that participate in collateral assignment split-dollar life insurance arrangements that extend into an employee's retirement period (often referred to as "key person" life insurance) and EITF Issue No. 06-4, *Accounting for Deferred Compensation and Post Retirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements*, which applies to life insurance arrangements that provide an employee with a specified benefit that is not limited to the employee's active service period. EITF Issue No. 06-10 requires employers to recognize a liability for the postretirement obligation associated with a collateral assignment arrangement if, based on an agreement with an employee, the employer has agreed to maintain a life insurance policy during the postretirement period or to provide a death benefit. EITF Issue No. 06-4 requires employers to recognize a liability and related compensation costs for future benefits that extend to postretirement periods. The adoption of these EITFs had a cumulative effect to beginning retained earnings of a reduction of $2,584.

Goodwill Goodwill is the cost in excess of the net assets of acquired businesses. The Company tests all existing goodwill at least annually for impairment using the fair value approach on a "reporting unit" basis in accordance with SFAS No. 142 (SFAS 142), *Goodwill and Other Intangible Assets*. The Company's reporting units are defined as Domestic and Canada, Brazil, Latin America, Asia Pacific, EMEA and Election Systems. The Company uses the discounted cash flow method and the guideline

company method for determining the fair value of its reporting units. As required by SFAS No. 142, the determination of implied fair value of the goodwill for a particular reporting unit is the excess of the fair value of a reporting unit over the amounts assigned to its assets and liabilities in the same manner as the allocation in a business combination. Implied fair value goodwill is determined as the excess of the fair value of the reporting unit over the fair value of its assets and liabilities. The Company's fair value model uses inputs such as estimated future segment performance. The Company uses the most current information available and performs the annual impairment analysis as of November 30 each year. However, actual circumstances could differ significantly from assumptions and estimates made and could result in future goodwill impairment. The Company tests for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the carrying value of a reporting unit below its reported amount.

The annual goodwill impairment test for 2008 resulted in no impairment. However, the Company's fourth quarter decision to close its security business in the EMEA region resulted in an impairment of $13,171 to the Domestic and Canada reporting unit goodwill. This impairment charge is shown in the Company's loss from discontinued operations. Upon initial acquisition, the goodwill related to the EMEA security business was classified within the Company's Domestic and Canada reporting unit for goodwill impairment testing. The annual goodwill impairment test for 2007 resulted in an impairment charge of $46,319 related to the Elections Systems reporting unit goodwill and represented the carrying value of PESI's goodwill.

The changes in carrying amounts of goodwill for the years ended December 31, 2008 and 2007 are summarized as follows:

	DNA	DI	ES & Other	Total
Balance at January 1, 2007	$ 99,799	$314,176	$ 45,379	$459,354
Goodwill of acquired businesses & purchase accounting adjustments	10,556	1,472	940	12,968
Impairment loss	—	—	(46,319)	(46,319)
Currency translation adjustment	1,444	38,037	—	39,481
Balance at December 31, 2007	111,799	353,685	—	465,484
Goodwill of acquired businesses & purchase accounting adjustments	4,320	758	—	5,078
Impairment loss	(13,171)	—	—	(13,171)
Currency translation adjustment	(6,583)	(42,505)	—	(49,088)
Balance at December 31, 2008	$ 96,365	$311,938	$ —	$408,303

Other Assets Included in other assets are net capitalized computer software development costs of $52,668 and $47,300 as of December 31, 2008 and 2007, respectively. Amortization expense on capitalized software was $14,332, $11,556 and $11,500 for 2008, 2007 and 2006, respectively. Other long-term assets also consist of finance receivables, customer demonstration equipment, patents, trademarks and other intangible assets. Where applicable, other assets are stated at cost and, if applicable, are amortized ratably over the relevant contract period or the estimated life of the assets. Impairment of long-lived assets is recognized when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the expected future undiscounted cash flows are less than the carrying amount of the asset, an impairment loss is recognized at that time to reduce the asset to the lower of its fair value or its net book value in accordance with SFAS No. 144 (SFAS 144), *Accounting for the Impairment of Long-Lived Assets.* For the year ended December 31, 2008, the Company impaired $4,376 of intangible assets in continuing operations of the DNA segment and $3,487 of intangible assets within loss from discontinued operations.

Pensions and Postretirement Benefits Annual net periodic expense and benefit liabilities under the Company's defined benefit plans are determined on an actuarial basis. Assumptions used in the actuarial calculations have a significant impact on plan obligations and expense. Annually, management and the Investment Committee of the Board of Directors review the actual

experience compared with the more significant assumptions used and make adjustments to the assumptions, if warranted. The healthcare trend rates are reviewed with the actuaries based upon the results of their review of claims experience. The expected long-term rate of return on plan assets is determined using the plans' current asset allocation and their expected rates of return based on a geometric averaging over 20 years. The discount rate is determined by analyzing the average return of high-quality (i.e., AA-rated) fixed-income investments and the year-over-year comparison of certain widely used benchmark indices as of the measurement date. The rate of compensation increase assumptions reflects the Company's long-term actual experience and future and near-term outlook. Pension benefits are funded through deposits with trustees. The market-related value of plan assets is calculated under an adjusted market value method in order to determine the Company's net periodic benefit obligation. The value is determined by adjusting the fair value of assets to reflect the investment gains and losses (i.e., the difference between the actual investment return and the expected investment return on the market-related value of assets) during each of the last five years at the rate of 20 percent per year. Postretirement benefits are not funded and the Company's policy is to pay these benefits as they become due.

In accordance with SFAS 158, *Employers' Accounting for Defined Pension and Other Postretirement Plans,* the Company recognizes the funded status of each of its plans in the Consolidated Balance Sheet. Amortization of unrecognized net gain or loss resulting from experience different from that assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value) is included as a component of net periodic benefit cost for a year if, as of the beginning of the year, that unrecognized net gain or loss exceeds five percent of the greater of the projected benefit obligation or the market-related value of plan assets. If amortization is required, the amortization is that excess divided by the average remaining service period of participating employees expected to receive benefits under the plan.

Comprehensive (Loss) Income The Company displays comprehensive (loss) income in the Consolidated Statements of Shareholders' Equity and accumulated other comprehensive (loss) income separately from retained earnings and additional capital in the Consolidated Balance Sheets and Statements of Shareholders' Equity. Items considered to be other comprehensive (loss) income include adjustments made for foreign currency translation (under SFAS No. 52) pensions, net of tax (under SFAS No. 87 and SFAS No. 158) and hedging activities (under SFAS No. 133).

Accumulated other comprehensive (loss) income consists of the following:

	Year Ended December 31,		
	2008	2007	2006
Translation adjustment	$ 38,319	$138,008	$ 49,500
Realized and unrealized (losses) gains on hedges	(2,877)	2,033	3,995
Pensions less accumulated taxes of ($64,573), ($6,213), and ($23,812), respectively	(108,366)	(11,687)	(40,863)
Total accumulated other comprehensive (loss) income	$ (72,924)	$128,354	$ 12,632

Translation Adjustments Translation adjustments are not booked net of tax. Those adjustments are accounted for under the indefinite reversal criterion of APB Opinion No. 23, *Accounting for Income Taxes — Special Areas.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

NOTE 2: EARNINGS PER SHARE

The following data show the amounts used in computing earnings per share and the effect on the weighted-average number of shares of dilutive potential common stock:

	December 31,		
	2008	2007	2006
Numerator:			
Income used in basic and diluted earnings per share:			
Income from continuing operations — net of tax	**$101,537**	$44,941	$108,922
Loss from discontinued operations — net of tax	**(12,954)**	(5,400)	(4,370)
Net income	**$ 88,583**	$39,541	$104,552
Denominator:			
Weighted-average number of common shares used in basic earnings per share	**66,081**	65,841	66,669
Effect of dilutive shares	**411**	832	584
Weighted-average number of common shares and dilutive potential common shares used in diluted earnings per share	**66,492**	66,673	67,253
Basic earnings per share:			
Income from continuing operations — net of tax	**$ 1.54**	$ 0.68	$ 1.63
Loss from discontinued operations — net of tax	**(0.20)**	(0.08)	(0.06)
Net income	**$ 1.34**	$ 0.60	$ 1.57
Diluted earnings per share:			
Income from continuing operations — net of tax	**$ 1.52**	$ 0.67	$ 1.62
Loss from discontinued operations — net of tax	**(0.19)**	(0.08)	(0.07)
Net income	**$ 1.33**	$ 0.59	$ 1.55
Anti-dilutive shares not used in calculating diluted weighted-average shares	**2,469**	1,141	976

NOTE 3: SHARE-BASED COMPENSATION AND EQUITY

DIVIDENDS

On the basis of amounts declared and paid, the annualized quarterly dividends per share were $1.00, $0.94 and $0.86 for the years ended December 31, 2008, 2007 and 2006, respectively.

EMPLOYEE SHARE-BASED COMPENSATION

Stock options, restricted stock units (RSUs), restricted shares and performance shares have been issued to officers and other management employees under the Company's 1991 Equity and Performance Incentive Plan, as amended and restated (1991 Plan). The stock options generally vest over a four- or five-year period and have a maturity of ten years from the issuance date. Option exercise prices equal the closing price of the Company's common stock on the date of grant. RSUs provide for the issuance of a share of the Company's common stock at no cost to the holder and generally vest after three to seven years. During the vesting period, employees are paid the cash equivalent of dividends on RSUs. Unvested RSUs are forfeited upon termination unless the Board of Directors determines otherwise. Performance shares are granted based on certain management objectives,

as determined by the Board of Directors each year. Each performance share earned entitles the holder to one common share. The performance share objectives are generally calculated over a three-year period and no shares are granted unless certain management threshold objectives are met. To cover the exercise and/or vesting of its share-based payments, the Company generally issues new shares from its authorized, unissued share pool. The number of common shares that may be issued pursuant to the 1991 Plan was 4,730 of which 663 shares were available for issuance at December 31, 2008.

The Company recognizes costs resulting from all share-based payment transactions in the financial statements, including stock options, RSUs and performance shares, based on the fair market value of the award as of the grant date. The Company adopted SFAS 123(R) using the modified prospective application method of adoption, which requires the Company to record compensation cost related to unvested stock awards as of December 31, 2005 by recognizing the unamortized grant date fair value of these awards over the remaining requisite periods of those awards with no change in historical reported earnings. Awards granted after December 31, 2005 are valued at fair value in accordance with provisions of SFAS 123(R) and recognized on a straight-line basis over the requisite periods of each award. The Company estimated forfeiture rates for the year ended December 31, 2008 based on its historical experience.

The estimated fair value of the options granted during 2008 and prior years was calculated using a Black-Scholes option pricing model. The following summarizes the assumptions used in the Black-Scholes model for the years ended December 31, 2008, 2007 and 2006:

	December 31,		
	2008	**2007**	**2006**
Expected life (in years)	**5-7**	6	3-6
Weighted-average volatility	**27%**	28%	33%
Risk-free interest rate	**2.71 – 3.14%**	3.64 – 4.72%	4.55 – 5.11%
Expected dividend yield	**1.97 – 1.86%**	1.63%	1.58 – 1.63%

The Black-Scholes model incorporates assumptions to value share-based awards. The risk-free rate of interest is based on a zero-coupon U.S. government instrument over the expected life of the equity instrument. Expected volatility is based on historical volatility of the price of the Company's common stock. The Company uses historical data estimate option exercise timing within the valuation model. Separate groups of employees that have similar historical exercise behavior with regard to option exercise timing and forfeiture rates are considered separately for valuation and attribution purposes.

As of December 31, 2008, unrecognized compensation cost of $4,818 for stock options, $5,893 for RSUs and $4,280 for performance shares is expected to be recognized over a weighted-average period of approximately 2.6, 1.9 and 1.2 years, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

Share-based compensation was recognized as a component of selling and administrative expenses. The following table summarizes the components of the Company's share-based compensation programs recorded as expense:

	December 31,		
	2008	2007	2006
Stock Options:			
Pre-tax compensation expense	$ 3,371	$ 4,908	$ 7,242
Tax benefit	(1,247)	(1,816)	(2,680)
Stock option expense, net of tax	$ 2,124	$ 3,092	$ 4,562
RSUs:			
Pre-tax compensation expense	$ 3,683	$ 3,827	$ 5,075
Tax benefit	(1,363)	(1,416)	(1,878)
RSU expense, net of tax	$ 2,320	$ 2,411	$ 3,197
Restricted Shares:			
Pre-tax compensation expense	$ 7	$ 93	$ 188
Tax benefit	(3)	(34)	(70)
Restricted share expense, net of tax	$ 4	$ 59	$ 118
Performance Shares:			
Pre-tax compensation expense	$ 4,267	$ 4,383	$ 4,690
Tax benefit	(1,579)	(1,622)	(1,735)
Performance share expense, net of tax	$ 2,688	$ 2,761	$ 2,955
Deferred Shares:			
Pre-tax compensation expense	$ 861	$ 571	$ —
Tax benefit	(319)	(211)	—
Deferred share expense, net of tax	$ 542	$ 360	$ —
Total Share-Based Compensation:			
Pre-tax compensation expense	$12,189	$13,782	$17,195
Tax benefit	(4,511)	(5,099)	(6,363)
Total share-based compensation, net of tax	$ 7,678	$ 8,683	$10,832

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

Options outstanding and exercisable under the 1991 Plan as of December 31, 2008 and changes during the year ended were as follows:

	Number of Shares	Weighted-Average Exercise Price (per share)	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value(1)
Outstanding at January 1, 2008	2,884	$41.56		
Options expired or forfeited	(291)	$44.47		
Options exercised	—	—		
Options granted	336	$25.53		
Outstanding at December 31, 2008	2,929	$39.43	5	$1,344
Options exercisable at December 31, 2008	2,166	$40.60	4	$ 498

(1) The aggregate intrinsic value represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of the year in 2008 and the exercise price, multiplied by the number of "in-the-money" options) that would have been received by the option holders had all option holders exercised their options on December 31, 2008. The amount of aggregate intrinsic value will change based on the fair market value of the Company's common stock.

The aggregate intrinsic value of options exercised for the years ended December 31, 2008, 2007 and 2006 was $0, $3,475 and $3,424, respectively. The weighted-average grant-date fair value of stock options granted for the years ended December 31, 2008, 2007 and 2006 was $6.61, $14.06 and $13.15, respectively. Total fair value of stock options vested for the years ended December 31, 2008, 2007 and 2006 was $27,954, $27,243 and $24,754, respectively. Exercise of options during the year ended December 31, 2008 and 2007 resulted in cash receipts of $0 and $8,544, respectively. The tax (expense)/benefit during the years ended December 31, 2008 and 2007 related to the exercise of employee stock options were $(2,122) and $311, respectively.

The following table summarizes information on unvested RSUs:

RSUs:	Number of Shares	Weighted-Average Grant-Date Fair Value (per share)
Unvested at January 1, 2008	325	$45.14
Forfeited	(22)	40.61
Vested	(48)	54.55
Granted	134	28.13
Unvested at December 31, 2008	389	$38.36

The weighted average grant date fair value of RSUs granted for the years ended December 31, 2008, 2007 and 2006 was $28.13, $47.17 and $39.45, respectively. The aggregate intrinsic value of RSUs vested during the years ended December 31, 2008, 2007 and 2006 was $2,627, $3,998 and $382, respectively.

The following table summarizes information on unvested performance shares outstanding:

Performance Shares:	Number of Shares	Weighted-Average Grant-Date Fair Value (per share)
Unvested at January 1, 2008	519	$54.49
Forfeited	(131)	55.89
Vested	(15)	57.08
Granted	232	28.91
Unvested at December 31, 2008	605	$44.31

Unvested performance shares are based on a maximum potential payout. Actual shares granted at the end of the performance period may be less than the maximum potential payout level depending on achievement of performance share objectives. The weighted average grant date fair value of performance shares granted for the years ended December 31, 2008, 2007 and 2006 was $28.91, $58.65 and $39.46, respectively. The aggregate intrinsic value of performance shares vested during the years ended December 31, 2008, 2007 and 2006 was $857, $2,545 and $213, respectively.

NON-EMPLOYEE SHARE-BASED COMPENSATION

In connection with the acquisition of Diebold Colombia, S.A. in December 2006, the Company issued 7 restricted shares with a grant-date fair value of $46 per share. These restricted shares vest in five years. The Company also issued warrants to purchase 35 common shares with an exercise price of $46 per share and grant-date fair value of $14.66 per share. The grant-date fair value of the warrants was valued using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.45 percent, dividend yield of 1.63 percent, expected volatility of 30 percent, and contractual life of six years. The warrants vest 20 percent per year for five years and will expire in December 2016.

RIGHTS AGREEMENT

On January 28, 1999, the Board of Directors announced the adoption of a Rights Agreement that provided for Rights to be issued to shareholders of record on February 11, 1999. The description and terms of the Rights were set forth in the Rights Agreement, dated as of February 11, 1999, between the Company and The Bank of New York, as Agent. The Rights Agreement expired on February 11, 2009.

NOTE 4: INCOME TAXES

The components of income from continuing operations before income taxes were as follows:

	Year Ended December 31,		
	2008	2007	2006
Domestic	**$ (4,837)**	$ (21,415)	$ 50,808
Foreign	**143,799**	102,153	111,030
Total	**$138,962**	$ 80,738	$161,838

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

Income tax expense (benefit) from continuing operations is comprised of the following components:

	Year Ended December 31,		
	2008	2007	2006
Current:			
U.S. Federal	$ 21,073	$ 8,021	$14,886
Foreign	38,441	30,862	33,863
State and local	4,560	1,527	5,623
Total current	$ 64,074	$40,410	$54,372
Deferred:			
U.S. Federal	$(27,172)	$ (9,500)	$ (75)
Foreign	45	2,298	(671)
State and local	478	2,589	(710)
Total deferred	$(26,649)	$ (4,613)	$ (1,456)
Total income tax expense	$ 37,425	$35,797	$52,916

In addition to the income tax expenses listed above for the years ended December 31, 2008, 2007 and 2006, income tax (benefit) expense allocated directly to shareholders' equity for the same periods were $(55,782), $16,144, and $(23,497), respectively. Income tax benefit allocated to discontinued operations for the year ended December 31, 2008 was $(10,045).

A reconciliation of the U.S. statutory tax rate and the effective tax rate for continuing operations is as follows:

	Year Ended December 31,		
	2008	2007	2006
Statutory tax rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal tax benefit	2.3	2.4	2.3
Foreign income taxes	(6.9)	0.9	(2.4)
Accrual adjustments	4.6	0.1	0.1
U.S. taxed foreign income	(4.3)	(4.6)	1.0
Subsidiary losses	(1.1)	(11.0)	(2.7)
Goodwill impairment	—	20.0	—
Other	(2.7)	1.5	(0.6)
Effective tax rate	26.9%	44.3%	32.7%

Effective January 1, 2007, the Company adopted FIN 48, which prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return.

Details of the unrecognized tax benefits are as follows:

	2008	2007
Balance at January 1	$10,714	$ 9,020
Increases related to prior year tax positions	531	—
Decreases related to prior year tax positions	(1,381)	(1,231)
Increases related to current year tax positions	1,539	4,631
Decreases related to current year tax positions	—	—
Settlements	(2,368)	(1,706)
Reduction due to lapse of applicable statute of limitations	(26)	—
Balance at December 31	$ 9,009	$10,714

The entire amount of unrecognized tax benefits, if recognized, would affect the Company's effective tax rate.

The Company classifies interest expense and penalties related to the underpayment of income taxes in the financial statements as income tax expense. Consistent with the treatment of interest expense, the Company accrues interest income on overpayments of income taxes where applicable and classifies interest income as a reduction of income tax expense in the financial statements. As of December 31, 2008 and 2007, accrued interest and penalties related to unrecognized tax benefits totaled approximately $3,149 and $2,474.

The Company does not anticipate a significant change to the total amount of unrecognized tax benefits within the next 12 months. The expected timing of payments cannot be determined with any degree of certainty.

At December 31, 2008, the Company is under audit by the IRS for tax years ending December 31, 2007, 2006 and 2005. All federal tax years prior to 2002 are closed by statute. The Company is subject to tax examination in various U.S. state jurisdictions for tax years 2003 to the present, as well as various foreign jurisdictions for tax years 1997 to the present.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2008	December 31, 2007
Deferred Tax Assets:		
Postretirement benefits	$ 7,799	$ 7,663
Accrued expenses	31,303	20,352
Warranty accrual	12,012	5,287
Deferred compensation	16,984	17,488
Bad debts	7,916	10,988
Inventory	18,575	14,454
Deferred revenue	19,144	20,974
Pension	41,935	(6,533)
Research and development credit	3,170	—
Foreign tax credit	20,550	16,299
Net operating loss carryforward	114,902	89,083
State deferred taxes	12,329	6,597
Other	10,160	10,218
	316,779	212,870
Valuation allowance	(97,188)	(85,429)
Net deferred tax assets	$219,591	$127,441
Deferred Tax Liabilities:		
Property, plant and equipment	15,287	5,615
Goodwill	47,193	55,447
Finance receivables	6,660	6,828
Software capitalized	4,310	3,558
Partnership income	15,445	13,084
Other	1,219	1,859
Net deferred tax liabilities	90,114	86,391
Net deferred tax asset	$129,477	$ 41,050

At December 31, 2008, the Company's domestic and international subsidiaries had deferred tax assets relating to net operating loss (NOL) carryforwards of $114,902. Of these NOL carryforwards, $66,208 expires at various times between 2009 and 2028. The remaining NOL carryforwards of approximately $48,694 do not expire. The Company has a valuation allowance to reflect the estimated amount of deferred tax assets that, more likely than not, will not be realized. The valuation allowance relates primarily to certain international and state NOLs. The net change in total valuation allowance for the years ended December 31, 2008 and 2007 was an increase of $11,759 and $32,167, respectively.

A determination of the unrecognized deferred tax liability on undistributed earnings of non-U.S. subsidiaries and investments in foreign unconsolidated affiliates is not practicable. However, no liability for U.S. income taxes on such undistributed earnings has been provided because it is the Company's policy to reinvest these earnings indefinitely in operations outside the United States.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

NOTE 5: INVESTMENTS

As of December 31, 2008 and 2007, the Company had $121,387 and $104,976, respectively, of short-term securities and other investments and $70,914 and $75,227, respectively, of long-term securities and other investments. The Company's investments in certificates of deposit are recorded at cost, which approximates fair value due to their short term nature and lack of volatility. Deposits with banks and money market funds, classified as short-term investments, include accrued interest. The Company's investments consist of the following:

	December 31,	
	2008	2007
Cash surrender value of insurance contracts	$ 62,934	$ 61,171
Rabbi trust	7,984	13,492
Certificates of deposit	117,026	104,976
Other	4,357	564
Total securities and other investments	$192,301	$180,203

NOTE 6: FINANCE RECEIVABLES

The components of finance receivables for the net investment in sales-type leases are as follows:

	December 31,	
	2008	2007
Total minimum lease receivable	$47,885	$40,157
Estimated unguaranteed residual values	4,558	2,594
	52,443	42,751
Less:		
Unearned interest income	(5,164)	(3,406)
Unearned residuals	(1,133)	(649)
	(6,297)	(4,055)
Total(1)	$46,146	$38,696

(1) Finance receivables include $7,971 and $11,655 for the years ended December 31, 2008 and 2007, respectively, of receivables owned by Diebold OLTP Systems. The company owns fifty-percent of Diebold OLTP Systems, which is consolidated.

Future minimum lease receivables due from customers under sales-type leases as of December 31, 2008 are as follows:

	Sales Type Leases
2009	$13,257
2010	17,665
2011	8,252
2012	5,761
2013	2,473
Thereafter	477
	$47,885

NOTE 7: INVENTORIES

Major classes of inventories at December 31 are summarized as follows:

	December 31,	
	2008	2007
Finished goods	$276,439	$252,729
Service parts	144,742	152,039
Work in process	54,752	64,414
Raw materials	65,038	64,437
Total inventories	$540,971	$533,619

The Company had a write down of inventory of $12,969 in 2008 and $3,713 in 2007, related to select equipment within PESI.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment, at cost less accumulated depreciation and amortization, at December 31:

	Estimated Useful Life (years)	December 31,	
		2008	2007
Land and land improvements	0-15	$ 6,178	$ 6,230
Buildings and building equipment	15	59,230	57,809
Machinery, tools and equipment	5-12	107,918	103,359
Leasehold improvements	10	20,811	19,201
Computer equipment	3-5	75,869	87,984
Computer software	5-10	150,387	137,509
Furniture and fixtures	5-8	72,486	73,531
Tooling	3-5	76,228	73,320
Construction in progress		10,844	16,853
Total property plant and equipment		579,951	575,796
Less accumulated depreciation and amortization		376,357	355,740
Total property plant and equipment, net		$203,594	$220,056

During 2008, 2007 and 2006, depreciation expense, computed on a straight-line basis over the estimated useful lives of the related assets, was $55,295, $45,549 and $45,695, respectively.

NOTE 9: NOTES PAYABLE

The notes payable balances as of December 31 were as follows:

	December 31, 2008	December 31, 2007
Notes payable — current:		
Revolving foreign currency loans(1)	$ 8,084	$ 7,473
Revolving U.S. dollar loans	2,512	7,334
	$ 10,596	$ 14,807
Notes payable — long term:		
Revolving euro loans(2)	$ 49,588	$ 99,264
Revolving U.S. dollar loans	245,000	210,000
Senior notes	300,000	300,000
	$594,588	$609,264
Total notes payable	$605,184	$624,071

(1) Indian rupees (INR) 394,519 borrowings translated at the applicable December 31, 2008 spot rate; INR 177,390 borrowing translated at the applicable December 31, 2007 spot rate.

(2) €35,476 borrowing translated at the applicable December 31, 2008 spot rate; €68,045 borrowing translated at the applicable December 31, 2007 spot rate.

The Company has a credit facility with borrowing limits of $509,665, ($300,000 and €150,000, translated) at December 31, 2008. Under the terms of the credit facility agreement, the Company has the ability to increase the borrowing limits by $150,000. This facility expires on April 27, 2010. As of December 31, 2008, $294,588 was outstanding under the Company's credit facility and $215,077 was available for borrowing.

In March 2006, the Company issued senior notes in an aggregate principal amount of $300,000 with a weighted average fixed interest rate of 5.50 percent. The maturity dates of the senior notes are staggered, with $75,000, $175,000 and $50,000 becoming due in 2013, 2016 and 2018, respectively. Additionally, the Company entered into a derivative transaction to hedge interest rate risk on $200,000 of the senior notes, which was treated as a cash flow hedge. This reduced the effective interest rate by 14 basis points from 5.50 to 5.36 percent.

The amount of committed loans at December 31, 2008 that remained available was $55,000 and €114,523 ($160,077 translated). In addition to the committed lines of credit, $37,500, 28,000 Brazilian real ($11,981 translated), and 34,072 Indian rupees ($698 translated) in uncommitted lines of credit were available as of December 31, 2008.

The average interest rate on the Company's bank credit lines was 3.90 percent, 5.46 percent and 4.66 percent for the years ended December 31, 2008, 2007 and 2006, respectively. Interest charged to expense for the years ended December 31, 2008, 2007 and 2006 was $30,137, $33,077 and $34,883, respectively.

Maturities of notes payable as of December 31, 2008 are as follows: $10,596 in 2009, $294,588 in 2010, $75,000 in 2013 and $225,000 thereafter.

The Company's financing agreements contain various restrictive financial covenants, including net debt to capitalization and net interest coverage ratios. As of December 31, 2008, the Company was in compliance with the financial covenants in our debt agreements.

NOTE 10: OTHER LONG-TERM LIABILITIES

Included in other long-term liabilities are bonds payable. Bonds payable at December 31 consist of the following:

	December 31, 2008	2007
Industrial development revenue bond due January 1, 2017	$ 4,400	$ 4,400
Industrial development revenue bond due June 1, 2017	7,500	7,500
Total long-term bonds payable	$11,900	$11,900

In 1997, industrial development revenue bonds were issued on behalf of the Company. The proceeds from the bond issuances were used to construct new manufacturing facilities in the United States. The Company guaranteed the payments of principal and interest on the bonds by obtaining letters of credit. Each industrial development revenue bond carries a variable interest rate, which is reset weekly by the remarketing agents. The average interest rate on the bonds was 2.66 percent, 3.73 percent and 3.55 percent for the years ended December 31, 2008, 2007 and 2006, respectively. Interest on the bonds charged to expense for the years ended December 31, 2008, 2007 and 2006 was $329, $446 and $432, respectively. As of December 31, 2008, the Company was in compliance with the financial covenants of its loan agreements and believes the financial covenants will not restrict its future operations.

NOTE 11: BENEFIT PLANS

Qualified Pension Benefits Plans that cover salaried employees provide pension benefits based on the employee's compensation during the ten years before retirement. The Company's funding policy for salaried plans is to contribute annually based on actuarial projections and applicable regulations. Plans covering hourly employees and union members generally provide benefits of stated amounts for each year of service. The Company's funding policy for hourly plans is to make at least the minimum annual contributions required by applicable regulations. Employees of the Company's operations in countries outside of the United States participate to varying degrees in local pension plans, which in the aggregate are not significant. In addition to these plans, union employees in one of the Company's U.S. manufacturing facilities participate in the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers-Communications Workers of America (IUE-CWA) multi-employer pension fund. Pension expense related to the multi-employer pension plan was $202, $214 and $431 for the years ended December 31, 2008, 2007 and 2006, respectively.

Supplemental Executive Retirement Benefits The Company has non-qualified pension plans to provide supplemental retirement benefits to certain officers. Benefits are payable at retirement based upon a percentage of the participant's compensation, as defined.

Other Benefits In addition to providing pension benefits, the Company provides healthcare and life insurance benefits (referred to as Other Benefits) for certain retired employees. Eligible employees may be entitled to these benefits based upon years of service with the Company, age at retirement and collective bargaining agreements. Currently, the Company has made no commitments to increase these benefits for existing retirees or for employees who may become eligible for these benefits in the future. Currently there are no plan assets and the Company funds the benefits as the claims are paid. The postretirement benefit obligation was determined by application of the terms of medical and life insurance plans together with relevant actuarial assumptions and healthcare cost trend rates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

Prior to 2008, the Company used a September 30 measurement date to report its pension and other benefits at fiscal year-end. In accordance with SFAS No. 158 (SFAS 158), *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No, 87, 88, 106 and 132(R)*, the Company remeasured its plan assets and benefit obligations on January 1, 2008 in order to transition to a fiscal year-end measurement date. This resulted in a cumulative beginning of year adjustment to retained earnings of $1,092 for Pension Benefits and $295 for Other Benefits.

The following tables set forth the change in benefit obligation, change in plan assets, funded status, Consolidated Balance Sheet presentation and net periodic benefit cost for the Company's defined benefit pension plans and other benefits at December 31:

	Pension Benefits		Other Benefits	
	December 31,		December 31,	
	2008	2007	2008	2007
Change in benefit obligation				
Benefit obligation at beginning of year	**$ 435,070**	$426,791	**$ 19,972**	$ 23,395
Service cost	**12,335**	11,429	**3**	6
Interest cost	**35,046**	25,592	**1,526**	1,358
Amendments	**—**	276	**—**	—
Actuarial loss (gain)	**937**	(11,674)	**(46)**	(2,531)
Plan participants' contributions	**—**	—	**159**	206
Benefits paid	**(22,185)**	(17,011)	**(3,278)**	(2,462)
Curtailments	**(39)**	(514)	**—**	—
Other	**(33)**	181	**235**	—
Benefit obligation at end of year	**$ 461,131**	$435,070	**$ 18,571**	$ 19,972
Change in plan assets				
Fair value of plan assets at beginning of year	**$ 453,085**	$397,766	**$ —**	$ —
Actual return on plan assets	**(111,040)**	60,900	**—**	—
Employer contributions	**7,473**	11,430	**3,119**	2,256
Plan participant contributions	**—**	—	**159**	206
Benefits paid	**(22,185)**	(17,011)	**(3,278)**	(2,462)
Fair value of plan assets at end of year	**$ 327,333**	$453,085	**$ —**	$ —

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

	Pension Benefits December 31,		Other Benefits December 31,	
	2008	2007	2008	2007
Funded status				
Funded status	**$(133,798)**	$ 18,015	**$(18,571)**	$(19,972)
Unrecognized net actuarial loss	**168,246**	12,739	**5,779**	6,375
Unrecognized prior service cost (benefit)	**1,915**	2,433	**(3,001)**	(3,647)
Prepaid (accrued) pension cost	**$ 36,363**	$ 33,187	**$(15,793)**	$(17,244)
Amounts recognized in Balance Sheets				
Noncurrent assets	**$ —**	$ 57,917	**$ —**	$ —
Current liabilities	**(2,725)**	(2,690)	**(1,931)**	(2,191)
Noncurrent liabilities(1)	**(131,073)**	(37,212)	**(16,640)**	(17,781)
Accumulated other comprehensive income	**170,161**	15,172	**2,778**	2,728
Net amount recognized	**$ 36,363**	$ 33,187	**$(15,793)**	$(17,244)

(1) Included in the Consolidated Balance Sheets in Pensions and other benefits and Postretirement and other benefits are international benefit liabilities.

	Pension Benefits December 31,			Other Benefits December 31,		
	2008	2007	2006	2008	2007	2006
Components of net periodic benefit cost						
Service cost	**$ 9,839**	$ 11,429	$ 11,179	**$ 2**	$ 6	$ 8
Interest cost	**28,046**	25,592	23,045	**1,221**	1,358	1,294
Expected return on plan assets	**(35,747)**	(33,008)	(30,995)	**—**	—	—
Amortization of prior service cost(1)	**381**	614	765	**(517)**	(516)	(532)
Recognized net actuarial loss	**804**	4,033	4,552	**432**	731	792
Special termination benefits	**—**	—	—	**—**	—	(74)
Curtailment gain	**(52)**	(489)	—	**—**	—	—
Net periodic pension benefit cost	**$ 3,271**	$ 8,171	$ 8,546	**$1,138**	$1,579	$1,488

(1) The annual amortization of pension benefits prior service costs is determined as the increase in projected benefit obligation due to the plan change divided by the average remaining service period of participating employees expected to receive benefits under the plan.

The following table represents information for pension plans with an accumulated benefit obligation in excess of plan assets for the year ended December 31, 2008 and 2007, respectively:

	December 31,	
	2008	2007
Projected benefit obligation	**$461,131**	$39,901
Accumulated benefit obligation	**415,648**	37,562
Fair value of plan assets	**327,333**	—

The accumulated benefit obligation for all defined benefit pension plans was $415,648 and $390,279 at December 31, 2008 and 2007, respectively.

The following table represents the weighted-average assumptions used to determine benefit obligations at December 31, 2008 and 2007, respectively.

	Pension Benefits		Other Benefits	
	December 31,		December 31,	
	2008	2007	2008	2007
Assumptions				
Discount rate	**6.41%**	6.50%	**6.41%**	6.50%
Rate of compensation increase	**3.25%**	3.50%		

The following table represents the weighted-average assumptions used to determine periodic benefit cost at December 31, 2008 and 2007, respectively.

	Pension Benefits		Other Benefits	
	December 31,		December 31,	
	2008	2007	2008	2007
Assumptions				
Discount rate	**6.63%**	6.13%	**6.63%**	6.13%
Expected long-term return on plan assets	**8.50%**	8.75%		
Rate of compensation increase	**3.50%**	3.00%		

The expected long-term rate of return on plan assets is primarily determined using the plan's current asset allocation and its expected rates of return based on a geometric averaging over 20 years. The Company also considers information provided by its investment consultant, a survey of other companies using a December 31 measurement date and the Company's historical asset performance in determining the expected long-term rate of return. The discount rate was determined with the assistance of a third-party using cash-flow bond matching analysis. The rate of compensation increase assumptions reflects the Company's long-term actual experience and future and near-term outlook. Pension benefits are funded through deposits with trustees. The market-related value of plan assets is calculated under an adjusted market-value method. The value is determined by adjusting the fair value of assets to reflect the investment gains and losses (i.e., the difference between the actual investment return and the expected investment return on the market-related value of assets) during each of the last five years at the rate of 20 percent per year.

The following table represents assumed health care cost trend rates at December 31, 2008 and 2007, respectively.

	December 31,	
	2008	2007
Healthcare cost trend rate assumed for next year	**9.00%**	7.57%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	**4.20%**	5.00%
Year that rate reaches ultimate trend rate	**2099**	2014

The healthcare trend rates are reviewed with the actuaries based upon the results of their review of claims experience. In 2007, the Company used healthcare cost trends of 7.14 percent in 2008 reducing linearly to 5 percent in 2014 for medical benefits and 10 percent in 2008 reducing linearly to 5 percent in 2014 for prescription drug benefits. In 2008, the Company used healthcare cost trends of 9 percent in 2009, decreasing to an ultimate trend of 4.2 percent in 2099 for both medical and prescription drug benefits using the Society of Actuaries Long Term Trend Model with assumptions based on the 2008 Medicare Trustees' projections. Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	One-Percentage-Point Increase	One-Percentage-Point Decrease
Effect on total of service and interest cost	$ 80	$ (72)
Effect on postretirement benefit obligation	$1,118	$(1,009)

The Company has adopted a pension investment policy designed to achieve an adequate funding status based on expected benefit payouts and to establish an asset allocation that will meet or exceed the return assumption while maintaining a prudent level of risk. The Company utilizes the services of an outside consultant in performing asset / liability modeling, setting appropriate asset allocation targets along with selecting and monitoring professional investment managers. The plan assets are invested in equity and fixed income securities, alternative assets and cash.

Within the equities asset class, the investment policy provides for investments in a broad range of publicly-traded securities including both domestic and international stocks diversified by value, growth and cap size. Within the fixed income asset class, the investment policy provides for investments in a broad range of publicly-traded debt securities with a substantial portion allocated to a long duration strategy in order to partially offset interest rate risk relative to the plan's liabilities. The alternative asset class allows for investments in diversified strategies with a stable and proven track record and low correlation to the U.S. stock market.

The following table summarizes the Company's target mixes for these asset classes in 2009, which are readjusted at least quarterly within a defined range, and the Company's pension plan asset allocation as of December 31, 2008 and 2007:

	Target Allocation	Percentage of Pension Plan, Assets at December 31,	
Asset Category	2009	2008	2007
Equity securities	**50%**	50%	62%
Debt securities	**35%**	40%	32%
Real estate	**5%**	0%	0%
Other	**10%**	10%	6%
Total	**100%**	100%	100%

The following table represents the amortization amounts expected to be recognized during 2009:

	Pension Benefits	Other Benefits
Amount of net prior service cost/(credit)	$ 271	$(517)
Amount of net loss	3,345	442

The Company contributed $6,784 to its pension plans, including contributions to the nonqualified plan, and $2,516 to its other postretirement benefit plan in the year ended December 31, 2008. Also, the Company expects to contribute $14,812 to its pension plans, including the nonqualified plan, and $1,993 to its other postretirement benefit plan in the year ended December 31, 2009.

Benefit Payments	Pension Benefits	Other Benefits before Medicare Part D Subsidy	Other Benefits after Medicare Part D Subsidy
2009	$ 18,861	$2,251	$1,993
2010	20,169	2,199	1,936
2011	21,556	2,193	1,934
2012	23,467	2,146	1,890
2013	25,244	2,091	1,842
2014 — 2018	156,353	9,240	8,170

Retirement Savings Plan The Company offers an employee 401(k) savings plan (Savings Plan) to encourage eligible employees to save on a regular basis by payroll deductions. Effective July 1, 2003, a new enhanced benefit to the Savings Plan became effective. All new salaried employees hired on or after July 1, 2003 are provided with an employer basic matching contribution in the amount of 100 percent of the first three percent of eligible pay and 60 percent of the next three percent of eligible pay. This new enhanced benefit is in lieu of participation in the pension plan for salaried employees. For employees hired prior to July 1, 2003, the Company matched 60 percent of participating employees' first three percent of contributions and 40 percent of participating employees' next three percent of contributions. Total Company match was $12,510, $11,608 and $9,939 for the years ended December 31, 2008, 2007 and 2006, respectively.

Deferred Compensation Plans The Company has deferred compensation plans that enable certain employees to defer receipt of a portion of their compensation and non-employee directors to defer receipt of director fees at the participants' discretion.

NOTE 12: LEASES

The Company's future minimum lease payments due under operating leases for real estate, vehicles and other equipment in effect at December 31, 2008 are as follows:

Year	Total	Real Estate	Equipment
2009	$ 66,058	$ 24,465	$ 41,593
2010	52,050	21,416	30,634
2011	37,629	17,665	19,964
2012	23,261	14,478	8,783
2013	14,939	12,443	2,496
Thereafter	24,645	24,645	—
	$218,582	$115,112	$103,470

Under lease agreements that contain escalating rent provisions, lease expense is recorded on a straight-line basis over the lease term. Rental expense under all lease agreements amounted to approximately $84,708, $83,588 and $81,019 for the years ended December 31, 2008, 2007 and 2006, respectively.

NOTE 13: GUARANTEES AND PRODUCT WARRANTIES

In connection with the construction of certain manufacturing facilities, the Company guaranteed repayment of principal and interest on variable-rate industrial development revenue bonds by obtaining letters of credit. The bonds were issued with a 20-year original term and are scheduled to mature in 2017. At December 31, 2008, the carrying value of the liability was $11,900.

The Company provides its global operations guarantees and standby letters of credit through various financial institutions to suppliers, regulatory agencies and insurance providers. If the Company is not able to make payment, the suppliers, regulatory agencies and insurance providers may draw on the pertinent bank. At December 31, 2008, the maximum future payment obligations relative to these various guarantees totaled $61,615, of which $19,528 represented standby letters of credit to insurance providers, and no associated liability was recorded. At December 31, 2007, the maximum future payment obligations relative to these various guarantees totaled $65,592, of which $22,663 represented standby letters of credit to insurance providers, and no associated liability was recorded.

The Company provides its customers a standard manufacturer's warranty and records, at the time of the sale, a corresponding estimated liability for potential warranty costs. Estimated future obligations due to warranty claims are based upon

historical factors such as labor rates, average repair time, travel time, number of service calls per machine and cost of replacement parts. Changes in the Company's warranty liability balance are illustrated in the following table:

Warranty liability	December 31, 2008	2007
Balance at January 1	**$ 26,494**	$ 22,511
Current period accruals	**49,689**	33,463
Current period settlements	**(33,174)**	(29,480)
Balance at December 31	**$ 43,009**	$ 26,494

NOTE 14: COMMITMENTS AND CONTINGENCIES

At December 31, 2008, the Company had purchase commitments for materials through contract manufacturing agreements at negotiated prices totaling $19,488.

At December 31, 2008, the Company was a party to several lawsuits that were incurred in the normal course of business, none of which individually or in the aggregate is considered material by management in relation to the Company's financial position or results of operations. In management's opinion, the Consolidated Financial Statements would not be materially affected by the outcome of any present legal proceedings, commitments or asserted claims.

In addition to the routine legal proceedings noted above, the Company has been served with various lawsuits, filed against it and certain current and former officers and directors, by shareholders and participants in the Company's Savings Plan, alleging violations of the federal securities laws and breaches of fiduciary duties with respect to the 401(k) plan. These complaints seek compensatory damages in an unspecific amount, fees and expenses related to such lawsuits and the granting of extraordinary equitable and/or injunctive relief. The cases alleging violations of the federal securities laws have been consolidated into a single proceeding. The cases alleging breaches of fiduciary duties under the Employee Retirement Income Security Act of 1974 with respect to the 401(k) plan likewise have been consolidated into a single proceeding. The Company and the individual defendants deny the allegations made against them, regard them as without merit, and intend to defend themselves vigorously. On August 22, 2008, the court dismissed the consolidated amended complaint in the consolidated securities litigation and entered a judgment in favor of the defendants; however, on September 16, 2008, the plaintiffs filed a notice of appeal.

The Company, including certain of its subsidiaries, filed a lawsuit on May 30, 2008 against the Board of Elections of Cuyahoga County, Ohio, the Board of County Commissioners of Cuyahoga County, Ohio, (collectively, the County), and Ohio Secretary of State Jennifer Brunner (Secretary) regarding several Ohio contracts under which the Company provided electronic voting systems and related services to the State of Ohio and a number of its counties. The complaint seeks a declaration that the Company met its contractual obligations. In response, both the County and the Secretary have filed answers and counterclaims seeking declaratory relief and unspecified damages under several theories of recovery. The Butler County Board of Elections has joined in, and incorporated by reference, the Secretary's counterclaim. The Secretary has also added ten Ohio counties as additional defendants, claiming that those counties also experienced problems with the voting systems, but many of those counties have moved for dismissal. The Company has not yet responded to the counterclaims.

Management is unable to determine the financial statement impact, if any, of the federal securities class action, the 401(k) class action and the derivative actions as of December 31, 2008.

The Company was informed during the first quarter of 2006 that the staff of the SEC had begun an informal inquiry relating to the Company's revenue recognition policy. In the second quarter of 2006, the Company was informed that the SEC's inquiry had been converted to a formal, non-public investigation. In the fourth quarter of 2007, the Company also learned that the Department of Justice (DOJ) had begun a parallel investigation. The Company is continuing to cooperate with the government in connection with these investigations. The Company cannot predict the length, scope or results of the investigations, or the impact, if any, on its results of operations.

NOTE 15: ACQUISITIONS

The following mergers and acquisitions were accounted for as purchase business combinations and, accordingly, the purchase price has been or will be allocated to identifiable tangible and intangible assets acquired and liabilities assumed, based upon their respective fair values, with the excess allocated to goodwill. Results of operations from the date of acquisition of these companies are included in the condensed consolidated statements of operations of the Company.

In February 2008, the Company formed a partnership, D&G Centroamerica, S. de R.L. (D&G), based in Costa Rica with an initial investment of approximately $6,423. The Company owns 51 percent of the partnership. The minority partner of D&G was previously used by the Company as a distributor in Central America. Goodwill and other intangibles, net of amortization, resulting from the acquisition amounted to approximately $731 and $5,686, respectively, as of December 31, 2008. D&G is included as part of the Company's DI segment.

In January 2007, the Company acquired Brixlogic, Inc. (Brixlogic) based in San Mateo, California for approximately $8,349. Brixlogic is a software development firm previously used by the Company for various software development projects. Other intangibles, net of amortization, resulting from the acquisition amounted to approximately $6,665 as of December 31, 2008. Brixlogic is included as part of the Company's DNA segment.

NOTE 16: DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company uses derivatives to mitigate the negative economic consequences associated with the fluctuations in currencies and interest rates. SFAS No. 133, (SFAS 133) *Accounting for Derivative Instruments and Hedging Activities*, requires that all derivative instruments be recorded on the balance sheet at fair value and that the changes in the fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows derivative gains and losses to be reflected in the income statement together with the hedged exposure, and requires that a company formally document, designate and assess the effectiveness of transactions that receive hedge accounting treatment. The Company does not enter into any speculative positions with regard to derivative instruments.

FOREIGN EXCHANGE

Non-Designated Hedges A substantial portion of the Company's operations and revenues are international. As a result, changes in foreign exchange rates can create substantial foreign exchange gains and losses from the revaluation of non-functional currency monetary assets and liabilities. The Company's policy allows the use of foreign exchange forward contracts with maturities of up to 24 months to mitigate the impact of currency fluctuations on those foreign currency asset and liability balances. The Company elected not to apply hedge accounting to its foreign exchange forward contracts under SFAS 133. Thus, derivative gains/losses offset revaluation gains/losses in other income (expense).

Net Investment Hedges The Company has international subsidiaries with assets in excess of liabilities that generate the risk of cumulative translation adjustments within other comprehensive income. The Company uses derivatives to manage potential

adverse changes in value of its net investments in Brazil and South Africa. The Company's policy is to selectively enter into foreign exchange forward contracts with variable maturities documented as net investment hedges to offset certain net investment exchange rate movements. The Company calculates each hedge's effectiveness quarterly by comparing the cumulative change in the forward contract to the cumulative change in the hedged portion of the net investment on a forward to forward basis. Changes in value that are deemed effective are accumulated in other comprehensive income where they will remain until they are reclassified to income together with the gain or loss on the entire investment upon substantial liquidation of the subsidiary. During the year ended December 31, 2008, a gain of $10,718 was recorded in other comprehensive income related to net investment hedges.

INTEREST RATE

Cash Flow Hedges The Company has variable rate debt and is subject to fluctuations in interest related cash flows due to changes in market interest rates. The Company's policy allows derivative instruments designated as cash flow hedges which fix a portion of future variable-rate interest expense. The Company has executed two pay-fixed receive-variable interest rate swaps to hedge against changes in the LIBOR benchmark interest rate on a portion of the companies' LIBOR-based credit facility.

The Company calculates each hedge's effectiveness quarterly by comparing the cumulative change in the interest rate swaps to the cumulative change in hypothetical interest rate swaps with critical terms that match the credit facility. Changes in value that are deemed effective are accumulated in other comprehensive income and reclassified to interest expense when the hedged interest is accrued. There was no ineffectiveness from over-performance of the interest rate swaps recorded in interest expense in 2008. Should it become probable that the Company's variable rate borrowings will not occur, the gains or losses on the related cash flow hedges will be reclassified from other comprehensive income to interest expense.

In December 2005 and January 2006, the Company executed pre-issuance cash flow hedges by entering into receive-variable and pay-fixed interest rate swaps related to the anticipated debt issuance in March 2006. Amounts previously recorded in other comprehensive income related to the pre-issuance cash flow hedges will continue to be reclassified to income on a straight-line basis through February 2016.

The following table summarizes the impact of interest rate cash flow hedges on other comprehensive (loss) income (pre-tax) in 2008:

Interest Rate Hedge	
January 1, 2008	$ 1,670
Net change on cash flow hedge	(4,278)
Reclassification to interest expense	(269)
December 31, 2008	$(2,877)

The Company anticipates reclassifying $1,321 from other comprehensive income to interest expense within the next 12 months.

NOTE 17: RESTRUCTURING CHARGES

The following table summarizes the Company's restructuring charges by plan for the years ended December 31, 2008, 2007 and 2006:

	Year Ended December 31,		
	2008	2007	2006
DCM Plan	$ 3,247	$19,977	$ —
Germany Plan	6,024	3,224	—
RIF Plan	21,222	—	—
Newark Plan	9,125	—	—
Global R&D Plan	—	—	12,474
Other	1,954	391	14,503
Total	$41,572	$23,592	$26,977

Diebold Cassis Manufacturing (DCM) Plan

During the first quarter of 2006, the Company announced a plan (DCM plan) to close its production facility in Cassis, France in an effort to optimize its global manufacturing operations. As of December 31, 2008, the Company anticipates remaining total costs related to the closure of this facility to be approximately $700. For the year ended December 31, 2008, the Company incurred $3,247 through product cost of sales. The accrual balance as of December 31, 2008 was immaterial to the Company.

There were no restructuring expenses related to the Company's Diebold Election Systems (ES) & Other operating segment during the year ended December 31, 2008 for the DCM Plan. Restructuring expenses for the DCM Plan are presented in the following table:

	DNA	DI
Total amount expected to be incurred		
Employee severance costs	$ —	$18,889
Other(1)	886	10,608
Total expected costs	$ 886	$29,497
Gain on sale of building	—	(6,438)
Total net expected costs	$ 886	$23,059
Amount incurred during the year ended December 31, 2008		
Employee severance costs	$ —	$ 1,644
Other(1)	886	717
Total costs	$ 886	$ 2,361
Amount incurred to date under the plan		
Employee severance costs	$ —	$18,524
Other(1)	886	10,252
Total costs incurred to date	$ 886	$28,776
Gain on sale of building	—	(6,438)
Total net costs incurred to date	$ 886	$22,338

(1) Other costs include legal and contract termination fees, asset impairment costs, and costs to transfer usable inventory and equipment.

Germany Plan

During the third quarter of 2007, the Company announced a plan (Germany plan) to downsize its operations in Germany in an effort to remove excess capacity. During the first quarter of 2008, the plan was modified to initiate a full closure of operations in Germany in light of further declines in sales opportunities resulting from a fully mature market. For the year ended December 31, 2008, the Company incurred total restructuring charges of $6,024: $1,772 through product cost of sales, $2,769 through service cost of sales, $1,509 through selling and administrative and ($26) through (gain)/loss on sale of assets, net. As of December 31, 2008, the Company does not anticipate incurring any additional costs in relation to this plan and the accrual balance as of December 31, 2008 was immaterial to the Company.

There were no restructuring expenses related to the Company's ES & Other operating segment during the year ended December 31, 2008 for the Germany Plan. Restructuring expenses for the Germany Plan are presented in the following table:

	DNA	DI
Total amount expected to be incurred		
Employee severance costs	$ —	$3,657
Other(1)	466	5,125
Total expected costs	$ 466	$8,782
Amount incurred during the year ended December 31, 2008		
Employee severance costs	$ —	$2,638
Other(1)	466	2,920
Total costs	$ 466	$5,558
Amount incurred to date under the plan		
Employee severance costs	$ —	$3,657
Other(1)	466	5,125
Total costs incurred to date	$ 466	$8,782

(1) Other costs include consulting and legal fees, contract termination fees and asset impairment costs

Reduction-In-Force (RIF) Plan

During the first quarter of 2008, the Company announced a plan to reduce its global workforce (RIF plan), including consolidation of certain international facilities, in an effort to optimize overall operational performance. As of December 31, 2008, the Company anticipates remaining total costs of approximately $1,400 to be incurred through the end of the second quarter of 2009. For the year ended December 31, 2008 the company incurred total restructuring charges of $21,222: $1,208 through product cost of sales, $6,608 through service cost of sales, $9,694 through selling and administrative and $3,712 through research and development. Restructuring expenses for the RIF Plan are presented in the following table:

	DNA	DI	ES & Other
Total amount expected to be incurred			
Employee severance costs	$4,616	$13,390	$ 663
Other(1)	—	3,951	—
Total expected costs	$4,616	$17,341	$ 663
Amount incurred during the year ended December 31, 2008			
Employee severance costs	$4,616	$13,390	$ 663
Other(1)	—	2,553	—
Total costs	$4,616	$15,943	$ 663
Amount incurred to date under the plan			
Employee severance costs	$4,616	$13,390	$ 663
Other(1)	—	2,553	—
Total costs incurred to date	$4,616	$15,943	$ 663

(1) Other costs include legal fees, contract termination fees and asset impairment costs

The restructuring accrual related to the RIF plan is presented in the following table:

	Balance January 1, 2008	Liabilities Incurred	Liabilities Paid/Settled	Balance Dec 31, 2008
Employee severance costs	$ —	$18,669	$10,964	$7,705
Other	—	2,553	571	1,982
Total	$ —	$21,222	$11,535	$9,687

Newark Plan

During the second quarter of 2008, the Company announced a plan (Newark plan) to close its manufacturing facility in Newark, Ohio as part of its continued focus on its strategic global manufacturing realignment. As of December 31, 2008, the Company anticipates remaining total costs related to the closure of this facility to be approximately $1,300. The Company anticipates the closure of this facility to be substantially complete by the end of the first quarter of 2009. For the year ended December 31, 2008, the Company incurred $9,125 through product cost of sales.

There were no restructuring expenses related to the Company's DI and ES & Other operating segments during the year ended December 31, 2008 for the Newark Plan. Restructuring expenses for the Newark Plan are presented in the following table:

	DNA
Total amount expected to be incurred	
Employee severance costs	$ 1,318
Other(1)	9,107
Total expected costs	$10,425
Amount incurred during the year ended December 31, 2008	
Employee severance costs	$ 968
Other(1)	8,157
Total costs	$ 9,125
Amount incurred to date under the plan	
Employee severance costs	$ 968
Other(1)	8,157
Total costs incurred to date	$ 9,125

(1) Other costs include pension obligation.

The restructuring accrual related to the Newark plan is presented in the following table:

	Balance January 1, 2008	Liabilities Incurred	Liabilities Paid/Settled	Balance Dec 31, 2008
Employee severance costs	$ —	$ 968	$ 366	$ 602
Other	—	8,157	1,422	6,735
Total	$ —	$9,125	$1,788	$7,337

Global R&D Plan

During 2006, the Company initiated a restructuring plan related to realignment of its global research and development efforts (R&D plan). Total pre-tax costs incurred during 2006 related to the R&D plan were $12,474. The Company incurred $1,085 in its DNA segment, $11,358 in its DI segment and $31 in its ES & Other segment. The income statement line in which these charges are included is $55 in product cost of sales, $3,959 in service cost of sales, $4,380 in selling and administrative, $3,950 in research and development and $130 in other income and expense.

Other Restructuring Charges

During 2008, the Company incurred total other restructuring charges of $1,954: $630 through product cost of sales, $286 through service cost of sales, $577 through selling and administrative and $461 through (gain)/loss on sale of assets, net. Of these charges, $574 was incurred in the DNA segment and $1,380 was incurred in the DI segment.

During 2007, the Company incurred total other restructuring charges of $391 in the DI segment selling and administrative expenses. During 2006, the Company incurred restructuring charges related to the termination of an IT outsourcing agreement of $7,000, realignment of the Company's global manufacturing operations of $3,017, relocation of its European headquarters of $3,486 and product development rationalization of $1,000. The Company incurred $5,672 in its DNA segment, $8,286 in its DI segment and $545 in its ES & Other segment. The income statement line in which these charges are included is $3,244 in product cost of sales, $10,486 in selling and administrative and the remainder in research and development and other income and expense.

Other Charges

The Company incurred legal, consultation, audit and financial advisory fees (collectively referred to as non-routine expenses) of $45,145 for the year ended December 31, 2008 related to the filing of the restated financial statements and the unsolicited takeover bid from United Technologies Corp. As of December 31, 2008 the accrual balance for these non-routine expenses was approximately $18,000. The Company incurred legal, audit and financial advisory fees of $7,288 and $791 for the years ended December 31, 2007 and 2006, respectively, related to the filing of the restated financial statements.

NOTE 18: FAIR VALUE OF ASSETS AND LIABILITIES

Effective January 1, 2008, the Company adopted SFAS No. 157 (SFAS 157), *Fair Value Measurements* for its financial assets and liabilities, as required. In February 2008, the FASB issued FASB Staff Position No. 157-2, which deferred the effective date of SFAS 157 for nonfinancial assets and liabilities except for those recognized or disclosed on a recurring basis. SFAS 157 establishes a common definition for fair value to be applied to US GAAP guidance requiring the use of fair value, establishes a framework for measuring fair value, and expands disclosure requirements about such fair value measurements. The standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements.

The Company adopted SFAS 157 on January 1, 2008 with respect to financial assets and financial liabilities that are measured at fair value within the Consolidated Financial Statements and deferred the adoption for non-financial assets and non-financial liabilities until January 1, 2009. Accordingly, the provisions of SFAS 157 were not applied to long-lived assets and goodwill and other intangible assets measured for impairment testing purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

The hierarchy that prioritizes the inputs to valuation techniques used to measure fair value is divided into three levels:

- Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 — Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active or inputs, other than quoted prices in active markets, that are observable either directly or indirectly.
- Level 3 — Unobservable inputs for which there is little or no market data.

The Company measures its financial assets and liabilities using one or more of the following three valuation techniques outlined in SFAS 157:

- Market approach — Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach — Amount that would be required to replace the service capacity of an asset (replacement cost).
- Income approach — Techniques to convert future amounts to a single present amount based upon market expectations.

The Company has no financial assets or liabilities for which fair value was measured using Level 3 inputs. Assets and liabilities subject to fair value measurement are as follows:

		Fair Value Measurements at Reporting Date Using	
	Fair Value as of December 31, 2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets			
Short-term investments	$117,026	$117,026	$ —
Foreign exchange forward contracts	4,361	—	4,361
Deferred compensation	7,984	7,984	—
Total	$129,371	$125,010	$4,361
Liabilities			
Foreign exchange forward contracts	$ 1,350	$ —	$1,350
Interest rate swaps	5,228	—	5,228
Total	$ 6,578	$ —	$6,578

Short-Term Investments The Company has investments in certificates of deposit that are recorded at cost, which approximates fair value due to their short term nature and lack of volatility.

Deferred Compensation Plan The fair value of the Company's deferred compensation plan is valued using the market approach. The deferred compensation plan is a mix of money market, fixed income and equity funds managed by Vanguard.

Foreign Exchange Forward Contracts A substantial portion of the Company's operations and revenues are international. As a result, changes in foreign exchange rates can create substantial foreign exchange gains and losses from the revaluation of non-functional currency monetary assets and liabilities. The foreign exchange contracts are valued using the market approach based on observable market transactions of forward rates.

Interest Rate Swaps The Company has variable rate debt and is subject to fluctuations in interest related cash flows due to changes in market interest rates. The Company's policy allows derivative instruments designated as cash flow hedges which fix a portion of future variable-rate interest expense. The Company has executed two pay-fixed receive-variable plain vanilla interest rate swaps to hedge against changes in the London Interbank Offered Rate (LIBOR) benchmark interest rate on a portion of the Company's LIBOR- based credit facility. The fair value of the swap is determined using the income approach and is calculated based on LIBOR rates at the reporting date.

NOTE 19: SEGMENT INFORMATION

The Company's segments are comprised of its three main sales channels: DNA, DI and ES & Other. These sales channels are evaluated based on revenue from customers and operating profit contribution to the total corporation. The reconciliation between segment information and the Consolidated Financial Statements is disclosed. Revenue summaries by geographic area and product and service solutions are also disclosed. All income and expense items below operating profit are not allocated to the segments and are not disclosed.

The DNA segment sells and services financial and retail systems in the United States and Canada. The DI segment sells and services financial and retail systems over the remainder of the globe. The ES & Other segment includes the operating results of PESI and the voting and lottery related business in Brazil. Each of the sales channels buys the goods it sells from the Company's manufacturing plants or through external suppliers. Intercompany sales between legal entities are eliminated in consolidation and intersegment revenue is not significant. Each year, intercompany pricing is agreed upon which drives sales channel operating profit contribution. As permitted under SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, certain information not routinely used in the management of these segments, information not allocated back to the segments or information that is impractical to report is not shown. Items not allocated are as follows: interest income, interest expense, equity in the net income of investees accounted for by the equity method, income tax expense or benefit, and other non-current assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

The following table represents information regarding our segment information for the years ended December 31, 2008, 2007 and 2006:

SEGMENT INFORMATION BY CHANNEL

	DNA	DI	ES & Other	Total
2008				
Customer revenues	$1,535,989	$1,479,983	$154,108	$3,170,080
Operating profit	86,936	85,305	4,040	176,281
Capital expenditures	23,232	33,126	1,574	57,932
Depreciation	23,768	28,445	3,082	55,295
Property, plant and equipment, at cost	426,818	139,142	13,991	579,951
Total assets	1,197,572	1,258,206	82,158	2,537,936
2007				
Customer revenues	$1,543,055	$1,340,723	$ 63,703	$2,947,481
Operating profit (loss)	112,990	52,578	(60,890)	104,678
Capital expenditures	13,569	26,348	3,342	43,259
Depreciation	26,612	18,015	922	45,549
Property, plant and equipment, at cost	415,798	147,141	12,857	575,796
Total assets	1,167,782	1,333,815	93,127	2,594,724
2006				
Customer revenues	$1,519,669	$1,168,014	$233,291	$2,920,974
Operating profit	119,786	26,604	40,224	186,614
Capital expenditures	18,354	17,785	2,375	38,514
Depreciation	28,634	16,256	805	45,695
Property, plant and equipment, at cost	398,010	147,079	5,408	550,497
Total assets	1,117,286	1,245,117	198,114	2,560,517

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

The following table represents information regarding our revenue by geographic region and by product and service solution for the years ended December 31, 2008, 2007 and 2006:

	December 31,		
	2008	2007	2006
Revenue Summary by Geographic Area			
The Americas	$2,299,588	$2,115,293	$2,187,256
Asia Pacific	400,558	337,844	290,934
Europe, Middle East and Africa	469,934	494,344	442,784
Total revenue	$3,170,080	$2,947,481	$2,920,974
Total Revenue International vs. Domestic			
International	$1,603,963	$1,417,574	$1,354,878
Percentage of total revenue	50.6%	48.1%	46.4%
Domestic	1,566,117	1,529,907	1,566,096
Percentage of total revenue	49.4%	51.9%	53.6%
Total revenue	$3,170,080	$2,947,481	$2,920,974
Revenue Summary by Product and Service Solution			
Financial Self-Service:			
Products	$1,127,120	$1,050,960	$ 995,422
Services	1,113,450	1,020,154	943,206
Total Financial Self-Service	2,240,570	2,071,114	1,938,628
Security Solutions			
Products	319,493	345,841	322,953
Services	455,909	466,823	426,102
Total Security Solutions	775,402	812,664	749,055
Total Financial Self-Service & Security	3,015,972	2,883,778	2,687,683
Election systems/lottery	154,108	63,703	233,291
Total revenue	$3,170,080	$2,947,481	$2,920,974

The Company had no customers that accounted for more than 10 percent of total net sales in 2008, 2007 and 2006.

NOTE 20: DISCONTINUED OPERATIONS

During the fourth quarter of 2008, the Company decided to discontinue its enterprise security operations in the EMEA region. As a result, the Company recorded a pre-tax impairment charge of $16,658 related to previously recorded goodwill and certain intangible assets. In addition, the Company incurred severance expenses and other charges incidental to the closure of $1,734 in 2008. These charges, along with the results of operations of this enterprise security business, are included in loss from discontinued operations, net of tax of $12,954, $5,400, and $4,370, respectively, in the Company's Consolidated Statements of Operations for the years ended December 31, 2008, 2007 and 2006. The Company anticipates incurring additional charges associated with this closure of approximately $2,200 during 2009.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

NOTE 21: QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Unaudited Quarterly Results — The following table presents selected unaudited Consolidated Statements of Income data for each quarter for the year ended December 31, 2008 and 2007:

	Year Ended December 31,							
	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2008	2007	2008	2007	2008	2007	2008	2007
Net sales	$691,908	$641,201	$768,677	$689,782	$886,532	$736,459	$822,963	$880,039
Gross profit	172,361	129,117	192,955	163,294	232,982	176,262	196,318	213,236
Income (loss) from continuing operations	14,403	2,193	29,242	20,605	47,447	29,018	10,445	(6,875)
Loss from discontinued operations	(608)	(559)	(2,028)	(787)	(931)	(869)	(9,387)	(3,185)
Net income (loss)	$ 13,795	$ 1,634	$ 27,214	$ 19,818	$ 46,516	$ 28,149	$ 1,058	$ (10,060)
Basic earnings per share:								
Income from continuing operations	$ 0.22	$ 0.03	$ 0.44	$ 0.31	$ 0.72	$ 0.44	$ 0.16	$ (0.10)
Loss from discontinued operations	(0.01)	(0.01)	(0.03)	(0.01)	(0.02)	(0.01)	(0.14)	(0.05)
Net income (loss)	$ 0.21	$ 0.02	$ 0.41	$ 0.30	$ 0.70	$ 0.43	$ 0.02	$ (0.15)
Diluted earnings per share:								
Income from continuing operations	$ 0.22	$ 0.03	$ 0.44	$ 0.31	$ 0.71	$ 0.43	$ 0.15	$ (0.10)
Loss from discontinued operations	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)	(0.01)	(0.14)	(0.05)
Net income (loss)	$ 0.21	$ 0.02	$ 0.41	$ 0.30	$ 0.70	$ 0.42	$ 0.01	$ (0.15)
Basic weighted-average shares outstanding	66,018	65,673	66,101	65,793	66,101	65,926	66,106	65,966
Diluted weighted-average shares outstanding	66,306	66,468	66,765	66,829	66,758	66,985	66,651	66,513

Included in the fourth quarter 2008 income from continuing operations is a prior period adjustment of $4,877 related to the Company's deferred tax accounts.

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A: CONTROLS AND PROCEDURES

This annual report includes the certifications of our chief executive officer (CEO) and chief financial officer (CFO) required by Rule 13a-14 of the Exchange Act. See Exhibits 31.1 and 31.2. This Item 9A includes information concerning the controls and control evaluations referred to in those certifications.

INTRODUCTION

During 2008, management spent considerable time and resources performing extensive and additional analyses and substantive procedures to support the audit process to complete five sets of financial statements for each of the periods from the second quarter 2007 through the second quarter 2008 to become a current filer with the SEC. In light of these efforts, management was unable to remediate all of the material weaknesses; however, we continue to invest significant time and resources to engage in actions to remediate weaknesses in our internal control over financial reporting. Based on the extensive and additional analyses and substantive procedures performed by management that are designed to facilitate the reliability of financial reporting but that are not part of the internal control over financial reporting, management believes that the Consolidated Financial Statements fairly present, in all material respects, the Company's financial position, results of operations and cash flows as of the dates, and for the periods, presented, in conformity with US GAAP.

A) DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the CEO and CFO as appropriate, to allow timely decisions regarding required disclosures.

In connection with the preparation of this annual report, the Company's management, under the supervision and with the participation of the CEO and CFO, conducted an evaluation of disclosure controls and procedures, including the remedial actions described below, as of the end of the period covered by this report. Based on that evaluation, certain material weaknesses in internal control over financial reporting, as discussed in detail below and disclosed in previous filings, have not been remediated. As a result, the CEO and CFO concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2008. As described in detail throughout this Item 9A, we continue to take actions to remediate material weaknesses in our internal control over financial reporting.

We continue to use our management certification process to identify matters that might require disclosure and to encourage accountability with respect to the accuracy of our disclosures in order to strengthen our disclosure controls and procedures. Our process requires multiple levels of management to provide sub-certifications, all of which are aggregated and reported to the CEO and CFO for assessment prior to the filing of the quarterly Consolidated Financial Statements. We utilized this process in preparing this annual report.

B) MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, under the supervision of the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act, is a process designed by, or under the supervision of, the CEO and CFO and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the

preparation of financial statements for external reporting purposes in accordance with US GAAP. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with US GAAP;
- provide reasonable assurance that receipts and expenditures of the Company are being made only in accordance with appropriate authorization of management and the board of directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Consolidated Financial Statements.

Internal control over financial reporting has inherent limitations because it is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting can also be circumvented by collusion or improper override. Because of such limitations, there is a risk that material misstatements will not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate the risk.

A material weakness is defined by the SEC as being a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In connection with the preparation of this annual report, management, under the supervision and with the participation of our CEO and CFO, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2008 based on the criteria established in the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our assessment identified material weaknesses, as described below; therefore, management has concluded that our internal control over financial reporting was not effective as of December 31, 2008.

Management identified the following control deficiencies as of December 31, 2008 that constituted material weaknesses:

Selection, Application and Communication of Accounting Policies: The Company did not have effective controls over compliance with accounting policies and procedures. In addition, the Company did not effectively communicate accounting policies to the Company's personnel for consistent application. This entity-level control over financial reporting contributed to other material weaknesses disclosed herein.

Monitoring: The Company did not maintain effective monitoring control activities over balance sheet analytical controls operated by business unit personnel designed to detect breakdowns in controls and errors that could be material in the financial statements.

Manual Journal Entries: The Company did not maintain effective controls over manual journal entries. Specifically, the retention of proper supporting documentation as well as managerial review and approval procedures, which are designed to validate the completeness, accuracy and appropriateness of the entries recorded in the accounting records, were not operating effectively. Further, the Company did not have sufficient monitoring activities in place to detect when controls over manual journal entries were not operating effectively.

Contractual Agreements: The Company did not maintain effective controls over non-routine contractual agreements and/or related supporting information with financial reporting implications. Specifically, there is no standard process to ensure the review and analysis of the accounting impact of non-routine contractual agreements in a timely manner by accounting personnel.

Account Reconciliations: The Company's controls over account reconciliation controls were not operating effectively. Specifically, the issues that occurred in various accounts involved the Company personnel not taking the steps necessary for an adequate reconciliation in accordance with the Company's policy. Among some of the issues noted were associates not maintaining supporting documentation, performance of the account reconciliation not occurring timely and/or management

review and approval of the reconciliation not occurring timely. In addition, the Company did not have sufficient monitoring activities in place to timely detect when controls over account reconciliations were not operating effectively.

These material weaknesses resulted in material errors in the Company's historical financial statements. These material errors were corrected by management prior to the issuance of the Company's consolidated financial statements for the applicable periods.

KPMG LLP, the Company's independent registered public accounting firm, has issued an auditor's report on management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. This report is included at page 42 of this annual report and is incorporated by reference in this Item 9A.

C) CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

As previously disclosed under "Item 9A — Controls and Procedures" in our annual report for the year ended December, 31, 2007, management concluded that our internal control over financial reporting was not effective based on the material weaknesses identified. Management has worked on remediation efforts since the filing of that annual report on September 30, 2008.

During the quarter ended December 31, 2008, management completed the following changes in our internal control over financial reporting related to our six previously reported material weaknesses.

Control Environment: As of December 31, 2008, the Company's management has sufficient evidence to conclude that the previously disclosed material weakness in the control environment has been fully remediated. Commencing in 2006 and through the date of the filing of this annual report, senior executives have implemented and executed activities designed to communicate and establish an effective culture and tone necessary to support the Company's control environment. The remediation of this weakness has been addressed with all levels of associates within the Company. In order to reinforce an environment of strong consciousness and the appropriate culture within the Company to assure consistent application of accounting policies, adherence with US GAAP, and the importance of internal control over financial reporting, management has developed and executed ongoing policies for specific and targeted communications involving the executive leadership and the Board of Directors. These communications have been focused on setting the tone and highlighting the requirements and expectations for all employees related to financial reporting controls compliance, personnel responsibilities, processes and avenues for reporting suspected violations of the Company's Code of Conduct, and mechanisms to answer questions and address potential concerns. In addition, the Company's executives have attended and will continue to attend educational courses that focus on setting the proper tone at the top, executive fiduciary responsibilities and duties relating to financial reporting and controls.

During the quarter ended December 31, 2008, changes in our internal control over financial reporting occurred related to the following five material weaknesses which continue to exist as of December 31, 2008:

Selection, Application and Communication of Accounting Policies: Management made personnel changes in the accounting and financial reporting functions. Actions were taken, related to appropriate remedial actions with respect to certain employees, including terminations, reassignments, reprimands, increased supervision, and the imposition of financial penalties in the form of compensation adjustments. In addition, management continued to enhance its accounting and finance organization personnel to better align individuals with job responsibilities commensurate with skill-sets, experience, and capabilities. The Company evaluated and made changes to the structure of the finance department, to further align and segregate, where necessary, the responsibilities within the accounting, financial reporting, planning and forecasting functions. In addition, the Company recruited additional qualified senior accounting personnel, and in December 2008 hired a Vice President responsible for Corporate Accounting, Compliance and External Reporting, and has continued to design and implement retention programs to assure that personnel with this background and experience can be retained. Management also implemented select training programs that are designed to assure that the Company's personnel have knowledge, experience and training in the application of US GAAP commensurate with the Company's financial reporting requirements.

Monitoring: Management has enhanced its accounting and finance control processes and structure to facilitate completion of detailed analytical reviews of the consolidated balance sheet at a financial statement line item level. This process is designed to

supplement other control processes, such as review and approval of manual journal entries and account reconciliations, to validate the accuracy of reported amounts. As of December 31, 2008, at each of the Company's global entities, management has established a new monitoring control process that includes the completion of a detailed analytical review by related finance management at a level of precision that would detect errors in the financial statements that could be material. This process includes an additional review by the applicable division chief financial officer as well as a review by corporate accounting and finance management. The process includes a review to identify inconsistencies in application of US GAAP, reporting misclassifications of balances, and/or validates that variances in balance sheet accounts are consistent with fluctuations in related income statement accounts.

Manual Journal Entries: Management implemented policies and procedures to manually monitor compliance with its global journal entry accounting policy, which governs requirements for support, review and approval of manual journal entries. Compliance with this policy continues to be rigorously tested on a regular basis by the internal audit group. The Company's policy was established to provide the requirements to global associates related to the supporting documentation, and accuracy and completeness of manual journal entries, and implemented authorization levels for the approval of manual journal entries that includes the review of certain material manual journal entries by the Vice President — Corporate Controller and/or CFO.

Contractual Agreements: Management has begun to develop a more standardized process for monitoring, updating, and disseminating non-routine contractual agreements to facilitate a complete and timely review by appropriate accounting and other relevant personnel.

Account Reconciliations: Management implemented policies and procedures to manually monitor compliance with its global account reconciliation policy, which governs requirements for content, format, and review and approval of account reconciliations. Compliance with this policy continues to be rigorously tested on a regular basis by the internal audit group. The Company's policy was established to provide the requirements to global associates related to the supporting documentation, and accuracy and completeness of account reconciliations. Management has begun implementing a global account reconciliation database and compliance monitoring tool related to existence, completeness, accuracy and retention of account reconciliations. As of December 31, 2008, all balance sheet account reconciliations prepared related to the U.S.-based portion of the North America business unit are monitored utilizing this tool. In the fourth quarter of 2008, setup efforts began related to the deployment of this compliance monitoring tool for Canada, Mexico and substantially all entities in the Company's Europe, Middle East and Africa business unit.

D) REMEDIATION STEPS TO ADDRESS MATERIAL WEAKNESSES

Management is committed to remediating our material weaknesses in a timely fashion. Our Sarbanes-Oxley compliance function is responsible for helping to monitor our short-term and long-term remediation plans. In addition, we have assigned an executive owner to direct the necessary remedial changes to the overall design of our internal control over financial reporting and to address the root causes of our material weaknesses. Our leadership team is committed to achieving and maintaining a strong control environment, high ethical standards and financial reporting integrity. This commitment will continue to be communicated to and reinforced with our associates.

Our remediation efforts, outlined below, are intended to address the identified material weaknesses in internal control over financial reporting.

The Company's management believes the remediation measures described below will remediate the identified control deficiencies and strengthen the Company's internal control over financial reporting. As management continues to evaluate and work to improve its internal control over financial reporting, it may be determined that additional measures must be taken to address control deficiencies or it may be determined that the Company needs to modify, or in appropriate circumstances not to complete, certain of the remediation measures described below.

Selection, Application and Communication of Accounting Policies: In December 2008, management began drafting a policy to clarify requirements related to proper revenue recognition to facilitate global compliance with its existing revenue recognition policy. It is planned that this policy will be finalized and published by March 31, 2009. At this time, the Company anticipates that the

remediation efforts related to certain other accounting policies, including training, will be fully implemented globally by the quarter ending June 30, 2009.

Monitoring: As noted above, management has enhanced its accounting and finance processes and structure to facilitate completion of detailed analytical reviews of the consolidated balance sheet at a financial statement line item level. This process starts with the completion of a detailed analytical review at each of the Company's global entities, and includes several managerial reviews at a level of precision that is designed to detect errors in the financial statements that could be material. In the opinion of management, these remedial actions were not in place for a sufficient amount of time in the fourth quarter of 2008 to conclude that the new control procedures were operating effectively as of December 31, 2008. The Company anticipates that the remediation efforts will be fully implemented in the first quarter ending March 31, 2009. This will allow the Company sufficient time to test the ongoing design and operating effectiveness of these controls.

Manual Journal Entries: Management is planning the utilization of systematic application controls for journal entry approvals within its global accounting close process. In addition, as part of our standard period end financial closing procedures, management will continue to enhance the monitoring process and controls related to manual journal entry by continuing to conduct proper managerial reviews and approvals of the completeness, accuracy, and appropriateness of the entries recorded in the accounting records. At this time, the Company anticipates that the remediation efforts will be fully implemented globally by the end of 2009.

Contractual Agreements: Management continues to evaluate and enhance controls to develop a more formalized process for monitoring, updating, and disseminating non-routine contractual agreements to facilitate a complete and timely review by accounting personnel. Additional controls include the implementation of a global contractual agreement database to facilitate management's review and accounting evaluation related to existence, completeness, approval, and retention of global contractual agreements amongst the various departments. At this time, the Company anticipates that the remediation efforts will be fully implemented globally by the quarter ending June 30, 2009.

Account Reconciliations: As mentioned above, in December 2007, management began implementing a global account reconciliation compliance monitoring tool related to existence, completeness, accuracy and retention of account reconciliations. As of December 31, 2008, all balance sheet account reconciliations prepared for the U.S.-based portion of the North America business unit are monitored utilizing this tool. In the fourth quarter of 2008, setup efforts related to the deployment of this compliance monitoring tool has begun for the following entities: Canada, Mexico and substantially all entities in the Company's Europe, Middle East and Africa business unit. At this time, the Company anticipates that the remediation efforts will be fully implemented globally by the end of 2009. In the meantime, management utilizes manual monitoring processes to ensure that reconciliations are completed, reviewed and approved in a timely fashion.

The five material weaknesses identified by management and discussed above are not fully remediated as of the date of the filing of this annual report. Substantive procedures that are not a component of our internal control over financial reporting have been performed by the Company in consultation with external accounting advisors to ensure the underlying transactions within this annual report are supported and the financial statements are fairly stated as of the date of the filing of this annual report. Under the direction of the Audit Committee, management has developed a detailed plan and timetable for the implementation of the above-referenced remedial measures, and will monitor their implementation. In addition, under the direction of the Audit Committee, management will continue to review and make necessary changes to the overall design of our internal control over financial reporting, as well as policies and procedures to improve the overall effectiveness of our internal control over financial reporting.

Management estimates the total cost for remediation efforts to be approximately $3.0 million, which includes $2.4 million of consultation fees and $0.6 million of internal costs, including software purchases.

ITEM 9B: OTHER INFORMATION

None.

PART III

ITEM 10: DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information with respect to directors of the Company, including the audit committee and the designated audit committee financial experts, is included in the Company's proxy statement for the 2009 Annual Meeting of Shareholders ("2009 Annual Meeting") and is incorporated herein by reference. Information with respect to any material changes to the procedures by which security holders may recommend nominees to the Company's board of directors is included in the Company's proxy statement for the 2009 Annual Meeting and is incorporated herein by reference. The following table summarizes information regarding executive officers of the Company:

Name, Age, Title and Year Elected to Present Office	Other Positions Held Last Five Years
Thomas W. Swidarski — 50 President and Chief Executive Officer Year elected: 2005	Oct-Dec 2005: President and Chief Operating Officer; 2001-2005: Senior Vice President, Financial Self-Service Group
Kevin J. Krakora — 53 Executive Vice President and Chief Financial Officer Year elected: 2006	2005-2006: Vice President and Chief Financial Officer; 2001-2005: Vice President and Corporate Controller
George S. Mayes, Jr. — 50 Executive Vice President, Global Operations Year elected: 2008	2006-Apr 2008: Senior Vice President, Supply Chain Management; 2005-2006: Vice President, Global Supply Chain Management; 2002-2004: Chief Operating Officer, Tinnerman Palnut Engineered Products, Inc.
David Bucci — 57 Senior Vice President, Customer Solutions Group Year elected: 2001	
James L. M. Chen — 48 Senior Vice President, EMEA/AP Divisions Year elected: 2007	2006-Feb 2007: Vice President, EMEA/AP Divisions; 1998-2006: Vice President and Managing Director Asia/Pacific
Charles E. Ducey, Jr. — 53 Senior Vice President, Global Development and Services Year elected: 2006	2005-Jan 2006: Vice President, Global Development and Services; 2001-2005: Vice President, Customer Service Solutions Diebold North America
Dennis M. Moriarty — 56 Senior Vice President, Global Security Division Year elected: 2006	2001-2006: Vice President, Global Security Division
Warren W. Dettinger — 55 Vice President and General Counsel Year elected: 2008	Dec 2004-Apr 2008: Vice President, General Counsel and Secretary; 1987-2004: Vice President and General Counsel
Sean F. Forrester — 44 Vice President and Chief Information Officer Year elected: 2007	Dec 2006-Sept 2007: Vice President, Information Technology; Mar-Dec 2006: Vice President, Information Technology, SPX Corp. Test & Measurement Group; 2005-2006: Corporate Director IT Planning & Governance, Dana Corp.; 2002-2005: Heavy Vehicle Group — SBU IT Director/Division CIO, Dana Corp.
Chad F. Hesse — 36 Corporate Counsel and Secretary Year elected: 2008	2004-Apr 2008: Corporate Counsel and Assistant Secretary; 2002-2004: Associate Attorney, Hahn, Loeser & Parks LLP
M. Scott Hunter — 47 Vice President, Chief Tax Officer Year elected: 2006	Jan-Apr 2006: Vice President, Tax; 2004-Jan 2006: Senior Tax Director; 2003-2004: Director, Tax
John D. Kristoff — 41 Vice President, Chief Communications Officer Year elected: 2006	2005-2006: Vice President, Corporate Communications and Investor Relations; 2004-2005: Vice President, Investor Relations; 2001-2004: Director, Global Communications
Timothy J. McDannold — 46 Vice President and Treasurer Year elected: 2007	2000-2007: Vice President and Assistant Treasurer

Name, Age, Title and Year Elected to Present Office	Other Positions Held Last Five Years
Leslie A. Pierce — 45 Vice President and Corporate Controller Year elected: 2007	Mar 2006-May 2007: Vice President, Accounting, Compliance and External Reporting; 1999-Mar 2006: Manager, Special Projects
Sheila M. Rutt — 40 Vice President, Chief Human Resources Officer Year elected: 2005	2002-2005: Vice President, Global Human Resources
Robert J. Warren — 62 Vice President, Corporate Development and Finance Year elected: 2007	1990-Jul 2007: Vice President and Treasurer

There is no family relationship, either by blood, marriage or adoption, between any of the executive officers of the Company.

CODE OF ETHICS

All of the directors, executive officers and employees of the Company are required to comply with certain policies and protocols concerning business ethics and conduct, which we refer to as our Business Ethics Policy. The Business Ethics Policy applies not only to the Company, but also to all of those domestic and international companies in which the Company owns or controls a majority interest. The Business Ethics Policy describes certain responsibilities that the directors, executive officers and employees have to the Company, to each other and to the Company's global partners and communities including, but not limited to, compliance with laws, conflicts of interest, intellectual property and the protection of confidential information. The Business Ethics Policy is available on the Company's web site at http://www.diebold.com or by written request to the Corporate Secretary.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Information with respect to Section 16(a) Beneficial Ownership Reporting Compliance is included in the Company's proxy statement for the 2009 Annual Meeting and is incorporated herein by reference.

ITEM 11: EXECUTIVE COMPENSATION

Information with respect to executive officer and director's compensation is included in the Company's proxy statement for the 2009 Annual Meeting and is incorporated herein by reference. Information with respect to compensation committee interlocks and insider participation and the compensation committee report is included in the Company's proxy statement for the 2009 Annual Meeting and is incorporated herein by reference.

ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information with respect to security ownership of certain beneficial owners and management and equity compensation plan information is included in the Company's proxy statement for the 2009 Annual Meeting and is incorporated herein by reference.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information with respect to certain relationships and related transactions and director independence is included in the Company's proxy statement for the 2009 Annual Meeting and is incorporated herein by reference.

ITEM 14: PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information with respect to principal accountant fees and services is included in the Company's proxy statement for the 2009 Annual Meeting and is incorporated herein by reference.

PART IV

ITEM 15: EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Documents filed as a part of this annual report.

- Consolidated Balance Sheets at December 31, 2008 and 2007
- Consolidated Statements of Income for the Years Ended December 31, 2008, 2007 and 2006
- Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2008, 2007 and 2006
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2008, 2007 and 2006
- Notes to Consolidated Financial Statements
- Reports of Independent Registered Public Accounting Firm

(a) 2. Financial statement schedule

The following report and schedule are included in this Part IV, and are found in this annual report:

- Report of Independent Registered Public Accounting Firm, and
- Valuation and Qualifying Accounts.

All other schedules are omitted, as the required information is inapplicable or the information is presented in the Consolidated Financial Statements or related notes.

(a) 3. Exhibits

3.1(i)	Amended and Restated Articles of Incorporation of Diebold, Incorporated — incorporated by reference to Exhibit 3.1(i) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994 (Commission File No. 1-4879)
3.1(ii)	Amended and Restated Code of Regulations — incorporated by reference to Exhibit 3.1(ii) to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 of Diebold, Incorporated (Commission File No. 1-4879)
3.2	Certificate of Amendment by Shareholders to Amended Articles of Incorporation of Diebold, Incorporated — incorporated by reference to Exhibit 3.2 to Registrant's Form 10-Q for the quarter ended March 31, 1996 (Commission File No. 1-4879)
3.3	Certificate of Amendment to Amended Articles of Incorporation of Diebold, Incorporated — incorporated by reference to Exhibit 3.3 to Registrant's Form 10-K for the year ended December 31, 1998 (Commission File No. 1-4879)
4.1	Rights Agreement dated as of February 11, 1999 between Diebold, Incorporated and The Bank of New York — incorporated by reference to Exhibit 4.1 to Registrant's Registration Statement on Form 8-A, filed on February 2, 1999 (Commission File No. 1-4879)
*10.1	Form of Amended and Restated Employment Agreement
*10.5(i)	Supplemental Employee Retirement Plan I as amended and restated January 1, 2008
*10.5(ii)	Supplemental Employee Retirement Plan II as amended and restated July 1, 2002 — incorporated by reference to Exhibit 10.5(ii) to Registrant's Form 10-Q for the quarter ended September 30, 2002 (Commission File No. 1-4879)
*10.5(iii)	Pension Restoration Supplemental Executive Retirement Plan
*10.5(iv)	Pension Supplemental Executive Retirement Plan
*10.5(v)	401(k) Restoration Supplemental Executive Retirement Plan
*10.5(vi)	401(k) Supplemental Executive Retirement Plan
*10.7(i)	1985 Deferred Compensation Plan for Directors of Diebold, Incorporated — incorporated by reference to Exhibit 10.7 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1992 (Commission File No. 1-4879)
*10.7(ii)	Amendment No. 1 to the Amended and Restated 1985 Deferred Compensation Plan for Directors of Diebold, Incorporated — incorporated by reference to Exhibit 10.7 (ii) to Registrant's Form 10-Q for the quarter ended March 31, 1998 (Commission File No. 1-4879)
*10.7(iii)	Amendment No. 2 to the Amended and Restated 1985 Deferred Compensation Plan for Directors of Diebold, Incorporated — incorporated by reference to Exhibit 10.7 (ii) to Registrant's Form 10-Q for the quarter ended March 31, 2003 (Commission File No. 1-4879)

*10.7(iv)	Deferred Compensation Plan No. 2 for Directors of Diebold, Incorporated
*10.8(i)	1991 Equity and Performance Incentive Plan as Amended and Restated as of February 7, 2001 — incorporated by reference to Exhibit 4(a) to Form S-8 Registration Statement No. 333-60578
*10.8(ii)	Amendment No. 1 to the 1991 Equity and Performance Incentive Plan as Amended and Restated as of February 7, 2001 — incorporated by reference to Exhibit 10.8 (ii) to Registrant's Form 10-Q for the quarter ended March 31, 2004 (Commission File No. 1-4879)
*10.8(iii)	Amendment No. 2 to the 1991 Equity and Performance Incentive Plan as Amended and Restated as of February 7, 2001 — incorporated by reference to Exhibit 10.8 (iii) to Registrant's Form 10-Q for the quarter ended March 31, 2004 (Commission File No. 1-4879)
*10.8(iv)	Amendment No. 3 to the 1991 Equity and Performance Incentive Plan as Amended and Restated as of February 7, 2001 — incorporated by reference to Exhibit 10.8 (iv) to Registrant's Form 10-Q for the quarter ended June 30, 2004 (Commission File No. 1-4879)
*10.9	Long-Term Executive Incentive Plan — incorporated by reference to Exhibit 10.9 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1993 (Commission File No. 1-4879)
*10.10	Deferred Incentive Compensation Plan No. 2
*10.11	Annual Incentive Plan — incorporated by reference to Exhibit 10.11 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2000 (Commission File No. 1-4879)
*10.13(i)	Forms of Deferred Compensation Agreement and Amendment No. 1 to Deferred Compensation Agreement — incorporated by reference to Exhibit 10.13 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996 (Commission File No. 1-4879)
*10.13(ii)	Section 162(m) Deferred Compensation Agreement (as amended and restated January 29, 1998) — incorporated by reference to Exhibit 10.13 (ii) to Registrant's Form 10-Q for the quarter ended March 31, 1998 (Commission File No. 1-4879)
*10.14	Deferral of Stock Option Gains Plan — incorporated by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998 (Commission File No. 1-4879)
10.17(i)	Amended and Restated Loan Agreement dated as of April 30, 2003 among Diebold, Incorporated, the Subsidiary Borrowers, the Lenders and Bank One, N.A. — incorporated by reference to Exhibit 10.17 to Registrant's Form 10-Q for the quarter ended June 30, 2003 (Commission File No. 1-4879)
10.17(ii)	First Amendment to Loan Agreement, dated as of April 28, 2004 among Diebold, Incorporated, the Subsidiary Borrowers, the Lenders and Bank One, N.A. — incorporated by reference to Exhibit 10.17 (ii) to Registrant's Form 10-Q for the quarter ended June 30, 2004 (Commission File No. 1-4879)
10.17(iii)	Second Amendment to Loan Agreement, dated as of April 27, 2005 among Diebold, Incorporated, the Subsidiary Borrowers, the Lenders and JPMorgan Chase Bank N.A. (successor by merger to Bank One, N.A.) — incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on May 3, 2005 (Commission File No. 1-4879)
10.17(iv)	Third Amendment to Loan Agreement, dated as of November 16, 2005 among Diebold, Incorporated, the Subsidiary Borrowers, the Lenders and JPMorgan Chase Bank N.A. (successor by merger to Bank One, N.A.) — incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on November 22, 2005 (Commission File No. 1-4879)
10.17(v)	Fourth Amendment to Loan Agreement, dated November 27, 2006 among Diebold, Incorporated, the Subsidiary Borrowers, the Lenders and JPMorgan Chase Bank N.A. — incorporated by reference to Exhibit 10.17(v) to Registrant's Form 10-K for the year ended December 31, 2006. (successor by merger to Bank One, N.A.) (Commission File No. 1-4879)
10.20(i)	Transfer and Administration Agreement, dated as of March 30, 2001 by and among DCC Funding LLC, Diebold Credit Corporation, Diebold, Incorporated, Receivables Capital Corporation and Bank of America, National Association and the financial institutions from time to time parties thereto— incorporated by reference to Exhibit 10.20(i) to Registrant's Form 10-Q for the quarter ended March 31, 2001 (Commission File No. 1-4879)
10.20(ii)	Amendment No. 1 to the Transfer and Administration Agreement, dated as of May 2001, by and among DCC Funding LLC, Diebold Credit Corporation, Diebold, Incorporated, Receivables Capital Corporation and Bank of America, National Association and the financial institutions from time to time parties thereto — incorporated by reference to Exhibit 10.20 (ii) to Registrant's Form 10-Q for the quarter ended March, 31, 2001 (Commission File No. 1-4879)
*10.22	Form of Non-Qualified Stock Option Agreement — incorporated by reference to Exhibit 10.22 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (Commission File No. 1-4879)
*10.23	Form of Restricted Share Agreement — incorporated by reference to Exhibit 10.2 to Registrant's Form 8-K filed on February 16, 2005 (Commission File No. 1-4879)
*10.24	Form of RSU Agreement

*10.25	Form of Performance Share Agreement
*10.26	Diebold, Incorporated Annual Cash Bonus Plan — incorporated by reference to Exhibit A to Registrants' Proxy Statement on Schedule 14A filed on March 16, 2005 (Commission File No. 1-4879)
10.27	Form of Note Purchase Agreement — incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on March 8, 2006 (Commission File No. 1-4879)
*10.28	Amended and Restated Employment Agreement between Diebold, Incorporated and Thomas W. Swidarski, as amended as of December 29, 2008
*10.29	Amended and Restated Employment [Change in Control] Agreement between Diebold, Incorporated and Thomas W. Swidarski, as amended as of December 29, 2008
*10.30	Form of Deferred Shares Agreement
21.1	Subsidiaries of the Registrant as of December 31, 2008
23.1	Consent of Independent Registered Public Accounting Firm
24.1	Power of Attorney
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.2	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

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* Reflects management contract or other compensatory arrangement required to be filed as an exhibit pursuant to Item 15(b) of this annual report.

(b) Refer to this Form 10-K for an index of exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DIEBOLD, INCORPORATED

Date: February 27, 2009

By: /s/ THOMAS W. SWIDARSKI
Thomas W. Swidarski
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ THOMAS W. SWIDARSKI Thomas W. Swidarski	President, Chief Executive Officer and Director (Principal Executive Officer)	February 27, 2009
/s/ KEVIN J. KRAKORA Kevin J. Krakora	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 27, 2009
/s/ LESLIE A. PIERCE Leslie A. Pierce	Vice President and Corporate Controller (Principal Accounting Officer)	February 27, 2009
* Phillip R. Cox	Director	February 27, 2009
/s/ LOUIS V. BOCKIUS III Louis V. Bockius III	Director	February 27, 2009
/s/ RICHARD L. CRANDALL Richard L. Crandall	Director	February 27, 2009
* Gale S. Fitzgerald	Director	February 27, 2009
* Phillip B. Lassiter	Director	February 27, 2009
* John N. Lauer	Director	February 27, 2009
/s/ ERIC J. ROORDA Eric J. Roorda	Director	February 27, 2009
/s/ HENRY D.G. WALLACE Henry D.G. Wallace	Director	February 27, 2009

Signature	Title	Date
/s/ ALAN J. WEBER Alan J. Weber	Director	February 27, 2009

* The undersigned, by signing his name hereto, does sign and execute this Annual Report on Form 10-K pursuant to the Powers of Attorney executed by the above-named officers and directors of the Registrant and filed with the Securities and Exchange Commission on behalf of such officers and directors.

Date: February 27, 2009

*By: /s/ KEVIN J. KRAKORA
Kevin J. Krakora, Attorney-in-Fact

DIEBOLD, INCORPORATED AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(In thousands)

	Balance at beginning of year	Additions	Deductions	Balance at end of year
Year ended December 31, 2008				
Allowance for doubtful accounts	$33,707	$16,336	$24,983	$25,060
Year ended December 31, 2007				
Allowance for doubtful accounts	$32,104	$22,425	$20,822	$33,707
Year ended December 31, 2006				
Allowance for doubtful accounts	$28,242	$15,853	$11,991	$32,104

EXHIBIT INDEX

EXHIBIT NO.	DOCUMENT DESCRIPTION
10.1	Form of Amended and Restated Employment Agreement
10.5(i)	Supplemental Employee Retirement Plan I as amended and restated January 1, 2008
10.5(iii)	Pension Restoration Supplemental Executive Retirement Plan
10.5(iv)	Pension Supplemental Executive Retirement Plan
10.5(v)	401(k) Restoration Supplemental Executive Retirement Plan
10.5(vi)	401(k) Supplemental Executive Retirement Plan
10.7(iv)	Deferred Compensation Plan No. 2 for Directors of Diebold, Incorporated
10.10	Deferred Incentive Compensation Plan No. 2
10.24	Form of RSU Agreement
10.25	Form of Performance Share Agreement
10.28	Amended and Restated Employment Agreement between Diebold, Incorporated and Thomas W. Swidarski, as amended as of December 29, 2008
10.29	Amended and Restated Employment [Change in Control] Agreement between Diebold, Incorporated and Thomas W. Swidarski, as amended as of December 29, 2008
10.30	Form of Deferred Shares Agreement
21.1	Significant Subsidiaries of the Registrant
23.1	Consent of Independent Registered Public Accounting Firm
24.1	Power of Attorney
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

LIST OF SIGNIFICANT SUBSIDIARIES

EXHIBIT 21.1

The following are the subsidiaries of the Registrant included in the Registrant's Consolidated Financial Statements at December 31, 2008. Other subsidiaries are not listed because such subsidiaries are inactive. Subsidiaries are listed alphabetically under either the domestic or international categories.

Domestic	Jurisdiction under which organized	Percent of voting securities owned by Registrant
Data Information Management Systems, Inc.	California	100%
DBD Investment Management Company	Delaware	100%
Diebold Actcom Security Systems, Inc.	Delaware	100%
Diebold Australia Holding Company, Inc.	Delaware	100%
Diebold Enterprise Security Systems, Inc.	New York	100%
Diebold Eras, Incorporated	Ohio	100%
Diebold Finance Company, Inc.	Delaware	100%(1)
Diebold Fire Services, Inc.	Delaware	100%
Diebold Fire Services (Virginia), Inc.	Virginia	100%
Diebold Global Finance Corporation	Delaware	100%
Diebold Holding Company, Inc.	Delaware	100%
Diebold Information and Security Systems, LLC	Delaware	100%
Diebold Investment Company	Delaware	100%
Diebold Latin America Holding Company, LLC	Delaware	100%
Diebold Mexico Holding Company, Inc.	Delaware	100%
Diebold Midwest Manufacturing, Inc.	Delaware	100%
Diebold Self-Service Systems	New York	100%(2)
Diebold Southeast Manufacturing, Inc.	Delaware	100%(3)
Diebold SST Holding Company, Inc.	Delaware	100%
FirstLine, Inc.	California	100%
Maintenance Acquisition Company No. 1, LLC	Delaware	100%
Diebold Software Solutions, Inc.	Delaware	100%
Premier Election Solutions, Inc.	Delaware	100%(10)
VDM Holding Company, Inc.	Delaware	100%
Verdi & Associates, Inc.	New York	100%

International	Jurisdiction under which organized	Percent of voting securities owned by Registrant
Bitelco Diebold Chile Limitada	Chile	100%(24)
C.R. Panama, Inc.	Panama	100%(14)
Cable Print N.V.	Belgium	100%
Cardinal Brothers Consulting Pty. Ltd.	Australia	100%(9)
Caribbean Self Service and Security LTD.	Barbados	50%(13)

International	Jurisdiction under which organized	Percent of voting securities owned by Registrant
Central de Alarmas Adler, S.A. de C.V.	Mexico	100%(23)
D&G ATMS y Seguridad de Costa Rica Ltda.	Costa Rica	99.99%(41)
D&G Centroamerica y GBM	Nicaragua	99%(39)
D&G Centroamerica, S. de R.L.	Panama	51%(37)
D&G Dominicana S.A.	Dominican Republic	99.85%(40)
D&G Honduras S. de R.L.	Honduras	99%(39)
D&G Panama S. de R.L.	Panama	99.99%(41)
DB & GB de El Salvador Limitada	El Salvador	99%(39)
DB&G ATMs Seguridad de Guatemala, Limitada	Guatemala	99%(39)
DCHC, S.A.	Panama	100%(14)
Diebold (Thailand) Company Limited	Thailand	100%
Diebold Africa (Pty) Ltd.	South Africa	100%(21)
Diebold Africa Investment Holdings Pty. Ltd.	South Africa	100%(34)
Diebold Argentina, S.A.	Argentina	100%(14)
Diebold ATM Cihazlari Sanayi Ve Ticaret A.S.	Turkey	100%(19)
Diebold Australia Pty. Ltd	New Zealand	100%(9)
Diebold Australia Pty. Ltd.	Australia	100%(6)
Diebold Belgium B.V.B.A	Belgium	100%(20)
Diebold Bolivia S.R. L.	Bolivia	100%(38)
Diebold Brasil LTDA	Brazil	100%(14)
Diebold Canada Holding Company Inc.	Canada	100%
Diebold Cassis Manufacturing S.A.	France	100%
Diebold Colombia S.A.	Colombia	100%(17)
Diebold Czech Republic s.r.o	Czech Republic	100%(7)
Diebold Ecuador SA	Ecuador	100%(22)
Diebold EMEA Processing Centre Limited	United Kingdom	100%
Diebold Enterprise Security Systems Holdings UK Limited	United Kingdom	100%(27)
Diebold Enterprise Security Systems UK Limited	United Kingdom	100%(28)
Diebold Enterprise Security Systems, Benelux B.V.	Netherlands	100%(29)
Diebold Enterprise Security Systems, Ireland Ltd.	Ireland	100%(29)
Diebold Financial Equipment Company (China), Ltd.	Peoples Republic of China	85%(32)
Diebold France SARL	France	100%(7)
Diebold Hungary Ltd.	Hungary	100%(7)
Diebold Hungary Self-Service Solutions, Ltd.	Hungary	100%
Diebold India Private Limited	India	100%(35)

International	Jurisdiction under which organized	Percent of voting securities owned by Registrant
Diebold International Limited	United Kingdom	100%(7)
Diebold Italia S.p.A.	Italy	100%(16)
Diebold Mexico, S.A. de C.V.	Mexico	100%(4)
Diebold Netherlands B.V.	Netherlands	100%(7)
Diebold OLTP Systems, C.A.	Venezuela	50%(13)
Diebold Osterreich Selbstbedienungssysteme GmbH	Austria	100%(7)
Diebold Pacific, Limited	Hong Kong	100%
Diebold Panama, Inc.	Panama	100%(14)
Diebold Paraguay S.A.	Paraguay	100%(24)
Diebold Peru S.r.l	Peru	100%(14)
Diebold Philippines, Inc.	Philippines	100%(36)
Diebold Physical Security Pty. Ltd.	Australia	100%(9)
Diebold Poland S.p. z.o.o.	Poland	100%(7)
Diebold Portugal — Solucoes de Automatizacao, Limitada	Portugal	100%(7)
Diebold Security Systems Limited	United Kingdom	100%(26)
Diebold Selbstbedienyngssysteme (Schweiz) GmbH	Switzerland	100%(7)
Diebold Self Service Solutions Limited Liability Company	Switzerland	100%(18)
Diebold Self-Service CIS Ltd.	Russia	100%(7)
Diebold Singapore Pte. Ltd.	Singapore	100%
Diebold Slovakia s.r.o.	Slovakia	100%(7)
Diebold Software Services Private Limited	India	100%(11)
Diebold Software Solutions UK Ltd.	United Kingdom	100%(12)
Diebold South Africa (Pty) Ltd.	South Africa	75%(33)
Diebold Spain, S.L.	Spain	100%(25)
Diebold Switzerland Holding Company, LLC	Switzerland	100%(18)
Diebold Systems Private Limited	India	100%
Diebold Uruguay S.A.	Uruguay	100%(14)
Diebold — Corp Systems Sdn. Bhd.	Malaysia	100%
J.J.F. Panama, Inc.	Panama	100%(14)
P.T. Diebold Indonesia	Indonesia	100%(8)
Premier Election Solutions Canada ULC	Canada	100%
Procomp Amazonia Industria Eletronica S.A.	Brazil	100%(15)
Procomp Industria Eletronica LTDA	Brazil	100%(31)

International	Jurisdiction under which organized	Percent of voting securities owned by Registrant
SIAB (HK) Limited	Hong Kong	100%(5)
Sound Security Pty Ltd.	Australia	100%(9)
The Diebold Company of Canada, Ltd.	Canada	100%

(1) 100 percent of voting securities are owned by Diebold Investment Company, which is 100 percent owned by Registrant.

(2) 70 percent of partnership interest is owned by Diebold Holding Company, Inc., which is 100 percent owned by Registrant, while the remaining 30 percent partnership interest is owned by Diebold SST Holding Company, Inc., which is 100 percent owned by Registrant.

(3) 100 percent of voting securities are owned by Diebold Midwest Manufacturing, Inc., which is 100 percent owned by Registrant.

(4) 100 percent of voting securities are owned by Diebold Mexico Holding Company, Inc., which is 100 percent owned by Registrant.

(5) 100 percent of voting securities are owned by Diebold Self-Service Systems, which is 70 percent owned by Diebold Holding Company, Inc. and 30 percent owned by Diebold SST Holding Company, Inc., both of which are 100 percent owned by Registrant.

(6) 100 percent of voting securities are owned by Diebold Australia Holding Company, Inc., which is 100 percent owned by Registrant.

(7) 100 percent of voting securities are owned by Diebold Self-Service Solutions Limited Liability Company, which is 95 percent owned by Registrant and 5 percent owned by Diebold Holding Company, Inc., which is 100 percent owned by Registrant.

(8) 88.89 percent of voting securities are owned by Registrant, and 11.11 percent of voting securities are owned by Diebold Pacific, Limited, which is 100 percent owned by Registrant.

(9) 100 percent of voting securities are owned by Diebold Australia Pty. Ltd., which is 100 percent owned by Diebold Australia Holding Company, Inc., which is 100 percent owned by Registrant.

(10) 100 percent of voting securities are owned by Premier Election Solutions Canada ULC, which is 100 percent owned by Registrant.

(11) 99.99 percent of voting securities are owned by Diebold Self-Service Solutions Limited Liability Company, which is 95 percent owned by Registrant and 5 percent owned by Diebold Holding Company, Inc., which is 100 percent owned by Registrant, while the remaining .01 percent of voting securities is owned by Registrant.

(12) 100 percent of voting securities are owned by Diebold Software Solutions, Inc., which is 100 percent owned by Registrant.

(13) 50 percent of voting securities are owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.

(14) 100 percent of voting securities are owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.

(15) 100 percent of voting securities are owned by Diebold Brasil LTDA, which is 100 percent owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.

(16) 100 percent of voting securities are owned by Diebold International Limited, which is 100 percent owned by Diebold Self-Service Solutions Limited Liability Company, which is 95 percent owned by Registrant and 5 percent owned by Diebold Holding Company, Inc., which is 100 percent owned by Registrant.

(17) 21.44 percent of voting securities are owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant; 16.78 percent of voting securities are owned by Diebold Panama, Inc., which is 100 percent owned by Diebold Latin America Holding Company, Inc., which is 100 percent owned by Registrant; 16.78 percent of voting securities are owned by DCHC SA, which is 100 percent owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant; 13.5 percent of voting securities are owned by J.J.F. Panama, Inc, which is 100 percent owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant; and the remaining 31.5 percent of voting securities

are owned by C.R. Panama, Inc., which is 100 percent owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.

(18) 95 percent of voting securities are owned by Registrant, while 5 percent of voting securities are owned by Diebold Holding Company, Inc., which is 100 percent owned by Registrant.

(19) 50 percent of voting securities are owned by Diebold Netherlands B.V., which is 100 percent owned by Diebold Self-Service Solutions Limited Liability Company, while the remaining 50 percent of voting securities are owned by Diebold Self-Service Solutions Limited Liability Company, which is 95 percent owned by Registrant and 5 percent owned by Diebold Holding Company, Inc., which is 100 percent owned by Registrant.

(20) 10 percent of voting securities are owned by Diebold Selbstbedienungssysteme GmbH, which is 100 percent owned by Diebold Self Service Solutions Limited Liability Company, while the remaining 90 percent of voting securities are owned by Diebold Self -Service Solutions Limited Liability Company, which is 95 percent owned by Registrant and 5 percent owned by Diebold Holding Company, Inc., which is 100 percent owned by Registrant.

(21) 100 percent of voting securities are owned by Diebold Africa Investment Holdings Pty. Ltd., which is 100 percent owned by Diebold Switzerland Holding Company, LLC (refer to 18 for ownership).

(22) 99.99 percent of voting securities are owned by Diebold Colombia SA (refer to 17 for ownership), while the remaining 0.01 percent of voting securities are owned by Diebold Latin America Holding Company, Inc., which is 100 percent owned by Registrant.

(23) .01 percent of voting securities are owned by Registrant, while 99.99 percent of voting securities are owned by Impexa LLC, which is 100 percent owned by Diebold Mexico Holding Company, Inc., which is 100 percent owned by Registrant.

(24) 1 percent of voting securities are owned by Registrant, while 99 percent of voting securities are owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.

(25) 100 percent of voting securities are owned by VDM Holding Company, Inc., which is 100 percent owned by Registrant.

(26) 100 percent of voting securities are owned by Diebold Enterprise Security Systems, Inc., which is 100 percent owned by Registrant.

(27) 100 percent of voting securities are owned by Diebold Security Systems Limited, which is 100 percent owned by Diebold Enterprise Security Systems, Inc., which is 100 percent owned by Registrant.

(28) 100 percent of voting securities are owned by Diebold Enterprise Security Systems Holdings UK Limited, which is 100 percent owned by Diebold Security Systems Limited, which is 100 percent owned by Diebold Enterprise Security Systems, Inc., which is 100 percent owned by Registrant.

(29) 100 percent of voting securities are owned by Diebold Enterprise Security Systems UK Limited (refer to 28 for ownership).

(30) 100 percent of voting securities are owned by Diebold Brazil Services Holding Company ULC, which is 100 percent owned by Registrant.

(31) 100 percent of voting securities are owned by Diebold Brazil Servicios e Participacoes Limitada, which is 100 percent owned by Diebold Brazil Services Holding Company ULC, which is 100 percent owned by Registrant.

(32) 85 percent of voting securities are owned by Diebold Switzerland Holding Company, LLC (refer to 18 for ownership).

(33) 75 percent of voting securities are owned by Diebold Africa Investment Holdings Pty. Ltd., which is 100 percent owned by Diebold Switzerland Holding Company, LLC (refer to 18 for ownership).

(34) 100 percent of voting securities are owned by Diebold Switzerland Holding Company, LLC (refer to 18 for ownership).

(35) 95.45 percent of voting securities are owned by Registrant, while 4.55 percent of voting securities are owned by Diebold Holding Company Inc., which is 100 percent owned by Registrant.

(36) 100 percent of voting securities are owned by Diebold (Thailand) Company Limited, which is 100 percent owned by Registrant.

(37) 51 percent of voting securities are owned by Diebold Latin America Holding Company, Inc., which is 100 percent owned by Registrant.

(38) 60 percent of voting securities are owned by Diebold Columbia, S.A. (refer to 17 for ownership) and 40 percent owned by Diebold Peru, S.r.L. (refer to 14 for ownership).

(39) 99 percent of voting securities are owned by D&G Centroamerica, S. de R. L. (refer to 37 for ownership).

(40) 99.85 percent of voting securities are owned by D&G Centroamerica, S. de R. L. (refer to 37 for ownership).

(41) 99.99 percent of voting securities are owned by D&G Centroamerica, S. de R. L. (refer to 37 for ownership).

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Diebold, Incorporated:

We consent to the incorporation by reference in the registration statements (Nos. 33-32960, 33-39988, 33-55452, 33-54677, 33-54675, 333-32187 and 333-60578) on Form S-8 of Diebold, Incorporated, of our reports dated February 27, 2009, with respect to the consolidated balance sheets of Diebold, Incorporated and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2008, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2008, which reports appear in the December 31, 2008 annual report on Form 10-K of Diebold, Incorporated and subsidiaries.

Our report on the consolidated financial statements refers to the adoption of the provisions Emerging Issues Task Force (EITF) Issue No. 06-10, *Accounting for Collateral Assignment Split-Dollar Life Insurance*, and EITF Issue No. 06-4, *Accounting for Deferred Compensation and Post Retirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements*, effective January 1, 2008, Statement of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Standard No. 109*, effective January 1, 2007, Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, effective January 1, 2008, and Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, effective January 1, 2008.

Our report dated February 27, 2009, on the effectiveness of internal control over financial reporting as of December 31, 2008, expresses our opinion that Diebold, Incorporated and subsidiaries did not maintain effective internal control over financial reporting as of December 31, 2008, because of the effects of material weaknesses on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states material weaknesses related to Diebold, Incorporated and subsidiaries' selection, application and communication of accounting policies; monitoring; manual journal entries; contractual agreements; and account reconciliations have been identified and included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A(b) of Diebold, Incorporated and subsidiaries' December 31, 2008 annual report on Form 10-K.

/s/ KPMG

Cleveland, Ohio
February 27, 2009

EXHIBIT 31.1

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas W. Swidarski, certify that:

1) I have reviewed this annual report on Form 10-K of Diebold, Incorporated;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2009

By: /s/ THOMAS W. SWIDARSKI
Thomas W. Swidarski
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kevin J. Krakora, certify that:

1) I have reviewed this annual report on Form 10-K of Diebold, Incorporated;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2009

By: /s/ KEVIN J. KRAKORA

Kevin J. Krakora
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

In connection with the Annual Report on Form 10-K of Diebold, Incorporated and subsidiaries (the Company) for the year ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Thomas W. Swidarski, President and Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ THOMAS W. SWIDARSKI

Thomas W. Swidarski
President and Chief Executive Officer
(Principal Executive Officer)

February 27, 2009

EXHIBIT 32.2

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

In connection with the Annual Report on Form 10-K of Diebold, Incorporated and subsidiaries (the Company) for the year ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Kevin J. Krakora, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ KEVIN J. KRAKORA

Kevin J. Krakora
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

February 27, 2009

OTHER INFORMATION

The Company has included as Exhibit 31 to its Annual Report on Form 10-K for fiscal year 2008 filed with the Securities and Exchange Commission certificates of the Chief Executive Officer and Chief Financial Officer of the Company certifying the quality of the Company's public disclosure, and the Company has submitted to the NewYork Stock Exchange a certificate of the Chief Executive Officer of the Company certifying that he is not aware of any violation by the Company of NewYork Stock Exchange corporate governance standards.

Directors and Officers

Directors

Louis V. Bockius III [2,3]
Retired Chairman,
Bocko Incorporated
North Canton, Ohio
(Plastic Injection Molding)
Director since 1978

Phillip R. Cox [1,4]
President and Chief Executive Officer,
Cox Financial Corporation
Cincinnati, Ohio
(Financial Planning and
Wealth Management Services)
Director since 2005

Richard L. Crandall [2,4]
Non-executive Chairman of the Board,
Novell, Inc.
Waltham, Massachusetts
(Information Technology
Management Software)
Director since 1996

Gale S. Fitzgerald [1,3]
Director,
TranSpend, Inc.
Bernardsville, New Jersey
(Total Spend Optimization)
Director since 1999

Phillip B. Lassiter [1,3]
Retired Chairman of the Board and
Chief Executive Officer,
Ambac Financial Group, Inc.
New York, New York
(Financial Guarantee Insurance
Holding Company)
Director since 1995

John N. Lauer [1,3]
Non-executive Chairman of the Board,
Diebold, Incorporated
Canton, Ohio
Retired Chairman of the Board,
Oglebay Norton Co.
Cleveland, Ohio
(Industrial Minerals)
Director since 1992

Eric J. Roorda [2,4]
Former Chairman,
Procomp Amazônia Indústria
Eletronica, S.A.
São Paulo, Brazil
(Banking and Electoral Automation;
subsidiary of Diebold)
Director since 2001

Thomas W. Swidarski
President and Chief Executive Officer,
Diebold, Incorporated
Canton, Ohio
Director since 2005

Henry D. G. Wallace [2,4]
Former Group Vice President and
Chief Financial Officer,
Ford Motor Company
Detroit, Michigan
(Automotive Industry)
Director since 2003

Alan J. Weber [2,4]
Chief Executive Officer,
Weber Group LLC
Greenwich, Connecticut
(Investment Consulting)
Director since 2005

[1] Member of the Compensation Committee
[2] Member of the Audit Committee
[3] Member of the Board Governance Committee
[4] Member of the Investment Committee

Officers

Thomas W. Swidarski
President and Chief Executive Officer

Kevin J. Krakora
Executive Vice President and
Chief Financial Officer

George S. Mayes, Jr.
Executive Vice President,
Global Operations

David Bucci
Senior Vice President,
Customer Solutions Group

James L. M. Chen
Senior Vice President,
EMEA/AP Divisions

Charles E. Ducey, Jr.
Senior Vice President,
Global Development and Services

Dennis M. Moriarty
Senior Vice President,
Global Security Division

Warren W. Dettinger
Vice President and General Counsel

Sean F. Forrester
Vice President and
Chief Information Officer

Chad F. Hesse
Corporate Secretary

M. Scott Hunter
Vice President, Chief Tax Officer

John D. Kristoff
Vice President,
Chief Communications Officer

Timothy J. McDannold
Vice President and Treasurer

Leslie A. Pierce
Vice President and
Corporate Controller

Sheila M. Rutt
Vice President,
Chief Human Resources Officer

Robert J. Warren
Vice President,
Corporate Development
and Finance

Shareholder Information

Corporate Offices

Diebold, Incorporated
5995 Mayfair Road
P.O. Box 3077
North Canton, Ohio, USA 44720-8077
+1 330-490-4000
www.diebold.com

Stock Exchange

The company's common shares are listed under the symbol DBD on the New York Stock Exchange.

Transfer Agent And Registrar

BNY Mellon Shareowner Services
866-242-7752 or +1 201-680-6685
E-mail: shrrelations@bnymellon.com
Web site: www.bnymellon.com/shareowner/isd

General Correspondence:
P.O. Box 358015
Pittsburgh, PA, USA 15252-8015

Or Overnight Delivery:
500 Ross Street, 6th Floor
Pittsburgh, PA, USA 15219

Dividend Reinvestment/Optional Cash:
Dividend Reinvestment Department
P.O. Box 358035
Pittsburgh, PA, USA 15252-8035

Publications

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports are available, free of charge, on or through the Web site, www.diebold.com, as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. Additionally, these reports can be furnished free of charge to shareholders upon written request to Diebold Corporate Communications and Investor Relations at the corporate address, or call +1 330-490-3790 or 800-766-5859.

Information Sources

Communications concerning share transfer, lost certificates or dividends should be directed to the transfer agent. Investors, financial analysts and media may contact the following at the corporate address:

Christopher J. Bast, CPA, CTP
Director, Investor Relations
+1 330-490-6908
E-mail: christopher.bast@diebold.com

Michael Jacobsen
Sr. Director, Corporate Communications
+1 330-490-3796
E-mail: michael.jacobsen@diebold.com

Direct Purchase, Sale And Dividend Reinvestment Plan

BuyDIRECT℠, a direct stock purchase and sale plan administered by BNY Mellon Shareowner Services, offers current and prospective shareholders a convenient alternative for buying and selling Diebold shares. Once enrolled in the plan, shareholders may elect to make optional cash investments.

For first-time share purchase by nonregistered holders, the minimum initial investment amount is $500. The minimum amount for subsequent investments is $50. The maximum investment is $10,000 per month.

Shareholders may also choose to reinvest the dividends paid on shares of Diebold Common Stock through the plan.

Some fees may apply. For more information, contact BNY Mellon Shareowner Services (see addresses in opposite column) or visit Diebold's Web site at www.diebold.com.

Annual Meeting

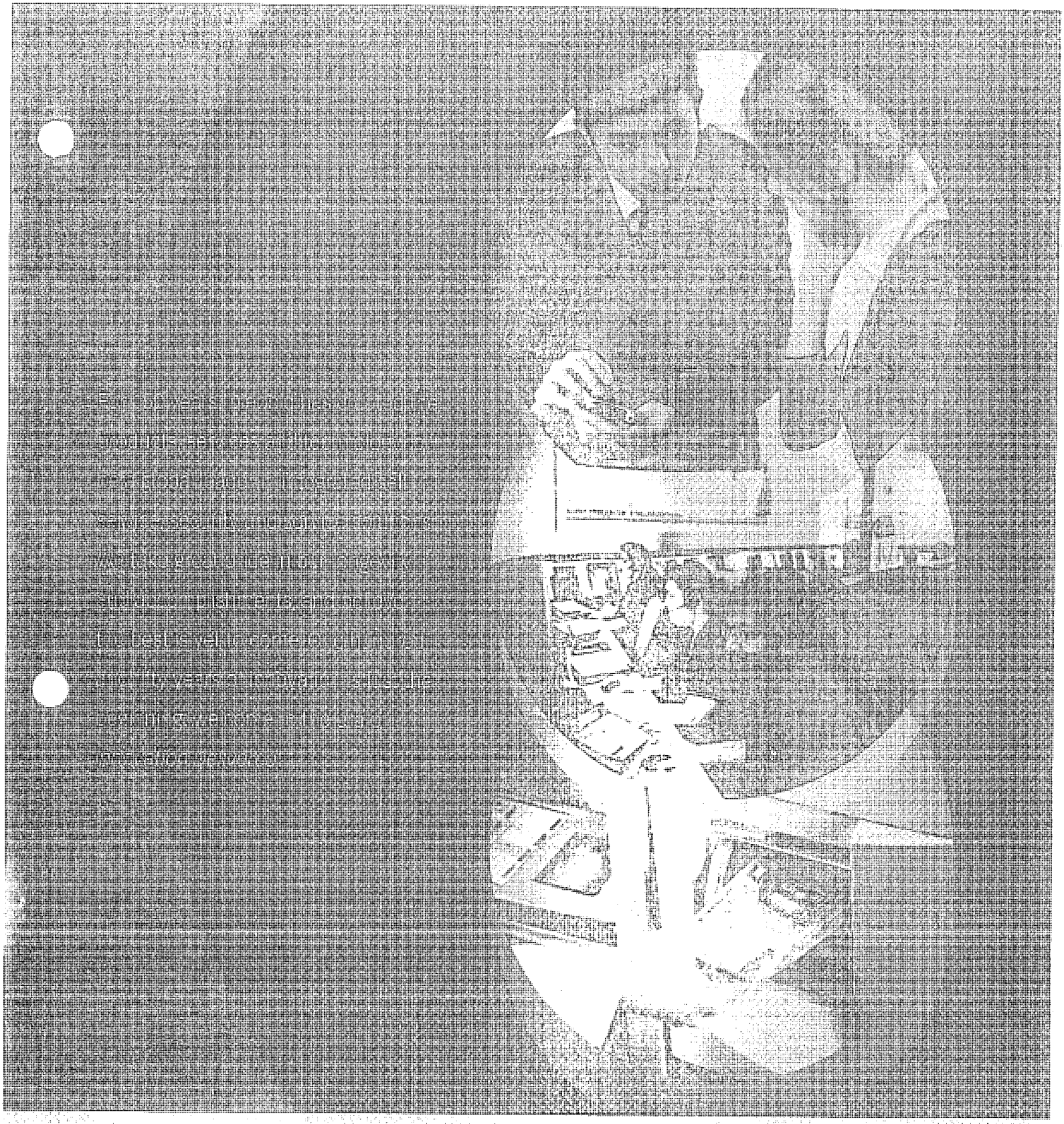
The next meeting of shareholders will take place at 10:00 a.m. ET on April 23, 2009, at the Sheraton Suites, 1989 Front Street, Cuyahoga Falls, Ohio 44221. A proxy statement and form of proxy is available for shareholders to review on or about March 10. The company's independent auditors will be in attendance to respond to appropriate questions.

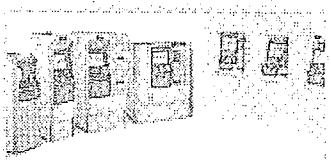
Price Ranges of Common Shares

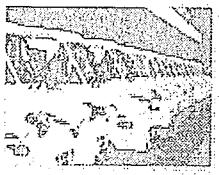
	2008		2007		2006	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
First Quarter	$39.30	$23.07	$48.42	$42.50	$43.84	$36.40
Second Quarter	40.44	35.44	52.70	47.25	46.35	39.15
Third Quarter	39.81	30.60	54.50	42.49	44.90	36.93
Fourth Quarter	34.47	22.50	45.90	28.32	47.13	41.41
Full Year	40.44	22.50	54.50	28.32	47.13	36.40

Forward-Looking Statements

Certain statements in this annual report, particularly the statements made by management and those that are not historical facts, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give current expectations or forecasts of future events. They are not guarantees of future performance and are subject to risks and uncertainties, many of which are beyond the control of Diebold. Some of the risks, uncertainties and other factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements are detailed in the company's 2008 Annual Report on Form 10-K. A copy of that Form, which is on file with the Securities and Exchange Commission and is available at www.diebold.com or upon request, is included in this report.







2002 Diebold releases Agilis software as a standard platform for ATMs

2003 Diebold unveils Opteva®, a new family of ATMs supported by Agilis® software

2008 United States Postal Service chooses Diebold to implement nationwide security program

2009 Diebold announces 94th consecutive annual dividend increase

www.diebold.com/159

DIEBOLD

INNOVATIONS DELIVERED

www.diebold.com

10kWIZARD
SEC POWER SEARCH

FORM 10-K

DIEBOLD INC - DBD

Filed: September 30, 2008 (period: December 31, 2007)

Annual report which provides a comprehensive overview of the company for the past year

10kWIZARD
SEC POWER SEARCH

FORM 10-K

DIEBOLD INC - DBD

Filed: September 30, 2008 (period: December 31, 2007)

Annual report which provides a comprehensive overview of the company for the past year

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United States Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 1-4879

Diebold, Incorporated

(Exact name of registrant as specified in its charter)

Ohio	**34-0183970**
(State or other jurisdiction of incorporation or organization)	(IRS Employer identification Number)
5995 Mayfair Road, P.O. Box 3077, North Canton, Ohio (Address of principal executive offices)	**44720-8077** (Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (330) 490-4000

SECURITIES REGISTERED PURSUANT TO SECTION 12 (B) OF THE ACT:

Title of each class	**Name of each Exchange on Which Registered:**
Common Shares $1.25 Par Value	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12 (G) OF THE ACT:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☑

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 such filing requirements for the past 90 days. Yes ☐ No ☑

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

State the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2007, the last business day of the registrant's most recently completed second fiscal quarter. The aggregate market value was computed by using the closing price on the New York Stock Exchange on June 30, 2007 of $52.20 per share.

Common Shares, Par Value $1.25 per Share	$ 3,391,411,136

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	**Outstanding at August 29, 2008**
Common Shares $1.25 Par Value	66,100,607

DOCUMENTS INCORPORATED BY REFERENCE

None.

Source: DIEBOLD INC, 10-K, September 30, 2008

Source: DIEBOLD INC, 10-K, September 30, 2008

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Source: DIEBOLD INC, 10-K, September 30, 2008

Special Note

Concurrently with filing this annual report on Form 10-K, we are filing our delayed quarterly reports for the quarters ended June 30, 2007, September 30, 2007, March 31, 2008 and June 30, 2008. These reports were delayed due to the Company's discussions with the Office of the Chief Accountant (OCA) of the Securities and Exchange Commission (SEC) with regard to the Company's practice of recognizing certain revenue on a bill and hold basis in its North America business segment, as well as due to the review of other accounting matters described below. As a result of those discussions with the OCA, the Company determined that its previous, long-standing method of accounting for bill and hold transactions was in error, representing a misapplication of generally accepted accounting principles, and that it would discontinue its use of bill and hold as a method of revenue recognition in its North America and International businesses. On January 9, 2008, management of the Company, in consultation with the Audit Committee of the Company's Board of Directors and KPMG LLP, the Company's independent registered public accounting firm, concluded that the Company's financial statements for the fiscal years ended December 31, 2006, 2005, 2004 and 2003; the quarterly data in each of the quarters for the years ended December 31, 2006 and 2005; and the quarter ended March 31, 2007, must be restated and should no longer be relied upon. In addition, the Company, in consultation with its outside advisors, reviewed other accounting and financial reporting matters. This review has been completed and the results have been reported to the Audit Committee. Accordingly, the Company is restating its previously issued financial statements for those periods to reflect the discontinuation of the use of the bill and hold method of revenue recognition as well as the results of the review.

The adjustments made as a result of the restatement are more fully discussed in Note 2 to the Consolidated Financial Statements included in "Part II — Item 8 — Financial Statements and Supplementary Data," and the cumulative impact of the restated financial results at the beginning of Fiscal 2003 is presented in "Part II — Item 6 — Selected Financial Data." Also, for discussion of the background of the restatement, see "Part II — Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations — Audit of Restatement of Consolidated Financial Statements." For a description of the material weaknesses identified by management as a result of the review and management's plan to remediate those material weaknesses, see "Part II — Item 9A — Controls and Procedures."

Source: DIEBOLD INC, 10-K, September 30, 2008

Part I

ITEM 1: BUSINESS

(Dollars in thousands)

GENERAL DEVELOPMENT OF BUSINESS

Diebold, Incorporated (collectively with its subsidiaries, the Company) was incorporated under the laws of the state of Ohio in August 1876, succeeding a proprietorship established in 1859, and is engaged primarily in the sale, manufacture, installation and service of automated self-service transaction systems, electronic and physical security products, election systems and software. The Company specializes in technology that empowers people worldwide to access services when, where and how they may choose.

FINANCIAL INFORMATION ABOUT SEGMENTs

The Company's segments comprise its three main sales channels: Diebold North America (DNA), Diebold International (DI) and Election Systems (ES) & Other. The DNA segment sells financial and retail systems, and also services financial and retail systems in the United States and Canada. The DI segment sells and services financial and retail systems over the remainder of the globe. The ES & Other segment includes the operating results of Premier Election Solutions, Inc. (PESI) and the voting and lottery related business in Brazil. Segment financial information can be found in Note 16 to the Consolidated Financial Statements, which is incorporated herein by reference.

NARRATIVE DESCRIPTION OF BUSINESS

The Company develops, manufactures, sells and services self-service transaction systems, electronic and physical security systems, software and various products used to equip bank facilities and electronic voting terminals. The Company's primary customers include banks and financial institutions, as well as public libraries, government agencies, utilities and various retail outlets. Sales of systems and equipment are made directly to customers by the Company's sales personnel and by manufacturers' representatives and distributors globally. The sales/support organization works closely with customers and their consultants to analyze and fulfill the customers' needs. In 2007, 2006 and 2005, the Company's sales and services of financial systems and equipment and security solutions accounted for 97.9, 92.1 and 94.0 percent, respectively, of consolidated net sales.

PRODUCT GROUPS

Self-Service Products

The Company offers an integrated line of self-service banking products and Automated Teller Machines (ATMs). The Company is a leading global supplier of ATMs and holds the leading market position in many countries around the world.

Physical Security and Facility Products

The Company's Physical Security and Facility Products division designs and sells several of the Company's financial service solutions offerings, including the RemoteTeller™ System (RTS). The business unit also develops vaults, safe deposit boxes and safes, drive-up banking equipment and a host of other banking facilities products.

Election Systems

The Company, through its wholly-owned subsidiaries PESI and Procomp Industria Eletronica S.A., is one of the larger providers of voting system equipment and related products in the world.

Source: DIEBOLD INC, 10-K, September 30, 2008

Integrated Security Solutions

Diebold Integrated Security Solutions provide global sales, service, installation, project management and monitoring of original equipment manufacturer (OEM) electronic security products to financial, government, retail and commercial customers. These solutions provide the Company's customers a single-source solution to their electronic security needs.

Software Solutions and Services

The Company offers software solutions consisting of multiple applications that process events and transactions. These solutions are delivered on the appropriate platform, allowing the Company to meet customer requirements while adding new functionality in a cost-effective manner.

The Company also provides professional services to assist in the implementation of software solutions. These services include communication network review, systems integration, custom software and project management that encompass all facets of a successful financial self-service implementation.

OPERATIONS

The principal raw materials used by the Company are steel, plastics, and electronic components, which are purchased from various major suppliers. Electronic parts and components are also procured from various suppliers. These materials and components are generally available in quantity at this time.

The Company had no customers that accounted for more than 10 percent of total net sales in 2007, 2006 and 2005.

The Company's operating results and the amount and timing of revenue are affected by numerous factors including production schedules, customer priorities, sales volume and sales mix. During the past several years, the Company has dramatically changed the focus of its self-service business to that of a total solutions approach. The value of unfilled orders is not as meaningful an indicator of future revenues due to the significant portion of revenues derived from the Company's growing service-based business, for which order information is not available. Therefore, the Company believes that backlog information is not material to an understanding of its business and does not disclose backlog information.

The Company carries working capital mainly related to accounts receivable and inventories. Inventories, generally, are only manufactured as orders are received from customers. The Company's normal and customary payment terms are net 30 days from date of invoice. The Company generally does not offer extended payment terms. The Company's government customers represent a small portion of the Company's business. Domestically, with the exception of PESI, the Company's contracts with its government customers do not contain fiscal funding clauses. In the event that such a clause exists, revenue would not be recognizable until the funding clause was satisfied. Internationally, contracts with Brazil's government are subject to a twenty-five percent quantity adjustment prior to Diebold's purchasing any raw materials under the contracted purchasing schedule. In general, with the exception of PESI, the Company recognizes revenue for delivered elements only when the fair values of undelivered elements are known, uncertainties regarding customer acceptance are resolved and there are no customer-negotiated refunds or return rights affecting the revenue recognized for the delivered elements.

COMPETITION

All phases of the Company's business are highly competitive; some products being in competition directly with similar products and others competing with alternative products having similar uses or producing similar results. The Company believes, based upon outside independent industry surveys, that it is a leading manufacturer of self-service systems in the United States and is also a market leader internationally. In the area of automated transaction systems, the Company competes primarily with NCR Corporation, Wincor-Nixdorf, Grg Equipment Co., and Itautec. In serving the security products market for the financial services industry, the Company competes with national, regional and local security companies. Of these competitors, some

Source: DIEBOLD INC, 10-K, September 30, 2008

compete in only one or two product lines, while others sell a broader spectrum of products competing with the Company. The unavailability of comparative sales information and the large variety of individual products make it difficult to give reasonable estimates of the Company's competitive ranking in or share of the market in its security product fields of activity. However, Diebold is ranked as one of the top integrators in the security market.

In the election systems market, the Company provides product solutions and support for customers within the United States and Brazil. Competition in this market is typically from smaller, privately held, niche companies.

PATENTS, TRADEMARKS, LICENSES

The Company owns patents, trademarks and licenses relating to certain products in the United States and internationally. While the Company regards these as items of importance, it does not deem its business as a whole, or any industry segment, to be materially dependent upon any one item or group of items.

RESEARCH, DEVELOPMENT & ENGINEERING

The Company charged to expense $73,950 in 2007, $71,625 in 2006 and $59,937 in 2005 for research, development and engineering costs.

ENVIRONMENTAL

Compliance by the Company with federal, state and local environmental protection laws during 2007 had no material effect upon capital expenditures, earnings or the competitive position of the Company and its subsidiaries.

EMPLOYEES

The total number of employees at December 31, 2007 was 16,942 compared with 15,451 at the end of the preceding year. Diebold's service staff is one of the financial industry's largest, with professionals in more than 600 locations worldwide.

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

Sales to customers outside the United States in relation to total consolidated net sales were $1,434,931 or 48.4 percent in 2007, $1,373,514 or 46.7 percent in 2006, and $1,038,549 or 40.2 percent in 2005.

Property, plant and equipment, at cost, located in the United States totaled $424,657, $398,425 and $423,267 as of December 31, 2007, 2006 and 2005, respectively, and property, plant and equipment, at cost, located outside the United States totaled $151,139, $152,072, $122,991 as of December 31, 2007, 2006 and 2005, respectively.

Additional information regarding the Company's international operations is included in the Note 16 to the Consolidated Financial Statements, which is incorporated herein by reference.

The Company's non-U.S. operations are subject to normal international business risks not generally applicable to domestic business. These risks include currency fluctuation, new and different legal and regulatory requirements in local jurisdictions, political and economic changes and disruptions, tariffs or other barriers, potentially adverse tax consequences and difficulties in staffing and managing foreign operations.

AVAILABLE INFORMATION

This annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports are available, free of charge, on or through its website, www.diebold.com, as soon as practicable after such material is electronically filed with or furnished to the SEC. Additionally, these reports can be furnished free of charge to shareholders upon written request to Diebold Global Communications at the corporate address, or call +1 330 490-3790 or [800] 766-5859. The public

Source: DIEBOLD INC, 10-K, September 30, 2008

may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC atwww.sec.gov.

ITEM 1A: RISK FACTORS

The following are certain risk factors that could affect the business, financial condition, operating results and cash flows of the Company. These risk factors should be considered in connection with evaluating the forward-looking statements contained in this annual report on Form 10-K because these risk factors could cause the Company's actual results to differ materially from those expressed in any forward-looking statement. The risks the Company has highlighted below are not the only ones the Company faces. If any of these events actually occurs, the Company's business, financial condition, operating results or cash flows could be negatively affected. The Company cautions the reader to keep in mind these risk factors and to refrain from attributing undue certainty to any forward-looking statements, which speak only as of the date of this annual report.

Demand for and supply of the Company's products and services may be adversely affected by numerous factors, some of which the Company cannot predict or control, which could adversely affect the Company's results of operations.

Numerous factors may affect the demand for and supply of the Company's products and services, including:

- changes in the market acceptance of the Company's products and services;
- customer and competitor consolidation;
- changes in customer preferences;
- declines in general economic conditions;
- changes in environmental regulations that would limit the Company's ability to sell products and services in specific markets; and
- macro-economic factors affecting banks, credit unions and other financial institutions may lead to cost-cutting efforts by our customers, which could cause us to lose current or potential customers or achieve less revenue per customer.

If any of these factors occurs, the demand for and supply of the Company's products and services could suffer, which would adversely affect the Company's results of operations.

Increased raw material and energy costs could reduce the Company's income.

The primary raw materials in the Company's financial self-service, security and election systems business segments are steel, plastics and electronic components. The majority of the Company's raw materials are purchased from various local, regional and global suppliers pursuant to long-term supply contracts. However, the price of these materials fluctuates under these contracts in tandem with the prices of raw materials that are used in the manufacture of the Company's products.

In addition, energy prices, particularly petroleum, are cost drivers for the Company's business. In recent years, the price of petroleum has been highly volatile, particularly due to the unstable political conditions in the Persian Gulf. Any increase in the costs of energy would also increase the Company's transportation costs. Although the Company attempts to pass on higher raw material and energy costs to the Company's customers, given the Company's competitive markets, it is often not possible to pass on all of these increased costs.

Source: DIEBOLD INC, 10-K, September 30, 2008

Our business may be affected by general economic conditions and uncertainty that may cause customers to defer or cancel sales commitments previously made to us.

Recent economic difficulties in the Unites States credit markets and certain international markets may lead to an economic recession in some or all of the markets in which we operate. A recession or even the risk of a potential recession may be sufficient reason for customers to delay, defer or cancel purchase decisions, including decisions previously made. Under difficult economic conditions, customers may seek to reduce discretionary spending by forgoing purchases of our products and services. This risk is magnified for capital goods purchases such as ATMs and physical security products. As a result of economic conditions and other factors, financial institutions have failed and may continue to fail; resulting in a loss of current or potential customers or causing them to defer or cancel sales. Any customer delays or cancellation in sales orders could materially affect our level of revenues and operating results.

The Company's sales and operating results are sensitive to global economic conditions and cyclicality and could be adversely affected during economic downturns.

Demand for the Company's products is affected by general economic conditions and the business conditions of the industries in which the Company sells our products and services. The business of most of the Company's customers, particularly our financial institution and election systems customers is, to varying degrees, cyclical and has historically experienced periodic downturns. Any future downturns in general economic conditions could adversely affect the demand for our products and services and our sales and operating results. In addition, downturns in our customers' industries, even during periods of strong general economic conditions, could adversely affect our sales and our operating results. As a result of economic conditions and other factors, financial institutions have failed and may continue to fail; resulting in a loss of current or potential customers or causing them to defer or cancel sales. Additionally, the unstable political conditions in the Persian Gulf could lead to financial, economic and political instability, which could lead to a further deterioration in general economic conditions.

The Company may be unable to achieve, or may be delayed in achieving, our cost-cutting initiatives, which may adversely affect our results of operations and cash flow.

The Company has launched a number of cost-cutting initiatives, including the Company's restructuring initiatives, to improve operating efficiencies and reduce operating costs. Although the Company is anticipating a substantial amount of annual cost savings associated with these cost-cutting initiatives, we may be unable to sustain the cost savings that the Company has achieved. In addition, if the Company is unable to achieve, or has any unexpected delays in achieving additional cost savings, the Company's results of operations and cash flow may be adversely affected. Even if the Company meets the goals pursuant to these initiatives, the Company may not receive the expected financial benefits of these initiatives.

The Company faces competition that could adversely affect our sales and financial condition.

All phases of the Company's business are highly competitive; some products being in competition directly with similar products and others competing with alternative products having similar uses or producing similar results. The Company encounters competition in price, delivery, service, performance, product innovation, product recognition and quality.

Because of the potential for consolidation in any market, the Company's competitors may become larger, which could make them more efficient and permit them to be more price-competitive. Increased size could also permit them to operate in wider geographic areas and enhance their abilities in other areas such as research and development and customer service, which could also reduce the Company's profitability.

The Company's competitors can be expected to continue to develop and introduce new and enhanced products, which could cause a decline in market acceptance of the Company's products. In addition, the Company's competitors could cause a reduction in the prices for some of the Company's products as a result of intensified price competition. Also, the Company may be unable to effectively anticipate and react to new entrants in the marketplace for the Company's products.

Source: DIEBOLD INC, 10-K, September 30, 2008

Competitive pressures can also result in the loss of major customers. An inability to compete successfully could have an adverse effect on our results of operations, financial condition and cash flows in any given period.

In international markets, we compete with local service providers that may have competitive advantages.

In a number of international markets, especially those in Asia Pacific and Latin America, we face substantial competition from local service providers that offer competing products and services. Some of these companies may have a dominant market share in their territories and may be owned by local stakeholders, which could give them a competitive advantage. Local providers of competing products and services may also have a substantial advantage over us in attracting customers in their country due to more established branding in that country, greater knowledge with respect to the tastes and preferences of customers residing in that country and/or their focus on a single market. Further, the local providers may have greater regulatory and operational flexibility than the Company due to the fact that we are subject to both U.S. and foreign regulatory requirements.

Because our operations are conducted worldwide, they are affected by risks of doing business abroad.

The Company generates a significant percentage of our revenue from sales and service operations conducted outside the United States. Revenue from international operations amounted to approximately 48.4 percent in 2007, 46.7 percent in 2006 and 40.2 percent in 2005 of total revenue during these respective periods. Accordingly, our international operations are subject to the risks of doing business abroad, including the following:

- fluctuations in currency exchange rates;
- transportation delays and interruptions;
- political and economic instability and disruptions;
- restrictions on the transfer of funds;
- the imposition of duties and tariffs;
- import and export controls;
- changes in governmental policies and regulatory environments;
- labor unrest and current and changing regulatory environments;
- the uncertainty of product acceptance by different cultures;
- the risks of divergent business expectations or cultural incompatibility inherent in establishing joint ventures with foreign partners;
- difficulties in staffing and managing multi-national operations;
- limitations on our ability to enforce legal rights and remedies;
- reduced protection for intellectual property rights in some countries; and
- potentially adverse tax consequences.

Any of these events could have an adverse effect on our international operations in the future by reducing the demand for our products, decreasing the prices at which the Company can sell our products or otherwise having an adverse effect on our business, financial condition or results of operations. The Company may not be able to continue to operate in compliance with applicable customs, currency exchange control regulations, transfer pricing regulations or any other laws or regulations to which the Company may be subject. In addition, these laws or regulations may be modified in the future, and the Company may not be able to operate in compliance with those modifications.

Source: DIEBOLD INC, 10-K, September 30, 2008

The Company may expand operations into international markets in which we may have limited experience or rely on business partners.

We are continually looking to expand the Company's products and services into international markets. We have currently developed, through joint ventures, strategic investments, subsidiaries and branch offices, sales and service offerings in over 90 countries outside of the United States. As we expand into new international markets, we will have only limited experience in marketing and operating our products and services in such markets. In other instances, we may rely on the efforts and abilities of foreign business partners in such markets. Certain international markets may be slower than domestic markets in adopting our products and services and so our operations in international markets may not develop at a rate that supports our level of investment.

The failure of governments to certify election systems products may hinder our growth and harm our business.

The Help America Vote Act (HAVA) required that jurisdictions have HAVA-compliant equipment by January 1, 2006; however, despite that deadline, numerous jurisdictions have not yet become HAVA-compliant. Further, individual states and municipalities have the discretion as to how they will become compliant with HAVA. It is uncertain at this time the extent to which challenges raised about reliability and security of the Company's election systems products, including the risk that such products will not be certified for use or will be decertified, could adversely effect our business, financial condition and results of operation.

The Company could be subject to differing and inconsistent laws, regulations and certification requirements with respect to our election systems products. If that were to happen, the Company may find it necessary to eliminate, modify or cancel components of our services that could result in additional development costs and the possible loss of revenue. Future legislative changes or other changes in the laws could have an adverse effect on our business, financial condition and results of operations.

Our election systems products might not achieve market acceptance, which could adversely affect our growth.

The rate at which state and local government bodies have accepted electronic voting products has varied significantly by locale. Despite the passing of the HAVA deadline, the Company expects to continue to experience variations in the degree to which these programs are accepted. The Company's ability to grow will depend on the extent to which our potential customers accept our products. This acceptance may be limited by:

- the failure of jurisdictions to certify our election systems products;
- jurisdictions decertifying products that had previously been certified;
- the failure of prospective customers to conclude that our products are valuable and should be used;
- the reluctance of our prospective customers to replace their existing solutions with our products; and
- marketing efforts of our competitors.

Concerns about security and negative publicity regarding our election systems segment could slow acceptance of our election systems products.

Because of the political nature of our election systems business, various individuals and advocacy groups may raise challenges in the media and elsewhere, including legal challenges, about the reliability and security of the Company's election systems products and services. Our election systems business is vulnerable to these types of challenges because the electronic election systems industry is emerging. Furthermore, in the event of adverse publicity, whether directed at us or our competitors' products, due to processing errors or other system failures, the electronic election systems industry could suffer as a whole, which would have an adverse effect on our business, financial condition and results of operations. In addition, these efforts may adversely affect the Company's relations with its election systems customers.

Source: DIEBOLD INC, 10-K, September 30, 2008

The Company is currently subject to shareholder class action litigation, the unfavorable outcome of which might have a material adverse effect on our financial condition, results of operations and cash flows.

A number of shareholder class action lawsuits have been filed against us and certain of our current and former officers and directors, alleging violations of the federal securities laws and breaches of fiduciary duties with respect to the Company's 401(k) savings plan. The shareholder class action was dismissed and the court entered a judgment in favor of the defendants in August 2008, but the plaintiffs have appealed the court's decision. The Company believes that these lawsuits are without merit and the Company intends to defend itself vigorously. The Company cannot, however, determine with certainty the outcome or resolution of these claims or any future related claims, or the timing for their resolution. In addition to the expense and burden incurred in defending this litigation and any damages that the Company may suffer, our management's efforts and attention may be diverted from the ordinary business operations in order to address these claims. If the final resolution of this litigation is unfavorable to us, our financial condition, results of operations and cash flows might be materially adversely affected.

Any failure by us to manage acquisitions, divestitures and other significant transactions successfully could harm our financial results, business and prospects.

As part of our business strategy, the Company frequently engages in discussions with third parties regarding possible investments, acquisitions, strategic alliances, joint ventures, divestitures and outsourcing arrangements and enter into agreements relating to such extraordinary transactions in order to further our business objectives. In order to pursue this strategy successfully, the Company must identify suitable candidates for and successfully complete extraordinary transactions, some of which may be large and complex, and manage post-closing issues such as the integration of acquired companies or employees. Integration and other risks of extraordinary transactions can be more pronounced for larger and more complicated transactions, or if multiple transactions are pursued simultaneously. If the Company failed to identify and complete successfully extraordinary transactions that further our strategic objectives, the Company may be required to expend resources to develop products and technology internally, the Company may be at a competitive disadvantage or the Company may be adversely affected by negative market perceptions, any of which may have a material adverse effect on our revenue, gross margin and profitability.

Integration issues are complex, time-consuming and expensive and, without proper planning and implementation, could significantly disrupt our business. The challenges involved in integration include:

- combining product offerings and entering into new markets in which the Company is not experienced;
- convincing customers and distributors that the transaction will not diminish client service standards or business focus, preventing customers and distributors from deferring purchasing decisions or switching to other suppliers (which could result in our incurring additional obligations in order to address customer uncertainty), and coordinating sales, marketing and distribution efforts;
- consolidating and rationalizing corporate information technology infrastructure, which may include multiple legacy systems from various acquisitions and integrating software code;
- minimizing the diversion of management attention from ongoing business concerns;
- persuading employees that business cultures are compatible, maintaining employee morale and retaining key employees, integrating employees into the Company, correctly estimating employee benefit costs and implementing restructuring programs;
- coordinating and combining administrative, manufacturing, research and development and other operations, subsidiaries, facilities and relationships with third parties in accordance with local laws and other obligations while maintaining adequate standards, controls and procedures; and
- achieving savings from supply chain and administration integration.

Source: DIEBOLD INC, 10-K, September 30, 2008

The Company evaluates and enters into extraordinary transactions on an ongoing basis. The Company may not fully realize all of the anticipated benefits of any transaction, and the timeframe for achieving benefits of a transaction may depend partially upon the actions of employees, suppliers or other third parties. In addition, the pricing and other terms of our contracts for extraordinary transactions require us to make estimates and assumptions at the time the Company enters into these contracts, and, during the course of our due diligence, the Company may not identify all of the factors necessary to estimate our costs accurately. Any increased or unexpected costs, unanticipated delays or failure to achieve contractual obligations could make these agreements less profitable or unprofitable.

Managing extraordinary transactions requires varying levels of management resources, which may divert our attention from other business operations. These extraordinary transactions could result in significant costs and expenses and charges to earnings, including those related to severance pay, early retirement costs, employee benefit costs, asset impairment charges, charges from the elimination of duplicative facilities and contracts, in-process research and development charges, inventory adjustments, assumed litigation and other liabilities, legal, accounting and financial advisory fees, and required payments to executive officers and key employees under retention plans. Moreover, the Company could incur additional depreciation and amortization expense over the useful lives of certain assets acquired in connection with extraordinary transactions, and, to the extent that the value of goodwill or intangible assets with indefinite lives acquired in connection with an extraordinary transaction becomes impaired, the Company may be required to incur additional material charges relating to the impairment of those assets. In order to complete an acquisition, the Company may issue common stock, potentially creating dilution for existing shareholders, or borrow funds, affecting our financial condition and potentially our credit ratings. Any prior or future downgrades in our credit rating associated with an acquisition could adversely affect our ability to borrow and result in more restrictive borrowing terms. In addition, our effective tax rate on an ongoing basis is uncertain, and extraordinary transactions could impact our effective tax rate. The Company also may experience risks relating to the challenges and costs of closing an extraordinary transaction and the risk that an announced extraordinary transaction may not close. As a result, any completed, pending or future transactions may contribute to financial results that differ from the investment community's expectations.

System security risks and systems integration issues could disrupt our internal operations or services provided to customers, and any such disruption could harm our revenue, increase our costs and expenses and harm our reputation and stock price.

Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate our confidential information or that of third parties, create system disruptions or cause shutdowns. As a result, the Company could incur significant expenses in addressing problems created by security breaches of our network. Moreover, the Company could lose existing or potential customers or incur significant expenses in connection with our customers' system failures. In addition, sophisticated hardware and operating system software and applications that the Company produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the system. The costs to us to eliminate or alleviate security problems, viruses and bugs could be significant, and the efforts to address these problems could result in interruptions, delays or cessation of service that could impede our sales, manufacturing, distribution or other critical functions.

Portions of our information technology infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. The Company may not be successful in implementing new systems, and transitioning data and other aspects of the process could be expensive, time consuming, disruptive and resource-intensive. Such disruptions could adversely impact our ability to fulfill orders and interrupt other processes. Delayed sales, lower margins or lost customers resulting from these disruptions could adversely affect our financial results, stock price and reputation.

In order to be successful, the Company must attract, retain and motivate key employees, and failure to do so could seriously harm us.

In order to be successful, the Company must attract, retain and motivate executives and other key employees, including those in managerial, administration, technical, sales, marketing and information technology support positions. The Company also

Source: DIEBOLD INC, 10-K, September 30, 2008

must keep employees focused on our strategies and goals. Hiring and retaining qualified executives, engineers and qualified sales representatives are critical to our future, and competition for experienced employees in these areas can be intense. The failure to hire or loss of key employees could have a significant impact on our operations.

The Company may not be able to generate sufficient cash flows to fund our operations and make adequate capital investments.

Our cash flows from operations depend primarily on sales and service margins. To develop new product and service technologies, support future growth, achieve operating efficiencies and maintain product quality, the Company must make significant capital investments in manufacturing technology, facilities and capital equipment, research and development, and product and service technology. In addition to cash provided from operations, the Company has from time to time utilized external sources of financing. Depending upon general market conditions or other factors, the Company may not be able to generate sufficient cash flows to fund our operations and make adequate capital investments.

New product developments may be unsuccessful.

The Company is constantly looking to develop new products and services that complement our traditional product and service offerings or leverage the underlying design or process technology of our traditional product and service offerings. The Company makes significant investments in product and service technologies and anticipates expending significant resources for new product development over the next several years. There can be no assurance that our product development efforts will be successful, that we will be able to cost effectively manufacture these new products, that we will be able to successfully market these products or that margins generated from sales of these products will recover costs of development efforts.

An adverse determination that our products or manufacturing processes infringe the intellectual property rights of others could materially adversely affect the Company's business, results of operations or financial condition.

As is common in any high technology industry, from time to time, others have asserted, and may in the future assert, that our products or manufacturing processes infringe their intellectual property rights. A court determination that our products or manufacturing processes infringe the intellectual property rights of others could result in significant liability and/or require us to make material changes to our products and/or manufacturing processes. The Company is unable to predict the outcome of assertions of infringement made against the Company. Any of the foregoing could have a material adverse effect on our business, results of operations or financial condition.

United Technologies' unsolicited acquisition proposal has created a distraction for our management and uncertainty that may adversely affect our business.

On February 29, 2008, we received an unsolicited proposal from United Technologies Corporation (UTC) to acquire all of the outstanding common shares of the Company. On March 3, 2008, our Board of Directors announced that, after carefully reviewing the proposal, it unanimously concluded that the proposal is not in the best interests of the Company and its shareholders. Any further actions taken by UTC in connection with their proposal (and any alternate proposals that may be made by other parties) may be a significant distraction for our management and employees and may require the expenditure of significant time and resources by us. UTC's unsolicited acquisition proposal has also created uncertainty for our employees and this uncertainty may adversely affect our ability to retain key employees and to hire new talent. UTC's unsolicited acquisition proposal may also create uncertainty for current and potential customers, suppliers and other business partners, which may cause them to terminate, or not to renew or enter into, arrangements with us. Additionally, we and members of our Board of Directors had been named in at least one purported shareholder class action complaint relating to the UTC proposal as more fully described in Part I, Item 3 "Legal Proceedings" of this annual report. These lawsuits or any future lawsuits may become time consuming and expensive. These consequences, alone or in combination, may harm our business.

Source: DIEBOLD INC, 10-K, September 30, 2008

Anti-takeover provisions could make it more difficult for a third party to acquire us.

We have adopted a shareholder rights plan and initially declared a dividend distribution of one right for each outstanding share of common stock to shareholders of record as of February 11, 1999, including any transfer or new issuance of common shares of the Company. Under certain circumstances, if a person or group acquires 20 percent or more of our outstanding common stock, holders of the rights (other than the person or group triggering their exercise) will receive one one-thousandth of a share of Series A Junior Participating Preferred Stock, without par value. The rights expire on February 10, 2009, unless extended by our Board of Directors. Because the rights may substantially dilute the stock ownership of a person or group attempting to take us over without the approval of our Board of Directors, our rights plan could make it more difficult for a third party to acquire us (or a significant percentage of our outstanding capital stock) without first negotiating with our Board of Directors regarding that acquisition. Further, certain provisions of our charter documents, including provisions limiting the ability of shareholders to raise matters at a meeting of shareholders without giving advance notice and permitting cumulative voting, which may make it more difficult for a third party to gain control of our Board of Directors and may have the effect of delaying or preventing changes in control or management of the Company, which could have an adverse effect on the market price of our stock. Additionally, Ohio corporate law provides that certain notice and informational filings and special shareholder meeting and voting procedures must be followed prior to consummation of a proposed "control share acquisition," as defined in the Ohio Revised Code. Assuming compliance with the prescribed notice and information filings, a proposed control share acquisition may be made only if, at a special meeting of shareholders, the acquisition is approved by both a majority of the voting power of the Company represented at the meeting and a majority of the voting power remaining after excluding the combined voting power of the "interested shares," as defined in the Ohio Revised Code. The application of these provisions of the Ohio Revised Code also could have the effect of delaying or preventing a change of control.

The SEC investigation, Department of Justice investigation, internal accounting and financial reporting review and restatement of the Company's financial statements may harm the Company's business in the future.

The Company has incurred substantial expenses for legal and accounting services due to the SEC's investigation and the U.S. Department of Justice (DOJ) investigation as well as the Company's own internal investigation and the restatement of its financial statements. The Company could incur substantial additional costs to defend and resolve litigation or other governmental investigations or proceedings arising out of or related to the completed investigation. In addition, the Company could be exposed to enforcement or other actions with respect to these matters by the SEC's Division of Enforcement or the DOJ.

In addition, these activities have diverted the Company's management's attention from the conduct of its business. The diversion of resources to address issues arising out of the investigation and financial restatement may harm our business, operating results and financial condition in the future.

The Company's failure to maintain effective internal control over financial reporting may be insufficient to allow it to accurately report its financial results or prevent fraud, which could cause its financial statements to become materially misleading and adversely affect the trading price of its common stock.

The Company's management is responsible for maintaining a system of internal control over financial reporting (ICOFR) that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles (GAAP). Management is also responsible for maintaining evidence, including documentation, to provide reasonable support for its assessment. This evidence will also allow a third party, such as the Company's external auditor, to validate the work performed by management.

ICOFR cannot provide absolute assurance due to its inherent limitations; it is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human error. ICOFR also can be circumvented by collusion or improper management override. Because of such limitations, ICOFR cannot prevent or detect all misstatements, whether unintentional errors or fraud. However, these inherent limitations are known features of the financial reporting process, therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Source: DIEBOLD INC, 10-K, September 30, 2008

During the year ended December 31, 2007, the Company's management determined that there were material weaknesses in its internal control over financial reporting. The Company's material weaknesses could harm shareholder and business confidence in our financial reporting, our ability to obtain financing and other aspects of our business. The Company has enhanced, and is continuing to enhance, its internal controls in order to remediate the material weaknesses. Implementing new internal controls and testing the internal control framework will require the dedication of additional resources, management time and expense. If the Company fails to establish and maintain the adequacy of its internal control over financial reporting, including any failure to implement required new or improved controls, or if the Company experiences difficulties in their implementation, its business, financial condition and operating results could be harmed.

Any material weakness or unsuccessful remediation could affect investor confidence in the accuracy and completeness of the Company's financial statements. As a result, the Company's ability to obtain any additional financing, or additional financing on favorable terms, could be materially and adversely affected, which, in turn, could materially and adversely affect its business, its financial condition and the market value of its securities and require the Company to incur additional costs to improve its internal control systems and procedures. In addition, perceptions of the Company among customers, lenders, investors, securities analysts and others could also be adversely affected.

The Company can give no assurances that the measures it has taken to date, or any future measures it may take, will remediate the material weaknesses identified or that any additional material weaknesses will not arise in the future due to its failure to implement and maintain adequate internal controls over financial reporting. In addition, even if the Company is successful in strengthening its controls and procedures, those controls and procedures may not be adequate to prevent or identify irregularities or ensure the fair presentation of its financial statements included in its periodic reports filed with the SEC.

Delays in filing periodic reports and financial restatements may adversely affect the Company's stock price.

The Company did not file its quarterly reports on Form 10-Q for the quarters ended June 30, 2007, September 30, 2007, March 31, 2008 and June 30, 2008 and this annual report on Form 10-K for the year ended December 31, 2007 within the time periods required by SEC regulations. The Company's delays in filing its periodic reports and related financial statements may harm investor confidence and negatively affect the Company's stock price. In addition, the restatement may also result in other negative ramifications, including the potential loss of confidence by suppliers, customers, employees, investors, and security analysts, the loss of institutional investor interest and fewer business development opportunities.

ITEM 1B: UNRESOLVED STAFF COMMENTS

None.

ITEM 2: PROPERTIES

The Company's corporate offices are located in North Canton, Ohio. The Company owns manufacturing facilities in Canton and Newark, Ohio; Lynchburg, Virginia, and Lexington, North Carolina. The Company also has manufacturing facilities in Belgium, Brazil, China, Hungary and India. The Company has selling, service and administrative offices in the following locations: throughout the United States, and in Argentina, Australia, Austria, Barbados, Belgium, Belize, Brazil, Canada, Chile, China, Colombia, Costa Rica, Czech Republic, Dominican Republic, Ecuador, France, Germany, Greece, Guatemala, Haiti, Honduras, Hong Kong, Hungary, India, Indonesia, Italy, Japan, Malaysia, Mexico, Namibia, Netherlands, New Zealand, Nicaragua, Panama, Paraguay, Peru, Philippines, Portugal, Poland, Romania, Russia, Singapore, Slovakia, South Africa, Spain, Switzerland, Taiwan, Thailand, Turkey, the United Arab Emirates, the United Kingdom, Uruguay, Venezuela and Vietnam. The Company leases a majority of the selling, service and administrative offices under operating lease agreements.

The Company considers that its properties are generally in good condition, are well maintained, and are generally suitable and adequate to carry on the Company's business.

Source: DIEBOLD INC, 10-K, September 30, 2008

ITEM 3: LEGAL PROCEEDINGS

The Company is a party to several lawsuits that were incurred in the normal course of business, none of which individually or in the aggregate is considered material by management in relation to the Company's financial position or results of operations. In management's opinion, the Company's consolidated financial statements would not be materially affected by the outcome of any present legal proceedings, commitments, or asserted claims.

In addition to the routine legal proceedings noted above, the Company has been served with various lawsuits, filed against it and certain current and former officers and directors, by shareholders and participants in the Company's 401(k) savings plan, alleging violations of the federal securities laws and breaches of fiduciary duties with respect to the 401(k) plan. These complaints seek compensatory damages in an unspecific amount, fees and expenses related to such lawsuits and the granting of extraordinary equitable and/or injunctive relief. For each of these lawsuits, the date each complaint was filed, the name of the plaintiff and the federal court in which such lawsuit is pending are as follows:

- *Konkol v. Diebold Inc., et al.*, No. 5:05CV2873 (N.D. Ohio, filed December 13, 2005).
- *Ziolkowski v. Diebold Inc., et al.*, No. 5:05CV2912 (N.D. Ohio, filed December 16, 2005).
- *New Jersey Carpenter's Pension Fund v. Diebold, Inc.*, No. 5:06CV40 (N.D. Ohio, filed January 6, 2006).
- *Rein v. Diebold, Inc., et al.*, No. 5:06CV296 (N.D. Ohio, filed February 9, 2006).
- *Graham v. Diebold, Inc., et al.*, No. 5:05CV2997 (N.D. Ohio, filed December 30, 2005).
- *McDermott v. Diebold, Inc., et al.*, No. 5:06CV170 (N.D. Ohio, filed January 24, 2006).
- *Barnett v. Diebold, Inc., et al.*, No. 5:06CV361 (N.D. Ohio, filed February 15, 2006).
- *Farrell v. Diebold, Inc., et al.*, No. 5:06CV307 (N.D. Ohio, filed February 8, 2006).
- *Forbes v. Diebold, Inc., et al.*, No. 5:06CV324 (N.D. Ohio, filed February 10, 2006).
- *Gromek v. Diebold, Inc., et al.*, No. 5:06CV579 (N.D. Ohio, filed March 14, 2006).

The *Konkol*, *Ziolkowski*, *New Jersey Carpenter's Pension Fund*, *Rein* and *Graham* cases, which allege violations of the federal securities laws, have been consolidated into a single proceeding. The *McDermott*, *Barnett*, *Farrell*, *Forbes* and *Gromek* cases, which allege breaches of fiduciary duties under the Employee Retirement Income Security Act of 1974 with respect to the 401(k) plan, likewise have been consolidated into a single proceeding. The Company and the individual defendants deny the allegations made against them, regard them as without merit, and intend to defend themselves vigorously. On August 22, 2008, the court dismissed the consolidated amended complaint in the consolidated securities litigation and entered a judgment in favor of the defendants. On September 16, 2008, the plaintiffs in the consolidated securities litigation filed a notice of appeal with the U.S. Court of Appeals for the Sixth Circuit.

The Company filed a lawsuit on May 30, 2008 (*Premier Election Solutions, Inc., et al. v. Board of Elections of Cuyahoga County, et al.*, Case No. 08-CV-05-7841, (Franklin Cty. Ct Common Pleas)) against the Board of Elections of Cuyahoga County, Ohio, the Board of County Commissioners of Cuyahoga County, Ohio, Cuyahoga County, Ohio (collectively, the County), and Ohio Secretary of State Jennifer Brunner (Secretary) regarding several Ohio contracts under which the Company provided electronic voting systems and related services to the State of Ohio and a number of its counties. The lawsuit was precipitated by the County's threats to sue the Company for unspecified damages. The complaint seeks a declaration that the Company met its contractual obligations. In response, on July 15, 2008, the County filed an answer and counterclaim alleging that the voting system was defective and seeking declaratory relief and unspecified damages under several theories of recovery. The Secretary has also filed an answer and counterclaim seeking declaratory relief and unspecified damages under a number of theories of recovery.

Management is unable to determine the financial statement impact, if any, of the federal securities class action, the 401(k) class action and the electronic voting systems action.

Additionally, certain current and former officers and directors had been named as defendants in two shareholder derivative actions filed in federal court, purportedly on behalf of the Company (*Recht v. O'Dell et al.*, No. 5:06CV233 (N.D. Ohio, filed January 31, 2006) and *Wietschner v. Diebold, Inc., et al.*, No. 5:06CV418 (N.D. Ohio, filed February 23, 2006)). The complaints asserted claims of breach of fiduciary duties against the defendants on behalf of the Company in connection with alleged violations of the federal securities laws. The derivative cases were consolidated into a single proceeding. On February 29, 2008, the court dismissed the consolidated amended derivative complaint.

The Company and certain directors had been named as defendants by an individual purporting to seek relief on behalf of a putative class of shareholders (*Albert Stein v. Diebold Incorporated, et al.*, Case No. 2008 CV 01144 (Stark Cty. Ct. Common Pleas, filed March 4, 2008)). The complaint was voluntarily dismissed by the plaintiff on June 25, 2008. The complaint alleged breaches of fiduciary duties with respect to the Company's rejection of an unsolicited offer by United Technologies Corporation to purchase all of the Company's outstanding shares. The complaint sought an injunction requiring certain actions and other equitable relief and attorneys' fees and expenses. The Company and the individual defendants had moved to dismiss the complaint, which motion was pending as of the dismissal.

The Company was informed during the first quarter of 2006 that the staff of the SEC had begun an informal inquiry relating to the Company's revenue recognition policy. In the second quarter of 2006, the Company was informed that the SEC's inquiry had been converted to a formal, non-public investigation. In the fourth quarter of 2007, the Company also learned that the DOJ had begun a parallel investigation. The Company is continuing to cooperate with the government in connection with these investigations. The Company cannot predict the length, scope or results of the investigations, or the impact, if any, on its results of operations.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 2007.

Source: DIEBOLD INC, 10-K, September 30, 2008

Part II

ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The common shares of the Company are listed on the New York Stock Exchange with a symbol of DBD. The price ranges of common shares of the Company for the periods indicated below are as follows:

	2007		2006		2005	
	High	Low	High	Low	High	Low
1st Quarter	$ 48.42	$ 42.50	$ 43.84	$ 36.40	$ 57.75	$ 51.70
2nd Quarter	52.70	47.25	46.35	39.15	57.80	44.85
3rd Quarter	54.50	42.49	44.90	36.93	50.21	33.78
4th Quarter	45.90	28.32	47.13	41.41	41.00	33.10
Full Year	$ 54.50	$ 28.32	$ 47.13	$ 36.40	$ 57.80	$ 33.10

There were approximately 66,922 shareholders at December 31, 2007, which includes an estimated number of shareholders who have shares held in their accounts by banks, brokers, and trustees for benefit plans and the agent for the dividend reinvestment plan.

On the basis of amounts paid and declared, the annualized quarterly dividends per share were $0.94, $0.86 and $0.82 in 2007, 2006 and 2005, respectively.

Information concerning the Company's share repurchases made during the fourth quarter of 2007:

Period	Total Number of Shares Purchased(1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans(2)	Maximum Number of Shares that may yet be Purchased Under the Plans(2)
October	—	N/A		2,926,500
November	500	$ 35.69	—	2,926,500
December	564	$ 28.92	—	2,926,500
Total	1,064	$ 32.31	—	2,926,500

(1) Includes 1,064 shares surrendered or deemed surrendered to the Company in connection with the Company's stock-based compensation.

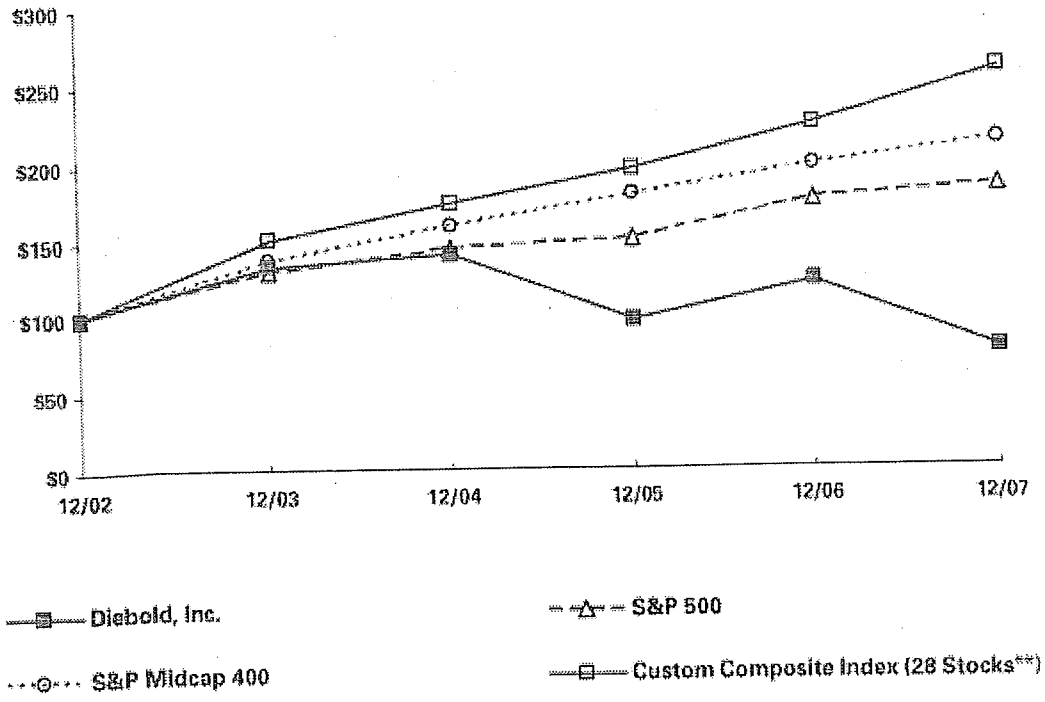
(2) The total number of shares repurchased as part of the publicly announced share repurchase plan was 9,073,500 as of December 31, 2007. The plan was approved by the Board of Directors in April 1997 and authorized the repurchase of up to two million shares. The plan was amended in June 2004 to authorize the repurchase of an additional two million shares, and was further amended in August and December 2005 to authorize the repurchase of an additional six million shares. On February 14, 2007, the Board of Directors approved an increase in the Company's share repurchase program by authorizing the repurchase of up to an additional two million of the Company's outstanding common shares. The plan has no expiration date.

Source: DIEBOLD INC, 10-K, September 30, 2008

PERFORMANCE GRAPH

Set forth below is a line graph comparing the yearly percentage change in the cumulative shareholder return, which includes the reinvestment of cash dividends, of the Company's common shares with the cumulative total return of (i) the S&P 500 Index, (ii) the S&P MidCap 400 Index, and (iii) a Custom Composite Index (28 stocks) made up of companies selected by the Company based on similarity to the Company's line of business and similar market capitalization. The comparison covers the five-year period starting December 31, 2002 and ended December 31, 2007. The comparisons in this graph are required by rules promulgated by the Commission and are not intended to forecast future performance of the Corporation's common shares.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Diebold, Inc., The S&P 500 Index,
The S&P Midcap 400 Index And A Custom Composite Index (28 Stocks)



* $100 invested on 12/31/02 in stock or index-including reinvestment of dividends.
Fiscal year ending December 31.

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** As of December 31, 2007, the Custom Composite Index included 28 stocks as follows: Affiliated Computer Services Inc, Ametek Inc, Benchmark Electronics Inc, Cooper Industries Limited, Corning Inc, Crane Company, Deluxe Corp., Donaldson Inc, Dover Corp., Fiserv Inc, FMC Technologies Inc, Harris Corp., Hubbell Inc, International Game Technology, Lennox International Inc, Mettler Toledo International, NCR Corp., Pall Corp., PerkinElmer Inc, Pitney-Bowes Inc, Rockwell Automation Inc, Rockwell Collins Inc, Sauer Danfoss Inc, Teleflex Inc, Thermo Fisher Scientific Inc., Thomas & Betts Corp., Unisys Corp. and Varian Medical Systems Inc. During 2006, Avaya, American Power Conversion, and Genlyte Group, Inc. were included in the Custom Composite Index but ceased trading in 2007 and were removed from the peer group. Also, during 2006, Fisher Scientific International was included in the Custom Composite Index but was acquired by Thermo-Electron, d.b.a Thermo Fisher Scientific Inc.

Source: DIEBOLD INC, 10-K, September 30, 2008

ITEM 6: SELECTED FINANCIAL DATA
(In thousands)

We have restated the selected financial data presented in this annual report as of December 31, 2006, December 31, 2005, December 31, 2004 and December 31, 2003, and for the fiscal years ended on those dates. The restatement reflects the results of the internal review by the Company, in consultation with its outside advisors and the Audit Committee of the Board of Directors, as well as other adjustments identified by management through this process.

This "Part II — Item 6 — Selected Financial Data" includes the following:

- The restated selected financial data for the annual periods described above;
- The annual financial data for the year ended December 31, 2007; and
- Schedules presenting details of the nature and impact of the restatement adjustments. Additional information regarding these adjustments can be found in Note 2 to the Consolidated Financial Statements. The adjustments that relate to fiscal years prior to 2003 are reflected in beginning retained earnings for 2003. The cumulative impact of these adjusting entries decreased retained earnings by approximately $89,000, net of tax, at the beginning of 2003.

The following balance sheet data as of December 31, 2007 and December 31, 2006 and results of operations for the years ended December 31, 2007, December 31, 2006 and December 31, 2005 are derived from our audited financial statements included in "Part II — Item 8 — Financial Statements and Supplementary Data." The data for years ended December 31, 2004 and 2003 are derived from our unaudited restated financial statements.

Source: DIEBOLD INC, 10-K, September 30, 2008

SELECTED FINANCIAL DATA

The following table should be read in conjunction with "Part II — Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part II — Item 8 — Financial Statements and Supplementary Data."

	Year ended December 31,									
	2007	2006		2005		2004		2003	
		As Reported	As Restated	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated
	(in millions, except per share data)								
Results of Operations									
Net sales	$ 2,965	$ 2,906	$ 2,940	$ 2,587	$ 2,583	$ 2,357	$ 2,388	$ 2,086	$ 1,994
Cost of sales	2,281	2,196	2,202	1,962	1,929	1,688	1,715	1,470	1,432
Gross profit	684	710	738	625	654	669	673	616	562
Income from continuing operations, net of tax	40	87	105	83	92	182	177	171	133
Income from discontinued operations, net of tax	—	—	—	14	10	2	2	2	2
Net Income	$ 40	$ 87	$ 105	$ 97	$ 102	$ 184	$ 179	$ 173	$ 135
Basic earnings per common share:									
Income from continuing operations	0.60	1.30	1.57	1.17	1.30	2.52	2.46	2.37	1.83
Income from discontinued operations	—	—	—	0.20	0.15	0.03	0.03	0.02	0.03
Net Income	$ 0.60	$ 1.30	$ 1.57	$ 1.37	$ 1.45	$ 2.55	$ 2.49	$ 2.39	$ 1.86
Diluted earnings per common share:									
Income from continuing operations	0.59	1.29	1.55	1.17	1.29	2.50	2.43	2.35	1.82
Income from discontinued operations	—	—	—	0.20	0.14	0.03	0.03	0.02	0.02
Net Income	$ 0.59	$ 1.29	$ 1.55	$ 1.37	$ 1.43	$ 2.53	$ 2.46	$ 2.37	$ 1.84
Number of Weighted-Average Shares Outstanding									
Basic weighted-average shares outstanding	65,841	66,669	66,669	70,577	70,577	72,000	72,000	72,417	72,417
Diluted weighted-average shares outstanding	66,673	66,885	67,253	70,966	71,340	72,534	72,823	72,924	73,087
Common dividends paid	$ 62,442	$ 57,408	$ 57,964	$ 57,770	$ 58,196	$ 53,240	$ 53,506	$ 49,242	$ 49,330
Common dividends paid per share	0.94	0.86	0.86	0.82	0.82	0.74	0.74	0.68	0.68

Source: DIEBOLD INC, 10-K, September 30, 2008

	Year ended December 31,									
	2007	2006		2005		2004		2003	
		As Reported	As Restated	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated
	(In millions, except per share data)								
Consolidated Balance Sheet Data (as of period end)									
Current assets	$ 1,631	$ 1,596	$ 1,694	$ 1,481	$ 1,596	$ 1,290	$ 1,382	$ 1,164	$ 1,278
Current liabilities	751	599	782	580	796	740	944	619	844
Net working capital	880	997	912	901	800	550	438	545	434
Property, plant and equipment, net	220	217	208	235	226	225	219	209	206
Total long-term liabilities	766	824	816	617	568	142	140	142	140
Total assets	2,631	2,514	2,597	2,350	2,409	2,131	2,210	1,898	2,000
Shareholders' equity	1,115	1,091	998	1,153	1,045	1,249	1,126	1,137	1,016

CUMULATIVE ADJUSTMENTS TO PREVIOUSLY REPORTED RETAINED EARNINGS

The following tables present the impact of the restatement adjustments on previously reported retained earnings for the years ended December 31, 2006, 2005, 2004 and 2003. See Note 2 to the Consolidated Financial Statements included in "Part II — Item 8 — Financial Statements and Supplementary Data" for further discussion of the restatement.

	Year ended December 31,			
	2006	2005	2004	2003
	(In thousands)			
Retained earnings as reported	$ 1,169,607	$ 1,140,468	$ 1,101,492	$ 970,935
Cumulative restatement adjustments	(109,882)	(127,331)	(132,295)	(127,465)(1)
Retained earnings as restated	$ 1,059,725	$ 1,013,137	$ 969,197	$ 843,470

(1) Includes a $88,972 decrease in ending retained earnings at December 31, 2002 for the cumulative impact of the adjustments for the periods prior to 2003.

Source: DIEBOLD INC, 10-K, September 30, 2008

CUMULATIVE ADJUSTMENTS TO PREVIOUSLY REPORTED BEGINNING RETAINED EARNINGS

	Year ended December 31,			
	2006	2005	2004	2003
	(In thousands)			
Retained earnings as restated:				
Beginning retained earnings as reported	$ 1,140,468	$ 1,101,492	$ 970,935	$ 847,091
Cumulative adjustments to beginning retained earnings	(127,331)	(132,295)	(127,465)	(88,972)
Beginning retained earnings as restated	1,013,137	969,197	843,470	758,119
Net income as reported	86,547	96,746	183,797	173,086
Net income restatement adjustments	18,005	5,389	(4,563)	(38,405)
Net income as restated	104,552	102,135	179,234	134,681
Dividends declared and paid as reported	(57,408)	(57,770)	(53,240)	(49,242)
Dividends declared and paid adjustments	(556)	(426)	(266)	(88)
Dividends declared and paid as restated	(57,964)	(58,196)	(53,506)	(49,330)
Retained earnings as restated	$ 1,059,725	$ 1,013,137	$ 969,198	$ 843,470

CUMULATIVE ADJUSTMENTS TO PREVIOUSLY REPORTED BEGINNING RETAINED EARNINGS BY CATEGORY

The following table presents the impact of the restatement adjustments on previously reported beginning retained earnings for the years beginning January 1, 2006, 2005, 2004 and 2003, with the adjustments identified by the nature of the error. See Note 2 to the Consolidated Financial Statements included in "Part II — Item 8 — Financial Statements and Supplementary Data" for further discussion of the restatement.

	Years Beginning January 1,			
	2006	2005	2004	2003
	(In thousands)			
Beginning retained earnings as reported	$ 1,140,468	$ 1,101,492	$ 970,935	$ 847,091
Revenue Recognition — Bill & Hold	(67,151)	(81,957)	(95,550)	(66,026)
Revenue Recognition — Other	(11,201)	(7,285)	(5,886)	(1,525)
Account Reconciliations	(62,806)	(77,122)	(68,503)	(34,462)
Inventory	(9,953)	(12,051)	(9,694)	(10,763)
Capitalization	(18,232)	(12,911)	(8,932)	(7,674)
Other	(1,384)	2,372	1,615	384
Tax	44,176	57,012	59,573	31,094
Dividends declared and paid adjustments	(780)	(353)	(88)	—
Cumulative adjustments to beginning retained earnings	(127,331)	(132,295)	(127,465)	(88,972)
Beginning retained earnings as restated	$ 1,013,137	$ 969,197	$ 843,470	$ 758,119

Source: DIEBOLD INC, 10-K, September 30, 2008

SUMMARY OF IMPACT OF RESTATEMENT ADJUSTMENTS ON INCOME BEFORE TAXES FOR THE YEARS ENDED DECEMBER 31, 2006, 2005, 2004 AND 2003

The following table presents the increase (decrease) of the significant restatement adjustments on income from continuing operations before taxes for the years ended December 31, 2006, 2005, 2004 and 2003:

		Revenue Recognition		Account				
		Bill & Hold	Other	Reconciliations	Inventory	Capitalization	Other	Total Adjustments
					(In thousands)			
2006								
	Bill & Hold Revenue	$ 1,582	—					$ 1,582
	Service Contract Revenue	—	—		—	—	—	
	ERP Capitalization	—	—	(2,350)	—	—	—	(2,350)
	AP Float and Related Reserve	—	—	—	—	653	—	653
	Installation Allowance	—	—	1,121	—	—	—	1,121
	Finished Goods Inventory	—	—	666	—	—	—	666
	Refurbished Inventory	—	—	—	335	—	—	335
	AP Wire Clearing Account	—	—	—	2,317	—	—	2,317
Subtotal		—	—	6,168	—	—	—	6,168
	All Other Adjustments, net	1,582	—	5,605	2,652	653	—	10,492
Total		—	3,791	12,216	3,409	(316)	3,427	22,527
2005		$ 1,582	$ 3,791	$ 17,821	$ 6,061	$ 337	$ 3,427	$ 33,019
	Bill & Hold Revenue	$ 14,807	—					$ 14,807
	Service Contract Revenue	—	—		—	—	—	
	ERP Capitalization	—	—	(1,165)	—	—	—	(1,165)
	AP Float and Related Reserve	—	—	—	—	(6,787)	—	(6,787)
	Installation Allowance	—	—	(362)	—	—	—	(362)
	Finished Goods Inventory	—	—	8,050	—	—	—	8,050
	Refurbished Inventory	—	—	—	9,074	—	—	9,074
	AP Wire Clearing Account	—	—	—	(1,517)	—	—	(1,517)
Subtotal		—	—	(842)	—	—	—	(842)
	All Other Adjustments, net	14,807	—	5,681	7,557	(6,787)	—	21,258
Total		—	(2,026)	8,634	(5,459)	1,465	(1,206)	1,408
2004		$ 14,807	$ (2,026)	$ 14,315	$ 2,098	$ (5,322)	$ (1,206)	$ 22,666
	Bill & Hold Revenue	$ 13,593	—					$ 13,593
	Service Contract Revenue	—	—		—	—	—	
	ERP Capitalization	—	—	(2,296)	—	—	—	(2,296)
	AP Float and Related Reserve	—	—	—	—	(2,953)	—	(2,953)
	Installation Allowance	—	—	(346)	—	—	—	(346)
	Finished Goods Inventory	—	—	(2,091)	—	—	—	(2,091)
	Refurbished Inventory	—	—	—	1,439	—	—	1,439
	AP Wire Clearing Account	—	—	—	(1,617)	—	—	(1,617)
Subtotal		—	—	1,674	—	—	—	1,674
	All Other Adjustments, net	13,593	—	(3,059)	(178)	(2,953)	—	7,403
Total		—	(1,398)	(6,430)	(2,180)	(1,026)	759	(10,275)
2003		$ 13,593	$ (1,398)	$ (9,489)	$ (2,358)	$ (3,979)	$ 759	$ (2,872)
	Bill & Hold Revenue	$ (29,526)	—					$ (29,526)
	Service Contract Revenue	—	—	—	—	—	—	
	ERP Capitalization	—	—	(16,615)	—	—	—	(16,615)
	AP Float and Related Reserve	—	—	—	—	(472)	—	(472)
	Installation Allowance	—	—	(9,778)	—	—	—	(9,778)
	Finished Goods Inventory	—	—	(2,183)	—	—	—	(2,183)
	Refurbished Inventory	—	—	—	(4,301)	—	—	(4,301)
	AP Wire Clearing Account	—	—	—	1,317	—	—	1,317
Subtotal		—	—	(4,223)	—	—	—	(4,223)
	All Other Adjustments, net	(29,526)	—	(32,799)	(2,984)	(472)	—	(65,781)
Total		—	(3,557)	(1,997)	4,054	(785)	1,230	(1,055)
		$ (29,526)	$ (3,557)	$ (34,796)	$ 1,070	$ (1,257)	$ 1,230	$ (66,836)

Source: DIEBOLD INC, 10-K, September 30, 2008

IMPACT OF RESTATEMENT ADJUSTMENTS ON 2006 ON NET INCOME

The following table presents the impact of the restatement adjustments on the Consolidated Statement of Income for the year ended December 31, 2006:

	Year ended December 31, 2006									
		Adjustments								
		Revenue Recognition								
	As Reported	Bill & Hold	Other	Account Reconciliations	Inventory	Capitalization	Other	Total Adjustments	Provision for Income Tax	As Restated
					(In thousands)					
Net sales	$ 1,469,250	$ 24,057	$ 9,090	$ (1,399)	$ 1,636	$ —	$ (1,636)	$ 31,748		$ 1,500,998
Products	1,436,982	3,325	(1,631)	(64)	—	—	—	1,630		1,438,612
Services	2,906,232	27,382	7,459	(1,463)	1,636	—	(1,636)	33,378		2,939,610
Cost of sales	1,046,617	22,787	4,663	(10,371)	(3,866)	—	(2,454)	10,759		1,057,376
Products	1,149,097	2,409	(573)	(5,725)	(559)	(4)	—	(4,452)		1,144,645
Services	2,195,714	25,196	4,090	(16,096)	(4,425)	(4)	(2,454)	6,307		2,202,021
Gross profit	710,518	2,186	3,369	14,633	6,061	4	818	27,071		737,589
Selling and administrative expense	463,862	155	(577)	(1,961)	—	2,792	(203)	206		464,068
Research, development and engineering expense	70,995	594	—	36	—	—	—	630		71,625
Impairment of asset	22,462	—	—	—	—	(3,125)	—	(3,125)		19,337
(Gain) loss on sale of assets, net	328	—	—	—	—	—	—	—		328
	557,647	749	(577)	(1,925)	—	(333)	(203)	(2,289)		555,358
Operating profit	152,871	1,437	3,946	16,558	6,061	337	1,021	29,360		182,231
Other income (expense)										
Investment income	19,224	—	(155)	—	—	—	—	(155)		19,069
Interest expense	(36,024)	—	—	—	—	—	730	730		(35,294)
Miscellaneous, net	(5,025)	—	—	1,263	—	—	1,676	2,939		(2,086)
Minority interest	(6,597)	145	—	—	—	—	—	145		(6,452)
Income from continuing operations before taxes	124,449	1,582	3,791	17,821	6,061	337	3,427	33,019		157,468
Income tax adjustments		—	1,053	—	—	—	—	1,053		1,053
Taxes on income	37,902								13,961	51,863
Income from continuing operations	86,547	1,582	2,738	17,821	6,061	337	3,427	31,966	(13,961)	104,552
Income from discontinued operations, net of tax	—	—	—	—	—	—	—	—		—
Net income	$ 86,547	$ 1,582	$ 2,738	$ 17,821	$ 6,061	$ 337	$ 3,427	$ 31,966	$ (13,961)	$ 104,552
Basic weighted-average shares outstanding	66,669									66,669
Diluted weighted-average shares outstanding	66,885									67,253
Basic earnings per share										
Income from continuing operations	$ 1.30									$ 1.57
Income from discontinued operations	$ —									$ —
Net income	$ 1.30									$ 1.57
Diluted earnings per share										
Income from continuing operations	$ 1.29									$ 1.55
Income from discontinued operations	$ —									$ —
Net income	$ 1.29									$ 1.55

Source: DIEBOLD INC, 10-K, September 30, 2008

IMPACT OF RESTATEMENT ADJUSTMENTS ON 2005 NET INCOME

The following table presents the impact of the restatement adjustments on the Consolidated Statement of Income for the year ended December 31, 2005:

	Year ended December 31, 2005									
		Adjustments								
		Revenue Recognition								
	As Reported	Bill & Hold	Other	Account Reconciliations	Inventory	Capitalization	Other	Total Adjustments	Provision for Income Tax	As Restated
					(In thousands)					
Net sales										
Products	$ 1,293,419	$ (8,347)	$ (10,664)	$ 4,147	$ (1,544)	$ —	$ 1,544	$ (14,864)		$ 1,278,555
Services	1,293,630	11,742	(56)	(881)	—	—	—	10,805		1,304,435
	2,587,049	3,395	(10,720)	3,266	(1,544)	—	1,544	(4,059)		2,582,990
Cost of sales										
Products	952,321	(17,657)	(8,991)	(2,975)	(3,976)	—	1,750	(31,849)		920,472
Services	1,009,246	6,903	(436)	(6,634)	334	(403)	—	(236)		1,009,010
	1,961,567	(10,754)	(9,427)	(9,609)	(3,642)	(403)	1,750	(32,085)		1,929,482
Gross profit	625,482	14,149	(1,293)	12,875	2,098	403	(208)	28,026		653,508
Selling and administrative expense	403,804	—	597	(1,157)	—	5,725	1,905	7,070		410,874
Research, development and engineering expense	60,409	(694)	—	222	—	—	—	(472)		59,937
Impairment of asset	—	—	—	—	—	—	—	—		—
(Gain) loss on sale of assets, net	(50)	—	—	—	—	—	—	—		(50)
Operating profit	464,163	(694)	597	(935)	—	5,725	1,905	6,598		470,761
	161,319	14,843	(1,890)	13,810	2,098	(5,322)	(2,111)	21,428		182,747
Other income (expense)										
Investment income	12,165	—	(136)	(25)	—	—	—	(161)		12,004
Interest expense	(16,511)	—	—	—	—	—	311	311		(16,200)
Miscellaneous, net	(11,893)	—	—	530	—	—	594	1,124		(10,769)
Minority interest	(6,829)	(36)	—	—	—	—	—	(36)		(6,865)
Income from continuing operations before taxes	136,251	14,807	(2,026)	14,315	2,098	(5,322)	(1,206)	22,666		160,917
Income tax adjustments			1,892	—	—	—	—	1,892		1,892
Taxes on income	55,347	—							11,716	67,063
Income from continuing operations	82,904	14,807	(3,918)	14,315	2,098	(5,322)	(1,206)	20,774	(11,716)	91,962
Income from discontinued operations, net of tax	13,842	—	—	—	—	—	(2,549)	(2,549)	(1,120)	10,173
Net income	$ 96,746	$ 14,807	$ (3,918)	$ 14,315	$ 2,098	$ (5,322)	$ (3,755)	$ 18,225	$ (12,836)	$ 102,135
Basic weighted-average shares outstanding	70,577									70,577
Diluted weighted-average shares outstanding	70,966									71,340
Basic earnings per share										
Income from continuing operations	$ 1.17									$ 1.30
Income from discontinued operations	$ 0.20									$ 0.15
Net income	$ 1.37									$ 1.45
Diluted earnings per share										
Income from continuing operations	$ 1.17									$ 1.29
Income from discontinued operations	$ 0.20									$ 0.14
Net income	$ 1.37									$ 1.43

Source: DIEBOLD INC, 10-K, September 30, 2008

IMPACT OF RESTATEMENT ADJUSTMENTS ON 2004 NET INCOME

The following table presents the impact of the restatement adjustments on the Consolidated Statement of Income for the year ended December 31, 2004:

	Year ended December 31, 2004									
		Adjustments								
		Revenue Recognition								
	As Reported	Bill & Hold	Other	Account Reconciliations	Inventory	Capitalization	Other	Total Adjustments	Provision for Income Tax	As Restated
					(In thousands)					
Net sales										
Products	$ 1,158,340	$ 29,144	$ (9,000)	$ (2,732)	$ (42)	$ —	$ 42	$ 17,412		$ 1,175,752
Services	1,198,768	16,102	(307)	(2,019)	—	—	—	13,776		1,212,544
	2,357,108	45,246	(9,307)	(4,751)	(42)	—	42	31,188		2,388,296
Cost of sales										
Products	789,287	21,954	(7,616)	(2,071)	703	—	11	12,981		802,268
Services	898,925	10,130	(293)	2,089	1,613	383	—	13,922		912,847
	1,688,212	32,084	(7,909)	18	2,316	383	11	26,903		1,715,115
Gross profit	668,896	13,162	(1,398)	(4,769)	(2,358)	(383)	31	4,285		673,181
Selling and administrative expense	336,657	—	—	3,382	—	3,590	(188)	6,784		343,441
Research, development and engineering expense	58,759	(269)	—	(73)	—	(40)	—	(382)		58,377
	—	—	—	—	—	—	—	—		—
Impairment of asset (Gain) loss on sale of assets, net	141	—	—	—	—	—	—	—		141
	395,557	(269)	—	3,309	—	3,550	(188)	6,402		401,959
Operating profit	273,339	13,431	(1,398)	(8,078)	(2,358)	(3,933)	219	(2,117)		271,222
Other income (expense)										
Investment income	12,299	—	—	—	—	—	—	—		12,299
Interest expense	(10,657)	—	—	—	—	—	186	186		(10,471)
Miscellaneous, net	(1,814)	—	—	(1,411)	—	(46)	354	(1,103)		(2,917)
Minority interest	(7,718)	162	—	—	—	—	—	162		(7,556)
Income from continuing operations before taxes	265,449	13,593	(1,398)	(9,489)	(2,358)	(3,979)	759	(2,872)		262,577
		—	—	(871)	—	—	—	(871)		(871)
Income tax adjustments									2,561	86,201
Taxes on income	83,640									
Income from continuing operations	181,809	13,593	(1,398)	(8,618)	(2,358)	(3,979)	759	(2,001)	(2,561)	177,247
Income from discontinued operations, net of tax	1,988	—	—	—	—	—	—	—		1,988
Net income	$ 183,797	$ 13,593	$ (1,398)	$ (8,618)	$ (2,358)	$ (3,979)	$ 759	$ (2,001)	$ (2,561)	$ 179,235
Basic weighted-average shares outstanding	72,000									72,000
Diluted weighted-average shares outstanding	72,534									72,823
Basic earnings per share										
Income from continuing operations	$ 2.52									$ 2.46
Income from discontinued operations	$ 0.03									$ 0.03
Net income	$ 2.55									$ 2.49
Diluted earnings per share										
Income from continuing operations	$ 2.50									$ 2.43
Income from discontinued operations	$ 0.03									$ 0.03
Net income	$ 2.53									$ 2.46

Impact of Restatement Adjustments on 2003 Net Income

The following table presents the impact of the restatement adjustments on the Consolidated Statement of Income for the year ended December 31, 2003:

	Year ended December 31, 2003									
		Adjustments								
		Revenue Recognition								
	As Reported	Bill & Hold	Other	Account Reconciliations	Inventory	Capitalization	Other	Total Adjustments	Provision for Income Tax	As Restated
					(In thousands)					
Net sales										
Products	$ 1,008,000	$ (69,243)	$ (5,136)	$ 2,326	$ —	$ —	$ —	$ (72,053)		$ 935,947
Services	1,078,431	(19,366)	—	(977)	—	—	—	(20,343)		1,058,088
	2,086,431	(88,609)	(5,136)	1,349	—	—	—	(92,396)		1,994,035
Cost of sales										
Products	672,307	(46,755)	(1,662)	20,438	80	500	(15)	(27,414)		$ 644,893
Services	797,321	(12,278)	83	3,180	(1,150)	27	—	(10,138)		$ 787,183
	1,469,628	(59,033)	(1,579)	23,618	(1,070)	527	(15)	(37,552)		1,432,076
Gross profit	616,803	(29,576)	(3,557)	(22,269)	1,070	(527)	15	(54,844)		561,959
Selling and administrative expense	306,333	—	—	10,369	—	1,234	(470)	11,133		317,466
Research, development and engineering expense	58,678	(50)	—	(87)	—	100	—	(37)		58,641
Impairment of asset	—	—	—	—	—	—	—	—		—
(Gain) loss on sale of assets, net	178	—	—	—	—	—	—	—		178
	365,189	(50)	—	10,282	—	1,334	(470)	11,096		376,285
Operating profit	251,614	(29,526)	(3,557)	(32,551)	1,070	(1,861)	485	(65,940)		185,674
Other income (expense)										
Investment income	12,996	$ —	$ —	$ (868)	$ —	$ —	$ —	(868)		12,128
Interest expense	(9,351)	—	—	—	—	—	54	54		(9,297)
Miscellaneous, net	3,746	—	—	(1,377)	—	604	691	(82)		3,664
Minority interest	(7,547)	—	—	—	—	—	—	—		(7,547)
Income from continuing operations before taxes	251,458	(29,526)	(3,557)	(34,796)	1,070	(1,257)	1,230	(66,836)		184,622
Income tax adjustments		—	802	(754)	—	—	—	48		48
Taxes on income	80,188								(28,479)	51,709
Income from continuing operations	171,270	(29,526)	(4,359)	(34,042)	1,070	(1,257)	1,230	(66,884)	28,479	132,865
Income from discontinued operations, net of tax	1,816	—	—	—	—	—	—	—		1,816
Net income	$ 173,086	$ (29,526)	$ (4,359)	$ (34,042)	$ 1,070	$ (1,257)	$ 1,230	$ (66,884)	$ 28,479	$ 134,681
Basic weighted-average shares outstanding	72,417									72,417
Diluted weighted-average shares outstanding	72,924									73,087
Basic earnings per share										
Income from continuing operations	$ 2.37									$ 1.83
Income from discontinued operations	$ 0.02									$ 0.03
Net income	$ 2.39									$ 1.86
Diluted earnings per share										
Income from continuing operations	$ 2.35									$ 1.82
Income from discontinued operations	$ 0.02									$ 0.02
Net income	$ 2.37									$ 1.84

Source: DIEBOLD INC, 10-K, September 30, 2008

ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in thousands)

BACKGROUND OF THE RESTATEMENT

In the first quarter of 2006, the Division of Enforcement of the SEC initiated an informal inquiry into certain of the Company's accounting and financial reporting matters and requested the Company provide certain documents and information, specifically related to its practice of recognizing certain revenue on a bill and hold basis. In the third quarter of 2006, the Company was informed that the SEC's previous informal inquiry related to revenue recognition had been converted to a formal, non-public investigation.

On July 25, 2007, the Company announced that it would delay the release of its earnings results for the quarter ended June 30, 2007, as well as the filing of its quarterly report on Form 10-Q for that quarter, while the Company sought guidance from the OCA as to the Company's revenue recognition policy. The guidance sought related to the Company's long-standing practice of recognizing certain revenue on a bill and hold basis within its North America business segment.

On October 2, 2007, the Company announced it was discontinuing its use of bill and hold as a method of revenue recognition in both its North America business segment and its International businesses.

On December 21, 2007, the Company announced that, in consultation with outside advisors, it was conducting an internal review into certain accounting and financial reporting matters, including, but not limited to, the review of various balance sheet accounts such as prepaids, accruals, capitalized assets, deferred revenue and reserves within both the Company's North America and International businesses. The review was conducted primarily by outside counsel of the Company and was done in consultation with and participation with the Company's internal audit staff and management, as well as outside advisors including forensic accountants and independent legal counsel to the Audit Committee.

During the course of the review, certain questions were raised as to certain prior accounting and financial reporting items in addition to bill and hold revenue recognition, including whether the prepaid expenses, accrued liabilities, capitalized assets, deferred revenue and reserves had been recorded accurately and timely. Accordingly, the scope of the review was expanded beyond the initial revenue recognition issues to include these additional items. This review has been completed as of the date of the filing of this annual report.

On January 15, 2008, the Company announced that it had concluded its discussion with the OCA and, as a result of those discussions, the Company determined that its previous long-standing method of accounting for bill and hold transactions was in error, representing a misapplication of U.S. generally accepted accounting principles (GAAP). In addition, the Company disclosed that revenue previously recognized on a bill and hold basis would be recognized upon customer acceptance of products at a customer location. Management of the Company determined that this corrected method of recognizing revenue would be adopted retroactively after an in-depth analysis and review with its outside auditors, KPMG LLP (KPMG), an independent registered public accounting firm, the Audit Committee of the Company's Board of Directors, and the OCA. Accordingly, management concluded that previously issued financial statements for the fiscal years ended December 31, 2006, 2005, 2004 and 2003; the quarterly data in each of the quarters for the years ended December 31, 2006 and 2005; and the quarter ended March 31, 2007, must be restated and should no longer be relied upon. As a result, the Company has restated its previously issued financial statements for those periods. Restated financial information is presented in this annual report on Form 10-K for the year ended December 31, 2007.

Source: DIEBOLD INC, 10-K, September 30, 2008

OVERVIEW

Diebold has been in business for more than 148 years providing innovative, safe and reliable self-service delivery and security systems to the financial, retail, commercial and government markets. Drawing from a rich past as the nation's premier manufacturer of safes and vaults, Diebold today is in the midst of a fundamental transformation. During 2007, Diebold made significant progress in rationalizing product development, streamlining procurement, realigning its manufacturing footprint and improving logistics. These efforts have enabled the Company to improve quality and productivity and decrease costs.

The Company expects to achieve a key milestone on time — its Smart Business 100 program — to deliver $100,000 in cost savings from 2006 to the end of 2008. By the end of 2007, $65,000 in cost savings have been realized.

In addition to its ongoing $100,000 cost-reduction program, Diebold is targeting to reduce its global workforce by eight hundred full-time positions, or approximately five percent of its workforce. The majority of these reductions are contemplated to occur in North America, Brazil and select areas of Western Europe.

The Company is committed to making the strategic moves that not only streamline operations, but also enhance its ability to serve its customers. Therefore, strengthening its manufacturing position in Europe, Middle East and Africa (EMEA) has been a top priority for the Company. Diebold continued to ramp up production at its new manufacturing facility in Budapest, Hungary throughout 2007. The facility is now the primary source of ATMs for the Diebold EMEA market. The Company believes it now has an optimal manufacturing footprint with strategic locations in Hungary, India, Brazil and China, and a lean operation in North America with additional opportunities to reduce manufacturing costs and build a more competitive cost structure.

The focus on services and software is playing an increasingly important role. With the costs of operating an ATM increasing, financial institutions are eager to optimize management and productivity of their ATM channels — and they are increasingly exploring outsourced solutions. Outsourcing is about more than cost. It is a business strategy that customers are employing so they can provide their customers with the most innovative products and services available. For these reasons, the Company developed its industry-leading Diebold Integrated Services® platform, which incorporates cross-disciplinary functions into comprehensive, turnkey outsourcing solutions. For the second year in a row, Diebold was named one of the world's top outsourcing service providers by the International Association of Outsourcing Professionals.

Software is growing in importance in the value equation for financial self-service customers. Agilis EmPower®, a flexible, open software platform, features software development tools and services that enable financial institutions to react quickly to changing customer needs and exchange information across banking delivery channels. At the same time, it seamlessly integrates into a financial institution's service-oriented architecture.

Diebold is the first major ATM provider in the United States to introduce bulk check deposit technology with the release of its bulk document Intelligent Depository™ module (IDM). IDM technology accepts and magnetically reads checks inserted in any orientation and can even process crumpled, curled or creased checks.

The Company's efforts in the key China market were successful between July and December 2007. Diebold finalized agreements to sell more than 6,000 ATMs to Chinese financial institutions. The ATMs will increase security, upgrade the quality of financial service to consumers and improve customer satisfaction within China's financial self-service networks.

Diebold has extended coverage and improved services by signing an agreement with General Business Machines (GBM) to form a direct operation that offers Diebold solutions to customers in Central America and the Caribbean region. The new operation, Diebold Central America, will serve both the financial industry and security customers in each country in the region.

Diebold recorded a fourth quarter 2007 non-cash asset impairment charge of $46,319 related to previously recorded goodwill. This impairment charge represents substantially all of the goodwill on Premier Election Solutions' balance sheet from Diebold's previous acquisitions of Global Election Systems and Data Information Management Systems. While Diebold continues to fully support its elections subsidiary, the Company also continues to pursue strategic alternatives to ownership of the subsidiary.

The Company intends the discussion of its financial condition and results of operations that follows to provide information that will assist in understanding the financial statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect the financial statements.

The business drivers of the Company's future performance include several factors that include, but are not limited to:

- timing of a self-service upgrade and/or replacement cycle in mature markets such as the United States;
- high levels of deployment growth for new self-service products in emerging markets such as Asia Pacific;
- demand for new service offerings, including outsourcing or operating a network of ATMs;
- demand beyond expectations for security products and services for the financial, retail and government sectors;
- implementation and timeline for new election systems in the United States;
- the Company's strong financial position; and
- the Company's ability to successfully integrate acquisitions.

The table below presents the changes in comparative financial data from 2007 to 2005. Comments on significant year-to-year fluctuations follow the table. The following discussion should be read in conjunction with the Consolidated Financial Statements and the related Notes that appear elsewhere in this annual report.

	Year ended December 31,							
	2007			2006			2005	
	Dollars	% of Net Sales	% Change	Dollars	% of Net Sales	% Change	Dollars	% of Net Sales
					(As Restated)			(As Restated)
				(In thousands, except percentages)				
Net sales								
Products	$ 1,429,646	48.22	(4.75)	$ 1,500,998	51.06	17.40	$ 1,278,555	49.50
Services	1,535,191	51.78	6.71	1,438,612	48.94	10.29	1,304,435	50.50
	2,964,837	100.00	0.86	2,939,610	100.00	13.81	2,582,990	100.00
Cost of sales								
Products	1,070,286	36.10	1.22	1,057,376	35.97	14.87	920,472	35.64
Services	1,210,701	40.84	5.77	1,144,645	38.94	13.44	1,009,010	39.06
	2,280,987	76.94	3.59	2,202,021	74.91	14.12	1,929,482	74.70
Gross profit	683,850	23.06	(7.29)	737,589	25.09	12.87	653,508	25.30
Selling and administrative expenses	470,615	15.87	1.41	464,068	15.79	12.95	410,874	15.91
Research, development and engineering expense	73,950	2.49	3.25	71,625	2.44	19.50	59,937	2.32
Impairment of asset	46,319	1.56	139.54	19,337	0.66		—	0.00
(Gain) loss on sale of assets, net	(6,392)	(0.22)	(2048.8)	328	0.01	(756.00)	(50)	(0.00)
	584,492			555,358			470,761	
Operating profit	99,358	3.35	(45.48)	182,231	6.20	(0.28)	182,747	7.08
Other income (expense), net	(15,655)	(0.53)	(14.50)	(18,311)	(0.62)	22.36	(14,965)	(0.58)
Minority interest	(8,365)	(0.28)	29.65	(6,452)	(0.22)	(6.02)	(6,865)	(0.27)
Income from continuing operations before tax	75,338	2.54	(52.16)	157,468	5.36	(2.14)	160,917	6.23
Taxes on income	35,797	1.21	(32.35)	52,916	1.80	(23.26)	68,955	2.67
Income from continuing operations	39,541	1.33	(62.18)	104,552	3.56	13.69	91,962	3.56
Income from discontinued operations — net of tax	—			—			909	0.04
Gain on sale of discontinued operations — net of tax	—			—			9,264	0.36
Income from discontinued operations	—			—			10,173	0.39
Net income	$ 39,541	1.33	(62.18)	$ 104,552	3.56	2.37	$ 102,135	3.95

Source: DIEBOLD INC, 10-K, September 30, 2008

RESULTS OF OPERATIONS

2007 COMPARISON WITH 2006

Net Sales

The following table represents information regarding our net sales for the years ended December 31, 2007 and 2006:

	Year ended December 31, 2007	2006 (As Restated)	% Change
Net Sales	$ 2,964,837	$ 2,939,610	0.9%

Net sales for 2007 totaled $2,964,837 and were $25,227 or 0.9 percent higher than net sales for 2006. The increase in net sales included a net positive currency impact of approximately $100,567. Financial self-service revenue in 2007 increased by $132,486 or 6.8 percent over 2006, due to solid growth in the international market segments and a weakening of the U.S. dollar which accounted for 4.6 percent of the growth. Security solutions revenue increased by $62,329 or 8.1 percent for 2007. Election systems/lottery net sales of $63,703 decreased by $169,588 or 72.7 percent compared to 2006. The year-over-year decline was related to decreases in both electronic voting equipment revenue of $137,723 and decreased Brazilian lottery systems revenue of $31,865.

Gross Profit

The following table represents information regarding our gross profit for the years ended December 31, 2007 and 2006:

	Year ended December 31, 2007	2006 (As Restated)	% Change
Gross Profit	$ 683,850	$ 737,589	(7.3)%
Gross Profit Margin	23.1%	25.1%	(2.0)%

Gross profit for 2007 totaled $683,850 and was $53,739 or 7.3 percent lower than gross profit for 2006. Product gross margin was 25.1 percent in 2007 compared to 29.6 percent in 2006. Product gross margin was adversely impacted by $27,349 of restructuring charges in 2007 compared to $3,299 of restructuring charges in 2006. The 2007 restructuring charges were primarily related to the closure of the manufacturing plant in Cassis, France. In addition, product gross margin was adversely affected by lower election systems/lottery revenue and decreased profitability in the U.S. election systems business in 2007 compared to 2006. Service gross margin for 2007 was 21.1 percent compared with 20.4 percent for 2006. The increase in service gross margin was mainly due to higher revenue and profitability in Diebold International (DI) which was partly attributable to a decrease in restructuring charges of $2,640 from 2006 to 2007.

Source: DIEBOLD INC, 10-K, September 30, 2008

Operating Expenses

The following table represents information regarding our operating expenses for the years ended December 31, 2007 and 2006:

	Year ended December 31, 2007	2006 (As Restated)	% Change
Selling and administrative expense	$ 470,615	$ 464,068	1.4%
Research, development, and engineering expense	73,950	71,625	3.2%
Impairment of asset	46,319	19,337	139.5%
(Gain) loss on sale of assets, net	(6,392)	328	(2048.8)%
Total Operating Expenses	$ 584,492	$ 555,358	5.2%
Percent of Net Sales	19.7%	18.9%	0.8%

Selling and administrative expense for 2007 was 15.9 percent of net sales, nearly flat from 15.8 percent for 2006. Selling and administrative expense was adversely impacted by $1,299 of restructuring charges in 2007 compared to $14,867 of restructuring charges in 2006 mainly associated with the termination of the information technology outsourcing agreement, realignment of global service, and relocation of the Company's European headquarters. In addition, non-routine expenses of $7,288 primarily from legal, audit and consultation fees related to the internal review of other accounting items, restatement of financial statements and the ongoing SEC and DOJ investigations and other advisory fees adversely impacted 2007 compared with $791 of similar expenses for 2006. Selling and administrative expense in 2007 was also unfavorably impacted by a weakening of the U.S. dollar and incremental spend related to acquisitions. In 2007, the Company reduced the reserve for the election systems trade receivable related to two counties in California by approximately $10,090 due to payments received. Research, development, and engineering expense for 2007 was 2.5 percent of net sales as compared to 2.4 percent in 2006. Restructuring charges of $63 were included in research, development, and engineering expense for 2007 as compared to $4,950 of restructuring charges in 2006 primarily related to product development rationalization. The impairment of assets in 2007 was a non-cash charge of $46,319 related to the goodwill impairment for Premier Election Solutions, Inc. (PESI). In 2006, the non-cash charge of $19,337 related to the impairment of a portion of the costs previously capitalized relative to the Company's enterprise resource planning system implementation. The gain on sale of assets for 2007 of $6,392 was primarily related to the sale of the Company's manufacturing facility in Cassis, France of which $6,438 was associated with the Company's restructuring initiatives.

Operating Profit

The following table represents information regarding our operating profit for the years ended December 31, 2007 and 2006:

	Year ended December 31, 2007	2006 (As Restated)	% Change
Operating Profit	$ 99,358	$ 182,231	(45.5)%
Operating Profit Margin	3.4%	6.2%	(2.8)%

Operating profit for 2007 totaled $99,358 or 3.4 percent of net sales and was $82,873 or 45.5 percent lower than operating profit for 2006. The decrease in operating profit resulted mainly from lower election systems/lottery revenue, decreased profitability in the U.S. election systems business in 2007 compared to 2006, and higher expense related to the impairment of assets. Additional contributing factors were increased operating expenses resulting from a weakening of the U.S. dollar and incremental spend related to acquisitions. Restructuring charges of $23,592 or 0.8 percent of net sales mainly related to the

Source: DIEBOLD INC, 10-K, September 30, 2008

closure of the manufacturing plant in Cassis, France, adversely affected the operating profit in 2007 compared to $26,977 or 0.9 percent of net sales for the comparable period in 2006. The 2006 restructuring charges were primarily associated with the consolidation of global research and development and other service consolidations, termination of the information technology outsourcing agreement, relocation of the Company's European headquarters, realignment of the Company's global manufacturing operations, and product development rationalization. In addition, non-routine expenses as described previously of $7,288 or 0.2 percent of net sales affected the operating profit in 2007 compared to $791 for the comparable period in 2006.

Other Income (Expense) and Minority Interest

The following table represents information regarding our other income (expense) and minority interest for the years ended December 31, 2007 and 2006:

	Year ended December 31,		
	2007	2006 (As Restated)	% Change
Investment Income	$ 22,489	$ 19,069	17.9%
Interest Expense	(42,237)	(35,294)	19.7%
Miscellaneous, Net	4,093	(2,086)	(296.2)%
Other Income (Expense)	$ (15,655)	$ (18,311)	(14.5)%
Percentage of Net Sales	(0.5)%	(0.6)%	0.1%
Minority Interest	(8,365)	(6,452)	29.6%

Investment income for 2007 was $22,489 and increased $3,420 or 17.9 percent compared to 2006. Interest expense for 2007 was $42,237 and increased $6,943 or 19.7 percent compared to 2006. The increase in interest expense was mainly the result of higher interest rates year-over-year. Miscellaneous income, net for 2007 was $4,093 as compared to miscellaneous expense, net for 2006 of $2,086 primarily due to movement from a position of foreign exchange loss in 2006 to a foreign exchange gain in 2007. Minority interest was higher in 2007 by $1,913.

Net Income

The following table represents information regarding our net income for the years ended December 31, 2007 and 2006:

	Year ended December 31,		
	2007	2006 (As Restated)	% Change
Net Income	$ 39,541	$ 104,552	(62.2)%
Percent of Net Sales	1.3%	3.6%	(2.3)%
Effective Tax Rate	47.5%	33.6%	13.9%

Net Income for 2007 was $39,541 and decreased $65,011 or 62.2 percent as compared to net income for 2006. The decrease was primarily related to lower election systems/lottery revenue, decreased profitability in the U.S. election systems business in 2007 compared to 2006 and higher expense related to the impairment of assets between years. The effective tax rate for 2007 was 47.5 percent and 33.6 percent in 2006. For the details of the reconciliation between the U.S. statutory rate and the Company's effective tax rate, see Note 13 to the Consolidated Financial Statements.

Source: DIEBOLD INC, 10-K, September 30, 2008

Segment Revenue and Operating Profit Summary

Diebold North America (DNA) net sales of $1,543,055 for 2007 increased $23,386 or 1.5 percent over 2006 net sales of $1,519,669. The increase in DNA net sales was due to increased revenue from the security solutions product and service offerings. DI net sales of $1,358,079 for 2007 increased by $171,429 or 14.4 percent over 2006 net sales of $1,186,650. The increase in DI net sales was due to revenue growth across all operating units, led by growth of $50,281 in EMEA and $46,910 in Asia Pacific. Election Systems (ES) & Other net sales of $63,703 for 2007 decreased $169,588 or 72.7 percent over 2006. The decrease was due to decreases in Brazilian voting revenue of $24,728 and U.S.-based election systems revenue of $112,995, as ongoing political debates over electronic voting negatively impacted the U.S. election systems business, resulting in decreased sales of election systems products. Revenue from lottery systems was $4,573 for 2007, a decrease of $31,865 over 2006.

DNA operating profit for 2007 decreased by $6,796 or 5.7 percent compared to 2006. The decrease was due to higher operating expenses consisting of incremental spend related to acquisitions as well as higher non-routine expenses associated with the legal, audit and consultation fees for the internal review of other accounting items, restatement of financial statements, and the on-going SEC and DOJ investigations and other advisory fees. DI operating profit for 2007 increased by $25,037 or 112.7 percent compared to 2006. The increase was mainly due to strong financial self-service revenue growth and increased profitability. The improvement was partially offset by an increase in restructuring charges from 2006 to 2007 of $3,949 and higher non-routine expenses previously mentioned. Operating profit for ES & Other decreased by $101,114, moving from an operating profit of $40,224 in 2006 to an operating loss of $60,890 in 2007. The decrease in ES & Other operating profit primarily resulted from the goodwill impairment for PESI in 2007 and lower revenue associated with the sales of election systems/lottery products and services. In 2007, the Company reduced the reserve for the election systems trade receivable related to two counties in California by approximately $10,090 primarily due to payments received.

2006 COMPARISON WITH 2005

The Company has classified the operations of its former campus card system business as a discontinued operation for 2005 as a result of the sale of this business on July 1, 2005. Income from discontinued operations net of tax in 2005 was $10,173. Included in the income from discontinued operations in 2005 was a $9,264 gain from the sale of the campus card system business, net of tax . The following discussion and analysis pertains to the Company's continuing operations.

Net Sales

The following table represents information regarding our net sales for the years ended December 31, 2006 and 2005:

	Year ended December 31,		
	2006 (As Restated)	2005 (As Restated)	% Change
Net Sales	$ 2,939,610	$ 2,582,990	13.8%

Net sales for 2006 totaled $2,939,610 and were $356,620 or 13.8 percent higher than net sales for 2005. The increase in net sales included a net positive currency impact of approximately $43,541. Financial self-service revenue in 2006 increased by $184,848 or 10.5 percent over 2005, primarily due to strong growth in the international market segments led by an increase in EMEA of $104,833. Security solutions revenue increased by $93,990 or 14.0 percent for 2006, due primarily to increases in the retail, government and financial security markets as a result of growth in the market, complemented by growth resulting from strategic acquisitions and increased market share. Election systems/lottery net sales of $233,291 increased by $77,782 or 50.0 percent compared to 2005. The increase was related to an increase in U.S.-based electronic voting equipment revenue of $39,906 compared to 2005, as more localities purchased equipment in order to comply with Help America Vote Act and higher Brazilian election systems/lottery revenue in 2006.

Source: DIEBOLD INC, 10-K, September 30, 2008

Gross Profit

The following table represents information regarding our gross profit for the years ended December 31, 2006 and 2005:

	Year ended December 31, 2006 (As Restated)	2005 (As Restated)	% Change
Gross Profit	$ 737,589	$ 653,508	12.9%
Gross Profit Margin	25.1%	25.3%	(0.2)%

Gross profit for 2006 totaled $737,589 and was $84,081 or 12.9 percent higher than gross profit for 2005. Product gross margin was 29.6 percent in 2006 compared to 28.0 percent in 2005. The increase in product gross margin was mainly due to higher election systems/lottery revenue and improved profitability in the U.S. election systems business, partially offset by unfavorable geographic mix. Product gross margin was adversely affected by $3,299 of restructuring charges in 2006 compared to $13,688 in 2005. Restructuring charges in 2005 were largely related to severance and other employee costs associated with staff reductions as a result of removing excess manufacturing capacity, primarily in the Cassis, France facility, and the closing of the Danville, Virginia manufacturing operation. Service gross margin for 2006 was 20.4 percent compared with 22.6 percent for 2005. The decline in service gross margin was mainly due to lower profitability in EMEA and DNA, service acquisitions that operated below expected gross margin levels, and increased investments in customer service engineers and associated resources to continue improving performance in targeted areas. In addition, service gross margin was adversely affected by $3,959 of restructuring charges included in service cost of sales in 2006, compared to $4,431 in 2005.

Operating Expenses

The following table represents information regarding our operating expenses for the years ended December 31, 2006 and 2005:

	Year ended December 31, 2006 (As Restated)	2005 (As Restated)	% Change
Selling and administrative expense	$ 464,068	$ 410,874	12.9%
Research, development, and engineering expense	71,625	59,937	19.5%
Impairment of asset	19,337	—	100.0%
(Gain) loss on sale of assets, net	328	(50)	(756.0)%
Total Operating Expenses	$ 555,358	$ 470,761	18.0%
Percent of Net Sales	18.9%	18.2%	0.7%

Selling and administrative expense for 2006 was 15.8 percent of net sales, nearly flat from 15.9 percent for 2005. Selling and administrative expense increased 12.9 percent from 2005 to 2006 due in part to higher information technology expenses and professional fees associated with the Company's continued enterprise resource planning and software implementation project, incremental spend related to acquisitions, and increased compensation costs due to adopting SFAS No. 123(R), which now requires share-based payments to be expensed. In the fourth quarter of 2005, the Company recorded $15,490 in expense to reserve for approximately $32,500 election systems trade receivable related to two counties in California. In 2006, approximately $18,505 of the election systems trade receivable was collected and the reserve for this receivable was reduced by $1,318. Included in selling and administrative expense for 2006 was $14,867 or 0.5 percent of net sales in restructuring charges as

Source: DIEBOLD INC, 10-K, September 30, 2008

compared to $17,998 or 0.7 percent of net sales in 2005. The 2006 restructuring charges were mainly associated with the termination of the information technology outsourcing agreement, realignment of global service, and relocation of the Company's European headquarters. In 2005, the restructuring charges were primarily related to severance and other employee costs associated with staff reductions. Research, development, and engineering expense for 2006 was 2.4 percent of net sales as compared to 2.3 percent in 2005. Restructuring charges of $4,950 were included in research, development, and engineering expense for 2006 as compared to $347 of restructuring charges in 2005. The restructuring charges in 2006 were primarily related to product development rationalization. The impairment of assets in 2006 was a non-cash charge of $19,337 related to the impairment of a portion of the costs previously capitalized relative to the Company's enterprise resource planning system implementation.

Operating Profit

The following table represents information regarding our operating profit for the years ended December 31, 2006 and 2005:

	Year ended December 31,		
	2006 (As Restated)	2005 (As Restated)	% Change
Operating Profit	$ 182,231	$ 182,747	(0.3)%
Operating Profit Margin	6.2%	7.1%	(0.9)%

Operating profit for 2006 totaled $182,231 or 6.2 percent of net sales as compared to operating profit for 2005 of $182,747 or 7.1 percent of net sales. The decrease in operating profit as a percent of net sales was mainly attributable to the non-cash charge in 2006 related to the impairment of a portion of the costs previously capitalized relative to the Company's enterprise resource planning system implementation and lower gross profit margin in 2006, partially offset by a $9,389 decrease in restructuring charges from $36,464 or 1.4 percent of net sales in 2005 to $27,075 or 0.9 percent of net sales in 2006.

Other Income (Expense) and Minority Interest

The following table represents information regarding our other income (expense) and minority interest for the years ended December 31, 2006 and 2005:

	Year ended December 31,		
	2006 (As Restated)	2005 (As Restated)	% Change
Investment Income	$ 19,069	$ 12,004	58.9%
Interest Expense	(35,294)	(16,200)	117.9%
Miscellaneous, Net	(2,086)	(10,769)	(80.6)%
Other Income (Expense)	$ (18,311)	$ (14,965)	22.4%
Percentage of Net Sales	(0.6)%	(0.6)%	0.0%
Minority Interest	(6,452)	(6,865)	(6.0)%

Investment income for 2006 was $19,069 and increased $7,065 or 58.9 percent over investment income for 2005, with the increase due to a larger investment portfolio in 2006. Interest expense for 2006 was $35,294 and increased $19,094 or 117.9 percent compared to 2005. The increase in interest expense was due to higher borrowing levels and higher interest rates year-over-year. Miscellaneous, net for 2006 was an expense of $2,086 and decreased $8,683 from 2005 mainly due to a decrease in foreign exchange loss. Minority interest was lower in 2006 by $413.

Source: DIEBOLD INC, 10-K, September 30, 2008

Net Income

The following table represents information regarding our net income for the years ended December 31, 2006 and 2005:

	Year ended December 31,		
	2006	2005	% Change
		(As Restated)	
Net Income	$ 104,552	$ 102,135	2.4%
Percent of Net Sales	3.6%	4.0%	(0.4)%
Effective Tax Rate	33.6%	42.9%	(9.3)%

Net income for 2006 was $104,552 and increased by $2,417 or 2.4 percent compared to net income for 2005. Net income as a percent of sales was lower in 2006 primarily due to the non-cash charge in 2006 related to the impairment of assets and the gain on sale of the campus card system business in 2005. The decrease was partially offset by higher election systems/lottery revenue, improved profitability in the U.S. election systems business, and a decrease in restructuring charges. The effective tax rate for 2006 was 33.6 percent as compared to 42.9 percent for 2005. For the details of the reconciliation between the U.S. statutory rate and the Company's effective tax rate, see Note 13 to the Consolidated Financial Statements.

Segment Revenue and Operating Profit Summary

DNA net sales of $1,519,669 for 2006 increased $61,721 or 4.2 percent over 2005 net sales of $1,457,948. The increase in DNA net sales was primarily due to increased revenue from the security solutions product and service offerings. DI net sales of $1,186,650 for 2006 increased by $217,117 or 22.4 percent over 2005 net sales of $969,533. The increase in DI net sales was due to revenue growth across all operating units, led by strong growth of $111,058 in EMEA. ES & Other net sales of $233,291 for 2006 increased $77,782 or 50.0 percent over 2005.

DNA operating profit for 2006 decreased by $52,922 or 30.6 percent compared to 2005. The decrease was primarily due to a higher mix of revenue from the lower margin security business and increased service costs. DI operating profit for 2006 increased by $4,131 or 22.8 percent compared to 2005. The increase was primarily due to lower restructuring charges in 2006 and increased revenue throughout the geographic regions. The operating profit in ES & Other increased by $48,275 or 599.6 percent, moving from an operating loss of $8,051 in 2005 to operating profit of $40,224 in 2006. This increase in ES & Other operating profit was mainly the result of improved profitability in the U.S. based electronic voting business. In 2005, the Company recorded $15,490 in expense to reserve for a trade receivable related to two counties in California

Refer to Note 16 to the Consolidated Financial Statements for further details of segment revenue and operating profit.

LIQUIDITY AND CAPITAL RESOURCES

Capital resources are obtained from income retained in the business, borrowings under the Company's senior notes, committed and uncommitted credit facilities, long-term industrial revenue bonds, and operating and capital leasing arrangements. Refer to Notes 7 and 8 to the Consolidated Financial Statements regarding information on outstanding and available credit facilities and bonds. The Company's future commitments relating to operating lease agreements are reflected in the table below. Management expects that the Company's capital resources will be sufficient to finance planned working capital needs, investments in facilities or equipment, and the purchase of the Company's shares for the next 12 months. Part of the Company's growth strategy is to pursue strategic acquisitions. The Company has made acquisitions in the past and intends to make acquisitions in the future. The Company intends to finance any future acquisitions with either cash provided from operations, borrowings under available credit facilities, proceeds from debt or equity offerings and/or the issuance of common shares.

Source: DIEBOLD INC, 10-K, September 30, 2008

During 2007, the Company generated $150,260 in cash from operating activities, a decrease of $82,666 or 35.5 percent from 2006. Cash flows from operating activities are generated primarily from operating income and controlling the components of working capital. Net cash provided by operations during 2007 was negatively affected by the $76,473 increase in deferred revenue compared with an increase of $1,686 in 2006 related to the timing and frequency of service contract billings. The change in certain other assets and liabilities also negatively affected cash flows from operations by $52,581 in 2007 as compared with a positive impact of $14,123 in 2006. The change in certain other assets and liabilities was primarily the result of a decrease in estimated income taxes payable and an increase in finance receivables. Additionally, cash flows from operations were negatively impacted by the decrease in net income of $65,011 year over year, partially offset by an increase in asset impairments of $26,981 with $46,319 in 2007 related to election systems goodwill compared to $19,338 in 2006 related to the Company's ERP system. These negative impacts were also partially offset by cash inflows from the decrease in trade receivables and the increase in accounts payable. The $107,501 decrease in trade receivables in 2007 was $29,389 higher than the $78,112 decrease in 2006. Total sales increased by $25,227 in 2007 versus 2006 while days sales outstanding (DSO) decreased 11 days over the same time period. DSO was 51 days at December 31, 2007 compared with 62 days at December 31, 2006. The improvement in DSO occurred in all regions and business segments but was largely related to collections in the Election Systems business. The $6,331 increase in accounts payable in 2007 was a $42,362 change from the $36,031 decrease in 2006 due to the timing of payments primarily in the US, Asia Pacific and EMEA regions.

Net cash used for investing activities was $80,370 in 2007, a decrease of $90,954 or 53.1 percent over 2006. The decrease was the result of lower payments for acquisitions, which decreased by $56,198, moving from $74,320 in 2006 for eight acquisitions in the domestic and Latin America regions, as well as earn-out payments for prior acquisitions, to $18,122 in 2007 for three domestic acquisitions and earn-out payments for prior acquisitions. The Company also had net proceeds from investments in 2007 of $6,845 compared to net payments for investment purchases in 2006 of $45,344. These items were partially offset by the increase in certain other assets of $29,076 in 2007 compared to an increase of $19,588 in 2006, primarily related to increased investments in capitalized software and a 2007 investment in a joint venture.

Net cash used for financing activities was $135,276 in 2007, an increase of $111,502 or 469.0 percent over 2006. The increase was the result of increased net repayments on borrowings of $236,387, moving from net proceeds from borrowings of $172,329 in 2006 to net repayments of borrowings of $64,058 in 2007. Also, the Company paid $4,480 more in dividends and $17,518 more to minority interest holders in 2007. These increases in cash used for financing activities were partially offset by the decrease in common shares repurchased of $148,057.

The following table summarizes the Company's approximate obligations and commitments to make future payments under contractual obligations as of December 31, 2007:

		Payment Due by Period			
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
			(In thousands)		
Operating lease obligations	$ 254,577	$ 75,834	$ 106,698	$ 45,758	$ 26,287
Industrial development revenue bonds	11,900	—	—	—	11,900
Notes payable	624,071	14,807	309,264	—	300,000
Purchase commitments	24,381	8,036	16,345	—	—
	$ 914,929	$ 98,677	$ 432,307	$ 45,758	$ 338,187

The Company also has uncertain tax positions of $10,714, recorded in accordance with Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109 (FIN 48),*

Source: DIEBOLD INC, 10-K, September 30, 2008

and pension and post-retirement benefit payments payable to employees (refer to Notes 13 and 11, respectively, of the consolidated financial statements) for which there is a high degree of uncertainty as to the expected timing of payments.

On March 2, 2006, the Company issued senior notes in an aggregate principal amount of $300,000. The maturity date of the senior notes are staggered, with $75,000, $175,000 and $50,000 becoming due in 2013, 2016 and 2018, respectively. The Company used $270,000 of the net proceeds from this offering to repay notes payable under its revolving credit facility and used the remaining $30,000 in operations. See Note 7 to the Consolidated Financial Statements for further information. The Company does not participate in transactions that facilitate off-balance sheet arrangements.

The Company has a credit facility with J.P. Morgan Chase Bank, N.A. with borrowing limits of $300,000 and €150,000. Under the terms of the credit facility agreement, the Company has the ability to increase the borrowing limits an additional $150,000. This facility expires on April 27, 2010. As of December 31, 2007, $309,264 was outstanding under the Company's credit facility and $209,556 was available for borrowing.

The average rate on the bank credit lines was 5.46 percent and 4.66 percent for the years ended December 31, 2007 and 2006 respectively. Interest on financing charged to expense for the years ended December 31, 2007, 2006 and 2005, was $33,077, $34,883 and $12,874, respectively.

The Company's financing agreements contain various restrictive covenants, including net debt to capitalization and interest coverage ratios. Under both the agreements with J.P. Morgan Chase Bank, N.A. and the note purchase agreement governing the senior notes, we are obligated to provide financial statements within a specified period of time after the end of each quarter and to provide audited financial statements within a specified period of time after the end of our fiscal year. Due to the delay in completing our financial statements, we received waivers under both aforementioned agreements from the lenders that allow us to waive the requirement to provide financial statements until September 30, 2008. Giving effect to the waivers, we were in compliance with the covenants as of December 31, 2007.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis of the Company's financial condition and results of operations are based upon the Company's consolidated financial statements. The consolidated financial statements of the Company are prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of the consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. Management of the Company uses historical information and all available information to make these estimates and assumptions. Actual amounts could differ from these estimates and different amounts could be reported using different assumptions and estimates.

The Company's significant accounting policies are described in Note 1 to the Consolidated Financial Statements. Management believes that, of its significant accounting policies, its policies concerning revenue recognition, allowance for bad debts and credit risk, inventories, goodwill, and pensions and postretirement benefits are the most critical because they are affected significantly by judgments, assumptions and estimates. Additional information regarding these policies is included below.

Revenue Recognition The Company's revenue recognition policy is consistent with the requirements of Statement of Position 97-2, *Software Revenue Recognition* (SOP 97-2), and Staff Accounting Bulletin 104 (SAB 104). In general, the Company records revenue when it is realized, or realizable and earned. The Company considers revenue to be realized or realizable and earned when the following revenue recognition requirements are met: persuasive evidence of an arrangement exists, which is a customer contract; the products or services have been accepted by the customer via delivery or installation acceptance; the sales price is fixed or determinable within the contract; and collectability is probable.

For product sales, the Company determines that the earnings process is complete when title, risk of loss and the right to use equipment has transferred to the customer. Within the North America business segment this occurs upon customer acceptance and acceptance, where the Company is contractually responsible for installation, is upon completion of the installation of all of the items at a job site and the Company's demonstration the items are in operable condition. Where items are contractually only delivered to a customer, revenue recognition of these items is upon shipment or delivery to a customer location depending on the terms in the contract. Within the International business segment, customer acceptance is upon either delivery or completion of the installation depending on the terms in the contract with the customer.

Source: DIEBOLD INC, 10-K, September 30, 2008

The Company offers the following product groups and related services to its customers:

Self-Service Products Self-service products pertain to Automated Teller Machines (ATMs). Included within the ATM is software, which operates the ATM. The related software is considered an integral part of the equipment since without it, the equipment cannot function. Revenue is recognized in accordance with SOP 97-2. The Company also provides service contracts on ATMs.

Service contracts typically cover a 12-month period and can begin at any given month during the year after the standard 90-day warranty period expires. The service provided under warranty is significantly limited as compared to those offered under service contracts. Further, warranty is not considered a separate element of the sale. The Company's warranty covers only replacement of parts inclusive of labor. Service contracts are tailored to meet the individual needs of each customer. Service contracts provide additional services beyond those covered under the warranty, and usually include preventative maintenance service, cleaning, supplies stocking and cash handling all of which are not essential to the functionality of the equipment. For sales of service contracts, where the service contract is the only element of the sale, revenue is recognized ratably over the life of the contract period. In contracts that involve multiple-element arrangements, amounts deferred for services are determined based upon vendor specific objective evidence of the fair value of the elements as prescribed in SOP 97-2. The Company determines fair value of deliverables within a multiple element arrangement based on the price charged when each element is sold separately.

Physical Security and Facility Products The Company's Physical Security and Facility Products division designs and manufactures several of the Company's financial service solutions offerings, including the RemoteTeller™ System (RTS). The business unit also develops vaults, safe deposit boxes and safes, drive-up banking equipment and a host of other banking facilities products. Revenue on sales of the products described above is recognized when the four revenue recognition requirements of SAB 104 have been met.

Election Systems The Company, through its wholly owned subsidiaries, Premier Election Solutions, Inc. (PESI) and Amazonia Industria Eletronica S.A. Procomp, offers electronic voting systems. Election systems revenue consists of election equipment, software, training, support, installation and maintenance. The election equipment and software components are included in product revenue. The training, support, installation and maintenance components are included in service revenue. The election systems contracts contain multiple deliverable elements and custom terms and conditions. Revenue on election systems contracts is recognized in accordance with SOP 97-2. The Company recognizes revenue for delivered elements only when the fair values of undelivered elements are known, uncertainties regarding customer acceptance are resolved and there are no customer-negotiated refund or return rights affecting the revenue recognized for delivered elements. The Company determines fair value of deliverables within a multiple element arrangement based on the price charged when each element is sold separately. Some contracts may contain discounts and, as such, revenue is recognized using the residual value method of allocation of revenue to the product and service components of contracts.

Integrated Security Solutions Diebold Integrated Security Solutions provides global sales, service, installation, project management and monitoring of original equipment manufacturer (OEM) electronic security products to financial, government, retail and commercial customers. These solutions provide the Company's customers a single-source solution to their electronic security needs. Revenue is recognized in accordance with SAB 104. Revenue on sales of the products described above is recognized upon shipment, installation or customer acceptance of the product as defined in the customer contract. In contracts that involve multiple-element arrangements, amounts deferred for services are determined based upon vendor specific objective evidence of the fair value of the elements as prescribed in EITF 00-21, *Accounting for Revenue Arrangements with Multiple Deliverables.*

Software Solutions and Services The Company offers software solutions consisting of multiple applications that process events and transactions (networking software) along with the related server. Sales of networking software represent software solutions to customers that allow them to network various different vendors' ATMs onto one network and revenue is recognized in accordance with SOP 97-2.

Source: DIEBOLD INC, 10-K, September 30, 2008

Included within service revenue is revenue from software support agreements, which are typically 12 months in duration and pertain to networking software. For sales of software support agreements, where the agreement is the only element of the sale, revenue is recognized ratably over the life of the contract period. In contracts that involve multiple-element arrangements, amounts deferred for support are determined based upon vendor specific objective evidence of the fair value of the elements as prescribed in SOP 97-2.

Allowance for Bad Debts and Credit Risk The Company evaluates the collectability of accounts receivable based on a number of criteria. These criteria are (1) a percentage of sales, which is based on historical loss experience and current trends, which is recorded as a reserve for uncollectible accounts as sales occur throughout the year and (2) periodic adjustments for known events such as specific customer circumstances and changes in the aging of accounts receivable balances. Since the Company's receivable balance is concentrated primarily in the financial and government sectors, an economic downturn in these sectors could result in higher than expected credit losses.

Inventories The Company primarily values inventories at the lower of cost or market applied on a first-in, first-out (FIFO) basis, with the notable exceptions of Brazil and PESI that value inventory using the average cost method, which approximates FIFO. At each reporting period, the Company identifies and writes down its excess and obsolete inventory to its net realizable value based on forecasted usage, orders and inventory aging. With the development of new products, the Company also rationalizes its product offerings and will write down discontinued product to the lower of cost or net realizable value.

Goodwill The Company tests all existing goodwill at least annually for impairment using the fair value approach on a "reporting unit" basis in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*. The Company's reporting units are defined as Domestic and Canada, Brazil, Latin America, Asia Pacific, EMEA and Election Systems. The Company uses the discounted cash flow method and the guideline company method for determining the fair value of its reporting units. As required by SFAS 142, the determination of implied fair value of the goodwill for a particular reporting unit is the excess of the fair value of a reporting unit over the amounts assigned to its assets and liabilities in the same manner as the allocation in a business combination. Implied fair value goodwill is determined as the excess of the fair value of the reporting unit over the fair value of its assets and liabilities. The Company's fair value model uses inputs such as estimated future segment performance. The Company uses the most current information available and performs the annual impairment analysis as of November 30 each year and between annual tests if an event occurs or circumstances change that would more likely than not reduce the carrying value of a reporting unit below its carrying amount. However, actual circumstances could differ significantly from assumptions and estimates made and could result in future goodwill impairment.

Pensions and Postretirement Benefits Annual net periodic expense and benefit liabilities under the Company's defined benefit plans are determined on an actuarial basis. Assumptions used in the actuarial calculations have a significant impact on plan obligations and expense. Annually, management and the investment committee of the Board of Directors review the actual experience compared with the more significant assumptions used and make adjustments to the assumptions, if warranted. The healthcare trend rates are reviewed with the actuaries based upon the results of their review of claims experience. The expected long-term rate of return on plan assets is determined using the plans' current asset allocation and their expected rates of return based on a geometric averaging over 20 years. The discount rate is determined by analyzing the average return of high-quality (i.e., AA-rated) fixed-income investments and the year-over-year comparison of certain widely used benchmark indices as of the measurement date. The rate of compensation increase assumptions reflects the Company's long-term actual experience and future and near-term outlook. Pension benefits are funded through deposits with trustees. The market-related value of plan assets is calculated under an adjusted market value method. The value is determined by adjusting the fair value of assets to reflect the investment gains and losses (i.e., the difference between the actual investment return and the expected investment return on the market-related value of assets) during each of the last five years at the rate of 20 percent per year. Postretirement benefits are not funded and the Company's policy is to pay these benefits as they become due.

Source: DIEBOLD INC, 10-K, September 30, 2008

At the end of 2006, the Company adopted SFAS 158, *Employers' Accounting for Defined Pension and Other Postretirement Plans,* which changes the accounting requirements for defined benefit pension and other postretirement plans. SFAS 158 requires that the Company recognize the funded status of each of its plans in the consolidated balance sheet.

Amortization of unrecognized net gain or loss resulting from experience different from that assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value) is included as a component of net periodic benefit cost for a year if, as of the beginning of the year, that unrecognized net gain or loss exceeds five percent of the greater of the projected benefit obligation or the market-related value of plan assets. If amortization is required, the amortization is that excess divided by the average remaining service period of participating employees expected to receive benefits under the plan.

RECENT ACCOUNTING PRONOUNCEMENTS

Statement of Financial Accounting Standards No. 161 In March 2008, the Financial Accounting Standards Board (FASB) issued SFAS 161, *Disclosures about Derivatives Instruments and Hedging Activities — an amendment of FASB Statement 133*. SFAS 161 applies to all entities and requires specified disclosures for derivative instruments and related hedged items accounted for under SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*. SFAS No 161 amends and expands SFAS 133's existing disclosure requirements to provide financial statement users with a better understanding of how and why an entity uses derivatives, how derivative instruments and related hedged items are accounted for under SFAS 133, and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. The adoption of SFAS 161 is not expected to have a material impact on the Company's financial position, results of operations or liquidity.

Statement of Financial Accounting Standards No. 160 In December 2007, the FASB issued SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements — an Amendment to ARB 51*. SFAS 160 applies to all entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. Under SFAS 160, noncontrolling interests in a subsidiary that are currently recorded within "mezzanine" (or temporary) equity or as a liability will be included in the equity section of the balance sheet. In addition, this statement requires expanded disclosures in the financial statements that clearly identify and distinguish between the interests of the parent's owners and the interest of the noncontrolling owners of the subsidiary. SFAS 160 is effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2008. Application of SFAS 160's disclosure requirements is retroactive. The Company is in the process of determining the effects that adoption of SFAS 160 will have on its consolidated financial statements.

Statement of Financial Accounting Standards No. 141(R) In December 2007, the FASB issued SFAS 141(R), *Business Combinations*, which amends the accounting and reporting requirements for business combinations. SFAS 141(R) places greater reliance on fair value information, requiring more acquired assets and liabilities to be measured at fair value as of the acquisition date. The pronouncement also requires acquisition-related transaction and restructuring costs to be expensed rather than treated as a capitalized cost of acquisition. SFAS 141(R) is effective for fiscal years beginning on or after December 15, 2008 and the Company will implement its requirements in future business combinations. The Company does not expect the adoption of SFAS 141(R) to have a material impact on the Company's historical financial position, results of operations or liquidity.

Emerging Issues Task Force Issue No. 06-10 In June 2007, the FASB ratified Emerging Issues Task Force (EITF) Issue No. 06-10, *Accounting for Collateral Assignment Split Dollar Life Insurance*, which applies to entities that participate in collateral assignment split-dollar life insurance arrangement that extend into an employee's retirement period (often referred to as "key person" life insurance.) The pronouncement requires employers to recognize a liability for the postretirement obligation associated with a collateral assignment arrangement if, based on an agreement with an employee, the employer has agreed to maintain a life insurance policy during the postretirement period or to provide a death benefit. The guidance is effective for fiscal years beginning after December 15, 2007 including interim periods within those years. The adoption of EITF 06-10 will not have a material impact on the Company's financial position, results of operations or liquidity.

Source: DIEBOLD INC, 10-K, September 30, 2008

Emerging Issues Task Force Issue No. 06-11 In June 2007, the FASB ratified EITF Issue No. 06-11, *Accounting for Income Tax Benefits on Share-Based Payment Awards*. EITF 06-11 requires entities to record the tax benefit associated with dividends or dividend equivalents on certain share-based payment awards that are charged to retained earnings, as an increase in additional paid-in capital. Generally, the payment of such dividends can be treated as deductible compensation for tax purposes. EITF 06-11 is to be applied prospectively for tax benefits on dividends declared beginning after December 15, 2007. The adoption of EITF 06-11 will not have a material impact on the Company's financial position, results of operations or liquidity.

Statement of Financial Accounting Standards No. 159 In February 2007, the FASB issued SFAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities, Including an amendment of FASB Statement No. 115*, which permits an entity the option to choose to measure certain financial assets and financial liabilities at fair value. The fair value option may be elected on an instrument-by-instrument basis with few exceptions. In addition, SFAS 159 amends previous accounting guidance to extend the fair value option to available-for-sale and held-to-maturity securities. SFAS 159 applies to all entities and is effective as of the beginning of the first fiscal year that begins after November 15, 2007. The Company does not expect the adoption of SFAS 159 to have a material impact on the Company's financial position, results of operations or liquidity.

Statement of Financial Accounting Standards No. 158 In September 2006, the FASB issued SFAS 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106 and 132(R)*. SFAS 158 requires an entity to recognize the funded status of a defined benefit postretirement plan in its statement of financial position measured as the difference between the fair value of plan assets and the benefit obligation. For a pension plan, the benefit obligation would be the projected benefit obligation; for any other postretirement benefit plan, the benefit obligation would be the accumulated postretirement benefit obligation. The pronouncement also requires disclosure of additional information in the notes to financial statements about certain effects of net periodic benefit cost in the subsequent fiscal year that arise from delayed recognition of the actuarial gains and losses and the prior services costs and credits. The Company adopted these requirements as of December 31, 2006. For fiscal years ending after December 15, 2008, the pronouncement also requires entities to recognize the actuarial gains and losses and the prior service costs and credits that arise during the period, but which are not recognized as components of net periodic benefit cost as a component of other comprehensive income. SFAS 158 also requires entities to measure defined benefit plan assets and obligations as of the date of the employer's statement of financial position. The Company is currently evaluating the impact of the adoption of these requirements on its financial statements.

Statement of Financial Accounting Standards No. 157 In September 2006, the FASB issued SFAS 157, *Fair Value Measurements*, which is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. This statement defines fair value, establishes a fair value hierarchy, and requires separate disclosure of fair value measurements by level within the fair value hierarchy. The Company does not expect the adoption of SFAS 157 to have a material impact on the Company's financial position, results of operations or liquidity.

FORWARD-LOOKING STATEMENT DISCLOSURE

In this annual report on Form 10-K, statements that are not reported financial results or other historical information are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give current expectations or forecasts of future events and are not guarantees of future performance. These forward-looking statements relate to, among other things, the Company's future operating performance, the Company's share of new and existing markets, the Company's short- and long-term revenue and earnings growth rates, the Company's implementation of cost-reduction initiatives and measures to improving pricing, including the optimization of the Company's manufacturing capacity, and the ongoing SEC and DOJ investigations. The use of the words "will," "believes," "anticipates," "expects," "intends" and similar expressions is intended to identify forward-looking statements that have been made and may in the future be made by or on behalf of the Company.

Source: DIEBOLD INC, 10-K, September 30, 2008

Although the Company believes that these forward-looking statements are based upon reasonable assumptions regarding, among other things, the economy, its knowledge of its business, and on key performance indicators that impact the Company, these forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in or implied by the forward-looking statements. The Company is not obligated to update forward-looking statements, whether as a result of new information, future events or otherwise.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Some of the risks, uncertainties and other factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements include, but are not limited to:

- the results of the SEC and DOJ investigations;
- competitive pressures, including pricing pressures and technological developments;
- changes in the Company's relationships with customers, suppliers, distributors and/or partners in its business ventures;
- changes in political, economic or other factors such as currency exchange rates, inflation rates, recessionary or expansive trends, taxes and regulations and laws affecting the worldwide business in each of the Company's operations, including Brazil, where a significant portion of the Company's revenue is derived;
- acceptance of the Company's product and technology introductions in the marketplace;
- the amount of charges in connection with the planned closure of the Company's Newark, Ohio facility;
- unanticipated litigation, claims or assessments;
- variations in consumer demand for financial self-service technologies, products and services;
- challenges raised about reliability and security of the Company's election systems products, including the risk that such products will not be certified for use or will be decertified;
- changes in laws regarding the Company's election systems products and services;
- potential security violations to the Company's information technology systems;
- the Company's ability to successfully execute its strategy related to the elections systems business; and
- the Company's ability to achieve benefits from its cost-reduction initiatives and other strategic changes.

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

(Dollars in thousands)

The Company is exposed to foreign currency exchange rate risk inherent in its international operations denominated in currencies other than the U.S. dollar. A hypothetical 10 percent movement in the applicable foreign exchange rates would have resulted in a an increase or decrease in 2007 and 2006 year-to-date operating profit of approximately $7,038 and $9,235, respectively. The sensitivity model assumes an instantaneous, parallel shift in the foreign currency exchange rates. Exchange rates rarely move in the same direction. The assumption that exchange rates change in an instantaneous or parallel fashion may overstate the impact of changing exchange rates on amounts denominated in a foreign currency.

The Company's risk-management strategy uses derivative financial instruments such as forwards to hedge certain foreign currency exposures. The intent is to offset gains and losses that occur on the underlying exposures, with gains and losses on the derivative contracts hedging these exposures. The Company does not enter into derivatives for trading purposes. The Company's primary exposures to foreign exchange risk are movements in the dollar/euro, dollar/yuan, dollar/forint, and dollar/real rates. There

Source: DIEBOLD INC, 10-K, September 30, 2008

were no significant changes in the Company's foreign exchange risks in 2007 compared with 2006 other than the increased foreign activity related to the new manufacturing facility in Hungary.

The Company manages interest rate risk with the use of variable rate borrowings under its committed and uncommitted credit facilities and interest rate swaps. Variable rate borrowings under the credit facilities totaled $328,164 and $381,381 at December 31, 2007 and 2006, respectively, of which $50,000 was effectively converted to fixed rate using interest rate swaps. A one percentage point increase or decrease in interest rates would have resulted in an increase or decrease in interest expense of approximately $2,406 and $3,064 for 2007 and 2006, respectively, including the impact of the swap agreements. The Company's primary exposure to interest rate risk is movements in the London Interbank Offered Rate (LIBOR), which is consistent with prior periods. As discussed in Note 7 to the Consolidated Financial Statements, the Company hedged $200,000 of the fixed rate borrowings under its private placement agreement, which was treated as a cash flow hedge. This reduced the effective interest rate by 14 basis points from 5.50 to 5.36 percent.

Source: DIEBOLD INC, 10-K, September 30, 2008

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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All other schedules are omitted because they are not applicable.

Source: DIEBOLD INC, 10-K, September 30, 2008

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Diebold, Incorporated:

We have audited the accompanying consolidated balance sheets of Diebold, Incorporated and subsidiaries (Company) as of December 31, 2007 and 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2007. In connection with our audits of the consolidated financial statements we have also audited the financial statement schedule, Schedule II "Valuation and Qualifying Accounts". These consolidated financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2 to the accompanying consolidated financial statements, the Company has restated its consolidated balance sheet as of December 31, 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for the years ended December 31, 2006 and 2005.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Diebold, Incorporated and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Notes 1, 9 and 11 to the consolidated financial statements, the Company adopted the provisions of Statement of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Standard No. 109*, effective January 1, 2007, Statement of Financial Accounting Standards No. 123(R), *Share Based Payment*, effective January 1, 2006, and Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB No. 87, 88, 106 and 132(R)*, effective December 31, 2006.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated September 30, 2008 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG
Cleveland, Ohio
September 30, 2008

Source: DIEBOLD INC, 10-K, September 30, 2008

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Diebold, Incorporated:

We have audited Diebold, Incorporated's (the 'Company') internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting appearing under Item 9A(b) of the Company's December 31, 2007 annual report on Form 10-K. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses related to the Company's control environment; selection, application and communication of accounting policies; monitoring; manual journal entries; contractual obligations; and account reconciliations have been identified and included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A(b) of the Company's December 31, 2007 annual report on Form 10-K. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2007 consolidated financial statements, and this report does not affect our report dated September 30, 2008, which expressed an unqualified opinion on those consolidated financial statements.

Source: DIEBOLD INC, 10-K, September 30, 2008

In our opinion, because of the effect of the aforementioned material weaknesses on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG

Cleveland, Ohio
September 30, 2008

Source: DIEBOLD INC, 10-K, September 30, 2008

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	December 31, 2007	December 31, 2006 (As Restated)
ASSETS		
Current assets		
Cash and cash equivalents	$ 206,334	$ 253,968
Short-term investments	104,976	99,571
Trade receivables, less allowances of $33,707 for 2007 and $32,104 for 2006	544,501	618,315
Inventories	533,619	518,999
Deferred income taxes	80,443	86,290
Prepaid expenses	46,347	34,488
Other current assets	114,312	82,604
Total Current Assets	1,630,532	1,694,235
Securities and other investments	75,227	69,798
Property, plant and equipment at cost	575,796	550,497
Less accumulated depreciation and amortization	355,740	342,409
Property, plant and equipment, net	220,056	208,088
Goodwill	465,484	459,354
Other assets	239,827	165,185
Total Assets	$ 2,631,126	$ 2,596,660
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Notes payable	$ 14,807	$ 11,324
Accounts payable	170,632	156,306
Deferred revenue	301,248	368,717
Payroll and benefits liabilities	51,193	53,141
Other current liabilities	212,758	192,542
Total Current Liabilities	750,638	782,030
Notes payable — long term	609,264	665,481
Pensions and other benefits	36,708	41,142
Postretirement and other benefits	29,417	32,475
Deferred income taxes	39,393	26,405
Other long-term liabilities	37,115	28,814
Minority interest	13,757	21,880
Commitments and Contingencies	—	—
Shareholders' equity		
Preferred shares, no par value, authorized 1,000,000 shares, none issued	—	—
Common shares, authorized 125,000,000 shares, issued 75,579,237 and 75,145,662, shares, respectively outstanding 65,965,749, and 65,595,596 shares, respectively	94,474	93,932
Additional capital	261,364	235,242
Retained earnings	1,036,824	1,059,725
Treasury shares, at cost (9,613,488 and 9,550,066 shares, respectively)	(406,182)	(403,098)
Accumulated other comprehensive income	128,354	12,632
Total shareholders' equity	1,114,834	998,433
Total liabilities and shareholders' equity	$ 2,631,126	$ 2,596,660

See accompanying Notes to Consolidated Financial Statements.

Source: DIEBOLD INC, 10-K, September 30, 2008

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

	Year ended December 31,		
	2007	2006 (As Restated)	2005 (As Restated)
Net sales			
Products	$ 1,429,646	$ 1,500,998	$ 1,278,555
Services	1,535,191	1,438,612	1,304,435
	2,964,837	2,939,610	2,582,990
Cost of sales			
Products	1,070,286	1,057,376	920,472
Services	1,210,701	1,144,645	1,009,010
	2,280,987	2,202,021	1,929,482
Gross profit	683,850	737,589	653,508
Selling and administrative expense	470,615	464,068	410,874
Research, development and engineering expense	73,950	71,625	59,937
Impairment of assets	46,319	19,337	—
(Gain) loss on sale of assets, net	(6,392)	328	(50)
	584,492	555,358	470,761
Operating profit	99,358	182,231	182,747
Other income (expense)			
Investment income	22,489	19,069	12,004
Interest expense	(42,237)	(35,294)	(16,200)
Miscellaneous, net	4,093	(2,086)	(10,769)
Minority interest	(8,365)	(6,452)	(6,865)
Income from continuing operations before taxes	75,338	157,468	160,917
Taxes on income	35,797	52,916	68,955
Income from continuing operations	39,541	104,552	91,962
Income from discontinued operations — net of tax	—	—	909
Gain on sale of discontinued operations — net of tax	—	—	9,264
Income from discontinued operations	—	—	10,173
Net income	$ 39,541	$ 104,552	$ 102,135
Basic weighted-average shares outstanding	65,841	66,669	70,577
Diluted weighted-average shares outstanding	66,673	67,253	71,340
Basic earnings per share:			
Net income from continuing operations	$ 0.60	$ 1.57	$ 1.30
Net income from discontinued operations	$ —	$ —	$ 0.15
Net income	$ 0.60	$ 1.57	$ 1.45
Diluted earnings per share:			
Net income from continuing operations	$ 0.59	$ 1.55	$ 1.29
Net income from discontinued operations	$ —	$ —	$ 0.14
Net income	$ 0.59	$ 1.55	$ 1.43

See accompanying Notes to Consolidated Financial Statements.

Source: DIEBOLD INC, 10-K, September 30, 2008

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Shares Number	Common Shares Par Value	Additional Capital	Retained Earnings	Treasury Shares	Comprehensive Income (Loss)	Accumulated Other Comprehensive Income (Loss)	Other	Total
Balance, January 1, 2005 (As Restated)	74,233,384	$ 92,792	$ 179,259	$ 969,198	$ (113,687)		$ (1,432)	$ (210)	$ 1,125,920
Net income				102,135		$ 102,135			102,135
Translation adjustment						(5,703)			(5,703)
Pensions						3,354			3,354
Other comprehensive loss						(2,349)	(2,349)		
Comprehensive income						$ 99,786			
Stock options exercised	332,412	416	9,608						10,024
Restricted shares	9,050	11	467					(77)	401
Restricted stock units	3,140	4	150						154
Performance shares	148,045	185	7,802						7,987
Other share-based compensation			(415)						(415)
Tax benefit from employee stock plans			1,748						1,748
Dividends declared and paid				(58,196)					(58,196)
Treasury shares					(142,649)				(142,649)
Balance, December 31, 2005 (As Restated)	74,726,031	$ 93,408	$ 198,619	$ 1,013,137	$ (256,336)		$ (3,781)	$ (287)	$ 1,044,760
Net income				104,552		$ 104,552			104,552
Translation adjustment						48,678			48,678
Hedges						3,996			3,996
Pensions						(637)			(637)
Other comprehensive income						52,037	52,037		
Comprehensive income						$ 156,589			
Stock options exercised	336,085	420	10,703						11,123
Restricted stock units issued	4,635	6	(6)						—
Performance shares issued	5,800	7	(7)						—
Other share-based compensation	73,111	91	1,881						1,972
Tax benefit from employee stock plans			1,198						1,198
SFAS No. 123(R) reclass			4,807					287	5,094
SFAS No. 158 adoption, net							(35,624)		(35,624)
Share-based compensation expense			17,195						17,195
Colombia acquisition			616		2,592				3,408
DIMS acquisition			36		905				941
Dividends declared and paid				(57,964)					(57,964)
Treasury shares					(150,259)				(150,259)
Balance, December 31, 2006 (As Restated)	75,145,662	$ 93,932	$ 235,242	$ 1,059,725	$ (403,098)		$ 12,632	$ —	$ 998,433
Net income				39,541		$ 39,541			39,541
Translation adjustment						84,584			84,584
Hedges						1,962			1,962
Pensions						29,176			29,176
Other comprehensive income						115,722	115,722		
Comprehensive income						$ 155,263			
Stock options exercised	241,365	302	8,253						8,555
Restricted shares	8,620	11	295						306
Restricted stock units issued	84,865	106	(106)						—
Performance shares issued	98,725	123	2,500						2,623
Tax benefit from employee stock plans			1,399						1,399
Share-based compensation expense			13,781						13,781
Dividends declared and paid				(62,442)					(62,442)
Treasury shares					(3,084)				(3,084)
Balance, December 31, 2007	75,579,237	$ 94,474	$ 261,364	$ 1,036,824	$ (406,182)		$ 128,354	$ —	$ 1,114,834

See accompanying Notes to Consolidated Financial Statements.

Source: DIEBOLD INC, 10-K, September 30, 2008

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years ended December 31,		
	2007	2006 (As Restated)	2005 (As Restated)
Cash flow from operating activities:			
Net income	$ 39,541	$ 104,552	$ 102,135
Adjustments to reconcile net income to cash provided by operating activities:			
Income from discontinued operations	—	—	(909)
Minority interest	8,365	6,452	6,865
Depreciation and amortization	63,380	70,726	62,516
Share-based compensation	13,782	17,195	(4,254)
Excess tax benefits from share-based compensation	(917)	(890)	—
Deferred income taxes	9,571	(23,592)	18,402
Impairment of asset	46,319	19,337	—
Gain on sale of discontinued operations	—	—	(9,264)
(Gain) loss on sale of assets, net	(6,392)	328	(50)
Cash provided (used) by changes in certain assets and liabilities:			
Trade receivables	107,501	78,112	(94,649)
Inventories	8,955	(4,258)	(52,003)
Prepaid expenses	(10,256)	(13,323)	(1,678)
Other current assets	(6,866)	(1,493)	(19,995)
Accounts payable	6,331	(36,031)	41,297
Deferred revenue	(76,473)	1,688	55,215
Pension and postretirement benefits	(20,802)	14,038	(13,541)
Certain other assets and liabilities	(31,779)	85	(8,328)
Net cash provided by operating activities	150,260	232,926	81,759
Cash flow from investing activities:			
Proceeds from sale of discontinued operations	—	—	29,350
Payments for acquisitions, net of cash acquired	(18,122)	(74,320)	(29,578)
Proceeds from maturities of investments	57,433	79,304	40,291
Payments for purchases of investments	(50,588)	(124,648)	(61,052)
Proceeds from sale of fixed assets	3,242	6,442	2,087
Capital expenditures	(43,259)	(38,514)	(46,183)
Increase in certain other assets	(29,076)	(19,588)	(19,124)
Net cash used by investing activities	(80,370)	(171,324)	(84,209)
Cash flow from financing activities:			
Dividends paid	(62,442)	(57,964)	(58,196)
Notes payable borrowings	720,299	1,664,986	1,184,840
Notes payable repayments	(784,358)	(1,492,658)	(970,298)
Distribution of affiliates' earnings to minority interest holder	(18,236)	(716)	(805)
Excess tax benefits from share-based compensation	917	890	—
Issuance of common shares	8,544	9,745	9,048
Repurchase of common shares	—	(148,057)	(138,207)
Net cash (used) provided by financing activities	(135,276)	(23,774)	26,382
Effect of exchange rate changes on cash	17,752	5,749	115
Increase (decrease) in cash and cash equivalents	(47,634)	43,575	24,047
Cash and cash equivalents at the beginning of the year	253,968	210,393	186,346
Cash and cash equivalents at the end of the year	$ 206,334	$ 253,968	$ 210,393
Cash paid for:			
Income taxes	$ 53,176	$ 43,065	$ 59,803
Interest	$ 32,706	$ 33,235	$ 16,274

See accompanying Notes to Consolidated Financial Statements.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share amounts)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation The Consolidated Financial Statements include the accounts of Diebold, Incorporated and its wholly and majority owned subsidiaries (collectively, the Company). All significant intercompany accounts and transactions have been eliminated.

Use of Estimates in Preparation of Consolidated Financial Statements The preparation of the Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications The Company has reclassified the presentation of certain prior-year information to conform to the current presentation.

Statements of Cash Flows For the purpose of the Consolidated Statements of Cash Flows, the Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

International Operations The financial statements of the Company's international operations are measured using local currencies as their functional currencies, with the exception of Venezuela, Argentina, Barbados and Ecuador, which are measured using the U.S. dollar as their functional currency. The Company translates the assets and liabilities of its non-U.S. subsidiaries at the exchange rates in effect at year end and the results of operations at the average rate throughout the year. The translation adjustments are recorded directly as a separate component of shareholders' equity, while transaction gains (losses) are included in net income. Sales to customers outside the United States approximated 48.4 percent of net sales in 2007, 46.7 percent of net sales in 2006, and 40.2 percent of net sales in 2005.

Financial Instruments The carrying amount of financial instruments, including cash and cash equivalents, trade receivables and accounts payable, approximated their fair value as of December 31, 2007 and 2006 because of the relatively short maturity of these instruments.

Revenue Recognition The Company's revenue recognition policy is consistent with the requirements of Statement of Position 97-2, *Software Revenue Recognition* (SOP 97-2), and Staff Accounting Bulletin 104 (SAB 104). The Company records revenue when it is realized, or realizable and earned. The Company considers revenue to be realized or realizable and earned when the following revenue recognition requirements are met: persuasive evidence of an arrangement exists, which is a customer contract; the products or services have been accepted by the customer via delivery or installation acceptance; the sales price is fixed or determinable within the contract; and collectability is probable.

For product sales, the Company determines that the earnings process is complete when title, risk of loss and the right to use equipment has transferred to the customer. Within the North America business segment this occurs upon customer acceptance and acceptance where the Company is contractually responsible for installation, is upon completion of the installation of all of the items at a job site and the Company's demonstration the items are in operable condition. Where items are contractually only delivered to a customer, revenue recognition of these items is upon shipment or delivery to a customer location depending on the terms in the contract. Within the International business segment, customer acceptance is upon either delivery or completion of the installation depending on the terms in the contract with the customer.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

The Company offers the following product groups and related services to its customers:

Self-Service Products Self-service products pertain to ATMs. Included within the ATM is software, which operates the ATM. The related software is considered an integral part of the equipment since without it, the equipment cannot function. Revenue is recognized in accordance with SOP 97-2. The Company also provides service contracts on ATMs.

Service contracts typically cover a 12-month period and can begin at any given month during the year after the standard 90-day warranty period expires. The service provided under warranty is significantly limited as compared to those offered under service contracts. Further, warranty is not considered a separate element of the sale. The Company's warranty covers only replacement of parts inclusive of labor. Service contracts are tailored to meet the individual needs of each customer. Service contracts provide additional services beyond those covered under the warranty, and usually include preventative maintenance service, cleaning, supplies stocking and cash handling all of which are not essential to the functionality of the equipment. For sales of service contracts, where the service contract is the only element of the sale, revenue is recognized ratably over the life of the contract period. In contracts that involve multiple-element arrangements, amounts deferred for services are determined based upon vendor specific objective evidence of the fair value of the elements as prescribed in SOP 97-2. The Company determines fair value of deliverables within a multiple element arrangement based on the price charged when each element is sold separately.

Physical Security and Facility Products The Company's Physical Security and Facility Products division designs and manufactures several of the Company's financial service solutions offerings, including the RemoteTeller™ System (RTS). The business unit also develops vaults, safe deposit boxes and safes, drive-up banking equipment and a host of other banking facilities products. Revenue on sales of the products described above is recognized when the four revenue recognition requirements of SAB 104 have been met.

Election Systems The Company, through its wholly owned subsidiaries, Premier Election Solutions, Inc. (PESI) and Amazonia Industria Eletronica S.A. Procomp, offers electronic voting systems. Election systems revenue consists of election equipment, software, training, support, installation and maintenance. The election equipment and software components are included in product revenue. The training, support, installation and maintenance components are included in service revenue. The election systems contracts contain multiple deliverable elements and custom terms and conditions. Revenue on election systems contracts is recognized in accordance with SOP 97-2. The Company recognizes revenue for delivered elements only when the fair values of undelivered elements are known, uncertainties regarding customer acceptance are resolved and there are no customer-negotiated refund or return rights affecting the revenue recognized for delivered elements. The Company determines fair value of deliverables within a multiple element arrangement based on the price charged when each element is sold separately. Some contracts may contain discounts and, as such, revenue is recognized using the residual value method of allocation of revenue to the product and service components of contracts.

Integrated Security Solutions Diebold Integrated Security Solutions provides global sales, service, installation, project management and monitoring of original equipment manufacturer (OEM) electronic security products to financial, government, retail and commercial customers. These solutions provide the Company's customers a single-source solution to their electronic security needs. Revenue is recognized in accordance with SAB 104. Revenue on sales of the products described above is recognized upon shipment, installation or customer acceptance of the product as defined in the customer contract. In contracts that involve multiple-element arrangements, amounts deferred for services are determined based upon vendor specific objective evidence of the fair value of the elements as prescribed in EITF 00-21, *Accounting for Revenue Arrangements with Multiple Deliverables.*

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

Software Solutions and Services The Company offers software solutions consisting of multiple applications that process events and transactions (networking software) along with the related server. Sales of networking software represent software solutions to customers that allow them to network various different vendors' ATMs onto one network and revenue is recognized in accordance with SOP 97-2.

Included within service revenue is revenue from software support agreements, which are typically 12 months in duration and pertain to networking software. For sales of software support agreements, where the agreement is the only element of the sale, revenue is recognized ratably over the life of the contract period. In contracts that involve multiple-element arrangements, amounts deferred for support are determined based upon vendor specific objective evidence of the fair value of the elements as prescribed in SOP 97-2.

Allowance for Bad Debts and Credit Risk The Company evaluates the collectability of accounts receivable based on a number of criteria. These criteria are (1) a percentage of sales, which is based on historical loss experience and current trends, which is recorded as a reserve, for uncollectible accounts as sales occur throughout the year and (2) periodic adjustments for known events such as specific customer circumstances and changes in the aging of accounts receivable balances. Since the Company's receivable balance is concentrated primarily in the financial and government sectors, an economic downturn in these sectors could result in higher than expected credit losses.

Depreciation and Amortization Depreciation of property, plant and equipment is computed using the straight-line method for financial statement purposes. Accelerated methods of depreciation are used for federal income tax purposes. Amortization of leasehold improvements is based upon the shorter of original terms of the lease or life of the improvement. Repairs and maintenance are expensed as incurred.

Shipping and Handling Costs The Company recognizes shipping and handling fees billed to the Company when products are shipped or delivered to a customer, and includes such amounts in net sales. Third-party freight payments are recorded in cost of sales.

Research, Development and Engineering Total research, development and engineering costs charged to expense were $73,950, $71,625 and $59,937 in 2007, 2006 and 2005, respectively.

Advertising Costs Advertising costs are expensed as incurred. Total advertising costs charged to expense were $15,232, $13,663 and $12,662 in 2007, 2006 and 2005, respectively.

Share-Based Compensation As of January 1, 2006, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), *Share-Based Payment* (SFAS 123R), which requires companies to recognize in the statement of income the grant-date fair value of stock awards issued to employees and directors. The Company adopted SFAS 123(R) using the modified prospective transition method. In accordance with the modified prospective transition method, the Company's financial statements for prior periods have not been restated to reflect the impact of SFAS 123(R). The Company elected the short-cut method for determining the historical pool of windfall tax benefits.

Prior to the adoption of SFAS 123(R), the Company applied Accounting Principles Board Opinion No. 25 (APB 25), *Accounting for Stock Issued to Employees*, and related interpretations to account for share-based compensation expense.

Source: DIEBOLD INC, 10-K, September 30, 2008

Earnings per Share Basic earnings per share are computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if common stock equivalents were exercised and then shared in the earnings of the Company.

Trade Receivables The concentration of credit risk in the Company's trade receivables with respect to financial and government sectors is substantially mitigated by the Company's credit evaluation process and the geographical dispersion of sales transactions from a large number of individual customers. The Company maintains allowances for potential credit losses, and such losses have been minimal and within management's expectations except for a 2005 expense of $15,490 to reserve for an approximate $32,500 election systems trade receivable related primarily to two counties in California. Approximately $8,900 and $18,505 of this election systems trade receivable has been collected in 2007 and 2006, and no other significant, customer-specific reserve was necessary in 2007 or 2006 for any trade receivables. The allowance for doubtful accounts is estimated based on various factors including revenue, historical credit losses, current trends and changes in the aging of trade receivable balances and specific customer circumstances.

Inventories The Company primarily values inventories at the lower of cost or market applied on a first-in, first-out (FIFO) basis, with the notable exceptions of Brazil and PESI that value inventory using the average cost method, which approximates FIFO. At each reporting period, the Company identifies and writes down its excess and obsolete inventory to its net realizable value based on forecasted usage, orders and inventory aging. With the development of new products, the Company also rationalizes its product offerings and will write down discontinued product to the lower of cost or net realizable value.

Other Assets Included in other assets are net capitalized computer software development costs of $47,300 and $36,924 as of December 31, 2007 and 2006, respectively. Amortization expense on capitalized software was $11,556, $11,500, and $11,417 for 2007, 2006 and 2005, respectively. Other long-term assets also consist of pension assets, finance receivables, other intangible assets, patents, trademarks and customer demonstration equipment. Where applicable, other assets are stated at cost and, if applicable, are amortized ratably over the relevant contract period or the estimated life of the assets.

Goodwill Goodwill is the cost in excess of the net assets of acquired businesses. The Company tests all existing goodwill at least annually for impairment using the fair value approach on a "reporting unit" basis in accordance with SFAS 142, *Goodwill and Other Intangible Assets*. The Company's reporting units are defined as Domestic and Canada, Brazil, Latin America, Asia Pacific, EMEA and Election Systems. The Company uses the discounted cash flow method and the guideline company method for determining the fair value of its reporting units. As required by SFAS 142, the determination of implied fair value of the goodwill for a particular reporting unit is the excess of the fair value of a reporting unit over the amounts assigned to its assets and liabilities in the same manner as the allocation in a business combination. Implied fair value goodwill is determined as the excess of the fair value of the reporting unit over the fair value of its assets and liabilities. The Company's fair value model uses inputs such as estimated future segment performance. The Company uses the most current information available and performs the annual impairment analysis as of November 30 each year and between annual tests if an event occurs or circumstances change that would more likely than not reduce the carrying value of a reporting unit below its carrying amount. However, actual circumstances could differ significantly from assumptions and estimates made and could result in future goodwill impairment.

The annual impairment tests were performed as of November 30, 2006 and 2005 and resulted in no impairment charges. The annual impairment test performed as of November 30, 2007 resulted in an impairment charge to one of the Company's reporting

Source: DIEBOLD INC, 10-K, September 30, 2008

units. A charge of $46,319 was recorded as an impairment of all of the goodwill of Premier Election Solutions, Inc. as of December 31, 2007.

The changes in carrying amount of goodwill for the years ended December 31, 2007 and 2006 are as follows:

	DNA	DI	ES & Other	Total
Balance at January 1, 2006 (As Restated)	$ 57,100	$ 284,894	$ 43,563	$ 385,557
Goodwill of acquired businesses & purchase accounting adjustments	42,704	2,989	1,816	47,509
Currency translation adjustment	(5)	26,293	—	26,288
Balance at December 31, 2006 (As Restated)	99,799	314,176	45,379	459,354
Goodwill of acquired businesses & purchase accounting adjustments	10,556	1,472	940	12,968
Impairment Loss	—	—	(46,319)	(46,319)
Currency translation adjustment	1,444	38,037	—	39,481
Balance at December 31, 2007	$ 111,799	$ 353,685	$ —	$ 465,484

Pensions and Postretirement Benefits Annual net periodic expense and benefit liabilities under the Company's defined benefit plans are determined on an actuarial basis. Assumptions used in the actuarial calculations have a significant impact on plan obligations and expense. Annually, management and the investment committee of the Board of Directors review the actual experience compared with the more significant assumptions used and make adjustments to the assumptions, if warranted. The healthcare trend rates are reviewed with the actuaries based upon the results of their review of claims experience. The expected long-term rate of return on plan assets is determined using the plans' current asset allocation and their expected rates of return based on a geometric averaging over 20 years. The discount rate is determined by analyzing the average return of high-quality (i.e., AA-rated) fixed-income investments and the year-over-year comparison of certain widely used benchmark indices as of the measurement date. The rate of compensation increase assumptions reflects the Company's long-term actual experience and future and near-term outlook. Pension benefits are funded through deposits with trustees. The market-related value of plan assets is calculated under an adjusted market value method. The value is determined by adjusting the fair value of assets to reflect the investment gains and losses (i.e., the difference between the actual investment return and the expected investment return on the market-related value of assets) during each of the last five years at the rate of 20 percent per year. Postretirement benefits are not funded and the Company's policy is to pay these benefits as they become due.

At the end of 2006, the Company adopted SFAS 158, *Employers' Accounting for Defined Pension and Other Postretirement Plans,* which changes the accounting requirements for defined benefit pension and other postretirement plans. SFAS 158 requires that the Company recognize the funded status of each of its plans in the consolidated balance sheet.

Amortization of unrecognized net gain or loss resulting from experience different from that assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value) is included as a component of net periodic benefit cost for a year if, as of the beginning of the year, that unrecognized net gain or loss exceeds five percent of the greater of the projected benefit obligation or the market-related value of plan assets. If amortization is required, the amortization is that excess divided by the average remaining service period of participating employees expected to receive benefits under the plan.

Taxes on Income In accordance with SFAS 109, deferred taxes are provided on an asset and liability method, whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax

Source: DIEBOLD INC, 10-K, September 30, 2008

liabilities are recognized for taxable temporary differences. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Effective January 1, 2007, the Company adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the recognition, measurement, presentation and disclosure in the Company's financial statements of uncertain tax positions taken or expected to be taken in a tax return. The adoption of FIN 48 had no material effect on the financial statements. As a result, there was no cumulative effect related to adoption. However, certain amounts have been reclassified in the consolidated balance sheets in order to comply with the requirements of FIN 48.

Sales Tax In June 2006, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 06-03, *How Sales Tax Collected from Customers and Remitted to Governmental Authorities Should be Presented in the Income Statement (That is, Gross versus Net Presentation)*. This EITF issue clarifies that the presentation of taxes collected from customers and remitted to governmental authorities on a gross (included in revenues and costs) or net (excluded from revenues) basis is an accounting policy decision that should be disclosed pursuant to Accounting Principles Board (APB) Opinion No. 22, *Disclosure of Accounting Policies*. The EITF issue is effective for the Company beginning in fiscal year 2007. The Company's accounting policy is to collect such taxes from customers and account for them on a net basis. The adoption of EITF Issue No. 06-03 did not impact the Company's consolidated financial statements.

Deferred Revenue Deferred revenue is recorded for any goods or services that are billed to customers prior to revenue being realizable related to the good or service being provided.

Comprehensive Income (Loss) The Company displays comprehensive income (loss) in the Consolidated Statements of Shareholders' Equity and accumulated other comprehensive loss separately from retained earnings and additional capital in the Consolidated Balance Sheets and Statements of Shareholders' Equity. Items considered to be other comprehensive income (loss) include adjustments made for foreign currency translation (under SFAS No. 52) and pensions (under SFAS No. 87 and SFAS No. 158) and hedging activities (under SFAS No. 133).

Accumulated other comprehensive income (loss) consists of the following:

	Year ended December 31,		
	2007	2006 (As Restated)	2005 (As Restated)
Translation adjustment	$ 138,008	$ 49,539	$ 821
Realized and unrealized gains on hedges	2,033	3,956	—
Pensions less accumulated taxes of ($6,213), ($23,812), and ($1,571), respectively	(11,687)	(40,863)	(4,602)
Total accumulated other comprehensive income (loss)	$ 128,354	$ 12,632	$ (3,781)

Translation Adjustments Translation adjustments are not booked net of tax. Those adjustments are accounted for under the indefinite reversal criterion of APB Opinion No. 23, *Accounting for Income Taxes — Special Areas.*

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTE 2: BACKGROUND OF THE RESTATEMENT

BACKGROUND

In the first quarter of 2006, the Division of Enforcement of the Securities and Exchange Commission (SEC) initiated an informal inquiry into certain of the Company's accounting and financial reporting matters and requested the Company provide certain documents and information, specifically related to its practice of recognizing certain revenue on a bill and hold basis. In the third quarter of 2006, the Company was informed that the SEC's previous informal inquiry related to revenue recognition had been converted to a formal, non-public investigation.

On July 25, 2007, the Company announced that it would delay the release of its earnings results for the quarter ended June 30, 2007, as well as the filing of its quarterly report on Form 10-Q for that quarter, while the Company sought guidance from the Office of the Chief Accountant of the SEC (OCA) as to the Company's revenue recognition policy. The guidance sought related to the Company's long-standing practice of recognizing certain revenue on a bill and hold basis within its North America business segment.

On October 2, 2007, the Company announced it was discontinuing its use of bill and hold as a method of revenue recognition in both its North America business segment and its International businesses.

On December 21, 2007, the Company announced that, in consultation with outside advisors, it was conducting an internal review into certain accounting and financial reporting matters, including, but not limited to, the review of various balance sheet accounts such as prepaid expenses, accrued liabilities, capitalized assets, deferred revenue and reserves within both the Company's North America and International businesses. The review was conducted primarily by outside counsel of the Company and was done in consultation with and participation with the Company's internal audit staff and management, as well as outside advisors including forensic accountants and independent legal counsel to the Audit Committee.

During the course of the review, certain questions were raised as to certain prior accounting and financial reporting items in addition to bill and hold revenue recognition, including whether the prepaid expenses, accrued liabilities, capitalized assets, deferred revenue and reserves had been recorded accurately and timely. Accordingly, the scope of the review was expanded beyond the initial revenue recognition issues to include these additional items. This review has been completed as of the date of the filing of this annual report.

On January 15, 2008, the Company announced that it had concluded its discussion with the OCA and, as a result of those discussions, the Company determined that its previous long-standing method of accounting for bill and hold transactions was in error, representing a misapplication of U.S. generally accepted accounting principles (GAAP). In addition, the Company disclosed that revenue previously recognized on a bill and hold basis would be recognized upon customer acceptance of products at a customer location. Management of the Company determined that this corrected method of recognizing revenue would be adopted retroactively after an in-depth analysis and review with its outside auditors, KPMG LLP (KPMG), an independent registered public accounting firm, the Audit Committee of the Company's Board of Directors, and the OCA. Accordingly, management concluded that previously issued financial statements for the fiscal years ended December 31, 2006, 2005, 2004, and 2003; the quarterly data in each of the quarters for the years ended December 31, 2006 and 2005; and the quarter ended March 31, 2007, must be restated and should no longer be relied upon. As a result, the Company has restated its previously issued financial statements for those periods. Restated financial information is presented in this annual report.

Source: DIEBOLD INC, 10-K, September 30, 2008

RESTATEMENT ADJUSTMENTS

The restatement increased net income by $18,005 in 2006 and $5,389 in 2005. The impact of the restatement on the Consolidated Statements of Income is shown in the accompanying tables.

The Company has not amended, and does not anticipate amending, its previously filed annual reports on Form 10-K or quarterly reports on Form 10-Q for the periods affected by this restatement. Any information that has been previously filed or otherwise reported is superseded by the information in this annual report on Form 10-K and the quarterly reports on Form 10-Q for the quarters ended June 30, 2007, September 30, 2007 and March 31, 2008.

RESTATEMENT OF HISTORICAL FINANCIAL STATEMENTS

The following are tables and descriptions of the significant adjustments by line item within the Company's previously reported financial statements. These adjustments reflect the Company's discontinuance of bill and hold as a method of revenue recognition, as well as matters addressed as a result of the review of other accounting items described above. The Company believes that the following fairly describes the factors underlying the significant adjustments and the overall impact of the restatement in all material respects.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

SUMMARY OF IMPACT OF RESTATEMENT ADJUSTMENTS ON INCOME BEFORE TAXES FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

The following table presents the increase (decrease) of the significant restatement adjustments on income from continuing operations before taxes for the years ended December 31, 2006 and 2005:

		Revenue Recognition		Account				Total
		Bill & Hold	Other	Reconciliations	Inventory	Capitalization	Other	Adjustments
					(In thousands)			
2006	Bill & Hold Revenue	$ 1,582	—	—	—	—	—	$ 1,582
	Service Contract Revenue	—	—	(2,350)	—	—	—	(2,350)
	ERP Capitalization	—	—	—	—	653	—	653
	AP Float and Related Reserve	—	—	1,121	—	—	—	1,121
	Installation Allowance	—	—	666	—	—	—	666
	Finished Goods Inventory	—	—	—	335	—	—	335
	Refurbished Inventory	—	—	—	2,317	—	—	2,317
	AP Wire Clearing Account	—	—	6,168	—	—	—	6,168
Subtotal		1,582	—	5,605	2,652	653	—	10,492
	All Other Adjustments, net	—	3,791	12,216	3,409	(316)	3,427	22,527
Total		$ 1,582	$ 3,791	$ 17,821	$ 6,061	$ 337	$ 3,427	$ 33,019
2005	Bill & Hold Revenue	$ 14,807	—	—	—	—	—	$ 14,807
	Service Contract Revenue	—	—	(1,165)	—	—	—	(1,165)
	ERP Capitalization	—	—	—	—	(6,787)	—	(6,787)
	AP Float and Related Reserve	—	—	(362)	—	—	—	(362)
	Installation Allowance	—	—	8,050	—	—	—	8,050
	Finished Goods Inventory	—	—	—	9,074	—	—	9,074
	Refurbished Inventory	—	—	—	(1,517)	—	—	(1,517)
	AP Wire Clearing Account	—	—	(842)	—	—	—	(842)
Subtotal		14,807	—	5,681	7,557	(6,787)	—	21,258
	All Other Adjustments, net	—	(2,026)	8,634	(5,459)	1,465	(1,206)	1,408
Total		$ 14,807	$ (2,026)	$ 14,315	$ 2,098	$ (5,322)	$ (1,206)	$ 22,666

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

IMPACT OF RESTATEMENT ADJUSTMENTS ON 2006 NET INCOME

The following table presents the impact of the restatement adjustments on our Consolidated Statement of Income for the year ended December 31, 2006:

	Year ended December 31, 2006									
		Adjustments								
	As Reported	Revenue Recognition: Bill & Hold	Revenue Recognition: Other	Account Reconciliations	Inventory	Capitalization	Other	Total Adjustments	Provision for Income Tax	As Restated
					(In thousands)					
Net sales										
Products	$ 1,469,250	$ 24,057	$ 9,090	$ (1,399)	$ 1,636	$ —	$ (1,636)	$ 31,748		$ 1,500,998
Services	1,436,982	3,325	(1,631)	(64)	—	—	—	1,630		1,438,812
	2,906,232	27,382	7,459	(1,463)	1,636	—	(1,636)	33,378		2,939,610
Cost of sales										
Products	1,046,617	22,787	4,663	(10,371)	(3,866)	—	(2,454)	10,759		1,057,376
Services	1,149,097	2,409	(573)	(5,725)	(559)	(4)	—	(4,452)		1,144,645
	2,195,714	25,196	4,090	(16,096)	(4,425)	(4)	(2,454)	6,307		2,202,021
Gross profit	710,518	2,186	3,369	14,633	6,061	4	818	27,071		737,589
Selling and administrative expense	463,862	155	(577)	(1,961)	—	2,792	(203)	206		464,068
Research, development and engineering expense	70,995	594	—	36	—	—	—	630		71,625
Impairment of asset	22,462	—	—	—	—	(3,125)	—	(3,125)		19,337
Loss on sale of assets, net	328	—	—	—	—	—	—	—		328
	557,647	749	(577)	(1,925)	—	(333)	(203)	(2,289)		555,358
Operating profit	152,871	1,437	3,946	16,558	6,061	337	1,021	29,360		182,231
Other income (expense)								(155)		19,069
Investment income	19,224	—	(155)	—	—	—	—	730		(35,294)
Interest expense	(36,024)	—	—	—	—	—	730	2,939		(2,086)
Miscellaneous, net	(5,025)	—	—	1,263	—	—	1,676	145		(6,452)
Minority interest	(6,597)	145	—	—	—	—	—			
Income from continuing operations before taxes	124,449	1,582	3,791	17,821	6,061	337	3,427	33,019		157,468
Income tax adjustments	—	—	1,053	—	—	—	—	1,053		1,053
Taxes on income	37,902								13,961	51,863
Income from continuing operations	86,547	1,582	2,738	17,821	6,061	337	3,427	31,966	(13,961)	104,552
Net income	$ 86,547	$ 1,582	$ 2,738	$ 17,821	$ 6,061	$ 337	$ 3,427	$ 31,966	$ (13,961)	$ 104,552
Basic weighted-average shares outstanding	66,669									66,669
Diluted weighted-average shares outstanding	66,885									67,253
Basic earnings per share										
Income from continuing operations	$ 1.30									$ 1.57
Net income	$ 1.30									$ 1.57
Diluted earnings per share										
Income from continuing operations	$ 1.29									$ 1.55
Net income	$ 1.29									$ 1.55

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

IMPACT OF RESTATEMENT ADJUSTMENTS ON 2005 NET INCOME

The following table presents the impact of the restatement adjustments on our Consolidated Statement of Income for the year ended December 31, 2005:

	Year ended December 31, 2005									
		Adjustments								
	As Reported	Revenue Recognition: Bill & Hold	Revenue Recognition: Other	Account Reconciliations	Inventory	Capitalization	Other	Total Adjustments	Provision for Income Tax	As Restated
					(In thousands)					
Net sales										
Products	$ 1,293,419	$ (8,347)	$ (10,664)	$ 4,147	$ (1,544)	$ —	$ 1,544	$ (14,864)		$ 1,278,555
Services	1,293,630	11,742	(56)	(881)	—	—	—	10,805		1,304,435
	2,587,049	3,395	(10,720)	3,266	(1,544)	—	1,544	(4,059)		2,582,990
Cost of sales										
Products	952,321	(17,657)	(8,991)	(2,975)	(3,976)	—	1,750	(31,849)		920,472
Services	1,009,246	5,903	(436)	(6,634)	334	(403)	—	(236)		1,009,010
	1,961,567	(10,754)	(9,427)	(9,609)	(3,642)	(403)	1,750	(32,085)		1,929,482
Gross profit	625,482	14,149	(1,293)	12,875	2,098	403	(206)	28,026		653,508
Selling and administrative expense	403,804	—	597	(1,157)	—	5,725	1,905	7,070		410,874
Research, development and engineering expense	60,409	(694)	—	222	—	—	—	(472)		59,937
Impairment of asset	—	—	—	—	—	—	—	—		—
Gain on sale of assets, net	(50)	—	—	—	—	—	—	—		(50)
	464,163	(694)	597	(935)	—	5,725	1,905	6,598		470,761
Operating profit	161,319	14,843	(1,890)	13,810	2,098	(5,322)	(2,111)	21,428		182,747
Other income (expense)										
Investment income	12,165	—	(136)	(25)	—	—	—	(161)		12,004
Interest expense	(16,511)	—	—	—	—	—	311	311		(16,200)
Miscellaneous, net	(11,893)	—	—	530	—	—	594	1,124		(10,769)
Minority interest	(6,829)	(36)	—	—	—	—	—	(36)		(6,865)
Income from continuing operations before taxes	138,251	14,807	(2,026)	14,315	2,098	(5,322)	(1,206)	22,666		160,917
Income tax adjustments	—	—	1,892	—	—	—	—	1,892		1,892
Taxes on income	55,347								11,716	67,063
Income from continuing operations	82,904	14,807	(3,918)	14,315	2,098	(5,322)	(1,206)	20,774	(11,716)	91,962
Income from discontinued operations, net of tax	13,842	—	—	—	—	—	(2,549)	(2,549)	(1,120)	10,173
Net income	$ 96,746	$ 14,807	$ (3,918)	$ 14,315	$ 2,098	$ (5,322)	$ (3,755)	$ 18,225	$ (12,836)	$ 102,135
Basic weighted-average shares outstanding	70,577									70,577
Diluted weighted-average shares outstanding	70,966									71,340
Basic earnings per share										
Income from continuing operations	$ 1.17									$ 1.30
Income from discontinued operations	$ 0.20									$ 0.14
Net income	$ 1.37									$ 1.44
Diluted earnings per share										
Income from continuing operations	$ 1.17									$ 1.29
Income from discontinued operations	$ 0.20									$ 0.14
Net income	$ 1.37									$ 1.43

Source: DIEBOLD INC, 10-K, September 30, 2008

Revenue

Bill and Hold — The largest of the revenue recognition adjustments relates to the Company's previous long-standing method of accounting for bill and hold transactions under Staff Accounting Bulletin 104, *Revenue Recognition in Financial Statements* (SAB 104), in its North America and International businesses. On January 15, 2008, the Company announced that it had concluded its discussions with the OCA with regard to its practice of recognizing certain revenue on a bill and hold basis in its North America business segment. As a result of those discussions, the Company determined that its previous, long-standing method of accounting for bill and hold transactions was in error, representing a misapplication of GAAP. To correct for this error, the Company announced it would discontinue the use of bill and hold as a method of revenue recognition in its North America and International businesses and restate its financial statements for this change.

The Company completed an analysis of transactions and recorded adjusting journal entries related to revenue and costs recognized previously under a bill and hold basis that is now recognized upon customer acceptance of products at a customer location. Within the North America business segment, when the Company is contractually responsible for installation, customer acceptance will be upon completion of the installation of all of the items at a job site and the Company's demonstration that the items are in operable condition. Where items are contractually only delivered to a customer, revenue recognition of these items will continue upon shipment or delivery to a customer location depending on the terms in the contract. Within the International business segment, customer acceptance is upon either delivery or completion of the installation depending on the terms in the contract with the customer. The Company restated for transactions affecting both product revenue for hardware sales and service revenue for installation and other services that had been previously recognized on a bill and hold basis.

Other Revenue Adjustments — The Company also adjusted for other specific revenue transactions in both its North America and International businesses related to transactions largely where the Company recognized revenue in incorrect periods. The majority of these adjustments were related to misapplication of GAAP related to revenue recognition requirements as defined within SAB 104. Generally, the Company recorded adjustments for transactions when the Company previously recognized revenue prior to title and/or risk of loss transferring to the customer.

Account Reconciliations

Many of the restatement adjustments relate to inaccurate account balances not identified timely due to lack of account reconciliations or inaccurate reconciliations of various accrued liabilities, reserves, prepaid expenses, and select other balance sheet accounts. During the course of the internal review, the Company reviewed certain accruals, reserves, prepaids and select other balance sheet accounts, including the underlying supporting documentation and estimates to evaluate and determine if the account balances required adjustment. The Company determined that a number of accounts required adjustments related to either inaccurate or incomplete data extracted from systems, misinterpretations of data from systems, faulty analysis, and/or known differences not previously recorded. These adjustments were made across various accounts and accounting periods. The largest of these adjustments related to the following areas:

Service Contract Revenue — The Company records deferred service revenue upon billing to customers and recognizes the related revenue ratably over the life of the service contract. Within the North America business segment, the sub ledger that tracks the service contract activity is the National Service Contract Administration (NSCA) system. During 2007, the Company determined that the deferred service revenue reconciliations since 2003 were in error as there was a misinterpretation of system data and exclusion of certain leasing transactions within the prior reconciliations, which created a difference between the NSCA

Source: DIEBOLD INC, 10-K, September 30, 2008

sub ledger system and the general ledger. The Company subsequently initiated and completed a project to reconstruct the sub ledger balance and reconcile differences between the deferred service revenue accounts in the general ledger and the NSCA sub ledger system. The Company determined that the above errors largely originated in 2003 creating a carry forward out of balance condition in the deferred service revenue general ledger account balance into 2007. The Company corrected the deferred service revenue balance in the general ledger for these errors.

Accounts Payable Float and Related Reserve — Within the North America business segment, the Accounts Payable Float account is used to record liabilities for goods received that were ordered via purchase order, but not yet invoiced from a supplier, as well as invoices that have been received and matched to a purchase order for goods received, but not yet approved for payment due to differences between the invoice and the purchase order. At times, and in error, these same invoices could be processed via direct payment and expensed a second time. This resulted in the Accounts Payable Float account accruing for items that ultimately were paid via direct payment of invoices, which resulted in an overstatement of the Accounts Payable Float account. To adjust for this overstatement, the Company recorded a reserve to the Accounts Payable Float account representing the Company's estimate of the overstatement of the Accounts Payable Float balances based on historical aging trends and final disposition of purchases with suppliers which indicated that a percentage of these vendors had previously been paid via the direct payment process.

In the 2003 reconciliation between the Accounts Payable Float aged sub ledger balance and the reserve for the Account Payables Float general ledger account balance, it was determined that the general ledger account balance was not properly stated. The reserve balance within the general ledger was not adjusted for aged unmatched and aged receipts from vendors within the Accounts Payable Float account. At that time, the Company adjusted the account related to the reserve for the Accounts Payable Float to reflect the balance as supported by the aged sub ledger report.

During the course of the restatement, the Company evaluated the Accounts Payable Float and related reserve general ledger account balances in conjunction with the existing reconciliation process related to the reconciliation performed in 2003 and identified an error in the Company's analysis. The error related to improper inclusion of intercompany related transactions in the establishment of the adjustment as well as the lack of timely adjustments of the general ledger to the supported subledger data. The Company made the necessary adjustments to reflect the proper account balances in both the Accounts Payable Float and Related Reserve for all accounting periods.

Installation Allowance — Within the North America business segment, Installation Allowance historically related to the liability for the installation work yet to be performed related to uninstalled equipment for which revenue had been recognized. During 2005, the Company determined that the general ledger installation allowance liability balance and the balance per the installation sub ledger were out of balance and that the sub ledger did not include specific uninstalled sales orders thereby understating the installation allowance liability. As a result, an analysis of detailed sales orders was performed and an adjustment was recorded to the general ledger to reflect the underlying supporting detail as of November 2005. During the restatement process, the Company reconciled the year end sub ledger information to the general ledger for the restatement periods and made adjustments to record the correction originally recorded in November 2005 into the proper accounting periods.

With the Company's discontinuance of its use of bill and hold as a method of revenue recognition as discussed previously in Note 2 to the Consolidated Financial Statements, the need to record an Installation Allowance has been eliminated for these sales. As such, the restated Installation Accrual reflects only installation services performed or outsourced by the Company for which

Source: DIEBOLD INC, 10-K, September 30, 2008

revenue has been recognized, but liabilities for the installation services have not been paid. Further, an Installation Prepaid is recognized for Company payments for installation services performed by third parties prior to revenue recognition.

A/P Wire Clearing (Prepaid Wire Account) — The A/P Wire Clearing relates to the Company's process for making payments to vendors by wire transfer rather than by check. Verification between two departments is required in order to ensure that payments via wire transfer are properly and timely recorded as an expense or asset. In 2006, the Company determined that the A/P Wire Clearing account balance had not been reconciled in recent years and that the account balance was not supported. Based on the analysis performed in 2006, the Company adjusted the account to record the unsupported difference in the account balance. During the restatement process, the Company determined the account balances for periods prior to 2006 based on detailed supporting documentation contained errors, and recorded the 2006 adjustment in the proper time periods.

Other Accruals, Reserves and Prepaids — During the restatement process, the Company identified several accrual accounts related to warranty, freight, product trade-ins and stock-based compensation, as well as reserves and prepaid accounts, that were either not adjusted to supported balances on a timely basis or not reconciled on a timely basis. The Company reviewed these accruals, reserves and prepaid expense accounts including the underlying estimates to assess whether any previously recorded balances required adjustment. During the restatement process, the Company recorded adjustments where necessary to the accrual, reserve and prepaid expense accounts.

Inventory

During the restatement process, the Company adjusted its inventory balances to accurately record the differences between sub ledger detail and general ledger balances, to adjust select inventory balances to lower-of-cost-or-market valuations and to adjust balances for excess, slow-moving and obsolete inventory. Several of the more significant adjustments are described below:

Finished Goods Inventory — The largest of the inventory adjustments recorded related to the Company's finished goods inventory within its North America business segment. The Company's finished goods inventory largely includes inventory to be installed, but also includes returned goods from customers pending manufacturing rework or final disposition. Prior to 2005, the Company did not maintain a sub ledger report that detailed the inventory account balances at an order level and thus used analyses and trends to support the recorded general ledger balance. During 2005, the Company constructed the finished goods inventory sub ledger at an order level and reconciled the sub ledger balance to the general ledger account balance. As a result, adjustments were recorded in 2005 to the finished goods inventory account to correct for differences between the general ledger and sub ledger.

During the restatement process, the Company reconstructed the inventory sub ledger detail by order for periods prior to 2005 and evaluated the methodology and process for determining finished good account balances and inventory reserve amounts. As a result, the Company recorded the above 2005 adjustments into the proper time periods, as well, as made adjustments based on further improvements to the accuracy of the sub ledger reports created.

Refurbished Inventory — The Company's refurbished inventory within its North America business segment consists of used equipment that is acquired through purchases, lease transfers, returned goods and trade-ins. During the restatement process, it was determined that the general ledger account balances were not properly stated as the balances were not supported by sub ledger detail and reconciliations were not consistently performed during periods prior to 2006. In addition, the Company

Source: DIEBOLD INC, 10-K, September 30, 2008

determined that the valuation of the inventory was not being recorded at the lower of cost or market and adjustments for excess and obsolete inventory were not being recorded.

During the restatement, the Company reconstructed the refurbished equipment sub ledger quantities and determined the appropriate inventory value for the refurbished equipment. The Company adjusted the inventory account balances for the refurbished inventory to the calculated amounts making adjustments for both lower of cost or market valuations as well as excess and obsolete inventory.

Capitalization

During the restatement process, the Company recorded adjustments related to amounts recorded for fair value assigned to select assets based on a review of the underlying transactions related to the assets. The most significant capitalization adjustment is described below:

ERP Capitalization — During 2006, the Company employed a consulting firm to analyze the future value of specific functionality designed previously within its Enterprise resource planning system (ERP). Previous to this, the Company had outsourced its information technology function and ERP implementation to another consulting firm. As a result of additional analysis performed by the Company, in December 2006, the Company recorded an impairment charge against the gross asset value of the ERP system.

During the restatement process, the Company reviewed the history and accounting composition of the ERP asset. As a result of this analysis, the Company determined that the ERP asset value was overstated due to a number of factors, including unsupported manual journal entries, errors related to amounts of cost capitalized to the asset, and certain capitalized costs which did not meet the criteria of capitalization under SOP 98-1. Portions of the improperly capitalized costs identified in the restatement were included in the impairment charge originally recorded in 2006, thus an adjustment to the original 2006 impairment charge was also recorded to exclude these costs in the restated impairment charge.

Other

In conjunction with the restatement process, the Company also made other adjustments and reclassifications to its financial statements in various years, including, but not limited to: (1) past immaterial unrecorded audit adjustments, (2) adjustments for liabilities for contingencies and intangible assets identified at the date of acquisition in connection with certain acquisitions, (3) select intercompany and related elimination transactions, and (4) correction for previous gain calculations on sale of discontinued operations.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

The following tables present the effects of the restatement adjustments on the Consolidated Balance Sheet at December 31, 2006:

	December 31, 2006		
	As Reported	Adjustments	As Restated
		(In thousands)	
ASSETS			
Current assets			
Cash and cash equivalents	$ 253,814	$ 154	$ 253,968
Short-term investments	99,571	—	99,571
Trade receivables, less allowances of $32,104	610,893	7,422	618,315
Inventories	442,804	76,195	518,999
Deferred income taxes	72,537	13,753	86,290
Prepaid expenses	37,019	(2,531)	34,488
Other current assets	79,043	3,561	82,604
Total Current Assets	1,595,681	98,554	1,694,235
Securities and other investments	70,088	(290)	69,798
Property, plant and equipment at cost	556,849	(6,352)	550,497
Less accumulated depreciation and amortization	339,961	2,448	342,409
Property, plant and equipment, net	216,888	(8,800)	208,088
Goodwill	460,339	(985)	459,354
Other assets	171,283	(6,098)	165,185
Total Assets	$ 2,514,279	$ 82,381	$ 2,596,660
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Notes payable	$ 11,324	$ —	$ 11,324
Accounts payable	158,388	(2,082)	156,306
Deferred revenue	170,921	197,796	368,717
Payroll and benefits liabilities	53,671	(530)	53,141
Other current liabilities	204,432	(11,890)	192,542
Total Current Liabilities	598,736	183,294	782,030
Notes payable — long term	665,481	—	665,481
Pensions and other benefits	41,142	—	41,142
Postretirement and other benefits	32,942	(467)	32,475
Deferred income taxes	28,412	(2,007)	26,405
Other long-term liabilities	28,814	—	28,814
Minority interest	27,351	(5,471)	21,880
Shareholders' equity			
Preferred shares, no par value, authorized 1,000,000 shares, none issued	—	—	—
Common shares, authorized 125,000,000 shares, issued 75,145,662 shares, outstanding 65,595,596 shares	93,932	—	93,932
Additional capital	235,229	13	235,242
Retained earnings	1,169,607	(109,882)	1,059,725
Treasury shares, at cost (9,550,066 shares)	(403,098)	—	(403,098)
Accumulated other comprehensive income (loss)	(4,269)	16,901	12,632
Total shareholders' equity	1,091,401	(92,968)	998,433
Total liabilities and shareholders' equity	$ 2,514,279	$ 82,381	$ 2,596,660

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

STATEMENT OF CASH FLOWS

The following tables present the major subtotals for Diebold's Consolidated Statement of Cash Flows and the effects of the related impacts of the restatement adjustments discussed above for the years ended December 31, 2006 and 2005:

	Year ended December 31,			
	2006		2005	
	(As Reported)	(As Restated)	(As Reported)	(As Restated)
	(In thousands)			
Net cash provided by (used in):				
Net income	$ 86,547	$ 104,552	$ 96,746	$ 102,135
Non-cash adjustments	75,625	89,556	53,287	73,306
Changes in working capital	16,522	24,695	(87,878)	(71,813)
Changes in noncurrent assets and liabilities	71,730	14,123	40,559	(21,869)
Operating activities	250,424	232,926	102,714	81,759
Investing activities	(182,080)	(171,324)	(106,262)	(84,209)
Financing activities	(24,062)	(23,774)	27,220	26,382
Effect of exchange rate changes on cash and cash equivalents	1,632	5,747	183	115
Net increase in cash and cash equivalents	45,914	43,575	23,855	24,047
Cash and cash equivalents at the beginning of year	207,900	210,393	184,045	186,346
Cash and cash equivalents at the end of the year	$ 253,814	$ 253,968	$ 207,900	$ 210,393

COMPREHENSIVE INCOME

The following tables present the effect of the restatement adjustments on Diebold's Consolidated Comprehensive Income for the years ended December 31, 2006 and 2005:

	Year ended December 31,			
	2006		2005	
	(As Reported)	(As Restated)	(As Reported)	(As Restated)
	(In thousands)			
Comprehensive income:				
Net income	$ 86,547	$ 104,552	$ 96,746	$ 102,135
Foreign currency translation adjustments (and hedging activity)	56,168	52,674	(16,053)	(5,703)
Pension adjustments	(1,348)	(637)	3,354	3,354
Comprehensive income	$ 141,367	$ 156,589	$ 84,047	$ 99,786

Source: DIEBOLD INC, 10-K, September 30, 2008

CUMULATIVE ADJUSTMENTS TO PREVIOUSLY REPORTED BEGINNING RETAINED EARNINGS BY CATEGORY

The following table presents the impact of the restatement adjustments on previously reported beginning retained earnings for the years beginning January 1, 2006 and 2005, with the adjustments identified by the nature of the error.

	Years Beginning January 1,	
	2006	2005
Beginning retained earnings as reported	$ 1,140,468	$ 1,101,492
Revenue Recognition — Bill & Hold	(67,151)	(81,957)
Revenue Recognition — Other	(11,201)	(7,285)
Account Reconciliations	(62,806)	(77,122)
Inventory	(9,953)	(12,051)
Capitalization	(18,232)	(12,911)
Other	(1,384)	2,371
Tax	44,176	57,012
Dividends declared and paid adjustments	(780)	(353)
Cumulative adjustments to beginning retained earnings	(127,331)	(132,295)
Beginning retained earnings as restated	$ 1,013,137	$ 969,196

NOTE 3: INVESTMENTS

Investments are stated at fair value. Certificates of deposit classified as short-term investments, include accrued interest. The Company's investments consist of the following:

	December 31,	
	2007	2006
		(as restated)
Cash surrender value of insurance contracts	$ 61,171	$ 57,510
Rabbi Trust and other	14,056	12,288
Certificates of deposit	104,976	99,571
Total securities and other investments	$ 180,203	$ 169,369

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

NOTE 4: INVENTORIES

The following is a summary of the major classes of inventories at December 31:

	December 31,	
	2007	2006
		(As Restated)
Finished Goods	$ 252,729	$ 242,864
Service Parts	152,039	139,720
Work in Process	64,414	94,125
Raw Materials	64,437	42,290
Total Inventory	$ 533,619	$ 518,999

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

The following is a summary of property, plant and equipment, at cost less accumulated depreciation and amortization, at December 31:

	Estimated Useful Life	December 31,	
		2007	2006
			(As Restated)
Land and Land Improvements	0-15 years	$ 6,230	$ 6,862
Buildings and Building Equipment	15 years	57,809	70,810
Machinery, Tools and Equipment	5-12 years	103,359	99,750
Leasehold Improvements	10 years	19,201	16,467
Computer Equipment	3 years	87,984	65,205
Computer Software	5-10 years	120,485	129,343
Furniture and Fixtures	8 years	90,555	84,425
Tooling	3-5 years	73,320	67,661
Construction in Progress		16,853	9,974
Total property plant and equipment		575,796	550,497
Less accumulated depreciation and amoritization		355,740	342,409
Total property plant and equipment, net		$ 220,056	$ 208,088

During the fourth quarter of 2006, the Company hired key executive management with considerable experience in information technology (IT) strategic planning, business transformation and global ERP system implementation. In addition, the Company completed an evaluation of its ERP implementation plan and global IT organization and an evaluation of the software and hardware architecture. As a result of this completed evaluation, the Company determined that approximately $19,337 of previously capitalized ERP costs, net of $919 accumulated depreciation, had become impaired. The impairment charge is primarily

Source: DIEBOLD INC, 10-K, September 30, 2008

a result of previous customizations made to the software and software related costs that have been rendered obsolete due to adjustments in the implementation plan, process improvements, and the decision to implement a newer release of the ERP software. The capitalized costs associated with this ERP system of $73,766 are included within the Company's DNA segment and within machinery, tools and equipment at December 31, 2006. In July 2002, the Company entered into a financing agreement to finance the purchase of this ERP system, which includes interest at 5.75 percent and service fees through May 2007. The outstanding balance of the financing agreement was $0 and $2,409 as of December 31, 2007 and 2006, respectively, and was included in other current liabilities.

During 2007, 2006 and 2005, depreciation expense, computed on a straight-line basis over the estimated useful lives of the related assets, was $45,549, $45,695 and $37,980, respectively.

NOTE 6: FINANCE RECEIVABLES

The components of finance receivables for the net investment in sales-type leases are as follows:

	December 31,	
	2007	2006 (As Restated)
Total minimum lease receivable	$ 40,157	$ 31,542
Estimated unguaranteed residual values	2,594	2,142
	42,751	33,684
Less:		
Unearned interest income	(3,406)	(2,145)
Unearned residuals	(649)	(414)
	(4,055)	(2,559)
Total(1)	$ 38,696	$ 31,125

(1) Finance receivables include $11,655 and $5,744 for the years ended December 31, 2007 and 2006 respectively, of receivables owned by Diebold OLTP Systems. The Company owns fifty-percent of Diebold OLTP Systems, which is fully consolidated.

Source: DIEBOLD INC, 10-K, September 30, 2008

Future minimum lease receivables due from customers under sales-type leases as of December 31, 2007 are as follows:

	Sales Type Leases
2008	$ 15,025
2009	15,117
2010	4,584
2011	3,397
2012	1,709
Thereafter	325
	$ 40,157

NOTE 7: NOTES PAYABLE

The notes payable balances as of December 31 were as follows:

	December 31, 2007	December 31, 2006
Notes payable — current:		
Foreign currency loans(1)	$ 7,473	$ 7,263
U.S. dollar loans	7,334	4,061
	$ 14,807	$ 11,324
Notes payable — long term:		
Euro loans(2)	$ 99,264	$ 120,481
U.S. dollar loans	510,000	545,000
	$ 609,264	$ 665,481
Total notes payable	$ 624,071	$ 676,805

(1) Indian Rupees (INR) 177,390 borrowings translated at the applicable December 31, 2007 spot rate; INR 175,978 borrowings and other foreign currency loans translated at the applicable December 31, 2006 spot rate.

(2) €68,045 borrowing translated at the applicable December 31, 2007 spot rate; €91,280 borrowing translated at the applicable December 31, 2006 spot rate.

Long-term notes payable include a credit facility with J.P. Morgan Chase Bank, N.A. with borrowing limits of $300,000 and €150,000. Under the terms of the credit facility agreement, the Company has the ability to increase the borrowing limits an additional $150,000. This facility expires on April 27, 2010. As of December 31, 2007, $210,000 and $99,264 was outstanding on the U.S. dollar and Euro credit facilities, respectively, and $90,000 and $119,556 was available for borrowing under the U.S. dollar and Euro credit facilities, respectively.

In March 2006, the Company issued senior notes in an aggregate principal amount of $300,000, which are included in long-term notes payable, with a weighted average fixed interest rate of 5.50 percent. The maturity dates of the senior notes are staggered, with $75,000, $175,000 and $50,000 becoming due in 2013, 2016 and 2018, respectively. Additionally, the Company

Source: DIEBOLD INC, 10-K, September 30, 2008

entered into a derivative transaction to hedge interest rate risk on $200,000 of the senior notes, which was treated as a cash flow hedge. This reduced the effective interest rate by 14 basis points from 5.50 to 5.36 percent. The Company used $270,000 of the net proceeds from the senior notes to reduce the outstanding balance under its revolving credit facility, which has a variable interest rate.

The Company has other short-term notes payable with remaining availability of $79,287.

The average rate on the Company's bank credit lines was 5.46 percent and 4.66 percent for the years ended December 31, 2007 and 2006, respectively. Interest on financing charged to expense for the years ended December 31, 2007 and 2006 was $33,077 and $34,883, respectively.

Maturities of notes payable as of December 31, 2007 are payable as follows: $14,807 in 2008, $309,264 in 2010 and $300,000 thereafter.

The Company's financing agreements contain various restrictive covenants, including net debt to capitalization and interest coverage ratios. Under the credit facility and the note purchase agreement governing the senior notes, we are obligated to provide financial statements within a specified period of time after the end of each quarter and to provide audited financial statements within a specified period of time after the end of our fiscal year. Due to the delay in completing our financial statements, we received waivers under both aforementioned agreements from the lenders that allow us to waive the requirement to provide financial statements until September 30, 2008. Giving effect to the waivers, we were in compliance with the covenants in our debt agreements as of December 31, 2007

NOTE 8: OTHER LONG-TERM LIABILITIES

Included in other long-term liabilities are bonds payable and a financing agreement. Bonds payable at December 31 consist of the following:

	December 31,	
	2007	2006
Industrial Development Revenue Bond due January 1, 2017	$ 4,400	$ 4,400
Industrial Development Revenue Bond due June 1, 2017	7,500	7,500
Long-term bonds payable	$ 11,900	$ 11,900

In 1997, industrial development revenue bonds were issued on behalf of the Company. The proceeds from the bond issuances were used to construct new manufacturing facilities in the United States. The Company guaranteed the payments of principal and interest on the bonds by obtaining letters of credit. Each industrial development revenue bond carries a variable interest rate, which is reset weekly by the remarketing agents. The average interest rate on the bonds was 3.73 percent, 3.55 percent and 2.56 percent for the years ended December 31, 2007, 2006 and 2005, respectively. Interest on the industrial development revenue bonds charged to expense for the years ended December 31, 2007, 2006 and 2005 was $446, $432 and $324, respectively. As of December 31, 2007, the Company was in compliance with the covenants of its loan agreements and believes the covenants will not restrict its future operations.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTE 9: SHAREHOLDERS' EQUITY

DIVIDENDS

On the basis of amounts declared and paid, the annualized quarterly dividends per share were $0.94, $0.86 and $0.82 for the years ended December 31, 2007, 2006 and 2005, respectively.

EMPLOYEE SHARE-BASED COMPENSATION

Stock options, restricted stock units (RSUs), restricted shares and performance shares have been issued to officers and other management employees under the Company's 1991 Equity and Performance Incentive Plan, as amended and restated (1991 Plan). The stock options generally vest over a four- or five-year period and have a maturity of ten years from the issuance date. Option exercise prices equal the fair market value of the common stock on the date of grant. RSUs provide for the issuance of a share of the Company's common stock at no cost to the holder and generally vest after three to seven years. During the vesting period, employees are paid the cash equivalent of dividends on RSUs. Unvested RSUs are forfeited upon termination unless the Board of Directors determines otherwise. Restricted share grants are subject to forfeiture under certain conditions and have a three-year vesting period. Performance shares are granted based on certain management objectives, as determined by the Board of Directors each year. Each performance share earned entitles the holder to one common share. The performance share objectives are calculated over a three-year period and no shares are granted unless certain management threshold objectives are met. To cover the exercise and/or vesting of its share-based payments, the Company issues new shares from its authorized, unissued share pool. The number of common shares that may be issued pursuant to the 1991 Plan was 5,024 of which 1,513 shares were available for issuance at December 31, 2007.

Effective January 1, 2006, the Company adopted SFAS No. 123(R), which requires the Company to recognize costs resulting from all share-based payment transactions in the financial statements, including stock options, RSUs, restricted shares and performance shares, based on the fair market value of the award as of the grant date. SFAS 123(R) supersedes SFAS 123, *Accounting for Stock-Based Compensation* (SFAS 123), and APB 25. The Company has adopted SFAS 123(R) using the modified prospective application method of adoption, which requires the Company to record compensation cost related to unvested stock awards as of December 31, 2005 by recognizing the unamortized grant date fair value of these awards over the remaining requisite periods of those awards with no change in historical reported earnings. Awards granted after December 31, 2005 are valued at fair value in accordance with provisions of SFAS 123(R) and recognized on a straight-line basis over the requisite periods of each award. The Company estimated forfeiture rates for the year ended December 31, 2007 based on its historical experience.

As a result of adopting SFAS 123(R), the Company's net income was lower for year ended December 31, 2007 and 2006 by $7,007 and $5,962, net of $4,115 and $3,501 tax benefit, respectively, than if the Company had continued to account for share-based compensation under APB 25. The impact on both basic and diluted earnings per share for the year ended December 31, 2007 and 2006 was $0.11 and $0.09, respectively, per share.

Prior to 2006, the Company accounted for stock-based compensation in accordance with APB 25 using the intrinsic value method, which did not require that compensation cost be recognized for the Company's stock options provided the option exercise price was not below the common stock fair market value on the date of grant. Under APB 25, the Company was required to record expense over the vesting period for the value of RSUs, restricted shares and performance shares granted. Prior to 2006, the Company provided pro forma disclosure amounts in accordance with SFAS 148, *Accounting for Stock-Based Compensation — Transition and Disclosure*, as if the fair value method defined by SFAS 123 was applied to its share-based compensation.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

The estimated fair value of the options granted during 2007 and prior years was calculated using a Black-Scholes option pricing model. The following summarizes the assumptions used in the Black-Scholes model for the years ended December 31, 2007, 2006 and 2005:

	December 31,		
	2007	2006	2005
Expected life (in years)	6	3-6	4-6
Weighted-average volatility	28%	33%	30%
Risk-free interest rate	3.64 - 4.72%	4.55 - 5.11%	3.54 - 4.46%
Expected dividend yield	1.63%	1.58 - 1.63%	1.59 - 1.63%

The Black-Scholes model incorporates assumptions to value share-based awards. The risk-free rate of interest is based on a zero-coupon U.S. government instrument over the expected life of the equity instrument. Expected volatility is based on historical volatility of the price of the Company's common stock. The Company uses historical data estimate option exercise timing within the valuation model. Separate groups of employees that have similar historical exercise behavior with regard to option exercise timing and forfeiture rates are considered separately for valuation and attribution purposes.

Pro forma net income as if the fair value based method had been applied to all awards is as follows:

	2005 (As Restated)
Net income	$ 102,135
Add: Share-based compensation programs recorded as expense, net of tax	(2,681)
Deduct: Total share-based employee compensation expense determined under fair value based method for all awards, net of tax	3,596
Pro forma net income (1)	$ 95,858
Earnings per share:	
Basic — as reported	$ 1.45
Basic — pro forma	$ 1.36
Diluted — as reported	$ 1.43
Diluted — pro forma	$ 1.34

(1) Prior to January 1, 2006, any remaining unrecognized compensation cost was accelerated immediately upon the grantee's retirement. SFAS 123(R) requires that compensation cost be recognized over the shorter of the requisite service period or retirement eligible date for share-based awards granted subsequent to December 31, 2005. In 2007 and 2006, the Company recognized compensation cost of $1,568 and $2,164, respectively, on share-based awards granted prior to January 1, 2006 that would not have been recognized had the retirement eligible requirements of SFAS 123(R) been applied to those awards.

As of December 31, 2007, unrecognized compensation cost of $6,043 for stock options, $6,593 for RSUs, $7 for restricted shares and $5,808 for performance shares is expected to be recognized over a weighted-average period of approximately 2.5, 2.3, 0.1 and 1.5 years, respectively.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

Share-based compensation was recognized as a component of selling, general and administrative expenses. The accrual for performance share grants was reduced in 2005 based on the unfavorable financial performance of the Company. The following table summarizes the components of the Company's share-based compensation programs recorded as expense:

	December 31,		
	2007	2006 (As Restated)	2005 (As Restated)
Stock Options:			
Pre-tax compensation expense	$ 4,908	$ 7,242	$ —
Tax benefit	(1,816)	(2,680)	—
Stock option expense, net of tax	3,092	4,562	—
RSUs:			
Pre-tax compensation expense	$ 3,827	$ 5,075	$ 2,121
Tax benefit	(1,416)	(1,878)	(785)
RSU expense, net of tax	2,411	3,197	1,336
Restricted Shares:			
Pre-tax compensation expense	$ 93	$ 188	$ 199
Tax benefit	(34)	(70)	(74)
Restricted share expense, net of tax	59	118	125
Performance Shares:			
Pre-tax compensation expense	$ 4,383	$ 4,690	$ (6,574)
Tax (benefit) expense	(1,622)	(1,735)	2,432
Performance share expense, net of tax	2,761	2,955	(4,142)
Deferred Shares:			
Pre-tax compensation expense	$ 571	$ —	$ —
Tax (benefit) expense	(211)	—	—
Deferred share expense, net of tax	360	—	—
Total Share-Based Compensation:			
Pre-tax compensation expense	$ 13,782	$ 17,195	$ (4,254)
Tax benefit	(5,099)	(6,363)	1,573
Total share-based compensation, net of tax	$ 8,683	$ 10,832	$ (2,681)

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

Options outstanding and exercisable under the 1991 Plan as of December 31, 2007 and changes during the year ended were as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value(1)
	(In thousands)	(Per share)	(In years)	(In thousands)
Outstanding at January 1, 2007	2,945	$ 40.70		
Options granted	263	46.19		
Options exercised	(241)	35.46		
Options expired or forfeited	(83)	43.42		
Outstanding at December 31, 2007	2,884	$ 41.56	5	$ 650
Options exercisable at December 31, 2007	2,142	$ 40.51	4	$ 650

(1) The aggregate intrinsic value represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of the year in 2007 and the exercise price, multiplied by the number of "in-the-money" options) that would have been received by the option holders had all option holders exercised their options on December 31, 2007. The amount of aggregate intrinsic value will change based on the fair market value of the Company's common stock.

The aggregate intrinsic value of options exercised for the years ended December 31, 2007, 2006 and 2005 was $3,475, $3,424 and $5,207, respectively. The weighted-average grant-date fair value of stock options granted for the years ended December 31, 2007, 2006 and 2005 was $14.06, $13.15 and $12.80, respectively. Total fair value of stock options vested for the years ended December 31, 2007, 2006 and 2005 was $27,243, $24,754 and $22,870, respectively. Exercise of options during the year ended December 31, 2007 and 2006 resulted in cash receipts of $8,544 and $9,745, respectively. The tax benefit during the years ended December 31, 2007 and 2006 related to the exercise of employee stock options were $311 and $1,775, respectively.

The following tables summarize information on unvested RSUs and performance shares outstanding:

Restricted Stock Units (RSUs):	Number of Shares	Weighted-Average Grant-Date Fair Value
	(In thousands)	(Per share)
Unvested at January 1, 2007	308	$ 45.12
Forfeited	(40)	48.66
Vested	(85)	46.80
Granted	142	47.17
Unvested at December 31, 2007	325	$ 45.14

Source: DIEBOLD INC, 10-K, September 30, 2008

Performance Shares:	Number of Shares (In thousands)	Weighted-Average Grant-Date Fair Value (Per share)
Unvested at January 1, 2007	556	$ 51.72
Granted	205	58.65
Forfeited	(192)	52.05
Vested	(50)	50.22
Unvested at December 31, 2007	519	$ 54.49

Unvested performance shares are based on a maximum potential payout. Actual shares granted at the end of the performance period may be less than the maximum potential payout level depending on achievement of performance share objectives.

The Company had 5 unvested restricted shares with a weighted-average grant-date fair value of $55.20 and 14 deferred shares with a weighted-average grant-date fair value of $48.21 as of December 31, 2007.

NON-EMPLOYEE SHARE-BASED COMPENSATION

In connection with the acquisition of Diebold Colombia, S.A. in December 2006, the Company issued 7 restricted shares with a grant-date fair value of $46. These restricted shares vest in five years. The Company also issued warrants to purchase 35 common shares with an exercise price of $46 and grant-date fair value of $14.66. The grant-date fair value of the warrants was valued using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 4.45 percent, dividend yield of 1.63 percent, expected volatility of 30 percent, and contractual life of six years. The warrants vest 20 percent per year for five years and will expire in December 2016.

RIGHTS AGREEMENT

On January 28, 1999, the Board of Directors announced the adoption of a Rights Agreement that provided for Rights to be issued to shareholders of record on February 11, 1999. The description and terms of the Rights are set forth in the Rights Agreement, dated as of February 11, 1999, between the Company and The Bank of New York, as Agent. Under the Rights Agreement, the Rights trade together with the common shares and are not exercisable. In the absence of further Board action, the Rights generally will become exercisable and allow the holder to acquire common shares at a discounted price if a person or group acquires 20 percent or more of the outstanding common shares. Rights held by persons who exceed the applicable threshold will be void. Under certain circumstances, the Rights will entitle the holder to buy shares in an acquiring entity at a discounted price. The Rights Agreement also includes an exchange option. In general, after the Rights become exercisable, the Board of Directors may, at its option, effect an exchange of part or all of the Rights (other than Rights that have become void) for common shares. Under this option, the Company would issue one common share for each Right, subject to adjustment in certain circumstances. The Rights are redeemable at any time prior to the Rights becoming exercisable and will expire on February 11, 2009, unless redeemed or exchanged earlier by the Company.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

NOTE 10: EARNINGS PER SHARE

The following data show the amounts used in computing earnings per share and the effect on the weighted-average number of shares of dilutive potential common stock.

	December 31,		
	2007	2006 (As Restated)	2005 (As Restated)
Numerator:			
Income used in basic and diluted earnings per share:			
Income from continuing operations — net of tax	$ 39,541	$ 104,552	$ 91,962
Income from discontinued operations — net of tax	—	—	10,173
Net income	$ 39,541	$ 104,552	$ 102,135
Denominator:			
Weighted-average number of common shares used in basic earnings per share	65,841	66,669	70,577
Effect of dilutive shares	832	584(1)	763(1)
Weighted-average number of common shares and dilutive potential common shares used in diluted earnings per share	66,673	67,253	71,340
Basic earnings per share:			
Income from continuing operations — net of tax	$ 0.60	$ 1.57	$ 1.30
Income from discontinued operations — net of tax	—	—	0.15
Net income	$ 0.60	$ 1.57	$ 1.45
Diluted earnings per share:			
Income from continuing operations — net of tax	$ 0.59	$ 1.55	$ 1.29
Income from discontinued operations — net of tax	—	—	0.14
Net income	$ 0.59	$ 1.55	$ 1.43
Anti-dilutive shares not used in calculating diluted weighted-average shares	1,106	976	977

(1) The effect of dilutive shares was restated to include the effect of shares deferred under the Company's deferred compensation plans for executives and officers.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTE 11: BENEFIT PLANS

Qualified Pension Benefits The Company has several pension plans covering substantially all U.S. employees. Plans covering salaried employees provide pension benefits based on the employee's compensation during the ten years before retirement. The Company's funding policy for salaried plans is to contribute annually if required at an actuarially determined rate. Plans covering hourly employees and union members generally provide benefits of stated amounts for each year of service. The Company's funding policy for hourly plans is to make at least the minimum annual contributions required by applicable regulations. Employees of the Company's operations in countries outside of the United States participate to varying degrees in local pension plans, which in the aggregate are not significant. In addition to these plans, union employees in one of the Company's U.S. manufacturing facilities participate in the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers-Communications Workers of America (IUE-CWA) multi-employer pension fund. Pension expense related to the multi-employer pension plan was $214, $431 and $434 for the years ended December 31, 2007, 2006 and 2005, respectively.

Supplemental Executive Retirement Benefits The Company has non-qualified pension plans to provide supplemental retirement benefits to certain officers. Benefits are payable at retirement based upon a percentage of the participant's compensation, as defined.

Other Benefits In addition to providing pension benefits, the Company provides healthcare and life insurance benefits (referred to as Other Benefits) for certain retired employees. Eligible employees may be entitled to these benefits based upon years of service with the Company, age at retirement and collective bargaining agreements. Currently, the Company has made no commitments to increase these benefits for existing retirees or for employees who may become eligible for these benefits in the future. Currently there are no plan assets and the Company funds the benefits as the claims are paid. The postretirement benefit obligation was determined by application of the terms of medical and life insurance plans together with relevant actuarial assumptions and healthcare cost trend rates.

The Company uses a September 30 measurement date for its pension and other benefits.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

The following tables set forth the change in benefit obligation, change in plan assets, funded status, Consolidated Balance Sheet presentation and net periodic benefit cost for the Company's defined benefit pension plans and other benefits at December 31:

	Pension Benefits December 31,		Other Benefits December 31,	
	2007	2006	2007	2006
Change in benefit obligation				
Benefit obligation at beginning of year	$ 426,791	$ 408,699	$ 23,395	$ 23,194
Service cost	11,429	11,179	6	8
Interest cost	25,592	23,045	1,358	1,294
Amendments	276	1,627	—	924
Actuarial loss (gain)	(11,674)	(1,278)	(2,531)	1,310
Plan participants' contributions	—	—	206	192
Benefits paid	(17,011)	(16,594)	(2,462)	(3,453)
Special termination benefits	—	—	—	(74)
Curtailments	(514)	—	—	—
Other	181	113	—	—
Benefit obligation at end of year	$ 435,070	$ 426,791	$ 19,972	$ 23,395

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

	Pension Benefits December 31,		Other Benefits December 31,	
	2007	2006	2007	2006
Change in plan assets				
Fair value of plan assets at beginning of year	$ 397,766	$ 366,143	$ —	$ —
Actual return on plan assets	60,900	32,849	—	—
Employer contribution	11,430	15,368	2,256	3,261
Plan participants' contributions	—	—	206	192
Benefits paid	(17,011)	(16,594)	(2,462)	(3,453)
Fair value of plan assets at end of year	$ 453,085	$ 397,766	$ —	$ —
Funded status				
Funded status	$ 18,015	$ (29,025)	$ (19,972)	$ (23,395)
Unrecognized net actuarial loss (gain)	12,739	56,406	6,375	(4,164)
Unrecognized prior service cost (benefit)	2,433	2,795	(3,647)	9,638
Prepaid (accrued) pension cost	$ 33,187	$ 30,176	$ (17,244)	$ (17,921)
Amounts recognized in Balance Sheets				
Noncurrent assets	$ 57,917	$ 14,369	$ —	$ —
Current liabilities	(2,690)	(2,736)	(2,191)	(2,368)
Noncurrent liabilities(1)	(37,212)	(40,658)	(17,781)	(21,027)
Accumulated other comprehensive income	15,172	59,201	2,728	5,474
Net amount recognized	$ 33,187	$ 30,176	$ (17,244)	$ (17,921)

(1) Included in the Consolidated Balance Sheets in Pensions and other benefits and Postretirement and other benefits are international benefits liabilities, net.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

	Pension Benefits			Other Benefits		
	December 31,			December 31,		
	2007	2006	2005(2)	2007	2006	2005(2)
Components of net periodic benefit cost						
Service cost	$ 11,429	$ 11,179	$ 12,374	$ 6	$ 8	$ 3
Interest cost	25,592	23,045	22,266	1,358	1,294	1,255
Expected return on plan assets	(33,008)	(30,995)	(28,956)	—	—	—
Amortization of prior service cost(1)	614	765	1,119	(516)	(532)	(613)
Amortization of initial transition asset	—	—	(658)	—	—	—
Recognized net actuarial loss	4,033	4,552	2,331	731	792	528
Special termination benefits	—	—	6,060	—	(74)	—
Curtailment loss	(489)	—	1,094	—	—	—
Settlement gain	—	—	(165)	—	—	—
Net periodic pension benefit cost	$ 8,171	$ 8,546	$ 15,465	$ 1,579	$ 1,488	$ 1,173

(1) The annual amortization of Pension Benefit prior service costs is determined as the increase in projected benefit obligation due to the plan change divided by the average remaining service period of participating employees expected to receive benefits under the plan.

(2) Pension Benefits include a one-time charge of $3,800 resulting from the Voluntary Employee Retirement Plan and $3,300 for separation costs of former executives.

The following presents information for pension plans with an accumulated benefit obligation in excess of plan assets for the year ended December 31, 2007 and 2006, respectively:

	December 31,	
	2007	2006
Projected benefit obligation	$ 39,901	$ 61,664
Accumulated benefit obligation	$ 37,562	$ 59,053
Fair value of plan assets	$ —	$ 18,269

The accumulated benefit obligation for all defined benefit pension plans was $390,279 and $387,296 at December 31, 2007 and 2006, respectively.

At the end of 2006, the company adopted SFAS No. 158, *Employers' Accounting for Defined Pension and Other Postretirement Plans,* which changes the accounting requirements for defined benefit pension and other postretirement plans. This new statement requires that the company recognize the funded status of each of its plans in the Consolidated Balance Sheet.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

The following table represents the weighted-average assumptions used to determine benefit obligations at December 31, 2007 and 2006, respectively.

	Pension Benefits		Other Benefits	
	December 31,		December 31,	
Assumptions	2007	2006	2007	2006
Discount rate	6.50%	6.13%	6.50%	6.13%
Rate of compensation increase	3.50%	3.00%		

The following table represents the weighted-average assumptions used to determine periodic benefit cost at December 31, 2007 and 2006, respectively.

	Pension Benefits		Other Benefits	
	December 31,		December 31,	
Assumptions	2007	2006	2007	2006
Discount rate	6.13%	5.75%	6.13%	5.75%
Expected long-term return on plan assets	8.75%	8.75%		
Rate of compensation increase	3.00%	3.00%		

The expected long-term rate of return on plan assets is primarily determined using the plan's current asset allocation and its expected rates of return based on a geometric averaging over 20 years. The Company also considers information provided by its investment consultant, a survey of other companies using a September 30 measurement date and the Company's historical asset performance in determining the expected long-term rate of return. The discount rate was determined with the assistance of a third party using cash-flow bond matching analysis. The rate of compensation increase assumptions reflects the Company's long-term actual experience and future and near-term outlook. Pension benefits are funded through deposits with trustees. The market-related value of plan assets is calculated under an adjusted market-value method. The value is determined by adjusting the fair value of assets to reflect the investment gains and losses (i.e., the difference between the actual investment return and the expected investment return on the market-related value of assets) during each of the last five years at the rate of 20 percent per year.

The following table represents assumed health care cost trend rates at December 31, 2007 and 2006, respectively.

	December 31,	
	2007	2006
Healthcare cost trend rate assumed for next year	7.57%	8.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that rate reaches ultimate trend rate	2014	2014

Source: DIEBOLD INC, 10-K, September 30, 2008

The healthcare trend rates are reviewed with the actuaries based upon the results of their review of claims experience. Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	One-Percentage-Point Increase	One-Percentage-Point Decrease
Effect on total of service and interest cost	$ 92	$ (83)
Effect on postretirement benefit obligation	$ 1,202	$ (1,083)

The Company has adopted a pension investment policy designed to achieve an adequate funding status based on expected benefit payouts and to establish an asset allocation that will meet or exceed the return assumption while maintaining a prudent level of risk. The Company utilizes the services of an outside consultant in performing asset / liability modeling, setting appropriate asset allocation targets along with selecting and monitoring professional investment managers. The plan assets are invested in equity and fixed income securities, alternative assets and cash.

Within the equities asset class, the investment policy provides for investments in a broad range of publicly-traded securities including both domestic and international stocks diversified by value, growth and cap size. Within the fixed income asset class, the investment policy provides for investments in a broad range of publicly-traded debt securities with a substantial portion allocated to a long duration strategy in order to partially offset interest rate risk relative to the plan's liabilities. The alternatives asset class allows for investments in diversified strategies with a stable and proven track record and low correlation to the U.S. stock market.

The following table summarizes the Company's target mixes for these asset classes in 2008, which are readjusted at least quarterly within a defined range, and the Company's pension plan asset allocation as of December 31, 2007 and 2006:

	Target Allocation	Percentage of Pension Plan Assets at December 31,	
Asset Category	2008	2007	2006
Equity securities	50%	62%	69%
Debt securities	40%	32%	30%
Other	10%	6%	1%
Total	100%	100%	100%

The following table represents the amortization amounts expected to be recognized during 2008:

	Pension Benefits	Other Benefits
Amount of net transition obligation/(asset)	$ —	$ —
Amount of net prior service cost/(credit)	$ 420	$ (516)
Amount of net loss	$ 1,512	$ 472

Source: DIEBOLD INC, 10-K, September 30, 2008

CASH FLOWS

Contributions — The Company contributed $11,430 to its pension plans, including contributions to the nonqualified plan, and $2,256 to its other postretirement benefit plan in the year ended December 31, 2007. Also, the Company expects to contribute $2,776 to its pension plans, including the nonqualified plan, and $2,262 to its other postretirement benefit plan in the year ending December 31, 2008.

Benefit Payments	Pension Benefits	Other Benefits Before Medicare Part D Subsidy	Other Benefits After Medicare Part D Subsidy
2008	$ 18,225	$ 2,518	$ 2,262
2009	19,264	2,321	2,054
2010	20,493	2,269	1,994
2011	21,900	2,257	1,982
2012	23,545	2,217	1,943
2013 — 2017	145,951	9,946	8,738

Retirement Savings Plan The Company offers an employee 401(k) Savings Plan (Savings Plan) to encourage eligible employees to save on a regular basis by payroll deductions. Effective July 1, 2003, a new enhanced benefit to the Savings Plan became effective. All new salaried employees hired on or after July 1, 2003 are provided with an employer basic matching contribution in the amount of 100 percent of the first three percent of eligible pay and 60 percent of the next three percent of eligible pay. This new enhanced benefit is in lieu of participation in the pension plan for salaried employees. For employees hired prior to July 1, 2003, the Company matched 60 percent of participating employees' first three percent of contributions and 40 percent of participating employees' next three percent of contributions. Total Company match was $11,608, $9,939 and $8,728 for the years ended December 31, 2007, 2006 and 2005, respectively.

Deferred Compensation Plans The Company has deferred compensation plans that enable certain employees to defer receipt of a portion of their compensation and non-employee directors to defer receipt of director fees at the participants' discretion.

NOTE 12: LEASES

The Company's future minimum lease payments due under operating leases for real and personal property in effect at December 31, 2007 are as follows:

Year	Total	Real Estate	Equipment
2008	$ 75,834	$ 28,292	$ 47,542
2009	64,714	24,672	40,042
2010	41,984	20,343	21,641
2011	26,918	17,839	9,079
2012	18,840	15,575	3,265
Thereafter	26,287	25,578	709
	$ 254,577	$ 132,299	$ 122,278

Source: DIEBOLD INC, 10-K, September 30, 2008

Under lease agreements that contain escalating rent provisions, lease expense is recorded on a straight-line basis over the lease term. Rental expense under all lease agreements amounted to approximately $83,588, $81,019 and $59,210 for the years ended December 31, 2007, 2006 and 2005, respectively.

NOTE 13: INCOME TAXES

The components of income from continuing operations before income taxes were as follows:

	Year ended December 31,		
	2007	2006 (As Restated)	2005 (As Restated)
Domestic	$ (1,903)	$ 50,808	$ 129,965
Foreign	77,241	106,660	30,952
Total	$ 75,338	$ 157,468	$ 160,917

Income tax expense (benefit) from continuing operations is comprised of the following components:

	Year ended December 31,		
	2007	2006 (As Restated)	2005 (As Restated)
Current:			
U.S. Federal	$ 8,021	$ 14,886	$ 21,819
Foreign	30,862	33,863	24,765
State and local	1,527	5,623	4,485
Total current	$ 40,410	$ 54,372	$ 51,069
Deferred:			
U.S. Federal	$ (9,500)	$ (75)	$ 12,861
Foreign	2,298	(671)	1,539
State and local	2,589	(710)	3,486
Total deferred	$ (4,613)	$ (1,456)	$ 17,886
Total income tax expense	$ 35,797	$ 52,916	$ 68,955

In addition to the income tax expense listed above for the years ended December 31, 2007, 2006 and 2005, income tax expense (benefit) allocated directly to shareholders' equity for the same periods were $(16,144), $23,497, and $(222), respectively.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In thousands, except per share amounts)

A reconciliation of the U.S. statutory tax rate and the effective tax rate for continuing operations is as follows:

	Year ended December 31,		
	2007	2006 (As Restated)	2005 (As Restated)
Statutory tax rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal tax benefit	2.5	2.3	3.4
Foreign income taxes	3.5	(1.5)	10.2
Accrual adjustments	0.1	0.1	2.5
U.S. taxed foreign income	(4.9)	1.1	(1.7)
Subsidiary losses	(11.8)	(2.8)	—
Goodwill Impairment	21.5	—	—
Other	1.6	(0.6)	(6.5)
Effective tax rate	47.5%	33.6%	42.9%

Effective January 1, 2007, the Company adopted FIN 48, which prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return.

A reconciliation of beginning and ending amounts of unrecognized tax benefits is as follows:

Balance at January 1, 2007	$ 9,020
Increases related to prior year tax positions	—
Decreases related to prior year tax positions	(1,231)
Increases related to current year tax positions	4,631
Decreases related to current year tax positions	—
Settlements	(1,706)
Reduction due to lapse of applicable statute of limitations	—
Balance at December 31, 2007	$ 10,714

The entire amount of unrecognized tax benefits, if recognized, would affect the Company's effective tax rate.

The Company classifies interest expense and penalties related to the underpayment of income taxes in the financial statements as income tax expense. Consistent with the treatment of interest expense, the Company accrues interest income on overpayments of income taxes where applicable and classifies interest income as a reduction of income tax expense in the financial statements. Accrued interest and penalties related to unrecognized tax benefits totaled approximately $2,474 and $2,318 as of December 31 and January 1, 2007, respectively.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

The Company anticipates a decrease in its unrecognized tax positions of approximately $1,537 during the next 12 months. The anticipated decrease is due to settlements related to tax years 2003 through 2004 as part of the Internal Revenue Service (IRS) examination.

At December 31, 2007, the IRS had substantially concluded its federal examination of the Company for tax years 2003 and 2004. All federal tax years prior to 2003 are closed by statute. The Company is subject to tax examination in various U.S. state jurisdictions for tax years 2002 to the present, as well as various foreign jurisdictions for tax years 1997 to the present.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31,	
	2007	2006 (As Restated)
Deferred Tax Assets:		
Postretirement benefits	$ 7,663	$ 8,816
Accrued expenses	24,038	36,220
Warranty accrual	2,268	1,644
Deferred compensation	17,488	9,404
Bad debts	10,988	6,541
Inventory	14,665	10,013
Deferred revenue	20,579	23,142
Leases	228	1,839
Foreign Tax Credit	16,299	(4,563)
Net operating loss carryforward	89,083	60,076
State deferred taxes	6,597	7,204
Other	10,951	13,947
	220,847	174,283
Valuation allowance	(85,429)	(53,262)
Net deferred tax assets	$ 135,418	$ 121,021
Deferred Tax Liabilities:		
Pension	6,511	(8,472)
Property, plant and equipment	13,064	4,278
Goodwill	59,279	44,590
Finance receivables	—	6,315
Software capitalized	5,241	2,323
Partnership income	8,004	7,948
Other	2,269	4,154
Net deferred tax liabilities	94,368	61,136
Net deferred tax asset	$ 41,050	$ 59,885

Source: DIEBOLD INC, 10-K, September 30, 2008

At December 31, 2007, the Company's domestic and international subsidiaries had deferred tax assets relating to net operating loss (NOL) carryforwards of $89,083. Of these NOL carryforwards, $30,045 expires at various times between 2008 and 2027. The remaining NOL carryforwards of approximately $59,038 do not expire. The Company has a valuation allowance to reflect the estimated amount of deferred tax assets that, more likely than not, will not be realized. The valuation allowance relates primarily to certain international and state NOLs. The net change in the total valuation allowance for the years ended December 31, 2007 and 2006 was an increase of $32,167 and $12,154, respectively.

A determination of the unrecognized deferred tax liability on undistributed earnings of non-U.S. subsidiaries and investments in foreign unconsolidated affiliates is not practicable. However, no liability for U.S. income taxes on such undistributed earnings has been provided because it is the Company's policy to reinvest these earnings indefinitely in operations outside the United States.

NOTE 14: COMMITMENTS AND CONTINGENCIES

At December 31, 2007, the Company had purchase commitments for materials through supplier agreements at negotiated prices totaling $24,381.

At December 31, 2007, the Company was a party to several lawsuits that were incurred in the normal course of business, none of which individually or in the aggregate is considered material by management in relation to the Company's financial position or results of operations. In management's opinion, the consolidated financial statements would not be materially affected by the outcome of any present legal proceedings, commitments or asserted claims.

In addition to the routine legal proceedings noted above, the Company has been served with various lawsuits, filed against it and certain current and former officers and directors, by shareholders and participants in the Company's Savings Plan, alleging violations of the federal securities laws and breaches of fiduciary duties with respect to the 401(k) plan. These complaints seek compensatory damages in an unspecific amount, fees and expenses related to such lawsuit and the granting of extraordinary equitable and/or injunctive relief. The cases alleging violations of the federal securities laws have been consolidated into a single proceeding. The cases alleging breaches of fiduciary duties under the Employee Retirement Income Security Act of 1974 with respect to the 401(k) plan likewise have been consolidated into a single proceeding. The Company and the individual defendants deny the allegations made against them, regard them as without merit, and intend to defend themselves vigorously. On August 22, 2008, the court dismissed the consolidated amended complaint in the consolidated securities litigation and entered a judgment in favor of the defendants; however, on September 16, 2008, the plaintiffs filed a notice of appeal. Management is unable to determine the financial statement impact, if any, of the federal securities class action, the 401(k) class action and the derivative actions as of December 31, 2007.

The Company was informed during the first quarter of 2006 that the staff of the SEC had begun an informal inquiry relating to the Company's revenue recognition policy. In the second quarter of 2006, the Company was informed that the SEC's inquiry had been converted to a formal, non-public investigation. In the fourth quarter of 2007, the Company also learned that the Department of Justice (DOJ) had begun a parallel investigation. The Company is continuing to cooperate with the government in connection with these investigations. The Company cannot predict the length, scope or results of the investigations, or the impact, if any, on its results of operations.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTE 15: GUARANTEES AND PRODUCT WARRANTIES

The Company has applied the provisions of FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, including Indirect Guarantees of Indebtedness of Others,* to its agreements that contain guarantees or indemnification clauses. These disclosure requirements expand those required by SFAS 5, *Accounting for Contingencies,* by requiring a guarantor to disclose certain types of guarantees, even if the likelihood of requiring the guarantor's performance is remote. The following is a description of arrangements in effect as of December 31, 2007 in which the Company is the guarantor.

In connection with the construction of certain manufacturing facilities, the Company guaranteed repayment of principal and interest on variable rate industrial development revenue bonds by obtaining letters of credit. The bonds were issued with a 20-year original term and are scheduled to mature in 2017. Any default, as defined in the agreements, would obligate the Company for the full amount of the outstanding bonds through maturity. At December 31, 2007, the carrying value of the liability was $11,900.

The Company provides its global operations guarantees and standby letters of credit through various financial institutions to suppliers, regulatory agencies and insurance providers. If the Company is not able to make payment, the suppliers, regulatory agencies and insurance providers may draw on the pertinent bank. At December 31, 2007, the maximum future payment obligations relative to these various guarantees totaled $65,592, of which $22,663 represented standby letters of credit to insurance providers, and no associated liability was recorded. At December 31, 2006, the maximum future payment obligations relative to these various guarantees totaled $43,669, of which $21,163 represented standby letters of credit to insurance providers, and no associated liability was recorded.

The Company provides its customers a standard manufacturer's warranty and records, at the time of the sale, a corresponding estimated liability for potential warranty costs. Estimated future obligations due to warranty claims are based upon historical factors such as labor rates, average repair time, travel time, number of service calls per machine and cost of replacement parts. Changes in the Company's warranty liability balance are illustrated in the following table:

Warranty liability	December 31, 2007	2006 (As Restated)
Balance at January 1	$ 22,511	$ 20,512
Current period accruals	33,463	27,009
Current period settlements	(29,480)	(25,010)
Balance at December 31	$ 26,494	$ 22,511

NOTE 16: SEGMENT INFORMATION

The Company's segments are comprised of its three main sales channels: Diebold North America (DNA), Diebold International (DI) and Election Systems (ES) & Other. These sales channels are evaluated based on revenue from customers and operating profit contribution to the total corporation. The reconciliation between segment information and the Consolidated Financial Statements is disclosed. Revenue summaries by geographic area and product and service solutions are also disclosed. All income and expense items below operating profit are not allocated to the segments and are not disclosed.

The DNA segment sells and services financial and retail systems in the United States and Canada. The DI segment sells and services financial and retail systems over the remainder of the globe. The ES & Other segment includes the operating results of Premier Election Solutions, Inc. and the voting and lottery related business in Brazil. Each of the sales channels buys the goods it

Source: DIEBOLD INC, 10-K, September 30, 2008

sells from the Company's manufacturing plants or through external suppliers. Intercompany sales between legal entities are eliminated in consolidation and intersegment revenue is not significant. Each year, intercompany pricing is agreed upon which drives sales channel operating profit contribution. As permitted under SFAS 131, *Disclosures about Segments of an Enterprise and Related Information*, certain information not routinely used in the management of these segments, information not allocated back to the segments or information that is impractical to report is not shown. Items not allocated are as follows: interest income, interest expense, miscellaneous, net, equity in the net income of investees accounted for by the equity method and income tax expense or benefit.

The following table represents information regarding our segment information for the years ended December 31, 2007, 2006 and 2005:

SEGMENT INFORMATION BY CHANNEL

	DNA	DI	ES & Other	Total
2007				
Customer revenues	$ 1,543,055	$ 1,358,079	$ 63,703	$ 2,964,837
Operating profit (loss)	112,990	47,258	(60,890)	99,358
Capital expenditures	13,569	26,348	3,342	43,259
Depreciation	26,612	18,015	922	45,549
Property, plant and equipment, at cost	415,798	147,141	12,857	575,796
Total assets	786,912	1,751,514	92,700	2,631,126
2006 (As Restated)				
Customer revenues	$ 1,519,669	$ 1,186,650	$ 233,291	$ 2,939,610
Operating profit	119,786	22,221	40,224	182,231
Capital expenditures	18,354	17,785	2,375	38,514
Depreciation	28,634	16,256	805	45,695
Property, plant and equipment, at cost	398,010	147,079	5,408	550,497
Total assets	619,500	1,773,723	203,437	2,596,660
2005 (As Restated)				
Customer revenues	$ 1,457,948	$ 969,533	$ 155,509	$ 2,582,990
Operating profit (loss)	172,708	18,090	(8,051)	182,747
Capital expenditures	30,890	14,060	1,233	46,183
Depreciation	26,606	10,071	1,303	37,980
Property, plant and equipment, at cost	421,053	119,939	5,266	546,258
Total assets	752,058	1,466,118	190,555	2,408,731

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

The following table represents information regarding our revenue by geographic region and by product and service solution for the years ended December 31, 2007, 2006 and 2005:

	December 31,		
	2007	2006 (As Restated)	2005 (As Restated)
Revenue Summary by Geographic Area			
The Americas	$ 2,115,292	$ 2,187,256	$ 1,965,810
Asia Pacific	337,844	290,934	266,818
Europe, Middle East and Africa	511,701	461,420	350,362
Total revenue	$ 2,964,837	$ 2,939,610	$ 2,582,990
Total Revenue Domestic vs. International			
Domestic	$ 1,529,906	$ 1,566,096	$ 1,544,441
Percentage of total revenue	51.6%	53.3%	59.8%
International	1,434,931	1,373,514	1,038,549
Percentage of total revenue	48.4%	46.7%	40.2%
Total revenue	$ 2,964,837	$ 2,939,610	$ 2,582,990
Revenue Summary by Product and Service Solution			
Financial Self-Service:			
Products	$ 1,050,960	$ 995,422	$ 853,520
Services	1,020,154	943,206	900,260
Total Financial Self-Service	2,071,114	1,938,628	1,753,780
Security Solutions			
Products	345,841	322,953	286,681
Services	484,179	444,738	387,020
Total Security Solutions	830,020	767,691	673,701
Total Financial Self-Service & Security	2,901,134	2,706,319	2,427,481
Election systems/lottery	63,703	233,291	155,509
Total revenue	$ 2,964,837	$ 2,939,610	$ 2,582,990

The Company had no customer that accounted for more than 10 percent of total net sales in 2007, 2006 and 2005.

NOTE 17: ACQUISITIONS

The following mergers and acquisitions were accounted for as purchase business combinations and, accordingly, the purchase price has been or will be allocated to identifiable tangible and intangible assets acquired and liabilities assumed, based upon their respective fair values, with the excess allocated to goodwill. Results of operations from the date of acquisition of these companies are included in the condensed consolidated statements of operations of the Company. The Company elected not to disclose pro forma information as the amounts are immaterial.

Source: DIEBOLD INC, 10-K, September 30, 2008

In December 2007, the Company made payments toward the formation of a partnership, D&G Centroamerica, S. de R.L. (D&G), based in the Republic of Panama, for an approximate initial purchase price of $6,200. The Company will own 51 percent of the partnership. The minority partner of D&G was previously a distributor of the Company within Central America. The partnership is effective February 2008 and, accordingly, no goodwill, other intangible assets or results of operations are included in the Company's consolidated financial statements at December 31, 2007. D&G will be included as part of the Company's DI segment.

Effective January 1, 2007, the Company acquired Brixlogic, Inc. (Brixlogic) based in San Mateo, California for approximately $8,349. Brixlogic is a software development firm previously used by the Company for various software development projects. Other intangibles, net of amortization, resulting from the acquisition amounted to approximately $7,998 at December 31, 2007. Brixlogic is included as part of the Company's DNA segment.

In December 2006, the Company acquired the remaining 45 percent of Diebold Colombia, S.A. (Colombia) held by J.J.F. Panama, Inc. and C.R. Panama, Inc. The acquisition was effected in a combination of 56 percent stock and 44 percent cash for a total purchase price of $6,945. Goodwill amounted to approximately $5,826 at December 31, 2007. As a result of this acquisition, this organization became a wholly owned subsidiary of the Company and is included as part of the Company's DI segment.

In August 2006, the Company acquired Bitelco Telecommunications, Ltd. and Bitelco Services, Ltd. (Bitelco) based in Santiago, Chile for approximately $9,564. Bitelco is a leading security company specializing in product integration, installation, project management and service. Bitelco provides electronic security, fire detection and suppression, and telecommunications security solutions for the financial, commercial, government and retail markets. Goodwill and other intangibles, net of amortization, resulting from the acquisition amounted to approximately $1,912 and $4,259, respectively, at December 31, 2007. Bitelco is included as a part of the Company's DI segment.

In July 2006, the Company acquired Firstline, Inc. (Firstline) for $14,080. Firstline, located in Gold River, California, is a first- and second-line ATM maintenance service provider operating throughout the west coast of the U.S. and also provides limited cash handling services. Goodwill and other intangibles, net of amortization, resulting from the acquisition amounted to approximately $8,492 and $7,015, respectively, at December 31, 2007. Firstline is included as part of the Company's DNA segment.

In June 2006, the Company acquired Actcom, Incorporated (Actcom), a privately-held company based in Virginia Beach, Virginia, for approximately $11,367. Actcom is a leader in identification and enterprise security. Actcom's primary customers include U.S. federal government agencies, such as the Department of Defense, as well as state and municipal government agencies. Goodwill resulting from the acquisition amounted to approximately $9,026 at December 31, 2007. Actcom is included as part of the Company's DNA segment.

In May 2006, the Company acquired ERAS Joint Venture, LLP (ERAS) for $14,000. ERAS is a processing and imaging provider of outsourced serviced and installed systems based in Miami, Florida. Goodwill and other intangibles, net of amortization, resulting from the acquisition amounted to approximately $7,962 and $4,061, respectively, at December 31, 2007. ERAS is included as part of the Company's DNA segment.

In February 2006, the Company purchased the membership interests of Genpass Service Solutions, LLC (GSS) for $11,931. GSS is an independent, third-party ATM maintenance and service provider for approximately 6,000 ATMs in 34 states within the U.S. and has been integrated within the Company's DNA service organization. Goodwill and other intangibles, net of amortization, amounted to approximately $7,287 and $160, respectively, at December 31, 2007.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTE 18: DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company uses derivatives to mitigate the negative economic consequences associated with the fluctuations in currencies and interest rates. SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, requires that all derivatives instruments be recorded on the balance sheet at fair value and that the changes in the fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows derivative gains and losses to be reflected in the income statement together with the hedged exposure, and requires that a company formally document, designate and assess the effectiveness of transactions that receive hedge accounting treatment. The Company does not enter into any speculative positions with regard to derivative instruments.

FOREIGN EXCHANGE

NON-DESIGNATED HEDGES

A substantial portion of the Company's operations and revenues are international. As a result, changes in foreign exchange rates can create substantial foreign exchange gains and losses from the revaluation of non-functional currency monetary assets and liabilities. The Company's policy allows it to enter into foreign exchange forward contracts with maturities of up to 24 months to mitigate the impact of currency fluctuations on those foreign currency asset and liability balances. The Company elected not to apply hedge accounting under SFAS 133 and the recording of the derivative gains/losses offset revaluation gains/losses in other income (expense).

CASH FLOW HEDGES

Increasingly the Company sources and manufactures goods in one currency and generates sales in another. On occasion for substantial contracts, the Company may selectively enter into cash flow hedges to protect product margin. It is the Company's policy to enter into foreign exchange forward contracts with maturities of up to 24 months that are designated and documented as cash flow hedges to fix product margin by hedging substantial non-functional currency costs. The Company tests for effectiveness with sensitivity analysis when the timing of the hedge is inconsistent with the hedged transaction. The Company calculates each hedge's effectiveness quarterly by comparing the cumulative change in the forward contract to the cumulative change in the anticipated purchase modeled as a hypothetical forward contract on a forward to forward basis. Effective changes in value are accumulated in other comprehensive income and reclassified to product cost of sales when the hedged purchase transaction is recognized in income. The Company records ineffectiveness from over-performance of the derivative in product cost of sales, which was immaterial in the period. Should it become probable that a hedged anticipated transaction will not occur, the gains or losses on the related cash flow hedges will immediately be reclassified from other comprehensive income to product cost of sales.

The following table summarizes impact of currency cash flow hedges on other comprehensive income (loss) (pre-tax) in 2007:

Currency Cash Flow Hedge	
January 1, 2007	$ —
Net change on cash flow hedge	839
Reclassification to product cost of sales	(475)
December 31, 2007	$ 364

Source: DIEBOLD INC, 10-K, September 30, 2008

The Company anticipates reclassifying the gain in other comprehensive income to product cost of sales within the next 12 months.

NET INVESTMENT HEDGES

The Company has international subsidiaries with assets in excess of liabilities that generate gains and losses in cumulative translation within other comprehensive income. The Company has elected to protect itself from potential adverse changes in value of its net investments in Brazil and South Africa. The Company's policy is to selectively enter into foreign exchange forward contracts with variable maturities documented as net investment hedges to protect net investments from exchange rate movements. The Company calculates each hedge's effectiveness quarterly by comparing the cumulative change in the forward contract to the cumulative change in the hedged portion of the net investment on a forward to forward basis. Effective changes in value are accumulated in cumulative translation within other comprehensive income where they will remain until they are reclassified to income together with the gain or loss on the entire investment upon substantial liquidation of the subsidiary. In the year ended December 31, 2007, a loss of $12,356 was recorded in cumulative translation associated with the net investment hedges.

INTEREST RATE

CASH FLOW

The Company has variable rate debt and is subject to fluctuations in interest related cash flows due to changes in market interest rates. The Company's policy allows it to periodically enter into derivative instruments designated as cash flow hedges to fix some portion of future variable rate based interest expense. The Company has executed two pay-fixed receive-variable interest rate swaps to hedge against changes in the LIBOR benchmark interest rate on a portion of the Company's LIBOR-based credit facility.

The Company calculates each hedge's effectiveness quarterly by comparing the cumulative change in the interest rate swaps to the cumulative change in hypothetical interest rate swaps with critical terms that match the credit facility. Effective changes in value are accumulated in other comprehensive income and reclassified to interest expense when the hedged interest is accrued. There was no ineffectiveness from over-performance of the interest rate swaps recorded in interest expense in 2007. Should it become probable that the Company's variable rate borrowings will not occur, the gains or losses on the related cash flow hedges will be reclassified from other comprehensive income to interest expense.

In December 2005 and January 2006, the Company executed pre-issuance cash flow hedges by entering into receive-variable and pay-fixed interest rate swaps related to the anticipated debt issuance in March 2006. Effective amounts collected in other comprehensive income will continue to be reclassified to income on a straight line basis through February 2016.

Source: DIEBOLD INC, 10-K, September 30, 2008

The following table summarizes impact of interest rate cash flow hedges on other comprehensive income (loss) (pre-tax) in 2007:

Interest Rate Hedge	
January 1, 2007	$ 3,996
Net change on cash flow hedge	(1,654)
Reclassification to interest expense	(672)
December 31, 2007	$ 1,670

The Company anticipates reclassifying $31 of the gain in other comprehensive income to interest expense within the next 12 months.

NOTE 19: RESTRUCTURING CHARGES

During 2005, the company initiated a restructuring plan for its manufacturing and service operations, primarily in Western Europe, to remove its excess capacity. The Company also initiated a separate restructuring plan for the announced closing of its Danville, Virginia manufacturing operations. Total costs to be incurred in the plans were anticipated to be approximately $30,000. During 2005, $39,028 was expensed with an accrual of approximately $3,397 as of December 31, 2005. The restructuring charges were incurred as follows: $13,688 against product cost of sales; $4,431 against service cost of sales and $20,909 against selling, general and administrative and other costs. The restructuring charges for 2005 were $16,442 in DNA, $21,410 in DI, and $1,176 in ES & Other . The charges were comprised primarily of severance and other employee costs associated with staff reductions. Staff reductions resulted in approximately 300 involuntary employee terminations.

During 2006, the Company initiated an additional restructuring plan related to realignment of its global research and development efforts. Total pre-tax costs to be incurred related to research and development realignment were anticipated to be approximately $12,400. In addition to this plan, during the second quarter of 2006, the company incurred restructuring charges related to the termination of an IT outsourcing agreement and product development rationalization.

Full year restructuring charges in 2006 were $26,977. This included charges of $12,474 primarily associated with the consolidation of global R&D facilities and other service consolidations, $7,000 from the termination of the IT outsourcing agreement, $3,017 for realignment of the Company's global manufacturing operations, $3,486 of other restructuring charges related to the company's relocation of its European headquarters and $1,000 for product development rationalization. The accrual balance as of December 31, 2006 was $7,510. Restructuring charges were incurred as follows: $3,299 related to product cost of sales, $3,959 related to service cost of sales and $19,719 related to operating expenses and other costs. The restructuring charges for 2006 were $19,643 in DI, $6,759 in DNA and $575 related to ES & Other. The restructuring charges were mainly related to severance and other employee costs associated with staff reductions and contract termination fees. Staff reductions resulted in approximately 320 involuntary employee terminations.

During the first quarter of 2006, the Company announced a plan (DCM plan) to close its production facility in Cassis, France in an effort to optimize its global manufacturing operations. As of December 31, 2007, the Company anticipates remaining total costs related to the closure of this facility to be approximately $2,594. For the year ended December 31, 2007, the Company incurred $26,409 through product cost of sales and $6 through operating expenses, offset by the $6,438 gain from the second quarter sale

Source: DIEBOLD INC, 10-K, September 30, 2008

of the Cassis, France production facility included in gain (loss) on sale of assets, net. Total restructuring charges incurred to date under the DCM plan are $26,415, offset by the $6,438 gain which is included in the (gain) loss on sale of assets.

During the year ended December 31, 2007, the Company identified one hundred twenty-five Cassis employees to be terminated. The Company expects the DCM restructuring plan, including all terminations, to be substantially complete by the end of the second quarter of 2008.

There were no restructuring expenses related to the Company's DNA or ES & Other operating segments during the year ended December 31, 2007. During the third quarter of 2007, DI announced plans to downsize its operations in Germany (Germany plan) in an effort to remove excess capacity. As of December 31, 2007, the Company anticipates remaining total costs to be incurred of approximately $3,365. For the year ended December 31, 2007, total Germany plan restructuring expenses incurred to date were $940 through product cost of sales, $1,319 through service cost of sales, and $965 through operating expenses. The Company identified twenty-five employees to terminate. The Company expects the Germany restructuring plan, including all terminations, to be substantially complete by the end of the first quarter of 2008. The accrual balance as of December 31, 2007 was immaterial to the Company.

Restructuring expenses for the DI operating segment by cost category are presented in the following table:

	DI
Costs incurred for the twelve months ended December 31, 2007:	
Employee severance costs	$ 16,880
Other	9,535
Total costs incurred	$ 26,415
Gain on sale of building	(6,438)
Total net costs incurred	$ 19,977
Expected remaining costs at December 31, 2007:	
Employee severance costs	$ 2,137
Other(1)	457
Total Expected Costs	$ 2,594

(1) Other costs include legal and contract termination fees, asset impairment costs, and costs to transfer usable inventory and equipment.

The restructuring accrual related to the DCM plan is presented in the following table:

	Balance January 1, 2007	Liabilities Incurred	Liabilities Paid/(Settled)	Adjustments(2)	Balance Dec 31, 2007
Employee severance costs	$ —	$ 16,880	$ (14,871)	$ 506	$ 2,515
Other(1)	—	9,535	(6,872)	239	2,902
Total costs	$ —	$ 26,415	$ (21,743)	$ 745	$ 5,417

(1) Other costs include legal and contract termination fees, asset impairment costs, and costs to transfer usable inventory and equipment.

(2) Foreign currency translation.

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTE 20: DISCONTINUED OPERATIONS

The assets related to the Company's campus card systems business were considered held-for-sale as of June 30, 2005; therefore, the Company has presented these operations as discontinued in the consolidated statements of income for all periods presented herein in accordance with SFAS 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. In July 2005, the Company sold the campus card system business for $38,050, which consisted of $29,350 in cash and a promissory note of $8,700. The resulting gain on the sale was $9,264, net of tax in 2005 and is reported in income from discontinued operations.

NOTE 21: QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Unaudited Quarterly Results — The following table presents selected unaudited Consolidated Statements of Income data for each quarter for the year ended December 31, 2007 as described in Note 2:

	Year ended December 31, 2007			
	First Quarter		Second Quarter	Third Quarter	Fourth Quarter
	As Reported	As Restated			
Net sales	$ 628,444	$ 646,286	$ 695,185	$ 740,853	$ 882,513
Gross profit	$ 120,186	$ 129,877	$ 163,998	$ 177,059	$ 212,916
Net income (loss)	$ (5,885)	$ 1,634	$ 19,818	$ 28,149	$ (10,059)
Basic earnings (loss) per share	$ (0.09)	$ 0.02	$ 0.30	$ 0.43	$ (0.15)
Diluted earnings (loss) per share	$ (0.09)	$ 0.02	$ 0.30	$ 0.42	$ (0.15)
Basic weighted-average shares outstanding	65,673	65,673	65,793	65,926	65,966
Diluted weighted-average shares outstanding	66,156	66,468	66,829	66,985	66,513

The following table presents selected unaudited Consolidated Statements of Income data for each quarter for the year ended December 31, 2006 as described in Note 2 to Consolidated Financial Statements:

	Year ended December 31, 2006							
	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated
Net sales	$ 623,691	$ 664,145	$ 726,396	$ 735,264	$ 730,739	$ 726,682	$ 825,406	$ 813,519
Gross profit	$ 144,873	$ 159,244	$ 174,426	$ 177,192	$ 182,092	$ 188,404	$ 209,127	$ 212,749
Net income	$ 12,701	$ 23,359	$ 17,222	$ 21,522	$ 29,542	$ 32,657	$ 27,082	$ 27,014
Basic earnings per share	$ 0.19	$ 0.34	$ 0.26	$ 0.32	$ 0.45	$ 0.50	$ 0.41	$ 0.41
Diluted earnings per share	$ 0.18	$ 0.34	$ 0.26	$ 0.32	$ 0.45	$ 0.49	$ 0.41	$ 0.41
Basic weighted-average shares outstanding	68,534	68,534	67,035	67,035	65,627	65,627	65,525	65,525
Diluted weighted-average shares outstanding	68,840	69,245	67,439	67,844	66,020	66,424	66,102	66,470

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

The following tables present the impact of the restatement adjustments described in Note 2 to Consolidated Financial Statements to Diebold's previously reported net earnings for the first quarter of the year ended December 31, 2007 and for each quarter in the year ended December 31, 2006.

	Quarter ended March 31, 2007
	First Quarter
Net income (loss) (As Reported)	$ (5,885)
Revenue Recognition — Bill & Hold	9,379
Revenue Recognition — Other	797
Account Reconciliations	(2,538)
Inventory	1,507
Capitalization	(1,240)
Other	(1,409)
Provision for income tax	1,024
Net Impact of Adjustments	7,520
Net income (As Restated)	$ 1,635

	Year ended December 31, 2006			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net income (As Reported)	$ 12,701	$ 17,222	$ 29,542	$ 27,082
Revenue Recognition — Bill & Hold	7,854	(1,141)	(3,290)	(1,841)
Revenue Recognition — Other	1,980	1,695	2,247	(3,186)
Account Reconciliations	5,650	(277)	9,245	3,203
Inventory	1,443	3,841	197	579
Capitalization	(1,182)	(140)	(1,430)	3,089
Other	868	2,263	(635)	934
Provision for income tax	(5,955)	(1,941)	(3,219)	(2,846)
Net Impact of Adjustments	10,658	4,300	3,116	(68)
Net income (As Restated)	$ 23,359	$ 21,522	$ 32,657	$ 27,014

Source: DIEBOLD INC, 10-K, September 30, 2008

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(in thousands, except per share amounts)

The following table presents selected unaudited Consolidated Balance Sheet data for each quarter for the year ended December 31, 2007 as described in Note 2 to Consolidated Financial Statements:

	Year ended December 31, 2007				
	First Quarter		Second Quarter	Third Quarter	Fourth Quarter
	As Reported	As Restated			
	(In millions)				
Current assets	$ 1,454	$ 1,559	$ 1,580	$ 1,646	$ 1,631
Noncurrent assets	952	914	949	981	1,000
Total assets	2,406	2,473	2,529	2,626	2,631
Current liabilities	615	785	814	804	751
Noncurrent liabilities	690	680	666	741	765
Shareholders' equity	1,101	1,008	1,049	1,082	1,115
Total liabilities and shareholders' equity	$ 2,406	$ 2,473	$ 2,529	$ 2,626	$ 2,631

The following table presents selected unaudited Consolidated Balance Sheet data for each quarter for the year ended December 31, 2006 as described in Note 2 to Consolidated Financial Statements:

	Year ended December 31, 2006							
	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated
	(In millions)							
Current assets	$ 1,621	$ 1,713	$ 1,509	$ 1,597	$ 1,512	$ 1,607	$ 1,596	$ 1,694
Noncurrent assets	902	847	945	891	954	900	918	903
Total assets	2,523	2,560	2,454	2,488	2,466	2,507	2,514	2,597
Current liabilities	594	768	617	783	598	761	599	782
Noncurrent liabilities	796	749	760	712	790	742	824	817
Shareholders' equity	1,133	1,043	1,077	993	1,078	1,004	1,091	998
Total liabilities and shareholders' equity	$ 2,523	$ 2,560	$ 2,454	$ 2,488	$ 2,466	$ 2,507	$ 2,514	$ 2,597

NOTE 22: SUBSEQUENT EVENTS

The Company has previously announced that it had identified a series of actions that it planned to initiate during 2008 in order to realign its global manufacturing footprint, including a transition from a four-plant global Opteva production footprint down to two plants. While the Company is still finalizing its plans in connection with this manufacturing realignment, on August 11, 2008, the Company notified its employees and the union representing the bargaining unit at its Newark, Ohio-area manufacturing facility that it intends to close this operation and move all of its production to the Company's plant in Lexington, North Carolina. As a result of this planned closure, the Company is anticipating total restructuring charges of approximately $12,000, consisting of approximately $11,000 in cash charges and approximately $1,000 in non-cash charges. The cash charges consist primarily of employee separation charges, including pension obligations, while the non-cash charges consist primarily of charges to reduce select property, plant and equipment to their net realizable value. The Company also expects a small gain of approximately $1,000 to

Source: DIEBOLD INC, 10-K, September 30, 2008

$2,000 in connection with the potential subsequent sale of the facility that will partially offset the restructuring charges. The Company anticipates the product relocation and employee reductions to begin in October 2008, and that the Newark-area facility will be closed no later than the end of the first quarter of 2009. The job eliminations associated with this planned closing will be included in the global workforce reduction target that was announced on February 6, 2008.

As previously disclosed, five shareholder lawsuits were filed against the Company and certain current and former officers and directors in 2005 and 2006, alleging violations of the federal securities laws. The complaints sought unspecified compensatory damages, attorney's fees and extraordinary equitable and/or injunctive relief. The cases were consolidated into a single proceeding in the Northern District of Ohio, captioned *In re Diebold, Inc. Securities Litigation.* On August 22, 2008, the court granted the Company's motion to dismiss the consolidated cases, and entered a judgment in favor of the Company and the other defendants, dismissing the complaint with prejudice; however, the plaintiffs have filed a notice of appeal. A separate class action against the Company and certain current and former officers and directors filed by participants in the Company's 401(k) plan, alleging breaches of duties under the Employee Retirement Income Security Act of 1974, remains outstanding.

The Company filed a lawsuit on May 30, 2008 against the Board of Elections of Cuyahoga County, Ohio, the Board of County Commissioners of Cuyahoga County, Ohio, Cuyahoga County, Ohio (collectively, the County), and Ohio Secretary of State Jennifer Brunner (Secretary) regarding several Ohio contracts under which the Company provided electronic voting systems and related services to the State of Ohio and a number of its counties. The lawsuit was precipitated by the County's threats to sue the Company for unspecified damages. The complaint seeks a declaration that the Company met its contractual obligations. In response, on July 15, 2008, the County filed an answer and counterclaim alleging that the voting system was defective and seeking declaratory relief and unspecified damages under several theories of recovery. The Secretary has also filed an answer and counterclaim seeking declaratory relief and unspecified damages under a number of theories of recovery.

Source: DIEBOLD INC, 10-K, September 30, 2008

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A: CONTROLS AND PROCEDURES

This annual report includes the certifications of our CEO and CFO required by Rule 13a-14 of the Exchange Act. See Exhibits 31.1 and 31.2. This Item 9A includes information concerning the controls and control evaluations referred to in those certifications.

BACKGROUND OF RESTATEMENT

In the first quarter of 2006, the Division of Enforcement of the SEC initiated an informal inquiry into certain of the Company's accounting and financial reporting matters and requested the Company provide certain documents and information, specifically related to its practice of recognizing certain revenue on a bill and hold basis.

In the third quarter of 2006, the Company was informed that the SEC's previous informal inquiry related to revenue recognition had been converted to a formal, non-public investigation.

On July 25, 2007, the Company announced that it would delay the release of its earnings results for the quarter ended June 30, 2007, as well as the filing of its quarterly report on Form 10-Q for that quarter, while the Company sought guidance from the OCA as to the Company's revenue recognition policy. The guidance sought related to the Company's long-standing practice of recognizing certain revenue on a bill and hold basis within its North America business segment.

On October 2, 2007, the Company announced it was discontinuing the use of bill and hold as a method of revenue recognition in both its North America business segment and its International businesses.

On December 21, 2007, the Company announced that, in consultation with outside advisors, it was conducting an internal review into certain accounting and financial reporting matters, including, but not limited to, the review of various balance sheet accounts such as prepaid expenses, accrued liabilities, capitalized assets, deferred revenue and reserves within both the Company's North America and International businesses. The review was conducted primarily by outside counsel of the Company and was done in consultation with and participation by the Company's internal audit staff and management, as well as outside advisors including forensic accountants and independent legal counsel to the Audit Committee.

During the course of the review, certain questions were raised as to certain prior accounting and financial reporting items in addition to bill and hold revenue recognition, including whether the prepaid expenses, accrued liabilities, capitalized assets, deferred revenue and reserves had been recorded accurately and timely. Accordingly, the scope of the review was expanded beyond the initial revenue recognition issues to include these additional items. This review has been completed as of the date of the filing of this annual report.

On January 15, 2008, the Company announced that it had concluded its discussion with the OCA and, as a result of those discussions, the Company determined that its previous long-standing method of accounting for bill and hold transactions was in error, representing a misapplication of GAAP. In addition, the Company disclosed that revenue previously recognized on a bill and hold basis would be recognized upon customer acceptance of products at a customer location. Management of the Company determined that this corrected method of recognizing revenue would be adopted retroactively after an in-depth analysis and review with its outside auditors, KPMG, an independent registered public accounting firm, the Audit Committee of the Company's Board of Directors and the OCA.

Accordingly, management concluded that previously issued financial statements for the fiscal years ended December 31, 2006, 2005, 2004, and 2003; the quarterly data in each of the quarters for the years ended December 31, 2006 and 2005; and the

Source: DIEBOLD INC, 10-K, September 30, 2008

quarter ended March 31, 2007, must be restated and should no longer be relied upon. As a result, the Company has restated its previously issued financial statements for those periods. Restated financial information is presented in this annual report.

(A) DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the CEO and CFO as appropriate, to allow timely decisions regarding required disclosures.

In connection with the preparation of this annual report, Diebold's management, under the supervision and with the participation of the CEO and CFO, conducted an evaluation of disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, including restatement of previously issued financial statements described above and the identification of certain material weaknesses in internal control over financial reporting, discussed in detail below, the CEO and CFO concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2007, and through the date of this filing. Certain material weaknesses described below have not been remediated.

Nevertheless, based on a number of factors, including the completion of the Company's internal review, internal procedures that identified revisions to previously issued financial statements and the performance of additional procedures by management designed to ensure the reliability of financial reporting, the Company's management believes that the consolidated financial statements fairly present, in all material respects, the Company's financial position, results of operations and cash flows as of the dates, and for the periods, presented, in conformity with GAAP.

(B) MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, under the supervision of the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act, is a process designed by, or under the supervision of, the CEO and CFO and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with GAAP. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP;
- provide reasonable assurance that receipts and expenditures of the Company are being made only in accordance with appropriate authorization of management and the board of directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting can also be circumvented by collusion or improper override. Because of such limitations, there is a risk that material misstatements will not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate the risk.

Source: DIEBOLD INC, 10-K, September 30, 2008

A material weakness in internal control over financial reporting is defined by the SEC as being a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

As stated above in connection with the preparation of this annual report, management under the supervision and with the participation of our CEO and CFO, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2007 based on the criteria established in the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As a result of that evaluation, management identified control deficiencies as of December 31, 2007 that constituted material weaknesses, and accordingly, the CEO and CFO concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2007. Management identified the following control deficiencies as of December 31, 2007 that constituted material weaknesses:

DESCRIPTION OF MATERIAL WEAKNESSES

Control Environment: The Company's control environment was not effective at establishing sufficient control consciousness or the appropriate culture to promote the consistent application of accounting policies and procedures, adherence to GAAP, and the importance of effective internal control over financial reporting. This material weakness contributed to the material weaknesses noted below.

Selection, Application and Communication of Accounting Policies: The Company's policies and procedures for the selection of accounting policies and the communication of those accounting policies to the Company's personnel for consistent application were ineffective. This material weakness results from insufficient accounting and finance personnel with skills, knowledge, and training in GAAP in light of the Company's geographic dispersion of the Company's operations, decentralization of accounting functions, and disparity in accounting systems. This material weakness resulted in additional material weaknesses in the accounting for certain revenue transactions under SAB 104 and inventory valuation that arise from policies and procedures that do not effectively apply GAAP in the Company's financial statements. These material weaknesses resulted in material errors in the preparation of the Company's financial statements.

Monitoring: The Company did not maintain monitoring activities that were effective at ensuring that breakdowns in the operation of controls at the individual business units are detected and corrected on a timely basis. This material weakness led to the failure to detect deficiencies in the compliance with the Company's policies and procedures on a timely basis, including balance sheet account review controls operated by business unit personnel. Specifically, certain asset and accrual accounts were recorded and reconciled by numerous individual business units without a review or reconciliation at a higher level on a total account basis. This material weakness resulted in material errors in the preparation of the Company's financial statements.

Manual Journal Entries: The Company did not maintain effective policies and procedures over non-recurring manual journal entries. Specifically, effective policies and procedures were not in place to ensure that non-recurring manual journal entries were accompanied by sufficient supporting documentation, that supporting documentation was properly retained, and that these journal entries were adequately reviewed and approved. This material weakness resulted in material errors in the Company's financial statements.

Contractual Agreements: The Company did not have appropriate policies and procedures to ensure that non-routine contractual agreements or supporting information with financial reporting implications are received completely or in a timely manner by accounting personnel. This material weakness resulted in material errors in the presentation and disclosure of certain acquisitions, divestitures, sales arrangements and legal matters.

Account Reconciliations: The Company's policies and procedures did not adequately address the steps necessary for an adequate reconciliation, the supporting documentation that should be maintained, the timing of the performance or their review and approval. This resulted in material weaknesses in the Company's policies and procedures with respect to account reconciliations for accounts receivable, inventory, other assets, accounts payable, accrued expenses, deferred revenue, and

Source: DIEBOLD INC, 10-K, September 30, 2008

intercompany accounts. These deficiencies give rise to a reasonable possibility of a material error occurring in each of these accounts and not being prevented or detected on a timely basis and resulted in material errors in the Company's financial statements.

These material weaknesses resulted in material errors and in the restatement of Diebold's historical financial statements and resulted in errors in the Company's preliminary 2007 financial statements. KPMG, who audited the Company's financial statements for the year ended December 31, 2007, issued an attestation report on the Company's internal control over financial reporting, which report is set forth on page 50 of this annual report and incorporated in this Item 9A by reference.

(C) CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Other than disclosed below there are no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15 and 15d-15 that occurred during the quarter and year ended December 31, 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

During the quarter and year ended December 31, 2007, management continued the process of implementing certain of the remediation measures described below including (a) development and execution of portions of a specific and targeted communication plan involving the executive leadership and the Board of Directors, (b) certain personnel actions, (c) implementation of the revised revenue recognition policy, (d) the establishment of more rigorous financial reporting policies, procedures and processes involving the review and approval of account reconciliations, journal entries, and corresponding supporting documentation, (e) the design and implementation of training programs, (f) an increased emphasis by the corporate accounting, internal audit and finance controls compliance groups on reviewing key accounting controls and process, including documentation requirements, and (g) engaging expert accounting consultants to assist management with the implementation and optimization of controls, the documentation of complex accounting transactions and the reconciliation of deferred revenue accounts. Management continued to implement these remediation measures during the quarter ended December 31, 2007.

Diebold's management believes the remediation measures described below will remediate the identified control deficiencies and strengthen the Company's internal control over financial reporting. As management continues to evaluate and work to improve its internal control over financial reporting, it may be determined that additional measures must be taken to address control deficiencies or it may be determined that the Company needs to modify, or in appropriate circumstances not to complete, certain of the remediation measures described below.

(D) REMEDIATION STEPS TO ADDRESS MATERIAL WEAKNESSES

In response to the material weaknesses above, management, along with the CEO and CFO, proposed and began the implementation of several key initiatives and remediation efforts to address the material weaknesses, as well as other areas of identified risk. These remediation efforts, outlined below, are intended both to address the identified material weaknesses and to enhance the Company's overall financial control environment.

Control Environment: Commencing in 2006, major efforts have been made by current senior executives to communicate and establish an effective culture and tone necessary to support the Company's control environment. Substantial progress has been made in addressing the remediation of this weakness at all levels within the Company, but ongoing efforts were still in process as of December 31, 2007. In order to reinforce an environment of strong consciousness and the appropriate culture within the Company to ensure the consistent application of accounting policies, adherence with GAAP, and the importance of internal control over financial reporting, management has developed and executed portions of a specific and targeted communication plan involving the executive leadership and the Board of Directors. These communications are focused on setting the tone and highlighting the requirements and expectations for all employees related to financial reporting controls compliance, personnel responsibilities, processes and avenues for reporting suspected violations of the Code of Conduct, and mechanisms to answer questions and address potential concerns. In addition, the Company's executives will be required to attend educational courses that will focus on executive fiduciary responsibilities and duties relating to financial reporting and controls.

Source: DIEBOLD INC, 10-K, September 30, 2008

Selection, Application and Communication of Accounting Policies: Management has made some personnel changes in the accounting and financial reporting functions. Actions have been taken, related to appropriate remedial actions with respect to certain employees, including terminations, reassignments, reprimands, increased supervision, and the imposition of financial penalties in the form of compensation adjustments. In addition, management will continue to enhance its accounting and finance organization personnel to better align individuals with job responsibilities commensurate with skills sets, experience, and capabilities. The Company is also evaluating the structure of the finance department, to further align and segregate, where necessary, the responsibilities within the accounting, financial reporting, planning and forecasting responsibilities. In addition, the Company is continuing to recruit additional qualified senior accounting personnel for the accounting and finance departments, including certified public accountants with public accounting firm experience, and designing and implementing retention programs to ensure that personnel with this background and experience can be retained. Management also is implementing training programs that are designed to ensure that the Company's personnel have knowledge, experience and training in the application of GAAP commensurate with the Company's financial reporting requirements.

In 2007, management began expansion of its existing accounting policies and procedures manual, and issued several new policies. To date, these policies and procedures address account reconciliations, manual journal entries, fixed assets, non-routine contractual agreements, and access to financial information systems. Management will expand, strengthen and distribute a financial and accounting policies and procedures manual that will specifically address revenue recognition, recording of expenses, recording and valuation of assets, accruals and reserves and other accounting matters. In addition, in 2007, management increased the focus and expanded testing by internal audit and the financial controls compliance group on the review and monitoring of key accounting processes, including journal entries, account reconciliations and their corresponding supporting documentation and the review of complex accounting areas, including revenue recognition. Management will continue this increased focus and expanded testing of controls compliance related to these key accounting processes in 2008.

Starting in August 2007, management conducted training courses for numerous accounting and finance personnel regarding accounting policies, account reconciliations and revenue recognition. Management will continue to identify, develop and deliver targeted training, as necessary, to global accounting and finance personnel on current financial accounting issues and policies, internal controls and GAAP compliance, including specific revenue recognition training. This training will cover proper capitalization of assets, including inventory and accrual of costs. Finally, the training will also include the fundamentals of accounting and financial reporting matters, including accounting policies, financial reporting requirements, account reconciliations, documentation requirements, and other specific areas of financial reporting.

In January 2008, management formed a multi-discipline project team that has implemented procedures and proper financial controls related to compliance with the revised revenue recognition policy to ensure revenue is properly recognized.

Monitoring: Management continues to enhance its accounting and finance processes and structure to facilitate completion of detailed analytical reviews of the consolidated balance sheet at a financial statement line item level. This process will include an additional review separate from the account owner or business unit personnel at a level of precision that is designed to detect a breakdown in controls which could lead to errors that could be material. The process includes a review to identify inconsistencies in application of GAAP, reporting misclassifications of balances and/or validates that variances in balance sheet accounts are consistent with fluctuations in related income statement accounts.

Manual Journal Entries: In October 2007, management established a global journal entry accounting policy governing requirements for support, review and approval of non-recurring manual journal entries. This policy was established to ensure accuracy and completeness of non-recurring manual journal entries on a global basis, and implemented authorization levels for the approval of non-recurring manual journal entries that includes the review of certain material non-recurring manual journal entries by the Vice President — Corporate Controller and/or CFO. Compliance with this policy will be tested on a regular basis by the financial controls compliance group. In addition, management is reviewing the utilization of the systematic application control of journal entry approvals within its ERP system.

Source: DIEBOLD INC, 10-K, September 30, 2008

Contractual Agreements: Management continues to evaluate and enhance controls to develop a more formalized process for monitoring, updating, and disseminating non-routine contractual agreements to facilitate a complete and timely review by accounting personnel. Additional controls include the implementation of a global contractual agreement database related to existence, completeness, approval, and retention of global contractual agreements amongst the various departments.

Account Reconciliations: In 2006, 2007 and 2008, management engaged expert accounting consultants to assist management with the implementation and optimization of financial controls in various areas including the administration of existing controls and procedures, the documentation of complex accounting transactions and the reconciliation of deferred revenue accounts. In August 2007, management established a global account reconciliation policy governing account reconciliation content, format, review and approval procedures. Compliance with this policy will be tested on a regular basis by the financial controls compliance group. In December 2007, management began implementing a global account reconciliation compliance monitoring tool related to existence, completeness, accuracy and retention of account reconciliations. To date, approximately 80% of the total balance sheet account reconciliations prepared in the United States are monitored utilizing this tool. Global deployment of this tool is contemplated by the end of 2009. In the meantime, management utilizes manual monitoring processes to ensure that reconciliations are completed, reviewed and approved in a timely fashion.

The material weaknesses identified by management and discussed above are not fully remediated as of the date of the filing of this annual report. Substantive procedures have been performed by the Company in consultation with external accounting advisors to ensure the underlying transactions within this annual report are supported and the financial statements are fairly stated as of the date of the filing of this annual report. The Audit Committee has directed management to develop a detailed plan and timetable for the implementation of the above-referenced remedial measures, to the extent not already complete, and will monitor their implementation. In addition, under the direction of the Audit Committee, management will continue to review and make necessary changes to the overall design of the internal control environment, as well as policies and procedures to improve the overall effectiveness of internal control over financial reporting.

ITEM 9B: OTHER INFORMATION

None.

Source: DIEBOLD INC, 10-K, September 30, 2008

Part III

ITEM 10: DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table summarizes information regarding directors of the Company:

Name, Term and Age	Position, Principal Occupation, Business Experience Last Five Years and Directorships
Louis V. Bockius III Director since: 1978 Age — 73	Retired Chairman, Bocko Incorporated, North Canton, Ohio; Prior — Chairman, Bocko Incorporated, North Canton, Ohio (Plastic Injection Molding).
Phillip R. Cox Director since: 2005 Age — 60	President and Chief Executive Officer, Cox Financial Corporation, Cincinnati, Ohio (Financial Planning and Wealth Management Services). Director of Cincinnati Bell Inc., The Timken Company and Touchstone Investments.
Richard L. Crandall Director since: 1996 Age — 65	Managing Partner, Aspen Partners LLC, Aspen, Colorado (Private Equity); Chairman, Enterprise Software Roundtable, Aspen, Colorado (CEO Roundtable for Software Industry); Non-executive Chairman of the Board, Novell, Inc., Waltham, Massachusetts (IT Management Software); Prior — Non-executive Chairman of the Board, Giga Information Group, Inc., Cambridge, Massachusetts (Global Technology Advisory Firm). Director of Dreman Claymore Dividend & Income Fund and Novell, Inc.
Gale S. Fitzgerald Director since: 1999 Age — 57	Director, TranSpend, Inc., Bernardsville, New Jersey (Total Spend Optimization); Prior — President and CEO, QP Group, Inc., Parsippany, New Jersey (Procurement Solutions). Director of Health Net, Inc. and Cross Country Healthcare, Inc.
Phillip B. Lassiter Director since: 1995 Age — 65	Retired Chairman of the Board and Chief Executive Officer, Ambac Financial Group, Inc., New York, New York (Financial Guarantee Insurance Holding Company).
John N. Lauer Director since: 1992 Age — 69	Non-executive Chairman of the Board, Diebold, Incorporated, Canton, Ohio; Retired Chairman of the Board, Oglebay Norton Co., Cleveland, Ohio; Prior — Chairman of the Board and Chief Executive Officer, Oglebay Norton Co., Cleveland, Ohio (Industrial Minerals).
Eric J. Roorda Director since: 2001 Age — 57	President, Procomp Agropecuária Ltda, São Paulo, Brazil (Agribusiness); Prior — Chairman of the Board and President, Procomp Amazônia Indústria Eletronica, S.A., São Paulo, Brazil (Banking and Electoral Automation).
Thomas W. Swidarski Director since: 2005 Age — 49	President and Chief Executive Officer, Diebold, Incorporated, Canton, Ohio; Prior — President and Chief Operating Officer; Senior Vice President, Global Financial Self-Service; Senior Vice President, Strategic Development & Global Marketing; Vice President, Global Marketing, Diebold, Incorporated, Canton, Ohio.
Henry D. G. Wallace Director since: 2004 Age — 62	Former Group Vice President and Chief Financial Officer, Ford Motor Company (Automotive Industry). Director of Hayes Lemmerz International Inc., Ambac Financial Group, Inc. and Lear Corporation.
Alan J. Weber Director since: 2005 Age — 59	CEO, Weber Group LLC, Greenwich, Connecticut (Investment Consulting); Retired Chairman and Chief Executive Officer, U.S. Trust Corporation, New York, New York (Financial Services Business). Director of Broadridge Financial Solutions, Inc.

Source: DIEBOLD INC, 10-K, September 30, 2008

CONSIDERATION OF DIRECTOR NOMINEES

SHAREHOLDER NOMINEES

The policy of the Board Governance Committee is to consider properly submitted shareholder nominations for candidates for membership on the Board as described below under *"Identifying and Evaluating Nominees for Directors."* In evaluating such nominations, the Board Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board and to address the membership criteria set forth below under *"Director Qualifications."*

Any shareholder nominations proposed for consideration by the Board Governance Committee should include:

- complete information as to the identity and qualifications of the proposed nominee, including name, address, present and prior business and/or professional affiliations, education and experience, and particular fields of expertise;
- an indication of the nominee's consent to serve as a director of the Company if elected; and
- the reasons why, in the opinion of the recommending shareholder, the proposed nominee is qualified and suited to be a director of the Company.

Shareholder nominations should be addressed to Diebold, Incorporated, 5995 Mayfair Road, P.O. Box 3077, North Canton, Ohio 44720-8077, Attention: Corporate Secretary.

DIRECTOR QUALIFICATIONS

In evaluating director-nominees, the Board Governance Committee considers such factors as it deems appropriate, consistent with the Company's Corporate Governance Guidelines and other criteria established by the Board. The Board Governance Committee's goal in selecting directors for nomination to the Board is generally to seek to create a well-balanced team that combines diverse experience, skill and intellect of seasoned directors in order to enable the Company to pursue its strategic objectives.

The Board Governance Committee has not reduced the qualifications for service on the Company's Board to a checklist of specific standards or minimum qualifications, skills or qualities. Rather, the Company seeks, consistent with the vacancies existing on the Company's Board at any particular time and the interplay of a particular candidate's experience with the experience of other directors, to select individuals whose business experience, knowledge, skills, diversity, integrity, and global experience would be considered a desirable addition to the Board and any committees thereof.

In addition, the Board Governance Committee annually conducts a review of incumbent directors using the same criteria as outlined above, in order to determine whether a director should be nominated for re-election to the Board. The Board Governance Committee makes its determinations as to director selection based upon the facts and circumstances at the time of the receipt of the director candidate recommendation. Applicable considerations include:

- whether the Board Governance Committee is currently looking to fill a new position created by an expansion of the number of directors, or a vacancy that may exist on the Board;
- whether the current composition of the Board is consistent with the criteria described in the Company's Corporate Governance Guidelines;
- whether the candidate submitted possesses the qualifications that are generally the basis for selection for candidates to the Board; and
- whether the candidate would be considered independent under the rules of the NYSE and the Company's standards with respect to director independence.

Final approval of any candidate will be determined by the full Board.

Source: DIEBOLD INC, 10-K, September 30, 2008

A copy of the Company's Corporate Governance Guidelines is available on the Company's web site at http://www.diebold.com or by written request to the Corporate Secretary.

IDENTIFYING AND EVALUATING NOMINEES FOR DIRECTORS

The Board Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Board Governance Committee regularly reviews the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise.

In the event that vacancies are anticipated, or otherwise arise, the Board Governance Committee considers various potential candidates for director. Candidates may come to the attention of the Board Governance Committee through current Board members, professional search firms, shareholders or other persons.

As described above, the Board Governance Committee considers properly submitted shareholder nominations for candidates for the Board. Following verification of the recommending shareholder's status, recommendations are considered by the Board Governance Committee at a regularly scheduled meeting.

DIRECTOR COMMITTEES AND COMPOSITION

During 2007, the Board held six meetings. All of the current directors of the Company attended 75 percent or more of the aggregate of all meetings of the Board and the Board committees on which they served during the period. During 2007, the Board had five standing committees: Audit Committee, Board Governance Committee, Compensation Committee, Investment Committee and Information Technology Oversight Committee. Below is a summary of our committee structure and membership information during 2007:

	Audit Committee	Board Governance Committee	Compensation Committee	Investment Committee	IT Oversight Committee
Louis V. Bockius III	●	●			
Phillip R. Cox			●	●	
Richard L. Crandall	●			●	◆
Gale S. Fitzgerald		◆	●		●
Phillip B. Lassiter		●	◆		
John N. Lauer		●	●		
William F. Massy[1] ▯	●			●	●
Eric J. Roorda	●			●	
Henry D. G. Wallace ▯	◆			●	
Alan J. Weber ▯	●			◆	●

◆ Chairperson ● Member ▯ Financial Expert

1 Mr. Massy retired from the Board and did not stand for re-election at our 2007 Annual Meeting.

AUDIT COMMITTEE

This committee is a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The committee's current charter is available on the Company's web site at http://www.diebold.com or by written request to the Corporate Secretary.

Source: DIEBOLD INC, 10-K, September 30, 2008

The current members of the Audit Committee are Henry D. G. Wallace, Chair, Louis V. Bockius III, Richard L. Crandall, Eric J. Roorda and Alan J. Weber, all of whom are independent. In addition, the Board has determined that Messrs. Wallace and Weber are audit committee financial experts. This committee met in person or telephonically six times during 2007, and had informal communications between themselves and management, as well as with the Company's independent auditors, at various other times during the year.

BOARD GOVERNANCE COMMITTEE

This committee's functions include reviewing the qualifications of potential director candidates and making recommendations to the Board to fill vacancies or to expand the size of the Board, when appropriate. This committee also makes recommendations as to the composition of the various committees of the Board and as to the compensation paid to the directors for their services on the Board and on Board committees. The committee's current charter is available on the Company's web site at http://www.diebold.com or by written request to the Corporate Secretary.

The current members of the Board Governance Committee are Gale S. Fitzgerald, Chair, Louis V. Bockius III, Phillip B. Lassiter and John N. Lauer, all of whom are independent. This committee met in person or telephonically four times during 2007.

COMPENSATION COMMITTEE

This committee administers the Company's executive pay program. The role of the committee is to oversee the Company's equity plans (including reviewing and approving equity grants to executive officers) and to annually review and approve all pay decisions relating to executive officers. This committee also assesses achievement of corporate and individual goals, as applicable, by the executive officers under the Company's short-term (annual) and long-term incentive plans. This committee reviews the management succession plan and proposed changes to any benefit plans of the Company such as retirement plans, deferred compensation plans and 401(k) plans. The committee's current charter is available on the Company's web site at http://www.diebold.com or by written request to the Corporate Secretary.

The current members of the Compensation Committee are Phillip B. Lassiter, Chair, Phillip R. Cox, Gale S. Fitzgerald and John N. Lauer, all of whom are independent. This committee met in person or telephonically four times during 2007.

INVESTMENT COMMITTEE

This committee's functions include establishing the investment policies, including asset allocation, for the Company's cash, short-term securities and retirement plan assets, overseeing the management of those assets, ratifying fund managers recommended by management and reviewing at least annually the investment performance of the Company's retirement plans and 401(k) plans to assure adequate and competitive returns. The committee's current charter is available on the Company's web site at http://www.diebold.com or by written request to the Corporate Secretary.

The current members of the Investment Committee are Alan J. Weber, Chair, Phillip R. Cox, Eric J. Roorda and Henry D. G. Wallace. This committee met one time in 2007.

INFORMATION TECHNOLOGY OVERSIGHT COMMITTEE

This committee's functions include overseeing and providing guidance to management with respect to major information technology-related projects and decisions, and advising the Board on information technology-related matters facing the Company.

During 2007, the members of the Information Technology Oversight Committee were Richard L. Crandall, Chair, Gale S. Fitzgerald and Alan J. Weber. This committee met in person or telephonically three times during 2007. In April 2008, the Board decided to discontinue this committee.

Source: DIEBOLD INC, 10-K, September 30, 2008

The following table summarizes information regarding executive officers of the Company:

Name, Age, Title and Year Elected to Present Office	Other Positions Held Last Five Years
Thomas W. Swidarski — 49 President and Chief Executive Officer Year elected: 2005	Oct-Dec 2005: President and Chief Operating Officer; 2001-2005: Senior Vice President, Financial Self-Service Group
Kevin J. Krakora — 52 Executive Vice President and Chief Financial Officer Year elected: 2006	2005-2006: Vice President and Chief Financial Officer; 2001-2005: Vice President and Corporate Controller
George S. Mayes, Jr. — 49 Executive Vice President, Global Operations Year elected: 2008	2006-Apr 2008: Senior Vice President, Supply Chain Management;2005-2006: Vice President, Global Supply Chain Management;2002-2004: Chief Operating Officer, Tinnerman Palnut Engineered Products, Inc.
David Bucci — 56 Senior Vice President, Customer Solutions Group Year elected: 2001	
James L. M. Chen — 48 Senior Vice President, EMEA/AP Divisions Year elected: 2007	2006-Feb 2007: Vice President, EMEA/AP Divisions; 1998-2006: Vice President and Managing Director Asia/Pacific
Charles E. Ducey, Jr. — 52 Senior Vice President, Global Development and Services Year elected: 2006	2005-Jan 2006: Vice President, Global Development and Services;2001-2005: Vice President, Customer Service Solutions Diebold North America
Dennis M. Moriarty — 55 Senior Vice President, Global Security Division Year elected: 2006	2001-2006: Vice President, Global Security Division
Warren W. Dettinger — 54 Vice President and General Counsel Year elected: 2008	Dec 2004-Apr 2008: Vice President, General Counsel and Secretary;1987-2004: Vice President and General Counsel
Sean F. Forrester — 44 Vice President and Chief Information Officer Year elected: 2007	Dec 2006-Sept 2007: Vice President, Information Technology;Mar-Dec 2006: Vice President, Information Technology, SPX Corp. Test & Measurement Group; 2005-2006: Corporate Director IT Planning & Governance, Dana Corp.;2002-2005: Heavy Vehicle Group — SBU IT Director/Division CIO, Dana Corp.
Chad F. Hesse — 36 Corporate Counsel and Secretary Year elected: 2008	2004-Apr 2008: Corporate Counsel and Assistant Secretary;2002-2004: Associate Attorney, Hahn, Loeser & Parks LLP
M. Scott Hunter — 46 Vice President, Chief Tax Officer Year elected: 2006	Jan-Apr 2006: Vice President, Tax;2004-Jan 2006: Senior Tax Director;2003-2004: Director, Tax
John D. Kristoff — 41 Vice President, Chief Communications Officer Year elected: 2006	2005-2006: Vice President, Corporate Communications and Investor Relations;2004-2005: Vice President, Investor Relations;2001-2004: Director, Global Communications
Timothy J. McDannold — 46 Vice President and Treasurer Year elected: 2007	2000-2007: Vice President and Assistant Treasurer
Leslie A. Pierce — 44 Vice President and Corporate Controller Year elected: 2007	Mar 2006-May 2007: Vice President, Accounting, Compliance and External Reporting;1999-Mar 2006: Manager, Special Projects
Sheila M. Rutt — 40 Vice President, Chief Human Resources Officer Year elected: 2005	2002-2005: Vice President, Global Human Resources
Robert J. Warren — 61 Vice President, Corporate Development and Finance Year elected: 2007	1990-Jul 2007: Vice President and Treasurer

There is no family relationship, either by blood, marriage or adoption, between any of the executive officers of the Company.

CODE OF ETHICS

All of the directors, executive officers and employees of the Company are required to comply with certain policies and protocols concerning business ethics and conduct, which we refer to as our Business Ethics Policy. The Business Ethics Policy applies not only to the Company, but also to all of those domestic and international companies in which the Company owns or controls a majority interest. The Business Ethics Policy describes certain responsibilities that the directors, executive officers and employees have to the Company, to each other and to the Company's global partners and communities including, but not limited to, compliance with laws, conflicts of interest, intellectual property and the protection of confidential information. The Business Ethics Policy is available on the Company's web site at http://www.diebold.com or by written request to the Corporate Secretary.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10 percent of the Company's common shares, to file with the SEC reports of ownership of the Company's securities on Form 3 and changes in reported ownership on Form 4 or Form 5. Such directors, executive officers and 10 percent shareholders are also required by SEC rules to furnish the Company with copies of all Section 16(a) forms they file.

Based solely upon a review of the reports furnished to the Company, or written representations from reporting persons that all reportable transactions were reported, the Company believes that during the year ended December 31, 2007, the Company's directors, executive officers and 10 percent shareholders timely filed all reports they were required to file under Section 16(a).

ITEM 11: EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The Company's executive pay program is managed by the Compensation Committee, which we refer to throughout this Item 11 as the Committee. The role of the Committee is to oversee the Company's executive pay plans and policies, administer its stock plans and annually review and make recommendations to the Board for all pay decisions relating to the Company's executives, including the Named Executive Officers (the Chief Executive Officer and the Chief Financial Officer, and the three most highly compensated executive officers of the Company).

The Company's executive pay program is designed to:

- Link the financial interests of executives with those of shareholders through short- (annual) and long-term incentive plans that are clearly tied to corporate, business unit and individual performance.
- Provide a balance of emphasis on both short- and long-term goals.
- Provide a total pay opportunity that is commensurate with the Company's performance and competitive with a relevant peer group of companies.
- Enable the Company to attract, retain and motivate high quality executives.
- Encourage substantial share ownership by executives to foster an ownership culture.

The Company's executive pay program is consistent with these objectives. An overview of this program is described below.

Source: DIEBOLD INC, 10-K, September 30, 2008

EXECUTIVE PAY PROGRAM OVERVIEW

The following table summarizes the key elements of the Company's executive pay program:

Element	Primary Purpose	Factors Increasing or Decreasing Rewards	Target Pay Position Relative to Peer Group
Base Salary	Reward individuals' skills, competencies, experience and performance	• Performance against objectives • Individual responsibilities and experience level • Performance of the Company	Below median in order to emphasize variable pay components
Annual Cash Bonuses	Motivate and reward achievement of annual financial objectives and individual goals	• Corporate earnings per share, or EPS • Achievement of individual financial and non-financial goals	Above median to bring total cash compensation at or around median, at target performance
Long-Term Incentives			
Performance Shares	Incentivize performance and achievement of strategic goals over a three-year period	• Total shareholder return, or TSR, relative to peers and S&P 400 Mid-Caps	Total potential value is above median to provide competitive total pay and build ownership. Value is typically delivered in the form of:
Stock Options	Incentivize increase in shareholder value	• Stock price growth	• Approximately 50 percent performance shares at target results • Approximately 50 percent options, valued using the Black-Scholes method
Benefits and Perquisites	Provide for basic life and income security needs	• Years of service	Median levels
Change-in-Control Benefits	Bridge to future employment if employment is terminated	• None; only paid in the event the executive's employment is terminated	Below median levels

The mix of base salary, annual cash bonuses and long-term incentives noted in the above table, which we refer to throughout this Compensation Discussion and Analysis as total pay, makes up the Company's executive pay program. In addition to the pay elements noted in the above table, the Company occasionally awards special grants of restricted stock or restricted stock units in cases of the hiring, promotion and retention of executives. In order to confirm the continued appropriateness of each element of the Company's executive pay program, the Committee annually reviews the pay practices of similar size peer companies in related industries.

MARKET BENCHMARKING OF EXECUTIVE PAY

In setting pay for executives, including the Named Executive Officers, the Company targets total pay at the middle of a peer group of companies, which we refer to throughout this Compensation Discussion and Analysis as the Peer Group. However, actual pay can vary significantly from year-to-year and between individuals within a given year based on corporate and individual performance, and experience.

Source: DIEBOLD INC, 10-K, September 30, 2008

The Committee reviews Peer Group practices annually for total pay and periodically for new pay elements or emerging trends. In addition to Peer Group data, the Committee also reviews data obtained from nationally recognized compensation surveys for a broad range of companies of comparable size and similar revenue. This additional information helps confirm Peer Group results and represents the broader market in which the Company competes for senior executives. In 2007, the Company developed data from both sources to benchmark all elements of total pay, as well as for retirement practices.

Peer Group

Each year the Committee also reviews the Peer Group itself, as companies may get merged, acquired, liquidated or otherwise disposed of, or may no longer be deemed to adequately represent the Company's peers in the market.

Several factors are used to select Peer Group companies:

- Company size: revenue, employees and market capitalization.
- Products: capital equipment, technologically advanced systems and repair or maintenance services to such equipment or systems.
- Markets: banking, financial services, health care, education, government, utilities and retail.
- Global operations.

At the beginning of 2007, the Peer Group consisted of 31 companies; however, during 2007, several companies in the Peer Group merged or were otherwise removed due to changes in their business condition, leaving the Peer Group at 28 companies as of December 31, 2007. The Company believes that this group fairly represents the companies with which it competes for executive talent. The Peer Group also serves as one of the indexes used to assess the Company's TSR as part of its performance share plan.

During 2007, the following companies made up the Peer Group and, as such, served as the primary basis for benchmarking the Company's pay levels and practices:

Peer Group:

Affiliated Computer
Ametek
Benchmark Electronics
Cooper Industries
Corning
Crane
Deluxe
Donaldson
Dover
Fiserv
FMC Technologies
Harris
Hubbell
International Game Technology
Lennox
Mettler-Toledo
NCR
Pall
PerkinElmer
Pitney Bowes
Rockwell Automation
Rockwell Collins
Sauer Danfoss
Teleflex
Thermo Fisher Scientific
Thomas & Betts
Unisys
Varian Medical

Removed in 2007:

American Power Conversion
Avaya
Genlyte

PAY SETTING PROCESS

Pay recommendations for the Company's executives, including the Named Executive Officers, are typically made at the Committee's first meeting each year, which is normally held in February. Decisions with respect to prior year performance, performance for other relevant periods and any resulting award payouts, as well as equity awards, base salary increases and target performance levels for the current year and beyond, are also made at this meeting.

With respect to the CEO's pay, the Committee reviews and evaluates the CEO's performance in executive session, without management or the CEO. The Committee's final pay recommendations for the CEO are then presented to the independent

Source: DIEBOLD INC, 10-K, September 30, 2008

members of the Board. During an executive session of the Board, the Board conducts its own review and evaluation of the CEO's performance and ultimately approves the pay actions for the CEO that it deems appropriate after considering all input.

In evaluating the Company's total pay program for its executives, conducting benchmarking, assessing its results, designing appropriate plans and recommending other potential actions, the Committee and management from time to time use the services of an independent compensation consultant in accordance with the Committee's charter. In 2007, the Committee engaged the services of Towers Perrin, a global professional services consulting firm, in this capacity.

Role of Compensation Consultant

Towers Perrin is engaged by, and serves at the will of, the Committee and reports directly to its Chair. Towers Perrin does not provide any consulting services directly to the Company or management. However, as noted below under "*2007 Compensation of Non-Employee Directors,*" in 2007 Towers Perrin was also engaged by the Board Governance Committee to review and provide recommendations on the Company's pay program for non-employee directors.

Towers Perrin is generally engaged by the Committee to develop external pay data primarily consisting of comparative analyses of the Company's Peer Group and companies of comparable size that are outside of the Company's Peer Group, as well as Fortune 500 companies. Towers Perrin also provides advice on current compensation trends such as long-term incentives, executive retirement, change-in-control severance benefits, deferred compensation programs and governance practices in connection with executive pay.

At the direction of the Committee, Towers Perrin also provides this external pay data to the Company's Chief Human Resources Officer, or CHRO, to use to prepare pay recommendations for the Company's executives.

At the Committee's discretion, Towers Perrin may also be asked to attend Committee meetings dealing with executive pay matters. On such occasions, Towers Perrin generally participates in the Committee's deliberations on executive pay decisions, answers questions regarding compensation trends or the market data it developed, and may provide additional advice or input as requested by the Committee.

Role of Management

As the Company's primary contact with the Committee, the CHRO attends and actively participates in all Committee meetings. With respect to executive pay, the CHRO typically meets independently with Towers Perrin in preparation for upcoming Committee meetings to review the data prepared by Towers Perrin that will be presented at the meeting. The CHRO will then make pay recommendations to the CEO based upon market pay comparisons and an analysis of the executives' individual performance goals, as well as other internal factors (such as expanded job responsibilities during the year or extraordinary performance during the year that is not tied to any of the executive's stated goals). The CEO then reviews these recommendations and, along with the CHRO, makes final pay recommendations to the Committee. The Committee ultimately approves the executive pay actions it deems appropriate after considering all input.

Role of the CEO

At the Committee's request, the CEO periodically attends Committee meetings and provides input on pay decisions affecting his management team. As discussed above, the CEO makes recommendations to the Committee with respect to the pay actions and target incentive levels for his management team.

The CEO may also meet with Towers Perrin, along with the CHRO, to review data that will be presented at a Committee meeting. However, the only input the CEO and CHRO have with respect to Towers Perrin's data is to correct factual information about the Company or management.

Source: DIEBOLD INC, 10-K, September 30, 2008

While the CEO does not make specific recommendations to the Committee with respect to his own pay, the CEO does provide a self-evaluation to the Committee that includes his achievement against the prior year's goals established by the Committee and his proposed goals for the coming year, which are based on the annual strategic, operational and financial plans for the Company that are approved by the full Board prior to any CEO pay discussions.

Committee Deliberation and Rationale

There are many factors that the Committee evaluates in determining increases or decreases in each pay element and in total pay for each executive, including the Named Executive Officers, including:

- Promotions/changes in the executive's responsibilities;
- Division or business unit performance;
- Individual performance;
- Company performance as measured by EPS, TSR and stock price appreciation;
- Peer Group and other comparable company practices; and
- Broader market developments or trends.

Some of these factors are discussed in more detail below in connection with the individual pay elements.

The amount of total pay achieved or potentially achievable from prior awards does not directly impact annual pay decisions or future pay opportunities. Moreover, the Committee does not have a specific formula for allocating total pay between short- and long-term pay elements or between cash and non-cash pay elements. However, the Committee does vary the mix of these elements based on competitive practices and management level, to recognize each individual's operating responsibilities and ability to impact short- and long-term results of the Company. The mix of these elements is reviewed by the Committee at least annually.

As part of its deliberation process, the Committee annually reviews a "snapshot" of total direct pay for each executive for purposes of general benchmarking and comparative analysis with the Company's Peer Group. In this way, the Committee can validate its target pay positions with respect to direct pay elements relative to its Peer Group.

The Committee analyzes data from the Company's Peer Group, as well as data for executives in similar positions at companies of comparable size that are outside of the Peer Group, to determine their pay positions for each element of compensation. The summary table above under *"Executive Pay Program Overview"* contains disclosure on how individual pay elements are targeted against the Peer Group under the column "Target Pay Position Relative to Peer Group."

For example, the Committee targets base salaries below median levels to ensure that a significant percentage of total pay is contingent on short- and long-term achievement of performance goals and shareholder value creation. Annual cash bonuses are targeted slightly above median levels to produce total cash pay at target results that approximate the median of the Peer Group. The total value of long-term incentives is targeted above median levels in order to provide competitive total pay at target, as well as to build stock ownership, enhance ties to shareholder returns and emphasize variable over fixed pay. However, the Committee does not choose specific percentile ranges for targeting individual pay elements above or below the Peer Group median.

For 2007, in accordance with its stated philosophy, the Committee approved base salaries for executives that were, on average, 90 percent of the median levels of the Peer Group. When base salaries are coupled with target bonuses, resulting cash pay levels approach median levels of the Peer Group, on average. The total value of long-term incentives at target, when added to base salary and target bonus, positions the potential total pay for the executives at approximately 115 percent of median levels of the Peer Group.

Source: DIEBOLD INC, 10-K, September 30, 2008

Internal Equity

The Company provides similar pay ranges for positions with similar characteristics and scope of responsibility, including Named Executive Officer positions. Any differences in compensation among the Named Executive Officers are based on each individual's experience, operating responsibilities, ability to impact short- and long-term results and future potential, as determined by the Committee. Further, in order to attract and retain quality executive officers, the Committee feels it is necessary and proper to provide total pay for each executive position that is commensurate with market practice (determined specifically by reference to the practices of the Company's Peer Group).

The Committee makes no other distinctions in its pay policies and decisions as among the Named Executive Officers or among the Named Executive Officers and any other executive officer, and such pay policies and decisions are applied consistently among the executives.

Timing of Equity Awards

As previously indicated, pay recommendations for the executives, including the Named Executive Officers, are typically made by the Committee at its first scheduled meeting of the year. This is usually five to 15 days after the Company reports its financial results for the fourth quarter and year-end of the preceding fiscal year. It is also more than two months before the Company reports its first quarter earnings.

Any increases in base salary approved at this meeting are made effective retroactively to the beginning of the current year. Further, any equity awards approved by the Committee at this meeting are approved by the Board and dated as of the date of the Board meeting held the following day. As such, the Committee does not time the grants of options or any other equity incentives to the release of material non-public information.

The exceptions to this timing are awards to executives who are promoted or hired from outside the Company during the year. These executives may receive salary increases or equity awards effective or dated, as applicable, as of the date of their promotion or hire.

ELEMENTS OF EXECUTIVE PAY

Base Salaries

The Company pays base salaries to recognize the skills, competencies, experience and individual performance an executive brings to his or her position. As a result, changes in salary result primarily from changes in the executive's responsibilities and an assessment of annual performance.

At the start of each year, each executive, including the Named Executive Officers, provides personal performance goals that relate to his/her applicable position, business unit or department. As a result, these personal goals vary for each executive to recognize his/her responsibilities and areas of influence. Performance against these goals is assessed annually by the CEO and the CHRO, who then make salary recommendations to the Committee. The Company's Board assesses the CEO's performance.

The Committee relies upon several factors when deciding on increases in salary:

- The executive's performance against his/her personal goals, which supports the Committee's goal of rewarding performance.
- Comparisons with base salaries for executives in similar roles in Peer Group companies, which supports the Committee's goal of providing competitive pay.
- The Committee's philosophy regarding salaries, which targets salaries below the median of the Peer Group.

Source: DIEBOLD INC, 10-K, September 30, 2008

- The Committee's assessment of the Company's overall performance versus goals and the Company's operating plan and forecasts.

In assessing the results of an executive's individual performance, the Committee relies on its judgment and does not rely on a specific formula. This evaluation ensures the Company has the financial capability to provide the increases and that they are reasonable in light of corporate performance.

2007 Base Salary Actions. Salary increases in 2007 for the executives as a whole, excluding promotions, were generally less than 5 percent on average. Increases maintained the Committee's desired position in the market, which is below the median of the Peer Group and other comparable-size companies. The Committee did not consider any extraordinary factors in determining salary increases for executives in 2007.

2008 Base Salary Actions. Salary increases in 2008 for the executives as a whole, excluding promotions, were generally less than 4 percent on average. As previously disclosed, in light of and in connection with the restatements of the Company's financial statements, Messrs. Bucci and Krakora did not receive salary increases in 2008.

Annual Cash Bonuses

Executives, including the Named Executive Officers, also have the ability to earn annual cash bonuses under the Company's Annual Cash Bonus Plan, or Cash Bonus Plan, which was approved by shareholders in 2005. Payout under the Cash Bonus Plan depends upon the performance of the Company against objective performance measures established by the Board at the beginning of each fiscal year.

Cash bonuses under the plan provide incentives to meet or surpass specific short-term corporate financial goals. As a result, the Cash Bonus Plan balances the objectives of the Company's other pay programs, which concentrate on long-term financial results (performance shares) and stock price growth (performance shares and stock options). Finally, annual cash bonuses allow the Company to maintain relatively low fixed compensation costs and still provide executives with competitive cash pay, subject to performance.

Cash Bonus Opportunity. The Committee intends target bonuses to be above median levels relative to the Peer Group to make up for its below-median salary position and to provide competitive overall cash pay at target results. For 2007, the target bonuses were as follows:

- CEO: 100 percent of salary
- Other Named Executive Officers: 75 percent of salary
- Other executives: 35 percent to 50 percent of salary

The potential earnout levels of the executives, as a percentage of income, are set by the Committee so as to provide a reasonable opportunity to achieve total cash pay at target that approximates the median total cash pay of the Company's Peer Group.

Actual bonuses can range from 0 percent to 200 percent of target depending on actual Company performance. In this manner, the Company can reward executives with high levels of cash pay for results that substantially exceed target performance expectations. Conversely, the Company rewards relatively low levels of cash pay for results that are below target performance expectations, or none at all for results that fail to meet minimally acceptable standards.

Company Performance Measures. The Company has historically used EPS as the performance criteria for the annual cash bonuses. The Committee believes EPS represents an important bottom-line financial result that investors use to evaluate the value of the Company's common shares. As a result, consistent increases in EPS over time should lead to improvements in

Source: DIEBOLD INC, 10-K, September 30, 2008

shareholders' investment. However, the Cash Bonus Plan allows the Committee to choose from other performance measures to be used instead, including, in particular, the following:

- Return on invested capital;
- Return on total capital;
- Return on assets;
- Return on equity;
- TSR;
- Growth in net income, revenue, cash flow or operating profit; and/or
- Productivity improvement.

The EPS level fixed by the Committee for purposes of target payout of the cash bonuses is intended to approximately mirror the Company's annual EPS guidance to investors. The performance levels for payout of cash bonuses at threshold and maximum are then automatically set as a percentage of the target EPS level. Because the Committee's pay philosophy is to pay less than median for base salary compared to the Company's Peer Group, with the difference in median total cash pay to be made up by cash bonus, the threshold for payout is set at a level that is intended to be reasonably capable of achievement. Conversely, the target for maximum payout is set at a level that would require a fairly extraordinary effort to achieve.

In establishing these goals and evaluating results, the Committee may consider certain non-recurring or extraordinary items to be outside the normal course of business and not reflective of the Company's core performance. Accordingly, the Committee's determination of EPS results for payout under the Cash Bonus Plan may exclude these items. Further, under the plan, the Committee is authorized to consider negative discretion with respect to bonuses on an individual basis.

Payout of Cash Bonuses. To pay these bonuses, the Company funds a bonus pool based on (1) the level of EPS achieved relative to the target EPS and (2) the target bonus available to each executive. For 2007, the following levels of EPS would fund the following results

•	Below Threshold	→	EPS < $1.85	→	No Bonuses Funded
•	Threshold	→	EPS = $1.85	→	40 percent of Target Pool
•	Target	→	EPS = $2.20	→	100 percent of Target Pool
•	Maximum	→	EPS = $2.55	→	200 percent of Target Pool

Accordingly, the bonus pool, and thus the maximum cash bonus award payable to each executive, is based entirely on company performance measures.

The Company uses two factors to distribute the pool. One-half of an executive's funded award is paid automatically based on the Company's EPS results. In this way, the Company retains a strong emphasis on consolidated results because no bonuses are funded unless the Company achieves a threshold level of EPS performance. For example, an executive with a target bonus equal to 50 percent of salary can earn an annual bonus equal to 25 percent of salary if the Company achieves its target EPS goal.

Under the Cash Bonus Plan, the Committee is only authorized to use negative discretion with respect to any awards under the plan. As such, payment of the other half of an executive's funded award is based on the achievement of the executive's individual performance goals, which allows the Committee to award less than the total amount funded for an executive by the Company's EPS results if his/her individual performance is deemed by the Committee to be below expectations.

Individual Performance Measures. Each executive typically has from six to 10 individualized goals. The goals are tied to the individual's operating unit, functional area or department and they may consist of a mixture of quantitative measures (for example, revenue, operating profit, free cash flow and inventory goals) and qualitative measures (for example, operational and

Source: DIEBOLD INC, 10-K, September 30, 2008

organizational improvements, product/service development and customer loyalty). The CEO establishes the individual goals for his management team at the beginning of each fiscal year and the Committee sets the CEO's individual performance objectives.

In determining the effect of the individual performance measures on the executives' cash bonus, the Committee has no set criteria, formula or weighting system, but instead bases its determination primarily on a subjective assessment made by the CEO and reported to the Committee. Accordingly, the individual performance goals act as a limiting factor in relation to the maximum potential cash bonus award funded by achievement of the Company's performance measures.

For example, if an executive is deemed not to have achieved some or all of his individual performance goals, as determined by the CEO and recommended to the Committee, then the executive will receive a cash bonus award less than the maximum award funded, but not less then 50 percent of the funded award, which is based solely on achievement of the Company performance measure.

2007 Cash Bonus Plan Payout. In 2007, the Company did not achieve the threshold level of EPS, and therefore, the executives did not receive cash bonuses under the Company's Cash Bonus Plan.

Other Cash Bonus Actions. While the Company's EPS results for 2007 did not fund a bonus pool under the Company's Cash Bonus Plan, revenue for the Company's financial self-service and security businesses achieved 6 percent and 8 percent growth, respectively. Excluding the results of the Company's election systems and lottery businesses, the Company's EPS would have funded a pool approximately equal to threshold payout under the Company's Cash Bonus Plan.

Accordingly, the Committee felt that it was appropriate to reward the Company's executives, including certain Named Executive Officers, for the Company's performance in 2007 notwithstanding these businesses. As a result, in February 2008, the Board of Directors, based on the recommendation of the Committee, approved discretionary cash bonuses to the executives, including the following Named Executive Officers: Thomas W. Swidarski, $360,000; Dennis M. Moriarty, $53,714; and James L.M. Chen, $113,964. As previously disclosed, in light of and in connection with the restatements of the Company's financial statements, Messrs. Bucci and Krakora did not receive a discretionary cash bonus.

2008 Cash Bonus Plan Actions. For 2008 cash bonuses to the Named Executive Officers, which are payable in 2009, the Committee again based the Company performance measures under the Cash Bonus Plan on the attainment by the Company of certain target levels of EPS.

Long-Term Incentives

Overview. The 1991 Plan provides the Company flexibility in the types of long-term incentives, or LTI, it can award to executives, including the Named Executive Officers, and includes stock options, performance shares, restricted stock and restricted stock units, or RSUs. The LTI granted in 2007 — collectively and individually — support the Company's pay philosophy:

- Stock options align executives' interests with those of shareholders because options only produce rewards to executives if the Company's stock price increases after options are granted.
- Performance shares reward executives for achieving sustained financial results as well as for increasing the Company's stock price. As a result, they tie rewards to performance and provide an additional means to own stock.
- Special grants of restricted stock and/or RSUs help in attracting and retaining key executives. Normally, however, the Company's LTI focus on options and performance shares.

LTI opportunities are based largely on competitive practices of the Company's Peer Group. In addition, the Committee takes into account the competitiveness of executives' target cash pay (salary plus target bonus) and competitive total pay levels. This dollar difference represents the target value of LTI that the Committee delivers in the form of options and performance shares.

Source: DIEBOLD INC, 10-K, September 30, 2008

Stock Options. Approximately 50 percent of the target LTI is delivered in the form of stock options. In this manner, the Committee strikes a balance between awards tied only to stock price appreciation and those based on the full value of the Company's common shares, as well as other performance factors. LTI delivered in the form of stock options are valued using the Black-Scholes option valuation method, the same one used by the Company to determine its accounting cost.

Grant guidelines are developed according to an executive's salary grade or level, organizational level, reporting relationships and job responsibilities, in order to maintain internal equity in the grants to participants. Actual grants also vary based on an assessment of several factors, including the market value of the Company's common shares, the Company's financial performance, shares available under the 1991 Plan, an individual's target total compensation and his or her performance against individual performance goals.

Executives, including the Named Executive Officers, receive option grants with the following characteristics:

- Non-qualified stock options, which provide the Company with a tax deduction at the time of exercise to the degree executives incur taxable income.
- Exercise price equal to the closing price of the Company's common shares on the date of grant so that executives do not receive options that are "in the money."
- Vest ratably over a four-year period to support executive retention.
- Expire ten years after the date of grant to reward for long-term stock price appreciation.
- Immediately vest upon a change-in-control of the Company.
- Allow the Company to recover shares or proceeds of any exercise in the event the executive engages in any detrimental activity, as defined in the grant documents.

On occasion, the Committee has granted stock options to executives with special vesting requirements in order to emphasize retention and to reward only for sustained long-term results. Typically, under these special vesting requirements, the award does not vest until the seventh anniversary of the grant. One-half of the award may vest early if the Company's stock price reaches a certain price per share for a specified number of trading days, and the other half of the award may vest early if the Company's stock reaches a second, higher price per share for a specified number of trading days.

Grants of stock options approved by the Committee to the Named Executive Officers during 2007 can be found below under "*2007 Grants of Plan-Based Awards.*"

Performance Shares. The Committee delivers the remaining 50 percent of target LTI in the form of performance shares. Performance shares are earned over a three-year performance period, determined as of the date of the Company's fourth quarter and year-end earnings release immediately following such performance period, with actual awards varying from target based on the achievement of financial objectives established by the Committee at the start of the period. No dividends are paid on performance shares until earned.

The award of performance shares in this way is consistent with the Committee's objective to take a balanced approach to LTI by rewarding sustained financial performance as well as stock price appreciation. The expected value of a performance share at the time of grant (based on the Company's stock price) determines the number of target performance shares potentially awarded. The Committee then develops performance share grant guidelines on the same principles used to develop stock option grant guidelines.

Executives, including the Named Executive Officers, received target performance share awards for the 2007 to 2009 period with the following characteristics:

- The Company's TSR for the period relative to the Peer Group and the S&P Mid-Cap 400 index determines the actual number of performance shares earned. Results in each area are weighted equally. This approach underscores the

Source: DIEBOLD INC, 10-K, September 30, 2008

importance of providing shareholder returns equal to or greater than those companies similar to the Company. Moreover, it also balances the focus of stock options, the value of which are tied to the absolute growth in the Company's stock price.

- The actual number of shares earned ranges from 0 percent to 200 percent of an individual's target award.
  - If the Company's relative TSR is below each group's 20th percentile, no performance shares are earned. As a result, the Committee requires executives to provide shareholders a minimally acceptable return before any rewards can be earned.
  - Executives can earn the maximum number of shares if the Company's TSR equals or exceeds the 80th percentile of each group. In this manner, executives receive the highest level of rewards under the plan only when the Company's performance is superior to that of other similar companies.
  - A matrix is used to determine awards for results between threshold and maximum.

For the 2005 to 2007 performance period, executives received performance shares approximately equal to 29 percent of target. Goals for this period were similar to those established for the 2007 to 2009 period. The Company's TSR performance relative to the Peer Group and the S&P Mid-Cap 400 Index determined actual awards, with results in each area equally weighted. Each measure had threshold and maximum results, with a matrix used to determine awards for performance between threshold and maximum. An executive's individual performance is not a factor in determining actual performance shares awarded.

The Company's TSR for the 2005 to 2007 period was 34th in the Peer Group and 309th in the S&P Mid-Cap 400 Index. This was between the threshold and maximum performance objectives set at the start of the period and produced an award equal to 29 percent of the target award. Executives received shares equal to this percent of target, as no discretion was used to increase or decrease the results based on the Company's relative TSR. Accordingly, the performance shares earned by the Named Executive Officers for the 2005 to 2007 performance period were as follows: Thomas W. Swidarski, 2,668 shares; Dennis M. Moriarty, 812 shares; and James L.M. Chen, 1,044 shares. As previously disclosed, in light of and in connection with the restatements of the Company's financial statements, Messrs. Krakora and Bucci did not receive performance shares for the 2005 to 2007 performance period.

Restricted Stock and RSUs. At times, the Company may hire new executives or a current executive may take on a new role or greatly expanded responsibilities. As a result, the Committee believes that it is sometimes important to provide such executives with an additional incentive in the form of restricted stock or RSUs. These awards typically vest three years after the date of grant and may include performance features for early vesting. The purpose of these awards is to ensure retention of the executives' services for a specified period of time and to enhance their incentive for building shareholder value. In furtherance of these purposes, in 2007, Mr. Swidarski was awarded 40,000 RSUs. None of the other Named Executive Officers received restricted stock or RSUs in 2007.

PERQUISITES AND OTHER PERSONAL BENEFITS

The Company's executives, including the Named Executive Officers, are also eligible to participate in the following additional pay elements as part of their total pay package.

Benefits

The Company provides executives with medical, dental, long-term disability, life insurance and severance benefits under the same programs used to provide benefits to all U.S.-based associates. Executives may buy additional life insurance coverage at their own expense, but not long-term disability. The maximum life insurance that may be bought by an executive is $1.5 million. Executives' benefits are not tied to individual or Company performance, which is the same approach used for other associates. Moreover, changes to executives' benefits reflect the changes to the benefits of other associates.

Source: DIEBOLD INC, 10-K, September 30, 2008

Perquisites

The Company provides its executives with perquisites that are also not tied to individual or Company performance. The Committee believes that these benefits are set at a reasonable level, are highly valued by recipients, have limited cost, are part of a competitive reward program and help in attracting and retaining high quality executives. The Company's executives receive the following perquisites, the values of which differ based on an executive's reporting level:

- Company car or car allowance, including: repair and maintenance allowance, and insurance allowance.
- Country club memberships, which are anticipated to be used for business as well as personal purposes.
- Reimbursement for financial planning services to assist executives in managing the rewards earned under the Company's programs.
- A complete annual physical exam, including: assessment of overall health, screening and risk reviews for chronic diseases, exercise and dietary analysis, and other specialty consultations.

The Committee periodically reviews the Company's practices in this area and makes any necessary adjustments based on competitive practices, consistency with the Company's total pay philosophy and objectives, and cost to provide these personal benefits. As a result of its review, beginning in 2008, the Company will no longer provide tax gross-ups in connection with any executive perquisites.

Deferred Compensation

Executives, including the Named Executive Officers, have the ability to defer receipt of annual cash bonuses and performance shares pursuant to the Company's 2005 Deferred Incentive Compensation Plan. Current investment choices under the plan for cash deferrals (cash bonuses and dividends on deferred performance shares) mirror those in the Company's 401(k) plan, except Company stock. As a result, the plan offers executives another means to save for retirement. The Company's deferred compensation plan does not provide participants with additional pay, but merely provides a tax deferred investment vehicle. Deferrals represent earned incentives that would have been paid to the executive except for the voluntary election of the executive. Moreover, the Company does not guarantee any specific rate of return and does not contribute to the return that may be earned. As a result, the current program does not increase the Company's compensation costs.

Retirement

The Company also maintains qualified and non-qualified retirement programs. The executives, including the Named Executive Officers, participate in the Company's qualified defined benefit (pension) and defined contribution (401(k)) plans on the same terms as all other associates. Under the Company's 401(k) plan, for executives hired prior to July 1, 2003, the Company will match 60 percent of the first 3 percent of pay that is contributed by the associate to the plan, and 40 percent of the next 3 percent of pay contributed. For executives hired on or after such date, the Company will match 100 percent of the first 3 percent of pay that is contributed by the associate to the plan, and 60 percent of the next 3 percent of pay contributed.

The Company also has four non-qualified supplemental retirement plans as follows: the Supplemental Executive Retirement Plan I, or SERP I, the Pension Supplemental Executive Retirement Plan, or Pension SERP, the Pension Restoration Supplemental Executive Retirement Plan, or Pension Restoration SERP, and the 401(k) Restoration Supplemental Executive Retirement Plan, or 401(k) Restoration SERP.

The Pension SERP, Pension Restoration SERP and 401(k) Restoration SERP became effective January 1, 2007:

- *Pension SERP.* This plan is designed to provide participants a total benefit equal to 50 percent of final average cash pay (defined as salary and bonus) from all sources of company-provided retirement income (qualified retirement plan, defined

Source: DIEBOLD INC, 10-K, September 30, 2008

benefit/defined contribution restoration SERP, one-half of Social Security and the Pension SERP). Changes in participants' salaries and annual bonuses can affect the magnitude of benefits provided under these plans.

- *Restoration SERPs.* Benefits under these plans are determined under the same basis as the Company's qualified defined contribution and defined benefit retirement plans, the latter of which is closed to new participants. These plans make up for benefits that might have been limited because of Internal Revenue Service pay limits.

The Committee added these non-qualified supplemental retirement plans to:

- Provide retirement benefits as a percent of pay comparable to that of other associates who are not constrained by regulatory limits.
- Replace lost retirement income due to regulatory limits.
- Offer competitive benefits to newly appointed senior executives.
- Enhance the retention and recruitment of high-quality executives.

These plans are described in more detail below under "*2007 Pension Benefits.*"

Participation in the plans is limited to executive officers in positions that help develop, implement and modify the Company's long-term strategic plan, as nominated by the CEO and approved by the Committee.

Mr. Bucci participates in the SERP I, but is not eligible for early retirement. Mr. Swidarski, Mr. Krakora, and Mr. Moriarty participate in the Pension SERP, Pension Restoration SERP and the 401(k) Restoration SERP; however, any benefits accrued under the Restoration SERPs offset benefits accrued under the Pension SERP to avoid duplication of benefits provided.

Employment Agreements

The Company typically only enters into employment agreements with the CEO and also the President when that title is held by someone other than the CEO. When an employment agreement is deemed necessary, the Committee usually models the agreement after prior employment agreements, and makes adjustments as necessary given, among other factors, a competitive analysis of the market for the position, the needs of the Company and the relative experience level of the individual accepting the position. These employment agreements may then go through a negotiation process with the individual and his or her legal counsel.

Change-in-Control Benefits

The Company has an historical practice of providing change-in-control agreements to its executive officer, including the Named Executive Officers. These agreements provide executives with the potential for continued employment for three years following a change-in-control. As a result, these agreements help retain these executives and provide for management continuity in the event of an actual or threatened change-in-control. They also help ensure that the executives' interests remain aligned with shareholders' interests during a time when their continued employment may be in jeopardy. Finally, they provide some level of income continuity should an executive's employment be terminated without cause.

The agreements provide:

- Severance of three times salary for the CEO and two times salary for the other Named Executive Officers and other executives.
- One year of continued participation in employee retirement income, health and welfare benefit plans, including all executive perquisites.
- One year of additional service for determining the executives' non-qualified retirement benefits.

Source: DIEBOLD INC, 10-K, September 30, 2008

Change-in-control benefits are only paid upon the occurrence of two events, a so-called "double trigger." First, there must be a "change-in-control" of the Company, as defined in the agreements. Second, the executives must be terminated without cause or they must terminate their own employment for good cause, as described in the agreements. In this manner, benefits are only paid to executives if they are adversely affected by a change-in-control, consistent with the agreements' objectives.

The terms and conditions of these agreements are identical in all material respects, except for the multiple of base salary noted above. The Committee periodically reviews the Company's policy with respect to these change-in-control agreements, and in 2006 engaged Towers Perrin to provide a competitive analysis of the Company's practices. It was determined that this type of agreement was still a valued component of overall compensation for purposes of attracting and retaining quality executive officers. Based upon these reviews, the Committee believes its change-in-control benefits, providing for payments of two and three times base salary, as applicable, are below median levels for executives in similar positions in its Peer Group and at other comparable companies and, therefore, remained consistent with the Committee's philosophy relative to these types of awards. As such, the Committee approved the continued award of these agreements to new executives. The Committee does not take the value of these agreements into consideration when making any other compensation decisions.

Separation Agreements

It is also the Company's historical practice to enter into separation agreements with its executive officers upon their separation from service, in order to reinforce that individual's confidentiality, non-competition and non-solicitation obligations. As with employment agreements, the Committee usually models the agreement after prior separation agreements, and makes appropriate adjustments, taking into consideration the past service of the individual, the reason for the separation and any other factors the Committee deems relevant. These separation agreements generally then go through a negotiation process with the individual and his or her legal counsel. These agreements are only prepared at the time of an executive's separation from the Company, and as such, do not affect the Committee's decisions on other compensation elements.

Expatriate Benefits

Executives sent on expatriate assignments receive payments to cover housing, automobile and other expenses under the Company's standard expatriate policies. With the exception of Mr. Chen, who was asked to relocate to China when he was hired by the Company, none of the Named Executive Officers received expatriate benefits in 2007. Mr. Chen's expatriate benefits are described in more detail below in footnote 4 to the "*2007 Summary Compensation Table*."

OTHER COMPENSATION POLICIES

Stock Ownership Guidelines

The Company established stock ownership guidelines for its executives in 1996. Ownership guidelines reinforce the primary goals of the Company's LTI: build stock ownership among executives and ensure their long-term economic interests are aligned with those of other shareholders.

Prior to 2007, ownership guidelines were based on a multiple of an executive's salary, the executive's stock holdings and the Company's stock price, and as a result, changes in these criteria could change the number of shares required to meet the executive's guideline. As such, in 2006 the Committee reviewed the Company's ownership guidelines, and found that the Company's ownership guidelines were well-above median levels for executives in similar positions in its Peer Group and at other comparable companies. The Company's approach to LTI supported this practice, as LTI were usually set above median levels. However, in 2007, the Company modified its ownership requirements to:

- Provide shareholders and executives a clearer view on the level of ownership required.

Source: DIEBOLD INC, 10-K, September 30, 2008

- Increase the financial flexibility executives have in meeting those requirements.
- Maintain executives' commitment to share ownership once ownership targets are achieved.

As a result, the Company adopted fixed share ownership guidelines. The new levels of ownership set forth in these guidelines are approximately the same as the Company's pre-existing ownership guidelines based on the executives' current salaries and the Company's stock price on October 5, 2006.

- Chief Executive Officer: 130,000 shares
- President and Chief Operating Officer: 100,000 shares
- Executive and Senior Vice Presidents: 50,000 shares
- Vice Presidents and Group Vice Presidents: 25,000 shares
- Other Senior Management: 15,000 shares.

In addition, until guidelines are met, executives must hold at least 80 percent of the net shares of stock received from any equity-based awards, after deductions for taxes and exercise costs. Once the guidelines are met, the executives are required to hold at least 40 percent of the net shares of stock received from any equity-based awards, after such deductions.

In determining an executive's stock holdings, the Company counts the shares directly owned by the executive, including unvested restricted shares and shares deferred pursuant to the Company's deferred compensation program, as well as the following stock equivalents: deferred shares/RSUs and the potential after-tax shares owned through the executive's 401(k) savings plan account. Outstanding options and unearned performance shares do not count toward the executives' stock ownership guidelines.

The stock holdings of the Named Executive Officers are set forth below under "*Security Ownership of Directors and Management.*"

The Committee reviews management's stock holdings annually to monitor progress toward the stock ownership guidelines. However, the Company does not impose any penalties on executives who fail to meet the stock ownership guidelines. This is because the new guidelines mandate some level of stock ownership whenever an executive would realize any value from an equity-based award. Moreover, the Company does not allow executives to hedge the economic risk associated with stock ownership.

Company-Imposed Black-Out Periods

Any time an executive of the Company is in possession of material non-pubic information, he or she is prohibited from trading in Company stock. Apart from these trading restrictions, the Company also prohibits executives, including the Named Executive Officers, from trading during a Company-imposed black-out period that begins on the first day of the third month of each quarter and extends through the third business day following the Company's quarterly earnings release, which is typically issued during the last week of the first month of the following quarter. Company-imposed black-out periods are an example of good corporate governance and help to protect both the Company and the individual from allegations of insider trading violations. However, the Company's black-out policy was not intended to penalize employees for this type of positive corporate behavior.

Due to such a black-out period imposed by the Company, employees of the Company who received a stock option grant in 1997 under the 1991 Plan were recently unable to exercise their outstanding options under this 1997 grant prior to the expiration of such options. As a result, in February 2007, the Committee determined that it was in the best interests of the Company to grant affected employees, including certain of the Named Executive Officers, a cash distribution equivalent to the difference between the exercise price of the expired stock options and the fair market value of the Company's Common Stock on the date of expiration of the options.

Source: DIEBOLD INC, 10-K, September 30, 2008

As a result of the expiration of the 1997 stock option grants, the following Named Executive Officers received the following cash distributions, which amounts are reflected in the "*2007 Summary Compensation Table*" below:

	Stock Options (#)	Cash Dist. ($)
Thomas Swidarski	900	5,913
David Bucci	2,250	14,783
Dennis Moriarty	3,000	19,710

Limitations on Deductibility of Compensation

Section 162(m) of the Internal Revenue Code generally limits the tax deductibility of compensation paid by a public company to its CEO and certain other highly compensated executive officers to $1 million in the year the compensation becomes taxable to the executive. There is an exception to the limit on deductibility for performance-based compensation that meets certain requirements.

In order to qualify as performance-based compensation, the Company's compensation plans must meet certain requirements, including shareholder approval. The Company has taken steps intended to ensure it is not adversely affected by Section 162(m). To that end, the Company's annual bonuses, grants of performance shares and awards of stock options are designed to meet the section's deductibility requirements. Nevertheless, the Committee also believes that it must maintain flexibility to take actions that it deems to be in the best interests of the Company, but that may not qualify for tax deductibility under Section 162(m).

Base salaries and grants of restricted stock do not qualify as performance-based compensation and would not be excluded from the limitation on deductibility. As a result, the Company has a policy pursuant to which certain executives have entered into agreements to automatically defer amounts affected by the $1 million limitation until the time when that limitation no longer applies.

EXECUTIVE COMPENSATION

The table below summarizes the total compensation paid or earned by each of the Named Executive Officers of the Company for the fiscal year ended December 31, 2007. The amounts shown include compensation for services in all capacities that were provided to the Company.

2007 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus(1) ($)	Stock Awards(2) ($)	Option Awards(3) ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-qualified Deferred Compensation Earnings(4) ($)	All Other Compensation(5) ($)	Total ($)
Thomas W. Swidarski	2007	687,111	365,913	1,096,523	898,350	0	177,000	70,835	3,295,732
President and Chief Executive Officer	2006	550,000	0	674,188	597,741	392,500	21,000	93,727	2,329,156
Kevin J. Krakora	2007	375,354	0	716,351	219,988	0	127,000	38,668	1,477,361
Executive Vice President and Chief Financial Officer	2006	320,000	0	381,635	158,861	171,273	11,000	44,578	1,087,347
David Bucci	2007	322,037	14,783	521,271	251,432	0	0	42,753	1,152,276
Senior Vice President, Customer Solutions Group	2006	302,940	0	543,001	604,016	154,035	0	51,174	1,655,166
Dennis M. Moriarty	2007	275,855	73,424	583,214	119,827	0	125,000	35,171	1,212,491
Senior Vice President, Global Security Division	2006	250,000	0	279,903	115,495	130,462	16,000	37,581	829,521
James L.M. Chen	2007	292,215	113,964	269,869	118,480	0	n/a	236,864	1,031,392
Senior Vice President, EMEA/AP Divisions	2006	—	—	—	—	—	—	—	—

Source: DIEBOLD INC, 10-K, September 30, 2008

(1) For 2007, this column reflects discretionary bonuses paid to the Named Executive Officers as discussed above under "*Compensation Discussion and Analysis,*" as well as a Board-approved cash payout to compensate for expiring stock option grants as further discussed below under "*Narrative Disclosure to 2007 Summary Compensation Table and 2007 Grants of Plan-Based Awards Table.*"

(2) For 2007, this column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2007 fiscal year for the fair value of performance shares, restricted shares and special RSUs granted in 2007 and in prior years, in accordance with SFAS 123 (R). Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For restricted shares and RSUs, the fair value is calculated using the fair market value on the date of grant, taken ratably over the stated restricted period or vesting period, as applicable. For performance shares, the fair value is calculated using a trinomial lattice valuation model, using Monte Carlo simulation, to determine the assumed payout. The fair market value on the date of grant at the assumed payout is then taken ratably over the stated performance period. For the 2005-2007, 2006-2008 and 2007-2009 performance periods, the assumed payouts were 103.4 percent, 124.2 percent and 124.1 percent, respectively. The performance shares (at target) and special RSUs awarded to the Named Executive Officers in 2007 are reflected below under "*2007 Grants of Plan-Based Awards.*" The terms of the performance shares and special RSUs are discussed in more detail above under "*Compensation Discussion and Analysis.*" For additional information on performance shares, restricted shares and RSUs awarded to the Named Executive Officers in prior years, see below under "*Outstanding Equity Awards at 2007 Fiscal Year-End.*" These amounts reflect the Company's accounting expense for these awards, and do not necessarily correspond to the actual value that will be realized by the Named Executive Officers.

(3) For 2007, this column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2007 fiscal year for the fair value of stock options granted to the Named Executive Officers in 2007 and in prior years, in accordance with SFAS 123 (R). Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. The assumptions used in calculating the fair value of these stock options can be found under Note 9 to the Consolidated Financial Statements in this Annual Report on Form 10-K for the year ended December 31, 2007. The stock options awarded to the Named Executive Officers in 2007 are reflected below under "*2007 Grants of Plan-Based Awards.*" For additional information on stock options awarded to the Named Executive Officers in prior years, see below under "*Outstanding Equity Awards at 2007 Fiscal Year-End.*" These amounts reflect the Company's accounting expense for these awards, and do not necessarily correspond to the actual value that will be realized by the Named Executive Officers.

(4) For 2007, the amounts shown are the difference between the value of pension benefits earned as of December 31, 2007 based on a 6.50 percent discount rate and the RP-2000 Mortality Table and the value of pension benefits earned as of December 31, 2006 based on a 6.125 percent discount rate and the RP-2000 Mortality Table. The values were determined assuming the probability is nil that the Named Executive Officer will terminate, retire, die or become disabled before normal retirement date. There was no above-market or preferential interest earned by any Named Executive Officer in 2007 on non-qualified deferred compensation.

(5) For 2007, the amounts reported for "*All Other Compensation*" consist of amounts provided to the Named Executive Officers with respect to (a) the use of an automobile or cash in lieu thereof, (b) club memberships, (c) the dollar value of insurance premiums paid by the Company for the benefit of the executive, (d) amounts contributed for the executive under the Company's 401(k) plan, (e) financial planning services/tax assistance and (f) other (for Mr. Chen, this amount includes the following: cost of living allowances for the location of his residence in Shanghai, China: a housing allowance in the amount of $111,000; a goods and services allowance in the amount of $37,000; pension payments in the amount of $43,118; utility payments in the amount of $10,292; and miscellaneous other benefits). The Named Executive Officers also received an additional perquisite in the form of an annual physical exam.

	All Other Compensation ($)					
Names	(a)	(b)	(c)	(d)	(e)	(f)
Thomas W. Swidarski	27,435	19,603	1,395	7,402	15,000	0
Kevin J. Krakora	11,554	5,777	1,187	7,575	12,575	0
David Bucci	13,576	9,503	2,087	7,587	10,000	0
Dennis M. Moriarty	17,402	5,515	897	7,627	3,730	0
James L.M. Chen	30,144	840	0	0	0	205,880

Source: DIEBOLD INC, 10-K, September 30, 2008

2007 GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) Thresh ($)	Target ($)	Max ($)	Estimated Future Payouts Under Equity Incentive Plan Awards(2) Thresh (#)	Target (#)	Max (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options(3) (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards(4) ($)
Thomas W. Swidarski	2/14/07	—	—	—	—	—	—	40,000	—	47.27	1,890,800
	2/14/07	—	—	—	6,000	20,000	40,000	—	—	—	945,400
	2/14/07	274,844	687,111	1,374,222	—	—	—	—	—	—	—
Kevin J. Krakora	2/14/07	—	—	—	—	—	—	—	25,000	47.27	363,000
	2/14/07	—	—	—	3,000	10,000	20,000	—	—	—	472,700
	2/14/07	112,606	281,516	563,031	—	—	—	—	—	—	—
David Bucci	2/14/07	—	—	—	—	—	—	—	20,000	47.27	290,400
	2/14/07	—	—	—	3,000	10,000	20,000	—	—	—	472,700
	2/14/07	96,611	241,528	483,056	—	—	—	—	—	—	—
Dennis M. Moriarty	2/14/07	—	—	—	—	—	—	—	9,500	47.27	137,940
	2/14/07	—	—	—	1,500	5,000	10,000	—	—	—	236,350
	2/14/07	82,757	206,891	413,782	—	—	—	—	—	—	—
James L.M. Chen	2/14/07	—	—	—	—	—	—	—	9,500	47.27	137,940
	2/14/07	—	—	—	1,500	5,000	10,000	—	—	—	236,350
	2/14/07	87,665	219,161	438,322	—	—	—	—	—	—	—

(1) This column presents information about the potential payout under the Company's Annual Cash Bonus Plan for fiscal year 2007, payable in February 2008. Because the Company did not achieve the threshold performance measure, no amounts were paid for fiscal year 2007 under the Annual Cash Bonus Plan. For a more detailed description of the related performance measures for the Annual Cash Bonus Plan, see above under "*Compensation Discussion and Analysis.*"

(2) This column presents information about performance shares awarded during 2007 pursuant to the 1991 Plan. The performance measures are calculated over the three-year period beginning on January 30, 2007 through the day of the Company's annual earnings release in January 2010. No amount is payable unless the threshold amount is exceeded. The maximum award amount, which can be up to 200 percent of the target amount, will be earned only if the Company achieves the maximum performance measure. For a more detailed description of performance shares and the related performance measures, see above under "*Compensation Discussion and Analysis.*"

(3) All stock option grants were new and not granted in connection with an option re-pricing transaction, and the terms of the stock options were not materially modified in 2007.

(4) The value of performance shares was calculated using the closing market price of the shares (at target) on the grant date and reflects the total amount that the Company would expense in its financial statements over the awards' three-year performance period, in accordance with SFAS 123 (R). The assumptions used in calculating the assumed payout of performance shares is discussed in footnote 1 to the "*2007 Summary Compensation Table.*" For stock options, the fair value is calculated using the Black-Scholes value on the grant date of $14.52, calculated in accordance with SFAS 123 (R). The assumptions used in calculating the fair value of these stock options can be found under Note 9 to the Consolidated Financial Statements in this annual report on Form 10-K for the year ended December 31, 2007.

NARRATIVE DISCLOSURE TO 2007 SUMMARY COMPENSATION TABLE AND 2007 GRANTS OF PLAN-BASED AWARDS TABLE

Many of the details on the amounts for the Named Executive Officers reflected in the "*2007 Summary Compensation Table*" and the "*2007 Grants of Plan-Based Awards*" table are discussed in the footnotes to the tables or elsewhere in this Item 11, for example, above under "*Compensation Discussion and Analysis.*" However, the following narrative is intended to further clarify these amounts or provide further explanation on the decision-making process relative to these amounts.

In addition, the Company feels that the table following this narrative, which consolidates certain columns from the "*2007 Summary Compensation Table*" (Salary, Effective Bonus (defined below) and All Other Compensation) with columns from the

Source: DIEBOLD INC, 10-K, September 30, 2008

"*2007 Grants of Plan-Based Awards*" table (Grant Date Fair Value of Stock and Option Awards), provides a clearer illustration of the total pay provided to the Company's Named Executive Officers in 2007 or pay provided to the Company's Named Executive Officers in 2008 for 2007 performance. These columns reflect actual cash compensation received, as well as the fair value on the date of grant of equity compensation and are not calculated in accordance with SEC regulations or guidance.

Mr. Swidarski's Employment Agreement

In April 2006, the Company entered into an employment agreement with Mr. Swidarski, with a term of two years and with automatic one-year renewals thereafter unless either party notifies the other at least six months before the scheduled expiration date that the term is not to renew. Pursuant to his agreement, Mr. Swidarski was to receive a base salary of $550,000 for the first year, with a cash bonus opportunity up to 200 percent of base salary, as well as other compensation. Further, as part of his employment agreement, Mr. Swidarski is also entitled to the following perquisites: a monthly auto allowance up to $3,295; financial planning and tax preparation services up to $20,000 annually; country club dues and fees; and an annual physical examination. Mr. Swidarski had previously been entitled to a tax gross-up on his auto allowance, but he agreed to the discontinuance of this benefit in 2007.

In the event that Mr. Swidarski is terminated without cause, he is entitled to receive severance payments, including: a lump sum amount equal to two years base salary; a lump sum amount equal to twice his target annual cash bonus for the year in which termination occurs; a pro rata annual cash bonus for the year in which termination occurs, but only to the extent an annual cash bonus is paid to others for the year of termination; and continued participation in the Company's employee benefits plans for a period of two years (not including any qualified or non-qualified pension plan or 401(k) plan). Mr. Swidarski is also subject to non-competition and non-solicitation obligations for a period of two years following his termination of employment, regardless of the circumstances surrounding such termination.

Other than Mr. Swidarski, the Company has not entered into any employment agreements with any of the other Named Executive Officers.

Change in Pension Value and Non-qualified Deferred Compensation Earnings

These benefits are discussed in more detail below under "*2007 Pension Benefits*"; however, the benefit values for Mr. Bucci remain at zero, primarily due to an increase in the discount rate used to determine the pension values. The benefit values for Mr. Swidarski, Mr. Krakora and Mr. Moriarty reflect their January 1, 2007 participation in the Pension SERP and Restoration SERPs based upon eleven, six and eleven years of service, respectively.

Base Salary

Based on the fair value of equity awards granted to Named Executive Officers in 2007, "Salary" accounted for approximately 24 percent of the total pay to the Named Executive Officers, while short- and long-term performance-based compensation accounted for approximately 70 percent of the total compensation to the Named Executive Officers.

Bonus vs. Non-Equity Incentive Plan Compensation

Cash bonus payments for 2007 performance made to the Named Executive Officers in 2008 under the Company's Annual Cash Bonus Plan would typically be reflected in the "*2007 Summary Compensation Table*" under the column "Non-Equity Incentive Plan Compensation." One-time cash payments made to the Named Executive Officers in 2007, or made in 2008 and attributable to 2007 performance, that are not made pursuant to a Company plan would typically be reflected in the "Bonus" column. These aggregate bonus payments comprise the "Effective Bonus" awarded to the Named Executive Officers in the table below.

Source: DIEBOLD INC, 10-K, September 30, 2008

As discussed above under "*Compensation Discussion and Analysis*," there were no payouts made to Named Executive Officers under the Company's Annual Cash Bonus Plan. However, discretionary bonuses were awarded in 2008 for 2007 performance, and these amounts are reflected in the "Bonus" column in the "*2007 Summary Compensation Table*" above, and in the "Effective Bonus" column in the "*2007 Actual Compensation*" table below.

In addition to these discretionary bonuses, these columns also reflect the following Board-approved cash payouts made in 2007 to compensate certain of the Named Executive Officers for expiring stock option grants, as discussed above under "*Compensation Discussion and Analysis*":

	Stock Options (#)	Cash Dist. ($)
Thomas Swidarski	900	5,913
David Bucci	2,250	14,783
Dennis Moriarty	3,000	19,710

Stock and Option Awards

Because the value of equity awards in the "*2007 Summary Compensation Table*" is based on the grant date fair value determined in accordance with SFAS 123(R), which may include prior years' awards, the percentages indicated in the above narrative under "*Base Salary*" may not be able to be derived using the amounts reflected in that table. The table below reflects the grant date fair value as reflected in the "Grant Date Fair Value of Stock and Option Awards" column in the "*2007 Grants of Plan-Based Awards*" table above. The percentages in the above narrative under "*Base Salary*" are derived using these amounts.

2007 ACTUAL COMPENSATION

(Not calculated in accordance with SEC regulations or guidance)

Name	Base Salary ($)	Effective Bonus ($)	Stock Awards ($)	Option Awards ($)	All Other Compensation ($)	Total Value ($)
Thomas W. Swidarski	687,111	365,913	2,836,200	0	70,835	3,960,059
Kevin J. Krakora	375,354	0	472,700	363,000	38,668	1,249,722
David Bucci	322,037	14,783	472,700	290,400	42,753	1,142,673
Dennis M. Moriarty	275,855	73,424	236,350	137,940	35,171	758,740
James L.M. Chen	292,215	117,721	236,350	137,940	236,864	1,021,090

OUTSTANDING EQUITY AWARDS AT 2007 FISCAL YEAR-END

The following table provides information relating to exercisable and unexercisable stock options as of December 31, 2007 for the Named Executive Officers. In addition, the following table provides information relating to grants of restricted shares, RSUs and performance shares to the Named Executive Officers that have not yet vested as of December 31, 2007. No stock appreciation rights were outstanding as of December 31, 2007.

		Option Awards(1)					Stock Awards			
		Number of Securities Underlying Unexercised Options		Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options				Market Value of Shares or Units of Stock That Have Not Vested(3)	Equity Incentive Plan Awards:	
Name	Grant Date of Award	Exercisable (#)	Unexercisable (#)	(#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(2) (#)	($)	Number of Unearned Shares, Units or Other Rights That Have Not Vested(4) (#)	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(3) ($)
Thomas W. Swidarski	1/29/98	600	—	—	47.53	1/28/08	—	$ —	—	$ —
	1/28/99	1,300	—	—	34.81	1/27/09	—	—	—	—
	1/27/00	1,500	—	—	22.88	1/26/10	—	—	—	—
	2/7/01	8,000	—	—	28.69	2/6/11	—	—	—	—
	2/6/02	15,000	—	—	36.59	2/5/12	—	—	—	—
	2/5/03	20,000	—	—	36.31	2/4/13	—	—	—	—
	2/11/04	19,750	6,250	—	53.10	2/10/14	—	—	—	—
	2/10/05	11,450	11,450	—	55.23	2/9/15	—	—	—	—
	12/12/05	75,000	75,000	—	37.87	12/11/15	—	—	—	—
	2/14/07	—	—	—	—	—	40,000	1,159,200	—	—
	2/6/02	—	—	—	—	—	—	—	700	20,286
	2/11/05	—	—	—	—	—	—	—	9,200	266,616
	2/20/06	—	—	—	—	—	—	—	20,000	579,600
	2/14/07	—	—	—	—	—	—	—	20,000	579,600
Kevin J. Krakora	9/18/01	5,000	—	—	35.60	9/17/11	—	—	—	—
	2/6/02	10,000	—	—	36.59	2/5/12	—	—	—	—
	2/5/03	10,000	—	—	36.31	2/4/13	—	—	—	—
	2/11/04	5,250	1,750	—	53.10	2/10/14	—	—	—	—
	2/10/05	3,250	3,250	—	55.23	2/9/15	—	—	—	—
	2/20/06	6,250	18,750	—	39.43	2/19/16	—	—	—	—
	2/14/07	—	25,000	—	47.27	2/13/17	—	—	—	—
	2/20/06	—	—	—	—	—	7,500	217,350	—	—
	2/6/02	—	—	—	—	—	—	—	200	5,796
	2/11/05	—	—	—	—	—	—	—	3,800	110,124
	2/20/06	—	—	—	—	—	—	—	10,000	289,800
	2/14/07	—	—	—	—	—	—	—	10,000	289,800
David Bucci	1/29/98	9,000	—	—	47.53	1/28/08	—	—	—	—
	1/27/00	35,000	—	—	22.88	1/26/10	—	—	—	—
	2/7/01	25,000	—	—	28.69	2/6/11	—	—	—	—
	2/6/02	25,000	—	—	36.59	2/5/12	—	—	—	—
	2/5/03	25,000	—	—	36.31	2/4/13	—	—	—	—
	2/11/04	18,750	6,250	—	53.10	2/10/14	—	—	—	—
	2/10/05	12,500	12,500	—	55.23	2/9/15	—	—	—	—
	2/20/06	6,250	18,750	—	39.43	2/19/16	—	—	—	—
	2/14/07	—	20,000	—	47.27	2/13/17	—	—	—	—
	2/10/05	—	—	—	—	—	1,250	36,225	—	—
	2/6/02	—	—	—	—	—	—	—	1,700	49,266
	2/11/05	—	—	—	—	—	—	—	9,400	272,412
	2/20/06	—	—	—	—	—	—	—	10,000	289,800
	2/14/07	—	—	—	—	—	—	—	10,000	289,800
Dennis M. Moriarty	1/29/98	1,500	—	—	47.53	1/28/08	—	—	—	—

Source: DIEBOLD INC, 10-K, September 30, 2008

		Option Awards(1)					Stock Awards			
		Number of Securities Underlying Unexercised Options		Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(2)	Market Value of Shares or Units of Stock That Have Not Vested(3)	Equity Incentive Plan Awards:	
Name	Grant Date of Award	Exercisable (#)	Unexercisable (#)	(#)	($)		(#)	($)	Number of Unearned Shares, Units or Other Rights That Have Not Vested(4) (#)	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(3) ($)
	1/28/99	4,000	—	—	34.81	1/27/09	—	—	—	—
	1/27/00	4,000	—	—	22.88	1/26/10	—	—	—	—
	2/7/01	8,000	—	—	28.69	2/6/11	—	—	—	—
	2/6/02	8,000	—	—	36.59	2/5/12	—	—	—	—
	2/5/03	10,000	—	—	36.31	2/4/13	—	—	—	—
	2/11/04	5,250	1,750	—	53.10	2/10/14	—	—	—	—
	2/10/05	3,750	3,750	—	55.23	2/9/15	—	—	—	—
	2/20/06	2,500	7,500	—	39.43	2/19/16	—	—	—	—
	2/14/07	—	9,500	—	47.27	2/13/17	—	—	—	—
	2/10/05	—	—	—	—	—	750	21,735	—	—
	2/20/06	—	—	—	—	—	4,500	130,410	—	—
	2/6/02	—	—	—	—	—	—	—	—	—
	2/11/05	—	—	—	—	—	—	—	800	23,184
	2/20/06	—	—	—	—	—	—	—	2,800	81,144
	2/14/07	—	—	—	—	—	—	—	5,000	144,900
James L.M. Chen	2/6/02	5,000	—	—	36.59	2/5/12	—	—	5,000	144,900
	2/5/03	7,500	—	—	36.31	2/4/13	—	—	—	—
	2/11/04	6,000	2,000	—	53.10	2/10/14	—	—	—	—
	2/10/05	4,000	4,000	—	55.23	2/9/15	—	—	—	—
	2/20/06	2,000	6,000	—	39.43	2/19/16	—	—	—	—
	2/14/07	—	9,500	—	47.27	2/13/17	—	—	—	—
	2/20/06	—	—	—	—	—	750	21,735	—	—
	2/6/02	—	—	—	—	—	—	—	—	—
	2/11/05	—	—	—	—	—	—	—	900	26,082
	2/20/06	—	—	—	—	—	—	—	3,600	104,328
	2/14/07	—	—	—	—	—	—	—	5,000	144,900
									5,000	144,900

(1) With the exception of Mr. Swidarski's award of 150,000 stock options, all of the stock options outstanding at 2007 fiscal year-end vest ratably over a four-year period beginning on the first anniversary of the date of grant. Mr. Swidarski's award of 150,000 stock options has a seven-year cliff vest; however, one-half of the award may vest early if the Company's stock price reaches $50 per share for 20 consecutive trading days, while the other half of the award may vest early if the Company's stock price reaches $60 per share for 20 consecutive trading days.

(2) This column reflects unvested RSUs and restricted shares granted to the Named Executive Officers that had not yet vested as of December 31, 2007. Included in this column are special grants of RSUs awarded to Messrs. Krakora, Moriarty and Chen on February 20, 2006 of 15,000 RSUs, 9,000 RSUs and 1,500 RSUs, respectively, with a seven-year cliff vest; however, pursuant to the terms of the RSUs, one-half of these awards vested on August 7, 2007, when the Company's stock price reached $50 per share for 20 consecutive trading days. The remaining RSUs and restricted shares included in this column have a three-year cliff vest.

(3) The market value was calculated using the closing price of the shares of $28.98 as of December 31, 2007.

(4) This column reflects performance shares (at target) granted to the Named Executive Officer for the performance periods 2002 — 2009; 2005 — 2007; 2006 — 2008; and 2007 — 2009, that had not yet been earned as of December 31, 2007.

Source: DIEBOLD INC, 10-K, September 30, 2008

2007 OPTION EXERCISES AND STOCK VESTED

Name	Option Awards: Number of Shares Acquired on Exercise (#)	Option Awards: Value Realized on Exercise ($)	Stock Awards: Number of Shares Acquired on Vesting (#)	Stock Awards: Value Realized on Vesting(1) ($)
Thomas W. Swidarski	0	$ 0	0	$ 0
Kevin J. Krakora	0	0	7,500	397,875
David Bucci	0	0	0	0
Dennis M. Moriarty	0	0	4,500	238,725
James L.M. Chen	0	0	750	39,788

(1) The value realized is calculated for RSUs and restricted shares by multiplying the number of shares of stock or units, as applicable, by the market value of the underlying securities of $53.05 on the vesting date of August 7, 2007.

2007 PENSION BENEFITS

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit(1) ($)	Payment During Last Fiscal Year ($)
Thomas W. Swidarski	Qualified Plan	11.0833	$106,000	—
	Pension SERP	11.0833	122,000	—
	Pension Restoration SERP	11.0833	62,000	—
Kevin J. Krakora	Qualified Plan	6.0000	58,000	—
	Pension SERP	6.0000	96,000	—
	Pension Restoration SERP	6.0000	21,000	—
David Bucci	Qualified Plan	30.0000	1,463,000	—
	SERP I	30.0000	865,000	—
Dennis M. Moriarty	Qualified Plan	10.8333	129,000	—
	Pension SERP	10.8333	81,000	—
	Pension Restoration SERP	10.8333	33,000	—
James L.M. Chen		0	0	—

(1) The values are determined based on a 6.50 percent discount rate and the RP-2000 Mortality Table and are calculated assuming that the probability is nil that a Named Executive Officer terminates, dies, retires or becomes disabled before normal retirement date.

All Named Executive Officers (except Mr. Chen) participate in the Diebold, Incorporated Retirement Plan for Salaried Employees, or Qualified Retirement Plan, which provides funded, tax-qualified benefits under the Internal Revenue Code to all salaried and non-union hourly employees of the Company who were hired before July 1, 2003. This plan provides benefits that are limited by Internal Revenue Code requirements applicable to all tax-qualified pension plans. The Company also maintains three defined benefit Supplemental Executive Retirement Plans, which provide unfunded, non-qualified benefits to select executives. The purpose of the SERPs is to provide additional benefits above those provided under the Qualified Retirement Plan. Mr. Bucci

Source: DIEBOLD INC, 10-K, September 30, 2008

participates in SERP I, and Mr. Swidarski, Mr. Krakora and Mr. Moriarty participate in the Pension Restoration SERP and the Pension SERP. As noted above under "*Compensation Discussion and Analysis*," the Company has made changes to its supplemental executive retirement plans effective as of January 1, 2007 and as detailed below.

Qualified Retirement Plan

The benefit provided under the Qualified Retirement Plan is payable as a life annuity beginning at normal retirement age (age 65). The benefit is determined based on the following formula:

- 0.8 percent of final average compensation up to the Covered Compensation level, plus
- 1.25 percent of final average compensation in excess of the Covered Compensation level,
- the sum multiplied by years of service (subject to a maximum of 30 years).

In addition, a benefit equal to $50.40 times the number of years of service (subject to a maximum of 30 years) is added to the amount determined above.

Final average compensation is an average of the five highest consecutive full calendar years of salary and bonus out of the last ten full calendar years, with each year's compensation held to a maximum of the IRS compensation limit for that year ($225,000 in 2007). The participant's individual "Covered Compensation" is as defined under the Internal Revenue Code. The benefit is payable for the lifetime of the participant, with alternative forms of payment available to the participant with an actuarial reduction.

Participants may retire early if they are at least age 50 and the sum of their age plus service is at least 70, or at any age with 30 years of service. Benefits may begin upon retirement on an actuarially reduced basis. Participants with at least 15 years of service who become disabled while employed are eligible for an immediate unreduced benefit. Participants terminating with at least five years of service are entitled to a deferred vested benefit at age 65, or may commence the benefit on an actuarially reduced basis when the sum of their age plus service is at least 70.

Additional annual benefits are payable to Mr. Bucci in the amount of $122,508 as the result of a transfer of a portion of his SERP I benefits into the Qualified Retirement Plan. These benefits are payable at the same time and in the same form of payment as those described below under SERP I. Mr. Swidarski has additional annual benefits payable from the Qualified Retirement Plan in the amount of $4,668, also as a result of a transfer of a portion of his Pension SERP benefits. This amount is payable at the same time and in the same form as those described below under the Pension SERP.

SERP I

SERP I provides a supplemental monthly retirement benefit in an amount such that a participant's total retirement benefit from the Qualified Retirement Plan and SERP I, plus one-half of the participant's anticipated Social Security benefit payable at age 62, equals 65 percent of the participant's final average compensation received from the Company during the highest five consecutive full calendar years of the last ten full calendar years of employment. This amount is prorated for less than 15 years of service. Compensation is defined for this purpose as salary plus bonus accrued for each such calendar year. SERP I benefits are payable at age 62 on a joint and survivor basis, if married, and a single life basis, if single, at retirement. A participant may also elect, subject to the approval of the Compensation Committee of the Board, to receive benefits in the form of a lump sum payment at retirement for that portion of his benefit accrued as of December 31, 2004.

There is a minimum benefit of five years of payment to any participant, his or her spouse and/or beneficiary, as applicable. Benefits are available to participants electing early retirement at age 60 (on an actuarially reduced basis) or who become disabled while employed. Benefits are also available to participants whose employment is involuntarily terminated with no service requirement. Reduced benefits (computed at 55 percent of final average compensation, rather than 65 percent) are available to participants who voluntarily terminate employment after completing 10 years of service. Accrued benefits under SERP I are fully

Source: DIEBOLD INC, 10-K, September 30, 2008

vested in the event of a change in control of the Company. SERP I is now closed to new participants. Mr. Bucci is the only Named Executive Officer that participates in SERP I.

Pension Restoration SERP

Benefits under the Pension Restoration SERP are determined using the same formula as stated above for the Qualified Retirement Plan except the IRS compensation limit is ignored. Net benefits payable from the Pension Restoration SERP equal the difference between the benefit determined using total pensionable pay, ignoring qualified plan compensation limits, and the benefit payable from the Qualified Retirement Plan. All other provisions of the Pension Restoration SERP are identical to the Qualified Retirement Plan.

Pension SERP

The Pension SERP provides a supplemental monthly retirement benefit in an amount such that a participant's total retirement benefit from the Qualified Retirement Plan, the Pension Restoration SERP, the annuity equivalent of the employer-provided balance in the 401(k) Restoration SERP and the Pension SERP, plus one-half of the participant's anticipated Social Security benefit payable at age 65, equals 50 percent (prorated for less than 25 years of service) of the participant's final average compensation received from the Corporation during the highest five consecutive full calendar years of the last ten full calendar years of employment. Compensation is defined for this purpose as salary plus bonus accrued for each such calendar year. The Pension SERP benefits are payable at age 65 as a straight life annuity. Joint and survivor options are available on an actuarially equivalent basis. Benefits are available to participants retiring or terminating employment with at least 10 years of service, and are payable at the later of age 55 or separation from service (on a reduced basis if payments begin before age 65). Participants who become disabled while employed and have at least 15 years of service are eligible for an immediate benefit.

Accrued benefits under the Pension SERP are fully vested in the event of a change in control of the Company.

Mr. Swidarski and Mr. Krakora receive enhanced benefits such that they accrue the full 50 percent target ratably at age 60 and age 62, respectively.

Present Value of Accumulated Benefits

The "Present Value of Accumulated Benefit" is the single-sum value as of September 30, 2007, of the annual pension benefit that was earned through that date payable under a plan beginning at the Named Executive Officer's normal retirement age. The normal retirement age is defined as age 62 for SERP I and age 65 for the Qualified Retirement Plan and Pension Restoration SERP and Pension SERP. A portion of the Qualified Retirement Plan benefit is payable at the same time and in the same form of payment as benefits in SERP I and the Pension SERP. The Company used certain assumptions to determine the single-sum value of the annual benefit that is payable beginning at normal retirement age. The key assumptions are as follows:

- An interest rate of 6.50 percent, the FAS 87 discount rate as of September 30, 2007;
- The RP-2000 Combined Healthy Mortality Tables for males and females;
- A probability of 100 percent that benefits are paid as annuities; and
- No probability of termination, retirement, death, or disability before normal retirement age.

Extra Credited Service

None of the Named Executive Officers has been granted extra years of credited service under any non-qualified retirement plan; however, the Company reserves the discretion to provide such grants of extra service on a case-by-case basis. Factors that might warrant such a grant would include, but not be limited by, the following: the recruitment of an executive who is foregoing

Source: DIEBOLD INC, 10-K, September 30, 2008

benefits under a prior employer's SERP or other non-qualified deferred compensation plans or the provision for an executive who would otherwise not qualify for a full accrual at the SERP's normal retirement age of 65 because his or her years of service are less than the required 25 years of service.

2007 NON-QUALIFIED DEFERRED COMPENSATION

1992 Deferred Compensation Plan

Name	Executive Contributions in 2007 ($)	Registrant Contributions in 2007 ($)	Aggregate Earnings in 2007(1) ($)	Aggregate Withdrawals/ Distributions(2) ($)	Aggregate Balance as of December 31, 2007(3) ($)
Thomas W. Swidarski	$ 0	$ 0	$ 0	$ 0	$ 0
Kevin J. Krakora	0	0	0	0	0
David Bucci	0	0	9,160	948,618	248,971
Dennis M. Moriarty	0	0	0	0	0
James L.M. Chen	0	0	0	0	0

(1) These amounts represent aggregate earnings on cash deferrals, as well as dividends on deferred common shares. These amounts are not reflected above in the *"2007 Summary Compensation Table"* as they are not considered preferential or above-market earnings on deferred compensation.

(2) This column reflects the distribution of cash deferrals and deferred Common Shares, including the dividends and aggregate earnings on these dividends attributable to such Common Shares, made pursuant to a valid deferral election under the 1992 Deferred Compensation Plan. On January 2, 2007, Mr. Bucci received a distribution of 19,560 Common Shares pursuant to an election made at the time of his deferral. The value of these shares was calculated using the average price of the shares of $46.63 on the date of the distribution. Included in this column is the distribution of the dividends and aggregate earnings on such dividends attributable to these shares in the amount of $36,535.

(3) This column reflects the balance of all cash deferrals, including dividends on deferred Common Shares, and the aggregate earnings in 2007 on such cash deferrals. As of December 31, 2007, the aggregate balance of all cash deferrals for Mr. Bucci was $31,621. This column also reflects the value of Common Shares deferred by Mr. Bucci calculated using the closing price of the shares of $28.98 as of December 31, 2007. The aggregate number of Common Shares deferred by Mr. Bucci and reflected in this column was 7,500 shares, with a value as of December 31, 2007, of $217,350. No portion of this amount is reflected in the "*All Other Compensation*" column of the *"2007 Summary Compensation Table"* and no portion of this amount was previously reported in the Company's "*2006 Summary Compensation Table*."

2005 Deferred Compensation Plan

Name	Executive Contributions in 2007 ($)	Registrant Contributions in 2007 ($)	Aggregate Earnings in 2007(1) ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance as of December 31, 2007(2) ($)
Thomas W. Swidarski	$ 0	$ 0	$ 0	$ 0	$ 0
Kevin J. Krakora	0	0	0	0	0
David Bucci	0	0	0	0	0
Dennis M. Moriarty	0	0	1,405	0	44,151
James L.M. Chen	0	0	0	0	0

Source: DIEBOLD INC, 10-K, September 30, 2008

(1) These amounts represent aggregate earnings on cash deferrals, as well as dividends on deferred Common Shares. These amounts are not reflected above in the *"2007 Summary Compensation Table"* as they are not considered preferential or above-market earnings on deferred compensation.

(2) This column reflects the balance of all cash deferrals, including dividends on deferred Common Shares, and the aggregate earnings in 2007 on such cash deferrals. As of December 31, 2007, the aggregate balance of all cash deferrals for Mr. Moriarty was $1,405. This column also reflects the value of Common Shares deferred by Mr. Moriarty calculated using the closing price of the shares of $28.98 as of December 31, 2007. The aggregate number of Common Shares deferred by Mr. Moriarty and reflected in this column was 1,475 shares. No portion of this amount is reflected in the "All Other Compensation" column of the *"2007 Summary Compensation Table"* and no portion of this amount was previously reported in the Company's "*2006 Summary Compensation Table.*"

401(k) Restoration SERP

Name	Executive Contributions in 2007 ($)	Registrant Contributions in 2007 ($)	Aggregate Earnings in 2007(1) ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance as of December 31, 2007(2) ($)
Thomas W. Swidarski	$ 50,500	$ 25,275	$ (4,880)	$ 0	$ 70,895
Kevin J. Krakora	18,856	9,428	(341)	0	27,943
David Bucci	0	0	0	0	0
Dennis M. Moriarty	10,453	5,226	(421)	0	15,258
James L.M. Chen	0	0	0	0	0

(1) These amounts represent aggregate earnings on executive and registrant contributions. These amounts are not reflected above in the *"2007 Summary Compensation Table"* as they are not considered preferential or above-market earnings on deferred compensation.

(2) This column reflects the balance of all contributions and the aggregate earnings on such contributions. No portion of this amount is reflected in the "All Other Compensation" column of the *"2007 Summary Compensation Table"* and no portion of this amount was previously reported in the Company's "*2006 Summary Compensation Table.*"

NON-QUALIFIED DEFERRED COMPENSATION PLANS

Deferred Incentive Compensation Plan

Pursuant to the Company's 1992 Deferred Incentive Compensation Plan, certain executives, including the Named Executive Officers, were able to defer cash bonuses received under the Company's cash bonus plan and performance share awards earned under the 1991 Plan. Effective December 31, 2004, as a result of the passage by Congress of the American Jobs Creation Act of 2004, the Company elected to freeze the 1992 Deferred Incentive Compensation Plan and closed the plan to future deferrals. Effective January 1, 2005, the Board approved the 2005 Deferred Incentive Compensation Plan, which was substantially similar to the 1992 Deferred Incentive Compensation Plan in all material respects, but was designed to be administered in accordance with Section 409A of the Internal Revenue Code.

Under the 2005 Deferred Incentive Compensation Plan, an executive may defer all or a portion of his or her Annual Cash Bonus or performance share earnout. Deferral elections for cash bonuses must be made prior to the end of the year preceding the year in which such bonuses would be earned (and payable in the following year). Deferral elections for performance shares must be made at least six months prior to the end of the three-year performance period specified in the grant.

Source: DIEBOLD INC, 10-K, September 30, 2008

Deferrals of performance shares are treated as a line-item in the executive's deferred account with the Company; however, the earnings on the performance shares (dividends and interest thereon) are invested in the same manner as deferrals of cash compensation. The Vanguard Group administers the Company's cash deferrals. As such, cash deferrals are transferred to Vanguard on a quarterly basis, and the executive may invest such cash deferrals in any funds available under the Company's 401(k) plan. The table below shows the funds available under the 401(k) plan and their annual rate of return for the year ended December 31, 2007, as reported by Vanguard.

Name of Fund	Rate of Return	Name of Fund	Rate of Return
Vanguard Total Bond Market Index Fund	6.92%	Vanguard Selected Value Fund	(0.23)%
Loomis Sayles Bond Fund	5.26%	Vanguard Mid-Cap Index Fund	6.02%
Vanguard STAR Fund	6.58%	Loomis Sayles Small Cap Value Fund	3.44%
Vanguard Windsor II Fund	2.23%	Vanguard Explorer Fund	5.06%
Vanguard 500 Index Fund	5.39%	Vanguard International Growth Fund	15.98%
Vanguard U.S. Growth Fund	10.15%	Oppenheimer Developing Markets Fund	33.86%
Vanguard Prime Money Market Fund	5.14%	Vanguard International Value Fund	12.66%

Executives deferring under the 2005 Deferred Incentive Compensation Plan select their period of deferral and method of payment at the time of making their deferral elections. Executives may elect to defer their payments until a specified date or until the date they cease to be an associate of the Company. Further, the executives may elect to receive their distribution either as a lump sum or in approximately equal quarterly installments, not to exceed 40.

401(k) Restoration SERP

As noted above under "*Compensation Discussion and Analysis*", effective January 1, 2007, the Committee adopted a 401(k) Restoration SERP to replace lost retirement benefits due solely to IRS compensation limits. Benefits under this plan are determined exactly as in the Company's 401(k) Plan except that compensation limits are ignored. Named Executive Officers are permitted to elect to defer compensation above the annual IRS limit and the Company will provide a matching contribution at the same rate as under the 401(k) Plan (60 percent on the first 3 percent of pay above the IRS limit and 40 percent on the next 3 percent of pay above the IRS limit). Vanguard administers the 401(k) Restoration SERP. Both the salary deferrals and the Company's matching contributions are transferred to Vanguard and the executive may invest in any funds available under the Company's 401(k) Plan.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The table below reflects the amount of compensation payable to each of the Named Executive Officers of the Company in the event of termination of such executive's employment. The amount of compensation payable to each Named Executive Officer upon voluntary or involuntary termination (with and without cause), retirement, death, disability or in the event of a change-in-control (with and without termination) is described qualitatively in the following narrative and is shown quantitatively in the table below. The amounts shown assume that such termination was effective as of December 31, 2007, and thus include amounts earned through such time and are estimates of the amounts that would be paid out to the executives upon their termination or change-in-control. The actual amounts to be paid out can only be determined at the time of each Named Executive Officer's separation from the Company.

As described above under "*Compensation Discussion and Analysis*," except for the employment agreement entered into with Mr. Swidarski, described above under "*Narrative Disclosure to 2007 Summary Compensation Table and 2007 Grants of Plan-*

Source: DIEBOLD INC, 10-K, September 30, 2008

Based Awards," table the Company has not entered into employment agreements with any other Named Executive Officer; however, the Company has entered into change-in-control agreements with each of the Named Executive Officers.

Payments Made Upon Termination

Voluntary or Involuntary With Cause. Whether a Named Executive Officer's employment terminates voluntarily or involuntarily with cause, he is only entitled to base salary earned through the date of termination, along with any deferred compensation earnings payable upon separation from service and any benefits that have accrued under the Company's Qualified Retirement Plan, SERP or 401(k) plan (except that no SERP benefits are payable in the event of involuntary termination with cause). The Qualified Retirement Plan benefit, under both termination scenarios, and the SERP benefit, if termination is voluntary, is determined as described in the narrative above under "*2007 Pension Benefits*."

Involuntary Without Cause. If, however, a Named Executive Officer is involuntarily terminated without cause, in addition to the foregoing he would also be entitled to the following:

- Separation payments and continued participation in the Company's employee health care plans pursuant to the Company's Health Care Plan and Separation Benefits Plan applicable to all U.S.-based employees, with the length of such benefits and payments ranging from one to six months, depending upon the executive's years of service;
- Lapse of the restrictions on outstanding restricted shares;
- A Qualified Retirement Plan benefit determined using the plan provisions as described in the narrative above under "*2007 Pension Benefits*"; and
- SERP I (Mr. Bucci only) provides a SERP benefit based on the formula applicable for normal retirement.
- The Pension SERP does not provide any additional benefits upon an involuntary termination. The Named Executive Officer would only be entitled to a SERP benefit if he otherwise qualifies for either a normal, early or deferred vested SERP benefit at termination.

Mr. Swidarski. Pursuant to Mr. Swidarski's employment agreement, in the event of an involuntary termination without cause, in addition to the benefits identified above, he would also be entitled to the following:

- A lump sum payment equal to 24 months' base salary, as in effect on the date of termination;
- A pro-rata award under the Company's Annual Cash Bonus Plan, based upon the time employed in the year of termination, to the extent such awards are otherwise earned, payable when such awards are generally paid to others;
- A lump sum payment equal to twice the target bonus level for the year in which termination occurs under the Company's Annual Cash Bonus Plan;
- All outstanding unvested options would immediately vest;
- Pro-rata performance share earnouts, based upon the time employed in the year of termination relative to the performance period, to the extent such awards are earned, payable when such awards are generally paid to others; and
- Continued participation in all of the Company's employee health and welfare benefit plans for a period of 24 months (or the date he receives equivalent coverage from a subsequent employer), excluding perquisites and any qualified or non-qualified pension or 401(k) plans.

Under his employment agreement, Mr. Swidarski is subject to certain non-competition, non-solicitation and confidentiality obligations for a period of two years following termination of his employment.

Source: DIEBOLD INC, 10-K, September 30, 2008

Payments Made Upon Retirement

In the event of the retirement of a Named Executive Officer at or after the earliest voluntary retirement age, in addition to the benefits identified above under "*Voluntary or Involuntary With Cause*" and "*Involuntary Without Cause,*" he would also be entitled to the following:

- All outstanding unvested options awarded prior to 2007 would immediately vest;
- All outstanding unvested options awarded in 2007 would immediately vest if the Named Executive Officer had attained the age of 65 and completed five or more years of continuous employment;
- All outstanding RSUs awarded prior to 2007 would immediately vest and become nonforfeitable;
- All outstanding RSUs awarded in 2007 would immediately vest and become nonforfeitable if the Named Executive Officer had attained the age of 65 and completed five or more years of continuous employment;
- All outstanding RSUs awarded in 2007 would vest pro-rata based upon the time employed in the year of termination relative to the deferral period of the RSUs, if the sum of the Named Executive Officer's age and years of continuous employment equals or exceeds 70; and
- Pro-rata performance share earnouts, as described above.

Payments Made Upon Death or Disability

In the event of the death or disability of a Named Executive Officer, the Named Executive Officer or his estate or beneficiaries would receive the same benefits indicated above under "*Payments Made Upon Retirement*," except that all outstanding and unvested options and RSUs, regardless of when awarded, would immediately vest and become nonforfeitable. In addition, the Named Executive Officer or his estate or beneficiaries would receive benefits under the Company's disability plan or payments under the Company's group term life insurance plan or any supplemental life insurance plan, as appropriate.

Named Executive Officers who die while actively employed are eligible for surviving spouse benefits from the Qualified Retirement Plan payable at the Named Executive Officer's normal retirement date (or on an actuarially reduced basis at an early retirement date) if the Named Executive Officer had at least five years of service. The benefit is equal to 50 percent of the benefit payable if the Named Executive Officer terminated employment on the date of his death, survived to the payment date as elected by his spouse, elected the 50 percent joint and survivor form of payment and died the next day. Benefits payable to the surviving spouse upon death of the Named Executive Officer from SERP I and the Pension SERP are equal to the benefit that would have been payable to the Named Executive Officer if he terminated employment on the date of his death and survived to his first payment date. The benefit begins on the executive's normal retirement date (or on an actuarially reduced basis at an early retirement date) and is paid for a guaranteed minimum of five years in SERP I. Named Executive Officers must have five years of service at the time of their death for death benefits to be payable under SERP I and ten years of service at the time of their death for death benefits to be payable under the Pension SERP.

Disability benefits are payable immediately from the Qualified Retirement Plan based on service at the date of disability if the Named Executive Officer had at least 15 years of service and was determined to be totally and permanently disabled. Disability benefits under SERP I and the Pension SERP are payable immediately and are generally determined in the same manner as the normal retirement benefits except the benefit is reduced by 16.6 percent

Mr. Swidarski. Pursuant to Mr. Swidarski's employment agreement, in the event of his death, in addition to the benefits identified above under "*Payments Made Upon Death or Disability*," he would also be entitled to the following:

- Base salary through the end of the month in which death occurs; and
- A pro-rata award under the Company's Annual Cash Bonus Plan, as described above.

Source: DIEBOLD INC, 10-K, September 30, 2008

In the event of his permanent and total disability, in addition to the benefits identified above under "*Payments Made Upon Death or Disability*," he would also be entitled to the following:

- Disability benefits in accordance with the long-term disability program in effect for senior executives of the Company, which in no event shall provide him with less than 60 percent of his base salary to age 65;
- Base salary through the end of the month in which disability benefits commence;
- A pro-rata award under the Company's Annual Cash Bonus Plan, as described above; and
- Continued participation in the Company's employee health and welfare benefit plans for a period of 36 months, excluding perquisites and any qualified or non-qualified pension or 401(k) plans.

Payments Made Upon a Change-in-Control

In the event of a change-in-control of the Company, pursuant to the terms of the applicable equity compensation agreements, each Named Executive Officer would be automatically entitled to the following benefits:

- Lapse of all restrictions on outstanding restricted shares;
- All outstanding unvested options would immediately vest;
- All outstanding RSUs would immediately vest and become nonforfeitable; and
- All performance shares would be deemed to have been earned in full (at target) and become immediately due and payable in the form of common shares.

In addition to the aforementioned benefits, pursuant to the change-in-control agreements described previously, if a Named Executive Officer's employment is terminated without cause within three years following a change-in-control or if the Named Executive Officer terminates his employment within such time under the circumstances identified below, in addition to the benefits indicated above, the Named Executive Officer would be entitled to the following benefits:

- A lump sum payment equal to two times base salary (for Mr. Swidarski, three times base salary), as in effect on the date of termination; and
- Continued participation in all of the Company's employee retirement income, health and welfare benefit plans, including executive perquisites (or substantially similar plans) for a period of 12 months, excluding any equity compensation plans, with such benefits period being considered service with the Company for purposes of service credits under any qualified or non-qualified retirement plans of the Company (except that the continued service credit under any qualified plan shall be paid for by the Company).

For purposes of the agreements, a voluntary termination by a Named Executive Officer will be deemed a constructive termination by the Company upon the occurrence of any of the following events:

- Failure to elect, re-elect or otherwise maintain the executive in the offices or positions held prior to the change-in-control;
- A significant adverse change in the nature or scope of the authorities, powers, functions, responsibilities or duties attached to the position held by the executive, or a reduction in his aggregate compensation or employee benefit plans;
- A good faith determination by the executive that the change-in-control has rendered him substantially unable to carry out or has substantially hindered his ability to perform any of the authorities, powers, functions, responsibilities or duties attached to the position he held prior to the change-in-control;

Source: DIEBOLD INC, 10-K, September 30, 2008

- The liquidation, dissolution, merger, consolidation or reorganization of the Company or the transfer of all or a significant portion of its business or assets, unless the successor has assumed all duties and obligations of the change-in-control agreements; and
- The Company relocates and requires the executive to change his principal location of work to any location which is in excess of 25 miles from his previous location of work, or requires the executive to travel significantly more than was previously required.

Further, pursuant to the agreements, a change-in-control is deemed to occur upon any of the following events:

- The Company is merged, consolidated or reorganized with another company, and as a result, less than a majority of the combined voting power of the then-outstanding securities is held by the shareholders of record immediately prior to such transaction;
- The Company sells or otherwise transfers all or substantially all of its assets, and as a result, less than a majority of the combined voting power of the then-outstanding securities is held by the shareholders of record immediately prior to such transaction;
- There is a report filed with the SEC disclosing that any person or entity has become the beneficial owner of 20 percent or more of the combined voting power of the then-outstanding securities of the Company;
- The Company files a current report or proxy statement with the SEC disclosing that a change in control has or may have occurred or will or may occur in the future pursuant to any then-existing contract or transaction; and
- If, during any period of two consecutive years, directors at the beginning of such period cease to constitute at least a majority of the board, unless the election or nomination for election of each director first elected during such period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period.

For purposes of calculating the retirement benefits payable when a change-in-control occurs with termination, the Named Executive Officer is entitled to the following:

- A Qualified Retirement Plan benefit determined using the plan provisions as described in the narrative above under "*2007 Pension Benefits*"; and
- A SERP benefit based on the formula applicable for normal retirement.

For both the Qualified Retirement Plan and the SERP, these benefits are determined assuming continuous participation for an additional 12 months subsequent to termination as described above.

Each of the agreements with the Named Executive Officers is substantially similar. Forms of these agreements have been filed as Exhibit 10.1 to this annual report.

Source: DIEBOLD INC, 10-K, September 30, 2008

POST-TERMINATION PAYMENTS TABLE

Name	Compensation Components	Voluntary	Involuntary with Cause	Involuntary w/o Cause	Retirement	Death	Disability	Change in Control	Change in Control w/ Termination
Thomas W. Swidarski	Salary/Bonus	$ —	$ —	$ 2,748,444	$ —	$ —	$ —	$ —	$ 2,061,333
	Long-Term Incentives:								
	Stock options(1)	—	—	0	0	0	0	0	0
	Performance shares(2)	—	—	866,502	866,502	866,502	866,502	1,446,102	1,446,102
	RSUs	—	—	—	—	1,159,200	1,159,200	1,159,200	1,159,200
	Retirement Benefits:								
	Qualified Retirement Plan/SERP(3)	449,000	110,000	449,000	—	354,000	449,000	—	539,000
	Other Benefits(4)	—	—	20,621	—	—	1,383,121(6)	—	154,842
	Total:	$ 449,000	$ 110,000	$ 4,084,567	$ 866,502	$ 2,379,702	$ 3,857,823	$ 2,605,302	$ 5,360,477
Kevin J. Krakora	Salary/Bonus	—	—	93,839	—	—	—	—	750,708
	Long-Term Incentives:								
	Stock options(1)	—	—	—	0	0	0	0	0
	Performance shares(2)	—	—	—	405,720	405,720	405,720	695,520	695,520
	RSUs	—	—	—	217,350	217,350	217,350	217,350	217,350
	Retirement Benefits:								
	Qualified Retirement Plan/SERP(3)	106,000	63,000	106,000	—	56,000	106,000	—	251,000
	Other Benefits(4)	—	—	—	—	—	—	—	56,890
	Total:	106,000	63,000	199,839	623,070	679,070	729,070	912,870	1,971,468
David Bucci	Salary/Bonus	—	—	161,019	—	—	—	—	644,074
	Long-Term Incentives:								
	Stock options(1)	—	—	—	0	0	0	0	0
	Performance shares(2)	—	—	—	611,478	611,478	611,478	901,278	901,278
	Restricted Shares / RSU	—	—	36,225	36,225	36,225	36,225	36,225	36,225
	Retirement Benefits:								
	Qualified Retirement Plan/SERP(3)	1,940,000	1,470,000	2,321,000	390,076	1,613,000	3,079,000	—	2,321,000
	Deferred Compensation Plan (5)	—	—	—	—	—	—	—	—
	Other Benefits(4)	—	—	—	—	—	—	—	51,170
	Total:	1,940,000	1,470,000	2,518,244	1,037,779	2,260,703	3,726,703	937,503	3,953,747
Dennis M. Moriarty	Salary/Bonus	—	—	91,952	—	—	—	—	651,710
	Long-Term Incentives:								
	Stock options(1)	—	—	—	0	0	0	0	0
	Performance shares(2)	—	—	—	249,228	249,228	249,228	394,128	394,128
	Restricted Shares / RSU	—	—	21,735	152,145	152,145	152,145	152,145	152,145
	Retirement Benefits:								
	Qualified Retirement Plan/SERP(3)	285,000	137,000	285,000	—	195,000	285,000	—	311,000
	Deferred Compensation Plan(5)	44,151	44,151	44,151	44,151	44,151	44,151	—	44,151
	Other Benefits(4)	—	—	—	—	—	—	—	45,218
	Total:	329,151	181,151	442,838	445,524	640,524	730,524	546,273	1,498,352
James L.M. Chen	Salary/Bonus	—	—	73,054	—	—	—	—	584,430
	Long-Term Incentives:								
	Stock options(1)	—	—	—	0	0	0	0	0
	Performance shares(2)	—	—	—	275,310	275,310	275,310	420,210	420,210
	RSUs	—	—	—	21,735	21,735	21,735	21,735	21,735
	Other Benefits(4)	—	—	—	—	—	—	—	249,124
	Total:			73,054	297,045	297,045	297,045	441,945	1,275,499

(1) The exercise prices of all of the stock options that would immediately vest under any of these termination scenarios exceeded the price of the Common Shares as of December 31, 2007 and therefore would have no compensable value on that date.

Source: DIEBOLD INC, 10-K, September 30, 2008

(2) Assuming actual payout of performance shares at target.

(3) The assumptions used to calculate the value of the Qualified Retirement Plan/SERP benefits are consistent with those used to calculate the values above under "*2007 Pension Benefits*" with the following exceptions: an interest rate of 6.625 percent, the FAS 87 discount rate as of December 31, 2007. Further, the Named Executive Officers are expected to terminate employment on December 31, 2007 and receive the value of their Qualified Retirement Plan/SERP benefits assuming payment begins at normal retirement or immediately, if eligible, at December 31, 2007. The values were determined as of December 31, 2007 based on compensation and service as of that date. In addition, these values represent total values to the Named Executive Officer under the given termination scenario.

(4) "Other Benefits" includes, as applicable, the total value of any other contributions by the Company on behalf of the Named Executive Officer for retirement income, health and welfare benefit plans, including executive perquisites, which the Named Executive Officer was eligible to receive as of December 31, 2007.

(5) Distribution of the amounts reflected for deferred compensation remains subject to the deferral elections made by the executive, as discussed above under "*Non-Qualified Deferred Compensation Plans.*" Mr. Bucci has elected lump sum distributions of his deferred compensation on specified dates in 2008 and in 2010, and therefore, would not become eligible to receive any payments on December 31, 2007 as a result of any of the stated termination events. Mr. Moriarty has elected lump sum distributions of his deferred compensation on the date he ceases to be an associate; therefore, the deferred compensation shown for Mr. Moriarty reflects the distributions he would be entitled to, assuming a December 31, 2007 separation date, notwithstanding any applicable six-month holding period required pursuant to Section 409A of the Internal Revenue Code. For more detail on the aggregate balance of Mr. Bucci's and Mr. Moriarty's deferred compensation, see above under "*2007 Non-Qualified Deferred Compensation.*"

(6) This amount includes the value of Mr. Swidarski's long-term disability benefits, determined as of December 31, 2007, in excess of the benefits payable in the Company's Long-Term Disability Plan. The amount of Mr. Swidarski's long-term disability benefits of $1,352,189, is determined as the present value of a fixed-term annuity, payable from Mr. Swidarski's current age to age 65, based on a discount rate of 6.125 percent.

2007 COMPENSATION OF NON-EMPLOYEE DIRECTORS

The following table details the cash retainers and fees received by non-employee directors during 2007, as well as the dollar amount recognized for financial statement reporting purposes of stock and stock option grants awarded during 2007 and in prior years pursuant to the Amended and Restated 1991 Equity and Performance Incentive Plan of the Company, which we refer to herein as the 1991 Plan:

2007 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash(2) ($)	Stock Awards(3) ($)	Option Awards(4) ($)	Total ($)
Louis V. Bockius III	$ 64,000	$ 77,136	$ 32,991	$ 174,127
Phillip R. Cox	60,000	52,478	21,184	133,662
Richard L. Crandall	77,000	77,136	35,365	189,501
Gale S. Fitzgerald	69,500	52,478	46,131	168,109
Phillip B. Lassiter	67,000	77,136	35,365	179,501
John N. Lauer	162,000	77,136	35,365	274,501
William F. Massy(1)	17,333	0	37,112	54,445
Eric J. Roorda	62,000	52,478	42,846	157,324
Henry D. G. Wallace	68,000	52,478	38,936	159,414
Alan J. Weber	68,500	52,478	19,845	140,823

Source: DIEBOLD INC, 10-K, September 30, 2008

(1) Mr. Massy retired from the Board and did not stand for re-election at our 2007 Annual Meeting.

(2) This column reports the amount of cash compensation earned in 2007 for Board and committee service. These amounts include an annual retainer for each Director of $40,000, pro-rated through April 2007, and $55,000, pro-rated through the remainder of 2007, as discussed more fully below. For Mr. Lauer, these amounts also include an additional annual retainer for his role as Chairman of the Board of $120,000, pro-rated through April 2007, and $90,000, pro-rated through the remainder of 2007, as discussed more fully below. Finally, this column includes the following committee fees earned in 2007:

Name	Audit Committee	Board Governance Committee	Compensation Committee	Investment Committee	IT Oversight Committee
Louis V. Bockius III	$ 9,000	$ 5,000	$ —	$ —	$ —
Phillip R. Cox	—	—	7,000	3,000	—
Richard L. Crandall	9,000	—	—	3,000	15,000
Gale S. Fitzgerald	—	8,000	7,000	—	4,500
Phillip B. Lassiter	—	5,000	12,000	—	—
John N. Lauer	—	5,000	7,000	—	—
William F. Massy	3,000	—	—	1,000	—
Eric J. Roorda	9,000	—	—	3,000	—
Henry D. G. Wallace	15,000	—	—	3,000	—
Alan J. Weber	9,000	—	—	5,000	4,500

(3) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2007 fiscal year for the fair value of deferred shares granted to non-employee directors in 2007. In 2007, the first year the directors received full-value stock awards, each director received 1,600 deferred shares, which fully vest one year from the grant date of April 26, 2007, but receipt of which is deferred as discussed in more detail below. Each director received deferred shares with a grant date fair value of $77,136. For retirement eligible directors, as determined under the plan, the amount recognized in 2007 is the entire fair value of the grant, whereas for those directors who are not yet retirement eligible, the amount recognized is the pro-rated portion of the fair value for 2007 beginning on the date of grant. The actual value a director may realize will depend on the stock price on the date the deferral period ends.

(4) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2007 fiscal year for the fair value of stock options granted to non-employee directors in prior years. The fair value was estimated using the Black-Scholes option-pricing model in accordance with Statement of Financial Accounting Standards No. 123(R) (revised 2004), *Share-Based* Payment, (SFAS 123 (R)). The assumptions used in calculating the fair value of these stock options can be found under Note 9 to the Consolidated Financial Statements in this annual report on Form 10-K for the year ended December 31, 2007. There is no assurance that the value actually realized by a director will be at or near the estimated Black-Scholes fair value. The actual value, if any, a director may realize will depend on the excess of the stock price over the exercise price on the date the option is exercised. As of December 31, 2007, the aggregate number of Common Shares issuable pursuant to options outstanding held by each non-employee director was as follows: Mr. Bockius, 17,500; Mr. Cox, 9,000; Mr. Crandall, 21,500; Ms. Fitzgerald, 21,500; Mr. Lassiter, 21,500; Mr. Lauer, 18,500; Mr. Roorda, 25,500; Mr. Wallace, 17,500; and Mr. Weber, 9,000.

Prior to May 1, 2007, non-employee directors received an annual retainer of $40,000 per year for their service as directors. However, in April 2007, in connection with its annual review of director pay, the Board Governance Committee engaged the services of the Compensation Committee's independent compensation consultant to provide an analysis of the Company's

Source: DIEBOLD INC, 10-K, September 30, 2008

director pay practices relative to the Company's peers. For this analysis, the Board Governance Committee used the same methodology, including the same peer group of companies, as the Compensation Committee for its executive pay review. A more detailed discussion of the Company's peer group can be found below under "*Compensation Discussion and Analysis*."

As a result of its review, the Board Governance Committee determined that the directors' total pay was below the median of the Company's peer group. Therefore, upon recommendation of the Board Governance Committee, the Board approved an increase in the non-employee directors' annual retainer to $55,000 per year, effective May 1, 2007.

Further, prior to May 1, 2007, the non-employee Chairman of the Board received an additional retainer of $10,000 per month. However, in connection with its annual review, the Board Governance Committee anticipated a reduced role for the non-employee Chairman going forward. Therefore, upon recommendation of the Board Governance Committee, the Board approved a reduction in the Chairman's additional retainer to $7,500 per month, effective May 1, 2007.

In addition to their annual retainer, the non-employee directors also receive the following committee fees for their participation as a member or as Chair of one or more of the Company's committees:

	Members	Chair
Audit Committee	$ 9,000/yr	$ 15,000/yr
Compensation Committee	$ 7,000/yr	$ 12,000/yr
Board Governance Committee	$ 5,000/yr	$ 8,000/yr
Investment Committee	$ 3,000/yr	$ 5,000/yr
IT Oversight Committee	$ 1,500/mtg	$ 15,000/yr

A director may elect to defer receipt of all or a portion of his or her pay pursuant to the 2005 Deferred Compensation Plan for Directors.

Each non-employee director may also receive equity awards under the 1991 Plan. Unlike prior years, in which the directors were awarded stock options, in 2007, each non-employee director was awarded 1,600 deferred Common Shares, which vest one year from the date of grant, but receipt of which is deferred until the later of (1) three years from the date of grant, (2) retirement from the Board or (3) attainment of the age of 65.

In addition, all directors' stock options that vested prior to December 31, 2005 are entitled to reload rights, under which an optionee can elect to pay the exercise price using previously owned shares and receive a new option at the then-current market price for a number of shares equal to those surrendered. The reload feature is only available, however, if the optionee agrees to defer receipt of the balance of the option shares for at least two years.

Director Stock Ownership Guidelines

In April 2007, the Board Governance Committee established stock ownership guidelines for each non-employee director of the Company. Under the ownership guidelines, each non-employee director is expected to own at least 6,500 Common Shares. These ownership guidelines are intended to build stock ownership among non-employee directors and ensure that their long-term economic interests are aligned with those of other shareholders.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation Committee during the year ended December 31, 2007 were Phillip B. Lassiter, Chair, Phillip R. Cox, Gale S. Fitzgerald and John N. Lauer.

No officer or employee of the Company served on the Compensation Committee during such period.

Source: DIEBOLD INC, 10-K, September 30, 2008

COMPENSATION COMMITTEE REPORT

The Compensation Committee is comprised of Phillip B. Lassiter, Chair, Phillip R. Cox, Gale S. Fitzgerald and John N. Lauer. Each member meets the independence standards of the NYSE corporate governance requirements.

The Committee has reviewed and discussed the above *"Compensation Discussion and Analysis"* with management and, based on such review and discussions, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in this annual report on Form 10-K for the year ended December 31, 2007 and the Company's proxy statement for its 2008 annual meeting of shareholders.

The foregoing report was submitted by the Compensation Committee of the Board and shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A promulgated by the SEC or Section 18 of the Securities Exchange Act of 1934.

The Compensation Committee:
Phillip B. Lassiter, Chair
Phillip R. Cox
Gale S. Fitzgerald
John N. Lauer

ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Beneficial Ownership of Shares

To the knowledge of the Corporation, no person beneficially owned more than five percent of the Company's outstanding common shares as of September 25, 2008, except for the shareholders listed below. The information provided below is derived from Schedules 13D or 13G filed with the SEC.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Shares	GGCP, Inc. et al. One Corporate Center Rye, New York 10580	4,706,900(1)	7.2
Common Shares	Cooke & Bieler, L.P. 1700 Market Street Suite 3222 Philadelphia, Pennsylvania 19103	3,736,071(2)	5.7
Common Shares	Janus Capital Management LLC et al. 151 Detroit Street Denver, Colorado 80206	3,557,648(3)	5.4
Common Shares	Capital World Investors 333 South Hope Street Los Angeles, California 90071	3,325,000(4)	5.1

Source: DIEBOLD INC, 10-K, September 30, 2008

(1) Mario J. Gabelli et. al filed a Schedule 13D with the SEC on April 11, 2008: indicating that, as of April 1, 2008: (A) Gabelli Funds, LLC had sole voting and dispositive power with respect to 1,085,900 common shares; (B) GAMCO Asset Management Inc. had sole voting power with respect to 3,248,400 common shares and sole dispositive power with respect to 3,338,200 common shares; (C) MJG Associates, Inc. had sole voting and dispositive power with respect to 78,000 common shares; (D) Gabelli Securities, Inc. had sole voting and dispositive power with respect to 108,800 common shares; (E) each of Gabelli Foundation, Inc., GGCP, Inc. and GAMCO Investors, Inc. or GAMCO Investors, had sole voting and dispositive power with respect to 20,000 common shares; and (F) Mario J. Gabelli had sole voting and dispositive power with respect to 36,000 common shares. Mario J. Gabelli et. al also report that (i) GGCP, Inc. is the ultimate parent holding company for the above listed companies, and Mario J. Gabelli is the majority shareholder and Chief Executive Officer of GGCP, Inc., (ii) Gabelli Funds, LLC has sole dispositive and voting power with respect to the common shares it holds so long as the aggregate voting interest of all joint filers does not exceed 25 percent of their total voting interest in the Corporation and, in that event, the proxy voting committee of each fund shall respectively vote that fund's shares, (iii) at any time, the proxy voting committee of each such fund may take and exercise in its sole discretion the entire voting power with respect to the shares held by such fund under special circumstances such as regulatory considerations, and (iv) the power of Mario J. Gabelli, GAMCO Investors and GGCP, Inc. is indirect with respect to common shares beneficially owned directly by the other GAMCO entities. The address for MJG Associates, Inc. is 140 Greenwich Avenue, Greenwich, CT 06830 and the address for Gabelli Foundation, Inc. is 165 West Liberty Street, Reno, Nevada 89501.

(2) Cooke & Bieler, L.P. filed a Schedule 13G with the SEC on February 14, 2008 indicating that, as of December 31, 2007, Cooke & Bieler, L.P., an investment adviser, had shared voting power with respect to 1,911,271 common shares and shared dispositive power with respect to 3,736,071 common shares.

(3) Janus Capital Management LLC filed a Schedule 13G with the SEC on February 14, 2008 indicating that, as of December 31, 2007, Janus Capital Management LLC had shared voting and dispositive power with respect to 3,557,648 common shares. Janus Capital Management LLC reported that it had an indirect 86.5 percent ownership stake in Enhanced Investment Technologies LLC, or INTECH, and an indirect 30 percent ownership stake in Perkins, Wolf, McDonnell and Company, LLC, or Perkins Wolf, each of which are registered investment advisers and furnish investment advice to various investment companies and individual and institutional clients, which are referred to as the managed portfolios. Janus Capital Management LLC also reported that, as a result of these relationships (A) Perkins Wolf may be deemed to be the beneficial owner of 2,713,009 common shares and (B) INTECH may be deemed to be the beneficial owner of 844,639 common shares. Neither Perkins Wolf nor INTECH has the right to receive any dividends from, or the proceeds from the sale of, the securities held in the managed portfolios and they each disclaim any ownership associated with such rights. Perkins Wolf's holdings may also be aggregated within Schedule 13G filings submitted by Mac-Per-Wolf Company, the majority owner of Perkins Wolf.

(4) Capital World Investors filed a Schedule 13G with the SEC on February 11, 2008 indicating that, as of December 31, 2007, Capital World Investors, a division of Capital Research and Management Company, or Capital Research, had sole voting power with respect to 1,325,000 common shares and sole dispositive power with respect to 3,325,000 common shares as the result of Capital Research acting as investment adviser to various investment companies.

Security Ownership of Directors and Managers

The following table shows the beneficial ownership of common shares of the Company, including those shares which individuals have a right to acquire (for example, through exercise of options under the 1991 Plan) within the meaning of Rule 13d-3(d)(1) under the Securities Exchange Act of 1934, each director, each Named Executive Officer, and for such persons and the other executive officers of the Company as a group as of September 25, 2008.

Ownership is also reported as of August 1, 2008 for shares in the 401(k) Savings Plan over which the individual has voting power, together with shares held in the Employee Stock Purchase Plan.

Source: DIEBOLD INC, 10-K, September 30, 2008

Directors:	Common Shares Beneficially Owned	Stock Options Exercisable Within 60 Days	Deferred Shares(1)	Percent of Class
Louis V. Bockius III	192,867	14,125	1,600	.31
Phillip R. Cox	—	4,500	1,600	*
Richard L. Crandall	9,089	18,125	1,600	0.04
Gale S. Fitzgerald	6,089	18,125	1,600	0.04
Phillip B. Lassiter	8,771	18,125	1,600	0.04
John N. Lauer	19,721	15,125	2,877	0.05
Eric J. Roorda	313,568	22,125	1,600	0.51
Thomas W. Swidarski	61,687(2),(3)	162,975	—	0.34
Henry D. G. Wallace	1,000	14,125	1,600	0.02
Alan J. Weber	1,500	5,625	1,600	0.01
Other Named Executive Officers:				
Kevin J. Krakora Executive Vice President and Chief Financial Officer	19,426(2)	55,625	—	0.11
David Bucci Senior Vice President, Customer Solutions Group	49,779(2),(3)	171,250	7,500	0.33
Dennis M. Moriarty Senior Vice President, Global Security Division	20,754	54,000	1,475	0.11
James L.M. Chen Senior Vice President, EMEA/AP Divisions	42,816	32,875	—	0.11
All Current Directors and Executive Officers as a Group (26)	861,367(2),(3)	848,187	26,762	2.59

(1) The deferred shares awarded to the director-nominees, as discussed above under "*2007 Compensation of Non-employee Directors,*" and shares deferred by Messrs. Lauer, Bucci and Moriarty pursuant to the Company's deferred incentive compensation plans are not included in the shares reported in the "Common Shares Beneficially Owned" column, nor are they included in the "Percent of Class" column.

(2) Includes shares held in his name under the 401(k) Savings Plan over which he has voting power, and/or shares held in the Employee Stock Purchase Plan.

(3) Includes shares held in the name of the spouse of the Named Executive Officer.

* Less than 0.01 percent.

Source: DIEBOLD INC, 10-K, September 30, 2008

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	4,105,247	$ 41.56	918,313
Equity compensation plans not approved by security holders	—	—	—
Total	4,105,247	$ 41.56	918,313

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

DIRECTOR INDEPENDENCE

The Board has determined that Louis V. Bockius III, Phillip R. Cox, Richard L. Crandall, Gale S. Fitzgerald, Phillip B. Lassiter, John N. Lauer, Eric J. Roorda, Henry D. G. Wallace and Alan J. Weber, which includes each of the current members of the Audit Committee, the Board Governance Committee and the Compensation Committee, has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) and is independent within the Company's director independence standards, which reflect the New York Stock Exchange director independence standards as currently in effect and as they may be changed from time to time.

In making this determination with respect to Mr. Weber, the Board determined that the provision of proxy processing, mailing and tabulation services by Broadridge Financial Solutions, Inc., the board of directors of which Mr. Weber is a member, did not create a material relationship or impair the independence of Mr. Weber because he serves only as a member of such board, and the nature of the services provided and the fees paid by the Company for such services were less than $80,000 in 2007.

Under the Company's director independence standards, a director will be determined not to be independent under the following circumstances:

- The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer, of the Company;
- The director has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than $100,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
- (a) The director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor; (b) the director is a current employee of such a firm; (c) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (d) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time;

Source: DIEBOLD INC, 10-K, September 30, 2008

- The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee;
- The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1,000,000, or two percent of such other company's consolidated gross revenues;
- The director has not engaged in a transaction with the Company for which the Company has been or will be required to make a disclosure under Item 404(a) of Regulation S-K promulgated by the SEC; or
- The director has no other material relationship with the Company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company.

Thomas W. Swidarski does not meet the aforementioned independence standards because he is the President and Chief Executive Officer, and is an employee of, the Company.

The Company's director independence standards are available on the Company's web site at http://www.diebold.com or by written request to the Corporate Secretary.

In addition, except for employment arrangements with the Chief Executive Officer and other management directors that may be on the Board from time-to-time, the Company does not engage in transactions with directors or their affiliates if a transaction would cause an independent director to no longer be deemed independent, would present the appearance of a conflict of interest or is otherwise prohibited by law, rule or regulation. This includes, directly or indirectly, any extension, maintenance or renewal of an extension of credit to any director of the Company.

This prohibition also includes significant business dealings with directors or their affiliates, charitable contributions which would require disclosure in the Company's proxy statement under the rules of the NYSE, and consulting contracts with, or other indirect forms of compensation to, a director. Any waiver of this policy may be made only by the Board and must be promptly disclosed to the Company's shareholders.

ITEM 14: PRINCIPAL ACCOUNTANT FEES AND SERVICES

KPMG LLP acted as the Company's independent auditors during the past fiscal year, and has so acted since 1965. KPMG LLP has no financial interest, direct or indirect, in the Company or any subsidiary.

Audit and Non-Audit Fees

The following table shows the aggregate fees billed to the Company for the annual audit and review of the interim financial statements and other services provided by KPMG LLP for fiscal 2007 and 2006.

	2007	2006
Audit Fees(1)	$ 8,252,764	$ 2,942,450
Audit-Related Fees(2)	2,075,708	552,630
Tax Fees(3)	1,219,484	894,030
All Other Fees(4)	0	0
Total	$ 11,547,956	$ 4,389,110

Source: DIEBOLD INC, 10-K, September 30, 2008

(1) "Audit Fees" consist of fees billed for professional services rendered for the audit of the Company's annual financial statements and the review of the interim financial statements included in quarterly reports and services that are normally provided by KPMG LLP in connection with statutory and regulatory filings.

(2) "Audit-Related Fees" consist of fees billed primarily for a stand-alone audit of the Company's election systems business.

(3) "Tax Fees" consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning, both domestic and international. These services include assistance regarding federal, state and international tax compliance, acquisitions and international tax planning.

(4) "All Other Fees" consist of fees billed for those services not captured in the audit, audit-related and tax categories. The Company generally does not request such services from the independent auditors; however, in 2007, these fees were primarily for services in connection with the Company's request for guidance related to its practice of recognizing certain revenue on a bill and hold basis, its internal review, and its restatement of financial statements.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

Consistent with SEC policies regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of the Company's independent auditors. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and non-audit services provided by the independent auditors.

These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The Audit Committee has delegated pre-approval authority to Henry D. G. Wallace, Chair of the Audit Committee, when expedition of services is necessary, provided that Mr. Wallace must report any decisions to pre-approve to the full Audit Committee at its next scheduled meeting. None of the services rendered by the independent auditors under the categories "Audit-Related Fees," "Tax Fees" and "All Other Fees" described above were approved by the Audit Committee after services were rendered pursuant to the de minimis exception established by the SEC.

Source: DIEBOLD INC, 10-K, September 30, 2008

Part IV

ITEM 15: EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Documents filed as a part of this annual report.

- Consolidated Balance Sheets at December 31, 2007 and 2006
- Consolidated Statements of Income for the Years Ended December 31, 2007, 2006 and 2005
- Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2007, 2006 and 2005
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2007, 2006 and 2005
- Notes to Consolidated Financial Statements
- Reports of Independent Registered Public Accounting Firm

(a) 2. Financial statement schedule

The following report and schedule are included in this Part IV, and are found in this annual report:

- Valuation and Qualifying Accounts.

All other schedules are omitted, as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

(a) 3. Exhibits

3.1(i)	Amended and Restated Articles of Incorporation of Diebold, Incorporated — incorporated by reference to Exhibit 3.1 (i) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994. (Commission File No. 1-4879)
3.1(ii)	Amended and Restated Code of Regulations of Diebold, Incorporated — incorporated by reference to Exhibit 3.1(ii) to Registrant's Form 10-Q for the quarter ended March 31, 2007. (Commission File No. 1-4879)
3.2	Certificate of Amendment by Shareholders to Amended Articles of Incorporation of Diebold, Incorporated — incorporated by reference to Exhibit 3.2 to Registrant's Form 10-Q for the quarter ended March 31, 1996. (Commission File No. 1-4879)
3.3	Certificate of Amendment to Amended Articles of Incorporation of Diebold, Incorporated — incorporated by reference to Exhibit 3.3 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998. (Commission File No. 1-4879)
4.1	Rights Agreement dated as of February 11, 1999 between Diebold, Incorporated and The Bank of New York — incorporated by reference to Exhibit 4.1 to Registrant's Registration Statement on Form 8-A, filed February 2, 1999. (Commission File No. 1-4879)
*10.1	Form of Employment Agreement as amended and restated as of September 13, 1990 — incorporated by reference to Exhibit 10.1 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1990. (Commission File No. 1-4879)
*10.2	Schedule of Certain Officers who are Parties to Employment Agreements — incorporated by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2005. (Commission File No. 1-4879)
*10.5(i)	Supplemental Employee Retirement Plan I as amended and restated July 1, 2002 — incorporated by reference to Exhibit 10.5(i) to Registrant's Form 10-Q for the quarter ended September 30, 2002. (Commission File No. 1-4879)
*10.5(ii)	Supplemental Employee Retirement Plan II as amended and restated July 1, 2002 — incorporated by reference to Exhibit 10.5(ii) to Registrant's Form 10-Q for the quarter ended September 30, 2002. (Commission File No. 1-4879)
*10.7(i)	1985 Deferred Compensation Plan for Directors of Diebold, Incorporated — incorporated by reference to Exhibit 10.7 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1992. (Commission File No. 1-4879)

Source: DIEBOLD INC, 10-K, September 30, 2008

*10.7(ii)	Amendment No. 1 to the Amended and Restated 1985 Deferred Compensation Plan for Directors of Diebold, Incorporated — incorporated by reference to Exhibit 10.7 (ii) to Registrant's Form 10-Q for the quarter ended March 31, 1998. (Commission File No. 1-4879)
*10.7(iii)	Amendment No. 2 to the Amended and Restated 1985 Deferred Compensation Plan for Directors of Diebold, Incorporated — incorporated by reference to Exhibit 10.7 (ii) to Registrant's Form 10-Q for the quarter ended March 31, 2003. (Commission File No. 1-4879)
*10.7(iv)	2005 Deferred Compensation Plan for Directors of Diebold, Incorporated, effective as of January 1, 2005 — incorporated by reference to Exhibit 10.7(iv) to Registrant's Annual Report on Form 10-K for the year ended December 31, 2005. (Commission File No. 1-4879)
*10.8(i)	1991 Equity and Performance Incentive Plan as Amended and Restated as of February 7, 2001 — incorporated by reference to Exhibit 4(a) to Form S-8 Registration Statement No. 333-60578.
*10.8(ii)	Amendment No. 1 to the 1991 Equity and Performance Incentive Plan as Amended and Restated as of February 7, 2001 — incorporated by reference to Exhibit 10.8 (ii) to Registrant's Form 10-Q for the quarter ended March 31, 2004. (Commission File No. 1-4879)
*10.8(iii)	Amendment No. 2 to the 1991 Equity and Performance Incentive Plan as Amended and Restated as of February 7, 2001 — incorporated by reference to Exhibit 10.8 (iii) to Registrant's Form 10-Q for the quarter ended March 31, 2004. (Commission File No. 1-4879)
*10.8(iv)	Amendment No. 3 to the 1991 Equity and Performance Incentive Plan as Amended and Restated as of February 7, 2001 — incorporated by reference to Exhibit 10.8 (iv) to Registrant's Form 10-Q for the quarter ended June 30, 2004. (Commission File No. 1-4879)
*10.9	Long-Term Executive Incentive Plan — incorporated by reference to Exhibit 10.9 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1993. (Commission File No. 1-4879)
*10.10(i)	Amended and Restated 1992 Deferred Incentive Compensation Plan — incorporated by reference to Exhibit 10.10 (i) to Registrant's Form 10-Q for the quarter ended September 30, 2002. (Commission File No. 1-4879)
*10.10(ii)	2005 Deferred Incentive Compensation Plan, effective as of January 1, 2005 — incorporated by reference to Exhibit 10.10(ii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 2005. (Commission File No. 1-4879)
*10.11	Annual Incentive Plan — incorporated by reference to Exhibit 10.11 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2000. (Commission File No. 1-4879)
*10.13(i)	Forms of Deferred Compensation Agreement and Amendment No. 1 to Deferred Compensation Agreement — incorporated by reference to Exhibit 10.13 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996. (Commission File No. 1-4879)
*10.13(ii)	Section 162(m) Deferred Compensation Agreement (as amended and restated January 29, 1998) — incorporated by reference to Exhibit 10.13 (ii) to Registrant's Form 10-Q for the quarter ended March 31, 1998. (Commission File No. 1-4879)
*10.14	Deferral of Stock Option Gains Plan — incorporated by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998. (Commission File No. 1-4879)
10.17(i)	Amended and Restated Loan Agreement dated as of April 30, 2003 among Diebold, Incorporated, the Subsidiary Borrowers, the Lenders and Bank One, N.A. — incorporated by reference to Exhibit 10.17 to Registrant's Form 10-Q for the quarter ended June 30, 2003. (Commission File No. 1-4879)
10.17(ii)	First Amendment to Loan Agreement, dated as of April 28, 2004 among Diebold, Incorporated, the Subsidiary Borrowers, the Lenders and Bank One, N.A. — incorporated by reference to Exhibit 10.17 (ii) to Registrant's Form 10-Q for the quarter ended June 30, 2004. (Commission File No. 1-4879)
10.17(iii)	Second Amendment to Loan Agreement, dated as of April 27, 2005 among Diebold, Incorporated, the Subsidiary Borrowers, the Lenders and JPMorgan Chase Bank N.A. (successor by merger to Bank One, N.A.) — incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on May 3, 2005. (Commission File No. 1-4879)
10.17(iv)	Third Amendment to Loan Agreement, dated as of November 16, 2005 among Diebold, Incorporated, the Subsidiary Borrowers, the Lenders and JPMorgan Chase Bank N.A. (successor by merger to Bank One, N.A.) — incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on November 22, 2005. (Commission File No. 1-4879)
10.17(v)	Fourth Amendment to Loan Agreement, dated November 27, 2006 among Diebold, Incorporated, the Subsidiary Borrowers, the Lenders and JPMorgan Chase Bank N.A. (successor by merger to Bank One N.A.) — incorporated by reference to Exhibit 10.17 (v) to Registrant's Annual Report on Form 10-K for the year ended December 31, 2006. (Commission File No. 1-4879)

Source: DIEBOLD INC, 10-K, September 30, 2008

*10.18(i)	Retirement and Consulting Agreement with Robert W. Mahoney — incorporated by reference to Exhibit 10.18 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2000. (Commission File No. 1-4879)
*10.18(ii)	Extension of Retirement and Consulting Agreement with Robert W. Mahoney — incorporated by reference to Exhibit 10.18 (ii) to Registrant's Form 10-Q for the quarter ended September 30, 2002. (Commission File No. 1-4879)
*10.18(iii)	Extension of Retirement and Consulting Agreement with Robert W. Mahoney — incorporated by reference to Exhibit 10.18 (iii) to Registrant's Form 10-Q for the quarter ended June 30, 2003. (Commission File No. 1-4879)
*10.18(iv)	Extension of Retirement and Consulting Agreement with Robert W. Mahoney — incorporated by reference to Exhibit 10.18 (iv) to Registrant's Form 10-Q for the quarter ended March 31, 2004. (Commission File No. 1-4879)
*10.18(v)	Extension of Retirement and Consulting Agreement with Robert W. Mahoney — incorporated by reference to Exhibit 10.18 (v) to Registrant's Form 10-Q for the quarter ended March 31, 2005. (Commission File No. 1-4879)
*10.18(vi)	Extension of Retirement and Consulting Agreement with Robert W. Mahoney, dated March 7, 2006 — incorporated by reference to Exhibit 10.18(vi) to Registrant's Form 10-K for the year ended December 31, 2005. (Commission File No. 1-4879)
10.20(i)	Transfer and Administration Agreement, dated as of March 30, 2001 by and among DCC Funding LLC, Diebold Credit Corporation, Diebold, Incorporated, Receivables Capital Corporation and Bank of America, National Association and the financial institutions from time to time parties thereto — incorporated by reference to Exhibit 10.20 (i) to Registrant's Form 10-Q for the quarter ended March 31, 2001. (Commission File No. 1-4879)
10.20(ii)	Amendment No. 1 to the Transfer and Administration Agreement, dated as of May 2001, by and among DCC Funding LLC, Diebold Credit Corporation, Diebold, Incorporated, Receivables Capital Corporation and Bank of America, National Association and the financial institutions from time to time parties thereto — incorporated by reference to Exhibit 10.20 (ii) to Registrant's Form 10-Q for the quarter ended March, 31, 2001. (Commission File No. 1-4879)
*10.21	Separation Agreement with Eric C. Evans — incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on October 18, 2005. (Commission File No. 1-4879)
*10.22	Form of Non-Qualified Stock Option Agreement — incorporated by reference to Exhibit 10.22 to Registrant's Form 10-Q for the quarter ended March 31, 2007. (Commission File No. 1-4879)
*10.23	Form of Restricted Share Agreement — incorporated by reference to Exhibit 10.2 to Registrant's Form 8-K filed on February 16, 2005. (Commission File No. 1-4879)
*10.24	Form of RSU Agreement — incorporated by reference to Exhibit 10.24 to Registrant's Form 10-Q for the quarter ended March 31, 2007. (Commission File No. 1-4879)
*10.25	Form of Performance Share Agreement — incorporated by reference to Exhibit 10.25 to Registrant's Form 10-Q for the quarter ended March 31, 2007. (Commission File No. 1-4879)
*10.26	Diebold, Incorporated Annual Cash Bonus Plan — incorporated by reference to Exhibit A to Registrant's Proxy Statement on Schedule 14A filed on March 16, 2005. (Commission File No. 1-4879)
10.27	Form of Note Purchase Agreement — incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on March 8, 2006. (Commission File No. 1-4879)
*10.28	Employment Agreement between Diebold, Incorporated and Thomas W. Swidarski — incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on May 1, 2006. (Commission File No. 1-4879)
*10.29	Employment [Change in Control] Agreement between Diebold, Incorporated and Thomas W. Swidarski — incorporated by reference to Exhibit 10.2 to Registrant's Form 8-K filed on May 1, 2006. (Commission File No. 1-4879)
*10.30	Compromise Agreement between Diebold International Limited, Diebold, Incorporated and Daniel J. O'Brien — incorporated by reference to Exhibit 10.3 to Registrant's Form 8-K filed on May 1, 2006. (Commission File No. 1-4879)
*10.31	Separation Agreement between Diebold, Incorporated and Michael J. Hillock, effective June 12, 2006 — incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on June 16, 2006. (Commission File No. 1-4879)
10.32	Letter Agreement (including Term Note) dated as of November 27, 2006, between Diebold, Incorporated and PNC Bank, N.A. — incorporated by reference to Exhibit 10.31 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2006. (Commission File No. 1-4879)
21.1	Subsidiaries of the Registrant as of December 31, 2007.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Power of Attorney.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Source: DIEBOLD INC, 10-K, September 30, 2008

32.1 Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.

32.2 Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.

* Reflects management contract or other compensatory arrangement required to be filed as an exhibit pursuant to Item 15(b) of this annual report.

(b) Refer to this Form 10-K for an index of exhibits.

Source: DIEBOLD INC, 10-K, September 30, 2008

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DIEBOLD, INCORPORATED

Date: September 30, 2008

By: /s/ THOMAS W. SWIDARSKI
Thomas W. Swidarski
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ THOMAS W. SWIDARSKI Thomas W. Swidarski	President, Chief Executive Officer and Director (Principal Executive Officer)	September 30, 2008
/s/ KEVIN J. KRAKORA Kevin J. Krakora	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	September 30, 2008
/s/ LESLIE A. PIERCE Leslie A. Pierce	Vice President and Corporate Controller (Principal Accounting Officer)	September 30, 2008
* Phillip R. Cox	Director	September 30, 2008
/s/ LOUIS V. BOCKIUS III Louis V. Bockius III	Director	September 30, 2008
/s/ RICHARD L. CRANDALL Richard L. Crandall	Director	September 30, 2008
* Gale S. Fitzgerald	Director	September 30, 2008
* Phillip B. Lassiter	Director	September 30, 2008
* John N. Lauer	Director	September 30, 2008
/s/ ERIC J. ROORDA Eric J. Roorda	Director	September 30, 2008

Source: DIEBOLD INC, 10-K, September 30, 2008

Source: DIEBOLD INC, 10-K, September 30, 2008

Signature	Title	Date
/s/ HENRY D.G. WALLACE Henry D.G. Wallace	Director	September 30, 2008
/s/ ALAN J. WEBER Alan J. Weber	Director	September 30, 2008

* The undersigned, by signing his name hereto, does sign and execute this Annual Report on Form 10-K pursuant to the Powers of Attorney executed by the above-named officers and directors of the Registrant and filed with the Securities and Exchange Commission on behalf of such officers and directors.

Date: September 30, 2008

*By: /s/ KEVIN J. KRAKORA
Kevin J. Krakora, Attorney-in-Fact

Source: DIEBOLD INC, 10-K, September 30, 2008

DIEBOLD, INCORPORATED AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED DECEMBER 31, 2007, 2006 AND 2005
(in thousands)

	Balance at beginning of year	Additions	Deductions	Balance at end of year
Year ended December 31, 2007				
Allowance for doubtful accounts	$ 32,104	$ 22,425	$ 20,822	$ 33,707
Year ended December 31, 2006 (As Restated)				
Allowance for doubtful accounts	$ 28,242	$ 15,853	$ 11,991	$ 32,104
Year ended December 31, 2005 (As Restated)				
Allowance for doubtful accounts	$ 9,673	$ 27,114	$ 8,545	$ 28,242

Source: DIEBOLD INC, 10-K, September 30, 2008

EXHIBIT INDEX

EXHIBIT NO.	DOCUMENT DESCRIPTION
21.1	Significant Subsidiaries of the Registrant
23.1	Consent of Independent Registered Public Accounting Firm
24.1	Power of Attorney
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.

Source: DIEBOLD INC, 10-K, September 30, 2008

LIST OF SIGNIFICANT SUBSIDIARIES

EXHIBIT 21.1

The following are the subsidiaries of the Registrant included in the Registrant's consolidated financial statements at December 31, 2007. Other subsidiaries are not listed because such subsidiaries are inactive. Subsidiaries are listed alphabetically under either the domestic or international categories.

Domestic	Jurisdiction under which organized	Percent of voting securities owned by Registrant
Data Information Management Systems, Inc.	California	100%
DBD Investment Management Company	Delaware	100%
Diebold Actcom Security Systems, Inc.	Delaware	100%
Diebold Austrailia Holding Company, Inc.	Delaware	100%
Diebold Enterprise Security Systems, Inc.	New York	100%
Diebold Eras, Incorporated	Ohio	100%
Diebold Finance Company, Inc.	Delaware	100%(1)
Diebold Fire Services, Inc.	Delaware	100%
Diebold Fire Services (Virginia), Inc.	Virginia	100%
Diebold Global Finance Corporation	Delaware	100%
Diebold Holding Company, Inc.	Delaware	100%
Diebold Information and Security Systems, LLC	Delaware	100%
Diebold Investment Company	Delaware	100%
Diebold Latin America Holding Company, LLC	Delaware	100%
Diebold Mexico Holding Company, Inc.	Delaware	100%
Diebold Midwest Manufacturing, Inc.	Delaware	100%
Diebold Self-Service Systems	New York	100%(2)
Diebold Southeast Manufacturing, Inc.	Delaware	100%(3)
Diebold SST Holding Company, Inc.	Delaware	100%
FirstLine, Inc.	California	100%
Maintenance Acquisition Company No. 1, LLC	Delaware	100%
Diebold Software Solutions, Inc.	Delaware	100%
Premier Election Solutions, Inc.	Delaware	100%(10)
VDM Holding Company, Inc.	Delaware	100%
Verdi & Associates, Inc.	New York	100%

International	Jurisdiction under which organized	Percent of voting securities owned by Registrant
Bitelco Diebold Chile Limitada	Chile	100%(24)
Cable Print N.V.	Belgium	100%
Cardinal Brothers Consulting Pty. Ltd.	Australia	100%(9)
Caribbean Self Service and Security LTD.	Barbados	50%(13)
Central de Alarmas Adler, S.A. de C.V.	Mexico	100%(23)

International	Jurisdiction under which organized	Percent of voting securities owned by Registrant
C.R. Panama, Inc.	Panama	100%(14)
DCHC, S.A.	Panama	100%(14)
Diebold Africa Investment Holdings Pty. Ltd.	South Africa	100%(34)
Diebold Africa (Pty) Ltd.	South Africa	100%(21)
Diebold ATM Cihazlari Sanayi Ve Ticaret A.S.	Turkey	100%(19)
Diebold Argentina, S.A.	Argentina	100%(14)
Diebold Australia Pty. Ltd.	Australia	100%(6)
Diebold Australia Pty. Ltd	New Zealand	100%(9)
Diebold Belgium B.V.B.A	Belgium	100%(20)
Diebold Brasil LTDA	Brazil	100%(14)
Diebold Brazil Services Holding Company ULC	Canada	100%
Diebold Brazil Servicios do Tecnologia e Participacoes Limitada	Brazil	100%(30)
Diebold Canada Holding Company Inc.	Canada	100%
Diebold Cassis Manufacturing S.A.	France	100%
Diebold Colombia S.A.	Colombia	100%(17)
The Diebold Company of Canada, Ltd.	Canada	100%
Diebold — Corp Systems Sdn. Bhd.	Malaysia	100%
Diebold Czech Republic s.r.o	Czech Republic	100%(7)
Diebold Ecuador SA	Ecuador	100%(22)
Diebold EMEA Processing Centre Limited	United Kingdom	100%
Diebold Enterprise Security Systems, Benelux B.V.	Netherlands	100%(29)
Diebold Enterprise Security Systems Holdings UK Limited	United Kingdom	100%(27)
Diebold Enterprise Security Systems, Ireland Ltd.	Ireland	100%(29)
Diebold Enterprise Security Systems Japan Limited	Japan	100%(28)
Diebold Enterprise Security Systems UK Limited	United Kingdom	100%(28)
Diebold Financial Equipment Company (China), Ltd.	Peoples Republic of China	85%(32)
Diebold France SARL	France	100%(7)
Diebold Germany GmbH	Germany	100%(7)
Diebold Hungary Ltd.	Hungary	100%(7)
Diebold Hungary Self-Service Solutions, Ltd.	Hungary	100%
Diebold India Private Limited	India	100%(35)
Diebold International Limited	United Kingdom	100%(7)
Diebold Italy S.r.l	Italy	100%(16)
Diebold Mexico, S.A. de C.V.	Mexico	100%(4)
Diebold Netherlands B.V.	Netherlands	100%(7)

International	Jurisdiction under which organized	Percent of voting securities owned by Registrant
Diebold OLTP Systems, C.A.	Venezuela	50%(13)
Diebold Osterreich Selbstbedienungssysteme GmbH	Austria	100%(7)
Diebold Pacific, Limited	Hong Kong	100%
Diebold Panama, Inc.	Panama	100%(14)
Diebold Paraguay S.A.	Paraguay	100%(24)
Diebold Peru S.r.l	Peru	100%(14)
Diebold Philippines, Inc.	Philippines	100%(36)
Diebold Poland S.p. z.o.o.	Poland	100%(7)
Diebold Portugal — Solucoes de Automatizacao, Limitada	Portugal	100%(7)
Diebold Physical Security Pty. Ltd.	Australia	100%(9)
Diebold Security Systems Limited	United Kingdom	100%(26)
Diebold Selbstbedienyngssysteme (Schweiz) GmbH	Switzerland	100%(7)
Diebold Self-Service CIS Ltd.	Russia	100%(7)
Diebold Self Service Solutions Limited Liability Company	Switzerland	100%(18)
Diebold Singapore Pte. Ltd.	Singapore	100%
Diebold Software Services Private Limited	India	100%(11)
Diebold South Africa (Pty) Ltd.	South Africa	75%(33)
Diebold Spain, S.L.	Spain	100%(25)
Diebold Switzerland Holding Company, LLC	Switzerland	100%(18)
Diebold Systems Private Limited	India	100%
Diebold (Thailand) Company Limited	Thailand	100%
Diebold Uruguay S.A.	Uruguay	100%(14)
J.J.F. Panama, Inc.	Panama	100%(14)
Mecaf Impressoras S.A.	Brazil	100%(15)
Nexus Software UK Ltd.	United Kingdom	100%(12)
P.T. Diebold Indonesia	Indonesia	100%(8)
Premier Election Solutions Canada ULC	Canada	100%
Procomp Amazonia Industria Eletronica S.A.	Brazil	100%(15)
Procomp Industria Eletronica LTDA	Brazil	100%(31)
SIAB (HK) Limited	Hong Kong	100%(5)
Sound Security Pty Ltd.	Australia	100%(9)

(1) 100 percent of voting securities are owned by Diebold Investment Company, which is 100 percent owned by Registrant.

(2) 70 percent of partnership interest is owned by Diebold Holding Company, Inc., which is 100 percent owned by Registrant, while the remaining 30 percent partnership interest is owned by Diebold SST Holding Company, Inc., which is 100 percent owned by Registrant.

(3) 100 percent of voting securities are owned by Diebold Midwest Manufacturing, Inc., which is 100 percent owned by Registrant.

(4) 100 percent of voting securities are owned by Diebold Mexico Holding Company, Inc., which is 100 percent owned by Registrant.

(5) 100 percent of voting securities are owned by Diebold Self-Service Systems, which is 70 percent owned by Diebold Holding Company, Inc. and 30 percent owned by Diebold SST Holding Company, Inc., both of which are 100 percent owned by Registrant.

(6) 100 percent of voting securities are owned by Diebold Australia Holding Company, Inc., which is 100 percent owned by Registrant.

(7) 100 percent of voting securities are owned by Diebold Self-Service Solutions Limited Liability Company, which is 95 percent owned by Registrant and 5 percent owned by Diebold Holding Company, Inc., which is 100 percent owned by Registrant.

(8) 88.89 percent of voting securities are owned by Registrant, and 11.11 percent of voting securities are owned by Diebold Pacific, Limited, which is 100 percent owned by Registrant.

(9) 100 percent of voting securities are owned by Diebold Australia Pty. Ltd., which is 100 percent owned by Diebold Australia Holding Company, Inc., which is 100 percent owned by Registrant.

(10) 100 percent of voting securities are owned by Premier Election Solutions Canada ULC, which is 100 percent owned by Registrant.

(11) 99.99 percent of voting securities are owned by Diebold Self-Service Solutions Limited Liability Company, which is 95 percent owned by Registrant and 5 percent owned by Diebold Holding Company, Inc., which is 100 percent owned by Registrant, while the remaining .01 percent of voting securities is owned by Registrant.

(12) 100 percent of voting securities are owned by Diebold Software Solutions, Inc., which is 100 percent owned by Registrant.

(13) 50 percent of voting securities are owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.

(14) 100 percent of voting securities are owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.

(15) 100 percent of voting securities are owned by Diebold Brasil LTDA, which is 100 percent owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.

(16) 100 percent of voting securities are owned by Diebold International Limited, which is 100 percent owned by Diebold Self-Service Solutions Limited Liability Company, which is 95 percent owned by Registrant and 5 percent owned by Diebold Holding Company, Inc., which is 100 percent owned by Registrant.

(17) 21.44 percent of voting securities are owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant; 16.78 percent of voting securities are owned by Diebold Panama, Inc., which is 100 percent owned by Diebold Latin America Holding Company, Inc., which is 100 percent owned by Registrant; 16.78 percent of voting securities are owned by DCHC SA, which is 100 percent owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant; 13.5 percent of voting securities are owned by J.J.F. Panama, Inc, which is 100 percent owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant; and the remaining 31.5 percent of voting securities are owned by C.R. Panama, Inc., which is 100 percent owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.

(18) 95 percent of voting securities are owned by Registrant, while 5 percent of voting securities are owned by Diebold Holding Company, Inc., which is 100 percent owned by Registrant.

(19) 50 percent of voting securities are owned by Diebold Netherlands B.V., which is 100 percent owned by Diebold Self-Service Solutions Limited Liability Company, while the remaining 50 percent of voting securities are owned by Diebold Self-Service Solutions Limited Liability Company, which is 95 percent owned by Registrant and 5 percent owned by Diebold Holding Company, Inc., which is 100 percent owned by Registrant.

(20) 10 percent of voting securities are owned by Diebold Selbstbedienungssysteme GmbH, which is 100 percent owned by Diebold Self Service Solutions Limited Liability Company, while the remaining 90 percent of voting securities are owned by Diebold Self -Service Solutions Limited Liability Company, which is 95 percent owned

by Registrant and 5 percent owned by Diebold Holding Company, Inc., which is 100 percent owned by Registrant.

(21) 100 percent of voting securities are owned by Diebold Africa Investment Holdings Pty. Ltd., which is 100 percent owned by Diebold Switzerland Holding Company, LLC (refer to 18 for ownership).

(22) 99.99 percent of voting securities are owned by Diebold Colombia SA (refer to 17 for ownership), while the remaining 0.01 percent of voting securities are owned by Diebold Latin America Holding Company, Inc., which is 100 percent owned by Registrant.

(23) .01 percent of voting securities are owned by Registrant, while 99.99 percent of voting securities are owned by Impexa LLC, which is 100 percent owned by Diebold Mexico Holding Company, Inc., which is 100 percent owned by Registrant.

(24) 1 percent of voting securities are owned by Registrant, while 99 percent of voting securities are owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.

(25) 100 percent of voting securities are owned by VDM Holding Company, Inc., which is 100 percent owned by Registrant.

(26) 100 percent of voting securities are owned by Diebold Enterprise Security Systems, Inc., which is 100 percent owned by Registrant.

(27) 100 percent of voting securities are owned by Diebold Security Systems Limited, which is 100 percent owned by Diebold Enterprise Security Systems, Inc., which is 100 percent owned by Registrant.

(28) 100 percent of voting securities are owned by Diebold Enterprise Security Systems Holdings UK Limited, which is 100 percent owned by Diebold Security Systems Limited, which is 100 percent owned by Diebold Enterprise Security Systems, Inc., which is 100 percent owned by Registrant.

(29) 100 percent of voting securities are owned by Diebold Enterprise Security Systems UK Limited (refer to 28 for ownership).

(30) 100 percent of voting securities are owned by Diebold Brazil Services Holding Company ULC, which is 100 percent owned by Registrant.

(31) 100 percent of voting securities are owned by Diebold Brazil Servicios e Participacoes Limitada, which is 100 percent owned by Diebold Brazil Services Holding Company ULC, which is 100 percent owned by Registrant.

(32) 85 percent of voting securities are owned by Diebold Switzerland Holding Company, LLC (refer to 18 for ownership).

(33) 75 percent of voting securities are owned by Diebold Africa Investment Holdings Pty. Ltd., which is 100 percent owned by Diebold Switzerland Holding Company, LLC (refer to 18 for ownership).

(34) 100 percent of voting securities are owned by Diebold Switzerland Holding Company, LLC (refer to 18 for ownership).

(35) 95.45 percent of voting securities are owned by Registrant, while 4.55 percent of voting securities are owned by Diebold Holding Company Inc., which is 100 percent owned by Registrant.

(36) 100 percent of voting securities are owned by Diebold (Thailand) Company Limited, which is 100 percent owned by Registrant.

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Diebold, Incorporated:

We consent to the incorporation by reference in the registration statements (Nos. 33-32960, 33-39988, 33-55452, 33-54677, 33-54675, 333-32187 and 333-60578) on Form S-8 of Diebold, Incorporated, of our reports dated September 30, 2008, with respect to the consolidated balance sheets of Diebold, Incorporated as of December 31, 2007 and 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2007, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2007, which reports appear in the December 31, 2007 annual report on Form 10-K of Diebold, Incorporated and subsidiaries.

Our report on the consolidated financial statements refers to the adoption of the provisions of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Standard No. 109*, effective January 1, 2007, Statement of Financial Accounting Standards No. 123(R), *Share Based Payment*, effective January 1, 2006, and Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB No. 87, 88, 106 and 132(R)*, effective December 31, 2006.

Our report dated September 30, 2008, on the effectiveness of internal control over financial reporting as of December 31, 2007, expresses our opinion that Diebold, Incorporated and subsidiaries did not maintain effective internal control over financial reporting as of December 31, 2007, because of the effects of material weaknesses on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states material weaknesses related Diebold, Incorporated and subsidiaries' control environment; selection, application and communication of accounting policies; monitoring; manual journal entries; contractual obligations; and account reconciliations have been identified and included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A(b) of Diebold, Incorporated and subsidiaries' December 31, 2007 annual report on Form 10-K.

/s/ KPMG
Cleveland, Ohio
September 30, 2008

EXHIBIT 24.1

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the undersigned directors of Diebold, Incorporated, a corporation organized and existing under the laws of the State of Ohio, do for themselves and not for another, constitute and appoint Warren W. Dettinger, Chad F. Hesse, Kevin J. Krakora, or any one of them, a true and lawful attorney in fact in their names, place and stead, to sign their names to the report on Form 10-K for the year ended December 31, 2007, or to any and all amendments to such reports, and to cause the same to be filed with the Securities and Exchange Commission; it being intended to give and grant unto said attorneys in fact and each of them full power and authority to do and perform any act and thing necessary and proper to be done in the premises as fully and to all intents and purposes as the undersigned by themselves could do if personally present. The undersigned directors ratify and confirm all that said attorneys in fact or either of them shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as of the date set opposite their signature.

Signed in the presence of:	Signature	Date
/s/Chad F. Hesse	/s/Phillip R. Cox Phillip R. Cox, Director	September xx, 2008
/s/Chad F. Hesse	/s/Gale S. Fitzgerald Gale S. Fitzgerald, Director	September xx, 2008
/s/Chad F. Hesse	/s/Phillip B. Lassiter Phillip B. Lassiter, Director	September xx, 2008
/s/Chad F. Hesse	/s/John N. Lauer John N. Lauer, Director	September xx, 2008

Source: DIEBOLD INC, 10-K, September 30, 2008

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas W. Swidarski, certify that:

1) I have reviewed this annual report on Form 10-K of Diebold, Incorporated;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 30, 2008

/s/ THOMAS W. SWIDARSKI
Thomas W. Swidarski
President and Chief Executive Officer
(Principal Executive Officer)

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kevin J. Krakora, certify that:

1) I have reviewed this annual report on Form 10-K of Diebold, Incorporated;
2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 30, 2008

/s/ KEVIN J. KRAKORA
Kevin J. Krakora
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

In connection with the Annual Report on Form 10-K of Diebold, Incorporated and subsidiaries (the Company) for the year ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Thomas W. Swidarski, President and Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ THOMAS W. SWIDARSKI
Thomas W. Swidarski
President and Chief Executive Officer
(Principal Executive Officer)

September 30, 2008

Source: DIEBOLD INC, 10-K, September 30, 2008

DIEBOLD, INCORPORATED AND SUBSIDIARIES

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

In connection with the Annual Report on Form 10-K of Diebold, Incorporated and subsidiaries (the Company) for the year ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Kevin J. Krakora, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ KEVIN J. KRAKORA
Kevin J. Krakora
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

September 30, 2008

Created by 10KWizard www.10KWizard.com

Fong, Courtney

From: Anderson, Jeanette
Sent: Wednesday, August 05, 2009 4:31 PM
To: 'LevyJ@UNIVSYSTEMS.com'
Subject: RFP CLARIFICATIONS - Services & Materials for the Enhancement & Maint. of the Airport Security Control System (ASCS) at JFK, EWR & LGA -

Dear Mr. Levy:

Please see attached letter and questions for the above referenced RFP. Responses are due no later than Tuesday, August 11, 2009 at 10:00 a.m.

Sincerely,

Jeanette Anderson
Principal Contracts Specialist
Procurement Department

RFP ASCS - Universal0001.tif

RFP ASCS - Universal0002.tif

QUESTIONS FOR UNIVERSAL SECURITY SYSTEMS
COLLECTIVE #18473

Technical Plan

1) How many years has Universal Security Systems have been supporting Lenel system applications? 3 yrs only
2) Please provide supporting documentation on staff members that are Lenel certified.
3) Please provide supporting documentation on staff members that are Verint certified. In addition demonstrate that each trained person has the necessary skills that will be readily available for this Contract. 2 certified.
4) Please respond to the requirements detailed in the ASCS RFP on page 20, Section 2, Technical Approach, Item C.
5) Please explain in detail how Universal Security Systems meet the requirements in the ASCS RFP, Section 2, Technical Approach, Item D. Be specific for each current and completed project within 5 years related to Lenel On-Guard access control or Verint that you maintained in addition to the Work Order projects.
6) Provide the business agreements beyond the letters provided between Universal Security Systems and Lenel to demonstrate Universal's VAR status as described on page 20, Section 2, Technical Approach, Item E.
7) Provide more detailed information on the transition plan which will explain your procedures for this Contract, refer to page 21, Section 2, Technical Approach, Item H in the ASCS RFP.
8) Please complete and submit Attachment N, M/WBE Participation Plan Form.

Firm Experience and Management Commitment

9) Please provide the supporting documentation in reference to the ASCS RFP on page 22, Section 2, Firm Experience and Management Commitment, Item G.
10) Provide a detailed system work plan (not a narrative) and supporting documentation for each of the items described on pages 21 and 22, Section 3, Firm Experience and Management Commitment, Items B, C, F and G.

Work Approach

11) Provide detailed information and supporting documentation on how Universal Security Systems will approach the Work Order Management Plan and a Maintenance Management Plan stated on page 23, Items A and B including Service Escalation Procedures.

CORPORATE HEADQUARTERS
310 OSER AVENUE
HAUPPAUGE NEW YORK 11788
631.951.0604 VOICE
631.951.0717 FAX
www.univsystems.com

August 10, 2009

Jeanette Anderson
Port Authority of NY & NJ
Procurement Department
One Madison Ave, 7th Floor
New York, NY 10010

Dear Madam:

Please find enclosed one (1) original and five (5) copies of our response and associated supporting documentation. A copy has also been transmitted via email as requested. Thank you again for the opportunity and we look forward to meeting with you to further discuss our proposal.

Sincerely,

Edward J. Newman
Vice President

THE PORT AUTHORITY OF NY & NJ

CONSTRUCTION M/WBE PARTICIPATION PLAN

PA3749 / 03-09

Office of Business and Job Opportunity

PAGE _____ OF _____

NOTE: The Contractor is required to submit to the Engineering Dept. a MODIFIED PLAN for any changes to the original plan: i.e.; subcontractor, dollar amount or work performed.
If more than 1 page is used, complete totals on last page.

Contract Number: _____

Contract Description: _____

Contractor Name: Universal Security Systems, Inc.

Mailing Address: 310 Oser Avenue, Hauppauge NY 11788

Contract Amount: _____

Telephone Number: 631-951-0604

Contract Goals: MBE _____ WBE _____ DBE _____

Name, Address, Phone Number of PA Certified MBE/WBE/DBE subcontractor (including name of contact person)	Indicate MBE, WBE Or DBE	Description of Work, Services to be provided. Where applicable, specify, "supply" or "install or both "supply" and "install."	Anticipated date work will start and finish	*Approximate $ amount of M/W/DBE Subcontract	MBE/WBE/DBE % of Total Contract Amount
MID- ISLAND ELECTRICAL SALES COR Contact: FLORA GREENBERG 59 MALL DRIVE Ph: (877)324-4242 COMMACK, NY 11725 Fax: (877	WBE	Electrical Supply			
TOTAL ELECTRIC DISTRIBUTORS INC Contact: LENORE SCHWARTZ 388 SOUTH AVENUE Ph: (718)273-9300 STATEN ISLAND, NY 10303 Fax: (718)273-9316)324-2636	WBE	Electrical Supply			
BRINI CONTRACTING INC Contact: MANUEL SANCHEZ 29 HEATHER LANE Ph: (516)445-0221 NEW HYDE PARK, NY 11040 Fax: (516)908-4616	MBE	Asbestos Abatement Contractor			
CORNELL & COMPANY INC Contact: DELOR CORNELL PO BOX 807 Ph: (856)742-1900 WOODBURY, NJ 08093 Fax: (856)742-8186	WBE	Rigging Contractor			
			TOTAL:		

Signature of Contractor: _____

Print Name: Edward J. Newman

Title: Vice President Date August 7

FOR OBJO USE ONLY

Contract Goals: ☐ Approved ☐ Waived ☐ Rejected

Reviewed by: _____
OBJO Business Development Representative

Print Name: _____ Date _____

Distribution: Original – OBJO; Copy 2 – Engineer of Construction; Copy 3 – Contractor; Copy 4 – Line Department

*Please Note: supplies, equipment and material men are only credited 60% towards the M/W/DBE goal. Please adjust calculations accordingly.

Lenel Systems International, Inc.
1212 Pittsford-Victor Road
Pittsford, New York 14534
Tel 585.248.9720 Fax 585.248.9185
www.lenel.com

LENEL
A UTC Fire & Security Company

Amendment Number 1 to Authorized OnGuard Value Added Reseller Agreement

This Amendment Number 1 ("Amendment") to the Authorized OnGuard Value Added Reseller Agreement between Lenel Systems International, Inc. ("Lenel") and **Universal Security Systems, Inc., 310 Oser Ave., Hauppauge NY 11788** ("OnGuard VAR") dated **6/10/2009** (as amended, the "Agreement") is dated and effective on the date this Amendment is signed by both Lenel and OnGuard VAR as evidenced in the signature blocks below (the "Effective Date"). Lenel and OnGuard VAR may be referred to herein each as a "Party" and together as the "Parties". The Parties desire to modify OnGuard VAR's territory, as set forth below.

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Parties agree to amend the Agreement as follows:

1. Section 1.1. Delete the phrase "New York – only the following Counties: Rockland, Westchester, Bronx, New York, Queens, Kings, Richmond, Nassau, Suffolk; and New Jersey – only the following Counties: Sussex, Passaic, Bergen, Hudson, Essex, Morris, Warren, Hunterdon, Somerset, Union, Middlesex, Mercer, Monmouth" appearing in this Section and replace it with the following phrase: "**New York – only the following Counties: Rockland, Westchester, Bronx, New York, Queens, Kings, Richmond, Nassau, Suffolk; and New Jersey – only the following Counties: Sussex, Passaic, Bergen, Hudson, Essex, Morris, Warren, Hunterdon, Somerset, Union, Middlesex, Mercer, Monmouth; and the following entity: NuStar Asphalt Refining located at 4 Paradise Road, Paulsboro, NJ 08066**".
2. Definitions. Capitalized terms used in this Amendment, to the extent not otherwise defined in this Amendment, shall have the same meanings as in the Agreement.
3. Ratifications. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Agreement. The terms and provisions of the Agreement, as expressly modified and superseded by this Amendment, are ratified and confirmed and shall continue in full force and effect, and shall continue to be legal, valid, binding and enforceable obligations of the Parties.
4. Counterparts. This Amendment may be executed in several counterparts, all of which taken together shall constitute a single agreement between the Parties.

IN WITNESS WHEREOF, Lenel and OnGuard VAR have each caused this Amendment to be executed and delivered on the dates set forth below.

Lenel Systems International, Inc.		**Universal Security Systems, Ltd.**	
Signature:		**Signature:**	
Name:	Matthew Greville	**Name:**	Edward J. Newman
Title:	CFO	**Title:**	Vice President
Date:	6/22/09	**Date:**	6/11/2009

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This Agreement, is dated and effective on April 1, 2009 (the "Effective Date") and expires on March 31, 2010 (the "Term"). Lenel and OnGuard VAR may each be referred to herein as a "Party" and together as the "Parties". Now, therefore, in consideration of the mutual covenants and conditions set forth herein, the Parties agree as follows:

1. APPOINTMENT OF ONGUARD VAR

1.1. Subject to OnGuard VAR complying with its obligation to complete appropriate training courses, as provided for in Section 4.2 of this Agreement, Lenel appoints OnGuard VAR as a non-exclusive reseller of the Lenel products listed in Exhibit A (the "Products") in the following location(s): **New York – only the following Counties: Rockland, Westchester, Bronx, New York, Queens, Kings, Richmond, Nassau, Suffolk; and New Jersey – only the following Counties: Sussex, Passaic, Bergen, Hudson, Essex, Morris, Warren, Hunterdon, Somerset, Union, Middlesex, Mercer, Monmouth** (the "Territory"), and OnGuard VAR hereby accepts such appointment. OnGuard VAR agrees that nothing herein shall serve to restrict Lenel from appointing other parties to sell Products in the Territory.

1.2. To the extent permitted by applicable laws, OnGuard VAR may sell Products solely within the Territory. OnGuard VAR shall not sell Products outside of the Territory without receiving prior written permission from the Lenel Regional Sales Manager of the region into which OnGuard VAR desires to sell the Product, which permission may be withheld or granted at Lenel's discretion.

1.3. Where applicable international, national or other laws, such as laws which regulate competitive practices, prohibit restrictions on a reseller/distributor's activities outside of a prescribed territory such as the restriction in Section 1.2, Section 1.2 shall be read to prohibit OnGuard VAR to the extent allowed by law from actively pursuing sales outside OnGuard VAR's Territory, but OnGuard VAR shall be permitted to engage in those sales that result from or arise out of unsolicited requests from potential customers. To the extent permitted by law, OnGuard VAR shall promptly notify Lenel upon OnGuard VAR receiving an unsolicited request or an order from a customer outside of its Territory.

2. PRODUCTS

2.1. Lenel may at any time discontinue any Product, add new Products, or make changes to Products, including but not limited to changes relating to performance, serviceability, recommended uses and application. Lenelwill use reasonable efforts to provide OnGuard VAR with advance notice of such changes, however OnGuard VAR understands that advance notice will not always be feasible. Lenel may use a channel memo as described in Section 19.1.2 to provide such notice.

3. LENEL OBLIGATIONS

Lenel will:

3.1. sell Products to OnGuard VAR in accordance with this Agreement.

3.2. market and support the Products.

3.3. promote the Products through marketing campaigns targeted to potential end users of the Products to the extent Lenel deems is reasonable.

3.4. provide OnGuard VAR, to the extent reasonable and subject to availability, with price books and marketing literature relating to the Products.

3.5. assist OnGuard VAR, should Lenel so elect, in the development of OnGuard VAR's programs to promote the Products provided that Lenel shall not incur or be liable to OnGuard VAR for any costs arising out of OnGuard VAR's promotion, sale and/or support of the Products.

3.6. make available to OnGuard VAR's employees technical training programs, at the prices listed in the current price book, regarding the Products. Lenel may make such technical training available to consultants, subcontractors or affiliates of OnGuard VAR, but is under no obligaton to do so.

4. ONGUARD VAR OBLIGATIONS

OnGuard VAR will:

4.1. purchase and resell the Products in accordance with this Agreement.

4.2. no later than thirty (30) days after the Effective Date, cause at least two qualified employees from each of OnGuard VAR's locations that will be servicing and supporting Products to enroll in Lenel's technical training, attend such training, and successfully complete such training. Upon successful completion of the training, OnGuard VAR shall receive the applicable demonstration software.

4.3. maintain at least two (2) employees at each of OnGuard VAR's locations supporting or selling the Products who have successfully completed Lenel's certified technical training.

4.4. provide warranty service for the Products to the entities to whom OnGuard VAR sells the Products.

4.5. in the case of a sale of software, OnGuard VAR shall provide the purchaser or end user, whichever is applicable, with a copy of the OnGuard Standard Software License Agreement, attached hereto as Exhibit E, and the purchase or end user shall agree with its terms prior to installing the software.

4.6. make no false or misleading representations concerning the Products, and will provide only those representations and warranties for the Products that are provided in writing by Lenel.

4.7. sell the Products in Lenel's original packages without removing, defacing, concealing, or altering trade names, trademarks, logos, numbers or other symbols of Lenel prior to sale, unless otherwise agreed by Lenel in writing .

4.8. purchase from Lenel a minimum of **$1,000,000** of any combination of the Products over a period of twelve (12) consecutive months, beginning on the Effective Date.

4.9. upon Lenel's request, provide: (a) information concerning the sale of the Products, (b) identity and address of those entities to which OnGuard VAR sold Products, and (c) sales forecasts in the format specified by Lenel.

4.10. comply with all international, national and local laws in the performance of its obligations under this Agreement, and ensure that its contracts with entities to which OnGuard VAR sells Products contain a provision substantially similar to this Section 4.10. OnGuard VAR shall abide by all U.S. export laws in relation to all documentation, hardware, software and other technical information delivered hereunder (collectively, "Technical Data"). OnGuard VAR acknowledges that Technical Data is subject to export controls imposed by the U.S. Export Administration Act of 1979, as amended (the "Act"), and the regulations promulgated thereunder. On Guard VAR shall not export or re-export, directly or indirectly, any Technical Data without complying with the Act and the regulations thereunder, and OnGuard VAR shall ensure that its contracts with those entities to which it sells or provides the Products and Technical Data shall contain a provision placing obligations on the recipients which are at least equivalent to the obligations placed on OnGuard VAR in this Section 4.10. OnGuard VAR shall not: (a) ship or export the Technical Data or the Products to any embargoed country to which the U.S. has prohibited shipment, or (b) use the Technical Data or the Products for any purposes prohibited by the Act or the regulations thereunder, including without limitation, nuclear proliferation or chemical/biological weapons or missiles. A list of embargoed countries is available at the official website of the U.S. Bureau of Export Administration at http://www.bxa.doc.gov.

4.11. OnGuard VAR shall not publish or reference the Products in any government contract, wherein such publication or reference could reasonably be construed by the government entity as enabling that government entity to purchase such Products for future projects or bids which are not the subject of the government contract in question, without the prior written permission of Lenel, which permission may be withheld or granted at Lenel's discretion.

5. WARRANTY

5.1. All Products are sold to Onguard VAR solely with the warranty that is expressly stated on, packaged with, or accompanies the Product, or, if no warranty accompanies the Product, the warranty stated in the price book which is current on the date of the sale to OnGuard VAR.

5.2. Notwithstanding anything to the contrary in this Agreement or otherwise, Lenel shall have no obligation or responsibility with respect to any Product that: (a) has been modified or altered without Lenel's written authorization, (b) has not been used in accordance with Lenel's documentation, (c) has been subjected to unusual electrical or physical stress, fire, lightning, neglect, misuse, abuse, improper storage, testing or connection, power or air conditioning failure or other hazard or unreasonable use, or servicing by any party not authorized by Lenel to perform such work, or (d) is no longer under the applicable warranty period.

5.3. Third-party products purchased from Lenel carry solely the warranty from the manufacturer of such third-party product, which warranty shall be passed to OnGuard VAR.

5.4. EXCEPT AS PROVIDED IN THE WARRANTY ACCOMPANYING THE PRODUCT, LENEL SELLS AND/OR LICENSES (IN THE CASE OF SOFTWARE) THE PRODUCTS ON AN "AS IS" BASIS. THE WARRANTIES DESCRIBED HEREIN AND/OR ACCOMPANYING PRODUCTS ARE IN LIEU OF ALL OTHER WARRANTIES OR CONDITIONS AND, SAVE AS OTHERWISE PROVIDED HEREIN, LENEL MAKES, AND THERE ARE, NO OTHER WARRANTIES OR CONDITIONS OR REPRESENTATIONS OF ANY KIND WHETHER EXPRESS OR IMPLIED, AND LENEL EXPRESSLY DISCLAIMS THE IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY, MERCHANTABLE QUALITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, INFRINGEMENT, AND THOSE ARISING BY STATUTE OR OTHERWISE IN LAW OR FROM A COURSE OF DEALING OR USAGE OF TRADE. FURTHER, LENEL DOES NOT REPRESENT OR WARRANT THAT THE PRODUCTS WILL MEET ANY OR ALL OF AN ORGANIZATION'S REQUIREMENTS, THAT THE OPERATION OF THE PRODUCTS WILL BE ERROR-FREE OR UNINTERRUPTED OR THAT THE PRODUCTS WILL PREVENT OCCURRENCES OF

PROPERTY DAMAGE, THEFT, LOSS, OR PERSONAL INJURY.

6. INSURANCE

6.1. OnGuard VAR will at its expense, procure and maintain insurance covering all of its operations from insurance companies licensed to do business in the Territory and rated no lower than A: 10 in the most current edition of A.M. Best's Rating Guide as follows:

(a) Worker's Compensation insurance, inclusive of an alternate employer endorsement, in an amount sufficient by virtue of the laws of the U.S., foreign county, state, or other governmental subdivision in which services or any portion of service is performed, and Employer's Liability subject to a limit of no less than $1,000,000 each accident for bodily injury by accident, $1,000,000 each employee for bodily injury by disease, and $1,000,000 policy limit for bodily injury by disease;

(b) Commercial General Liability ("CGL") insurance for liability due to bodily injury and/or property damage, including coverage for (i) premises and operations, (ii) products and completed operations, (iii) contractual liability, (iv) broad form property damage, with limits of $1,000,000 per occurrence Bodily Injury and Property Damage combined, $1,000,000 per occurrence Personal and Advertising Injury, $2,000,000 aggregate for Products and Completed Operations, $300,000 Fire Legal Liability, and $2,000,000 General Aggregate. The policy shall be written on an "occurrence" form basis. CGL Insurance shall not exclude liability for acts covered by the Terrorism Risk Insurance Act ("TRIA") and, with respect to hazards associated with the products-completed operations hazard shall be continuously renewed/maintained by OnGuard VAR for a period of at least four (4) years following the termination of this Agreement.

(c) Automobile Liability for bodily injury and property damage in the amount of $1,000,000 combined single limit, covering all owned, non-owned and hired vehicles.

(d) Excess Liability at not less than a $2,000,000 limit providing excess coverage over all limits and coverages noted in (b) and (c) above; and

(e) Property insurance shall be required if OnGuard VAR takes possession of property owned by Lenel. Coverage shall be for all risks with limits sufficient to meet the replacement value of product in OnGuard VAR's care.

6.2. All policies will be endorsed to include a waiver of subrogation in favor of Lenel and to name Lenel, its officers, directors, employees, agents and representatives as an additional insured on OnGuard VAR's insurance policies. Coverage for the additional insured shall apply on a primary and non-contributory basis, irrespective of any other insurance whether collectible or not. OnGuard VAR shall furnish Lenel with such separate endorsement in a form acceptable to Lenel.

6.3. OnGuard VAR will furnish Lenel with certificates of insurance verifying the coverage required in this Section 6 (Insurance) in conjunction with OnGuard VAR's execution of this Agreement. The certificates of insurance shall be on an accord form or equivalent and will provide that there will be no cancellation or reduction of coverage without thirty (30) days prior written notice to Lenel. Any acceptance of insurance certificates by Lenel will in no way limit or relieve OnGuard VAR of the duties and responsibilities in this Agreement. If higher limits or other forms of insurance are required by Lenel, OnGuard VAR will comply with such requirement.

6.4. Should OnGuard VAR fail to maintain any insurance coverage required hereunder, Lenel may obtain the required insurance coverage at the expense to OnGuard VAR.

6.5. The indemnities in this Agreement are not limited by the insurance requirements or limits set forth in this Section 6 (Insurance).

7. TRADEMARKS

7.1. During the Term and subject to the terms of this Agreement,, Lenel grants to OnGuard VAR a non-exclusive, non-transferable right to use the trademarks and service marks set forth in Exhibit B (collectively, the "Trademarks") in its distribution of Products in the Territory.

7.2. OnGuard VAR acknowledges that Lenel is the owner of the Trademarks and all trade dress incorporated in or associated with the Trademarks. Should OnGuard VAR acquire, by operation of law or otherwise, any rights in the Trademarks or any such trade dress, it will assign such rights and any goodwill associated with such rights to Lenel at no cost to Lenel.

7.3. Upon expiration or termination of this Agreement, OnGuard VAR's right to use the Trademarks will terminate, and OnGuard VAR will (a) immediately discontinue its use of the Trademarks, and (b) promptly provide to Lenel all material bearing the Trademarks in OnGuard VAR's possession or control.

7.4. OnGuard VAR will promptly notify Lenel of any infringement or misuse of the Trademarks or Lenel trade dress of which OnGuard VAR becomes aware, and will cooperate with Lenel to the extent reasonably requested, in any action taken by Lenel with respect to such infringement or misuse.

7.5. OnGuard VAR agrees not to contest, or to use or attempt to register any trademark or trade dress confusingly similar to the Trademarks or Lenel trade dress.

7.6. Lenel may at any time discontinue or alter any of the Trademarks. Lenel will use reasonable efforts to provide OnGuard VAR with advance notice of such changes, including notice through a channel memo as described in Section 19.1.2..

8. INTELLECTUAL PROPERTY

The Products are, and may contain, the intellectual property of Lenel, and are in whole or in part protected by U.S. and international copyright, patent and/or trade secret laws. This Agreement is not intended to grant, and shall in no way be construed to grant, to OnGuard VAR any rights in the intellectual property of Lenel, including the intellectual property in the Products.

9. PURCHASE ORDERS AND TERMS

9.1. OnGuard VAR will place all orders for Products in the form of a purchase order from OnGuard VAR to Lenel, which purchase orders are subject to acceptance by Lenel.

9.2. The terms and conditions applicable to each purchase order are stated in Exhibit C, except to the extent that any other terms have been agreed to in writing by Lenel, as evidenced by the signature of an officer of Lenel on the relevant purchase order.

9.3. Unless otherwise agreed, OnGuard VAR will be invoiced and will pay the prices for the Product which are set forth in Lenel's published price book for OnGuard VARs (international or domestic, whichever is applicable) at the time of the purchase order's acceptance by Lenel.

9.4. Lenel may alter the terms and conditions contained in Exhibit C at any time. Lenel will use reasonable efforts to provide OnGuard VAR with advance notice of such changes, however OnGuard VAR understands that advance notice will not always be feasible. Lenel may use a channel memo as described in Section 19.1.2 to provide such notice.

10. TAXES

OnGuard VAR is solely responsible for the payment of income or other taxes, fees or governmental dues of any kind, arising out of this Agreement or resulting from the performance of the obligations of OnGuard VAR set forth in this Agreement. OnGuard VAR shall keep Lenel harmless and indemnified against any taxes or other levies owed by OnGuard VAR as a result of this Agreement.

11. CONFIDENTIAL INFORMATION

Confidential Information, as that term is defined in Exhibit D, shall be treated in accordance with the terms set forth in Exhibit D.

12. TERMINATION

12.1. Termination for Convenience. Either Party may terminate this Agreement for convenience by giving the other Party one hundred twenty (120) days prior written notice of such termination.

12.2. Material Breach. Either Party may terminate this Agreement in the event of a material breach of this Agreement by the other Party, which material breach is not cured within ten (10) days after providing written notice to the breaching Party specifying the nature of the breach. Material breaches include, without limitation: Selling Products outside of the Territory without the required permission, failure to satisfy the purchasing requirement set forth in Section 4.8, and failure to maintain the insurance coverage required herein.

12.3. Violation of Law, Assignment, Change of Control. Upon notice Lenel may terminate this Agreement in the event OnGuard VAR violates any international, national or local laws in the performance of its obligations hereunder, attempts to assign this Agreement without Lenel's prior written consent or undergoes a change in control.

13. EFFECT OF TERMINATION OR EXPIRATION

13.1. In the event of termination of this Agreement by Lenel under Section 12.2 (Material Breach) above, Lenel may cancel any or all unfilled purchase orders received from OnGuard VAR.

13.2. In the event of expiration, or termination of this Agreement under Section 12.1 (Termination for Convenience) above, OnGuard VAR may sell its inventory of Products for one hundred twenty (120) days after the expiration date or after the effective date of termination, whichever applies (the "Grace Period"). The terms of this Agreement shall apply during the Grace Period, and the Parties shall execute any documentation necessary to carry out their application. Prior to the expiration of the Grace Period OnGuard VAR may elect, subject to Lenel's agreement, to participate in Lenel's maintenance plan to provide support to OnGuard VAR's existing customers, by executing a document substantially in the form of Exhibit F attached hereto (the "Maintenance Plan Agreement") in which event Exhibits C, D, and E, and other relevant sections of this Agreement as set forth in the Maintenance Plan Agreement shall survive during the term of the Maintenance Plan Agreement.

13.3. Except to the extent contemplated in Section 13.2 above, upon termination or expiration of this Agreement OnGuard VAR shall immediately cease all advertising related to the Products.

13.4. Upon termination of the Agreement or upon the expiration of the Grace Period, if applicable, Lenel may, contact or respond to queries from end user customers of OnGuard VAR using the Products and may direct such end user customers to authorized OnGuard VARs in the Territory for future servicing of Products. OnGuard VAR understands that Lenel desires to serve the customers using its Products and shall support Lenel's efforts in directing such customers to authorized OnGuard VARs in the Territory, whether or not they are competitors of OnGuard VAR.

13.5. Lenel has no obligation to accept purchase orders received from OnGuard VAR after the effective date of expiration or termination of this Agreement, and Lenel's acceptance of any such purchase order will not be deemed an extension of this Agreement and will be governed by the terms stated in such purchase order.

14. LIMITATION OF LIABILITY

14.1. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT AND TO THE FULLEST EXTENT PERMITTED BY LAW, IN NO EVENT SHALL LENEL'S LIABILITY ARISING OUT OF THIS AGREEMENT OR FROM THE RELATIONSHIP BETWEEN THE PARTIES EXCEED THE AMOUNT RECEIVED BY LENEL FROM ONGUARD VAR AS PAYMENT FOR THE PRODUCTS HEREUNDER WITH RESPECT TO WHICH LOSSES OR DAMAGES ARE CLAIMED.

14.2. EXCEPT AS SET FORTH HEREIN, LENEL SHALL NOT BE LIABLE FOR COSTS OF SUBSTITUTE PRODUCTS OR SERVICES.

14.3. EXCEPT WITH RESPECT TO ONGUARD VAR'S OBLIGATIONS DESCRIBED IN SECTION 15 (Indemnification) HEREIN, IN NO EVENT WILL EITHER PARTY BE LIABLE IN CONTRACT, LAW, TORT, OR ANY OTHER THEORY OF LAW, FOR ANY INDIRECT, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT (INCLUDING LOSS OF PROFITS, SAVINGS, REVENUES, INFORMATION, USE, DATA, OR OTHER ECONOMIC ADVANTAGE, INCREASED COST OF OPERATIONS, BUSINESS INTERRUPTION) OR THE RELATIONSHIP BETWEEN THE PARTIES EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

14.4. THE PARTIES EXPRESSLY AGREE THAT THE LIMITATIONS ON DAMAGES SET FORTH IN THIS AGREEMENT ARE AGREED ALLOCATIONS OF RISK CONSTITUTING IN PART THE CONSIDERATION OF LENEL'S SALE OF PRODUCTS TO ONGUARD VAR, AND THAT SUCH LIMITATIONS SHALL SURVIVE THE DETERMINATION OF ANY COURT OF COMPETENT JURISDICTION THAT ANY REMEDY PROVIDED HEREIN OR AVAILABLE AT LAW FALLS SHORT OF ITS ESSENTIAL PURPOSE.

15. INDEMNIFICATION

15.1. Notwithstanding any other provision of this Agreement, OnGuard VAR agrees to indemnify, defend and hold harmless Lenel and its officers, directors, agents, employees, shareholders, legal representatives, successors and assigns, from any and all claims, actions and suits asserted by any person or entity, and from and against any and all liabilities, judgments, losses, damages, costs, charges, attorney fees and other expenses of every nature and character resulting directly or indirectly from (i) the improper installation of Products by OnGuard VAR or its agents or subcontractors, or an installation of Products performed by a non-authorized person or entity; (ii) any negligent or maliciously willful act by OnGuard VAR or its agents or subcontractors in relation to the installation of Products or its presence at the site of the end user; (iii) any damages arising from the combination with, or interconnection to, and/or use of, the Products with software or hardware devices which are supplied, serviced or installed by OnGuard VAR or its agents or subcontractors but which are not supplied and/or authorized by Lenel; (iv) modifications performed by OnGuard VAR, or at its request, to the Products without Lenel's authorization; (v) the commission by OnGuard VAR or its agent or subcontractor of any criminal act or violation of any laws or regulations applicable to the Agreement; (vi) any violation by OnGuard VAR or its agent or subcontractor of its confidentiality or non-disclosure obligations to Lenel; (vii) any misrepresentation by OnGuard VAR or its agent or subcontractor relative to Products; and/or (viii) any material breach committed by OnGuard VAR of this Agreement.

15.2. Lenel shall notify OnGuard VAR within ten (10) business days of the filing of any claim subject to indemnification, and OnGuard VAR may elect to defend or settle such action or proceeding, in which event Lenel shall provide reasonable cooperation to OnGuard VAR in such defense or settlement efforts.

16. FORCE MAJEURE

Neither Party shall be responsible for its failure or inability to complete any obligation by reason of any fire, explosion, war, riot, strike, walk-out, labor controversy, flood, shortage of water, power, labor, transportation

facilities or necessary materials or supplies, default or failure of carriers, breakdown in or the loss of production from plant or equipment, act of God or public enemy, any law, act or order of any court, board, government or other authority of competent jurisdiction, or any other direct cause (whether or not of the same character as the foregoing) beyond the reasonable control of that Party, and that Party shall not be liable to the other Party during the period and to the extent of such inability or failure. Deliveries by Lenel omitted in whole or in part while such inability remains in effect shall be canceled.

17. NON-HIRE/NON COMPETE

17.1. During the Term and for one (1) year after the expiration or termination of this Agreement, OnGuard VAR shall not solicit or hire employees from Lenel, provided that this prohibition against solicitation and hiring does not apply to a general solicitation (and subsequent hiring) for applications for employment made through advertising, contacts through employment agencies or other means not involving a direct solicitation of a specific person.

17.2. During the Term and for one year after the expiration or termination of this Agreement, OnGuard VAR agrees that it shall not undertake in any way the development, or outsource the development, of software, hardware, communication protocols, interfaces or any aspect of integrated security management products or solutions that would be competitive with Products, in that such software, hardware, protocols or interfaces would perform similar and/or comparable function(s) as the Products and/or could be used to replace Products.

18. SPECIFIC PERFORMANCE

OnGuard VAR acknowledges that it is impossible to measure the damage to Lenel caused by any failure of OnGuard VAR to comply with any of its obligations set forth in this Agreement solely in monetary damages, and that in the event of any such failure Lenel will not have an adequate remedy at law or in damages. Therefore, OnGuard VAR consents to the issuance of an injunction or the enforcement of other equitable remedies against it at the suit of Lenel, without bond or other security, to compel performance of all of the terms of this Agreement, and waives the defense of the availability of relief in damages.

19. MISCELLANEOUS

19.1. NOTICES

19.1.1. Except as set forth in Section 19.1.2 below, all notices required under this Agreement shall be in writing and shall be deemed duly given when personally delivered, or sent by registered or certified mail, or overnight carrier to the individual and the address set forth on the first page of this Agreement.

19.1.2. Lenel may notify OnGuard VAR of new, modified or discontinued Products, new or discontinued Trademarks, terms and conditions relative to Exhibit C and/or pricing, and by delivering such information to OnGuard VAR in a channel memo or similar document sent via e-mail to the corporate contacts and email addresses identified by OnGuard VAR, or to another e-mail address as directed by OnGuard VAR in writing, the information contained in such channel memos shall be deemed to have been received and acknowledged by OnGuard VAR.

19.2. WAIVER

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the Party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy, whether or not similar, constitute a continuing waiver unless the writing so specifies.

19.3. CONSENT TO FORUM SELECTION

The Parties hereto agree that all actions or proceedings arising in connection with this Agreement shall be initiated and litigated exclusively in the state and federal courts located within the County of Monroe, State of New York. The aforementioned choice of venue is intended by the Parties to be mandatory and not permissive in nature, thereby precluding the possibility of litigation between the Parties with respect to or arising out of this Agreement in any jurisdiction other than that specified in this paragraph. Each Party hereby waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to venue with respect to any proceeding brought in accordance with this paragraph, and stipulates that the state and federal courts located in the County of Monroe, State of New York shall have in personam jurisdiction and venue over each of them for the purpose of litigating any dispute, controversy, or proceeding arising out of or related to this Agreement. Any final judgment rendered against a Party in any action or proceeding shall be conclusive as to the subject of such final judgment and may be enforced in other jurisdictions in any manner provided by law.

19.4. JURY WAIVER

To the fullest extent permitted by law, and as separately bargained-for-consideration, each Party hereby waives any right to trial by jury in any action, suit, proceeding, or

counterclaim of any kind arising out of or relating to this Agreement.

19.5. GOVERNING LAW

This Agreement shall be deemed to have been made and entered into in Pittsford, New York, and shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any choice-of-law rules that may require the application of the laws of another jurisdiction, and excluding the United Nations Convention on Contracts for the International Sale of Goods.

19.6. AMENDMENTS

Except as otherwise provided for in this Agreement, changes or modifications to this Agreement shall not be binding upon the Parties unless made in writing and signed by a duly authorized representative of each Party. Any terms and conditions varying from this Agreement on any purchase order, invoice or other notification from OnGuard VAR are hereby rejected.

19.7. ENTIRE AGREEMENT; SURVIVAL

This Agreement constitutes the entire understanding of the Parties with regard to the subject matter of this Agreement, and supersedes all prior discussions, representations, agreements and understandings. The expiration or termination of this Agreement for any reason will not release either Party from any liabilities or obligations set forth herein which (a) the Parties have expressly agreed will survive any such expiration or termination or (b) remain to be performed or by their nature would be intended to be applicable following any such expiration or termination.

19.8. INDEPENDENT CONTRACTORS

OnGuard VAR shall at all times be an independent contractor, and nothing in this Agreement shall constitute OnGuard VAR as partner, joint venturer, agent, or fiduciary of Lenel, nor shall create any other form of legal association that would impose liability on one Party for the act or failure to act of the other or as providing either Party with the right, power or authority (express or implied) to create any duty or obligation on behalf of the other. No third-party beneficiaries are intended by this Agreement.

19.9. BINDING NATURE; ASSIGNMENT

This Agreement will be binding on the Parties and their successors and permitted assigns, it being understood and agreed that nothing contained in this Agreement is intended to confer upon any party other than Lenel and OnGuard VAR any rights, benefits or remedies of any kind or character whatsoever under or by reason of this Agreement. This Agreement may not be assigned by OnGuard VAR, including where such assignment results from an acquisition of or merger with OnGuard VAR, without the prior written consent of Lenel, and any attempted assignment will be void.

19.10. AMBIGUITIES

Each Party and its counsel have participated fully in the review and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.

19.11. COUNTERPARTS AND FACSIMILE

The Section headings and table of contents used in this Agreement are for convenience of reference only and will not enter into the interpretation hereof. If any provision of this Agreement is held to be invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the Parties as nearly as possible in accordance with applicable law. This Agreement may be executed in multiple counterparts, and may be transmitted by either Party via facsimile, each of which will be deemed an original and all of which taken together will constitute one instrument.

19.12. INCORPORATION OF EXHIBITS

Exhibits A through F to this Agreement are incorporated into and deemed part of this Agreement and all references to this Agreement include the Exhibits.

19.13. FURTHER ASSURANCES

19.13.1. OnGuard VAR agree that, subsequent to the execution of this Agreement, should any additional procedures or acts be required of OnGuard VAR in its country to effectuate the purposes of this Agreement, OnGuard VAR shall successfully complete such activities within thirty (30) days of its execution of this Agreement. Further, each of the Parties shall, upon the request of the other Party and without any additional consideration, from time to time execute and deliver all such further documents and instruments and perform any acts which are or may become necessary to effectuate the purposes of this Agreement.

19.13.2. OnGuard VAR represents to Lenel that the individual executing this Agreement on behalf of OnGuard VAR has the power and authority to enter into on behalf of OnGuard VAR and that OnGuard VAR has the power and authority to perform all of

obligations herein to be performed by, and further represents that the execution and performance of this Agreement by OnGuard VAR does not violate the provisions of any other agreement to which OnGuard VAR is a party.

LIST OF ATTACHMENTS:

Exhibit A – Products

Exhibit B – Trademarks

Exhibit C – Purchase Ordering Terms and Conditions

Exhibit D – Confidentiality Provisions

Exhibit E – OnGuard Standard Software License Agreement

Exhibit F – Maintenance Plan Agreement

EXHIBIT A - PRODUCTS

- OnGuard®
- OnGuard® Access
- OnGuard® MapDesigner
- OnGuard® MobileVerify
- OnGuard® ID CredentialCenter
- OnGuard® FormsDesigner
- OnGuard® BadgeDesigner
- OnGuard® MobileBadge
- OnGuard® Visitor
- OnGuard® Area Access Manager
- OnGuard® Intrusion
- OnGuard® Video
- OnGuard® VideoManager
- OnGuard® VideoViewer
- OnGuard® IntelligentVideo
- OnGuard® GO!
- OnGuard® IP-GO!
- OnGuard® DataExchange
- OnGuard® DataConduIT
- OnGuard® Enterprise
- OnGuard® OpenAccess Alliance
- OnGuard® OpenDevice
- OnGuard® OpenExchange
- OnGuard® OpenCard
- OnGuard® OpenCredential
- OnGuard® OpenWebServices

EXHIBIT B - TRADEMARKS

This sample is not intended to be photo-reproduced; camera-ready art is available through Lenel®

- Lenel®
- OnGuard®
- OnGuard® Access
- OnGuard® MapDesigner
- OnGuard® MobileVerify
- OnGuard® ID CredentialCenter
- OnGuard® FormsDesigner
- OnGuard® BadgeDesigner
- OnGuard® MobileBadge
- OnGuard® Visitor
- OnGuard® Area Access Manager
- OnGuard® Intrusion
- OnGuard® Video
- OnGuard® VideoManager
- OnGuard® VideoViewer
- OnGuard® IntelligentVideo
- OnGuard® GO!
- OnGuard® IP-GO!
- OnGuard® DataExchange
- OnGuard® DataConduIT
- OnGuard® Enterprise
- OnGuard® OpenAccess Alliance
- OnGuard® OpenDevice
- OnGuard® OpenExchange
- OnGuard® OpenCard
- OnGuard® OpenCredential
- OnGuard® OpenWebServices

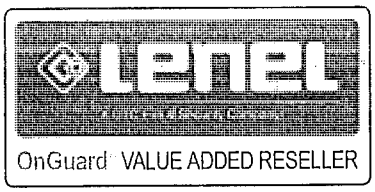


EXHIBIT C - PURCHASE ORDERING TERMS AND CONDITIONS

1. QUOTATIONS AND PRO FORMA INVOICES:

1.1. All quotations and pro forma invoices issued by Lenel are subject to these terms and conditions of sale.

1.2. Unless otherwise stated in writing thereon, the quotation expires sixty (60) days from date of quotation and may be withdrawn at any time within that period, prior to approval of order, upon written notification to OnGuard VAR.

1.3. Specifications, pricing, and availability are subject to change at any time. Lenel will use reasonable efforts to provide OnGuard VAR with advance notification of such changes as set forth in the Agreement.

2. APPROVAL OF ORDERS

2.1. All purchase orders must detail specific quantities, prices, and part numbers for the Products. All purchase orders must be firm and submitted by email or facsimile. Phone orders will not be accepted. Lenel will review each purchase order prior, and if accepted an acknowledgment will be emailed to the OnGuard VAR.

2.2. The commitment to fulfill purchase orders is subject to approval by Lenel's credit department.

2.3. Order Cancellation. OnGuard VAR has the right to cancel an accepted purchase order (for standard products only) when a written request for cancellation is received by Lenel from OnGuard VAR, and the purchase order is canceled thirty (30) or more calendar days in advance of previously requested and accepted shipment date, as set forth on purchase order. If the purchase order is canceled less than thirty (30) calendar days prior to the written request to the shipment date, OnGuard VAR agrees to pay Lenel a twenty per cent (20%) handling fee.

3. PRICES

3.1. Prices in any price list of Products do not include sales, use or other taxes, which shall be added to Lenel's invoices if applicable. Any changes in the price of Products shall apply as follows: (i) all purchase orders received based on quotations provided prior to the effective date of new pricing will be accepted at previous pricing levels for up to fifty-nine (59) days after the effective date of new pricing; (ii) all purchase orders received after the effective date of new pricing which are based on quotations made after the effective date of new pricing shall be subject to the new pricing levels; (iii) price decreases shall apply to all orders received on or after the effective date of the new prices.

3.2. All prices in connection with this Agreement and the price book are stated and payable in U.S. dollars.

3.3. OnGuard VAR may determine its own resale price for all Products; any suggested list price that may be published by Lenel for any Product is for reference only and is not binding on OnGuard VAR.

3.4. "Net Purchase Price" for Products shall mean the price charged by Lenel in the sale of Products minus any discounts, Products returned for credit, transportation costs, and any direct governmental charge or tax.

4. BILLING AND PAYMENT TERMS

4.1. OnGuard VAR must submit payment with order in the form of wire transfer or letter of credit, or have credit terms approved by Lenel's credit department.

4.2. If credit terms are not extended, then all orders must be prepaid via wire transfer or letter of credit.

4.3. Where credit is extended, invoices will be issued by Lenel on date of shipment and payment must be made by OnGuard VAR within thirty (30) days of date of invoice if OnGuard VAR is located in the United States or Canada or within forty-five (45) days of date of invoice if OnGuard VAR is located elsewhere.

4.4. If OnGuard VAR fails to pay invoice when due, Lenel will charge OnGuard VAR a late payment charge equal to the lesser of (1) 2% per month and (2) the maximum rate allowed by law.

4.5. All performance by Lenel under this Agreement or any other order may be suspended should OnGuard VAR be delinquent in making payment for Products, services, or other items, and in which case Lenel may place OnGuard VAR on cash on delivery and/or wire transfer terms.

4.6. If OnGuard VAR fails to make timely payments and Lenel employs the services of any collection agency or attorneys to collect such owed amounts from OnGuard VAR, then any and all collection agency fees and/or attorneys' fees shall be the sole responsibility of and be chargeable to the OnGuard VAR.

5. DELIVERY

5.1. Lenel shall deliver all Products purchased hereunder F.O.B. shipping point (currently Pittsford, New York). OnGuard VAR is responsible for notifying Lenel in writing of preferred shipping method, freight forwarder and/or any other special instructions for the particular country to which shipment will be made. Lenel shall not be held responsible for any delays or additional duty charges as a result of the way products are shipped.

5.2. Special shipping instructions must be specified at the time of order placement. If no instructions are given, Lenel will ship the products via DHL Expedited or similar courier service. Risk of loss passes to the OnGuard VAR at the time of delivery to the carrier.

5.3. Lenel will attempt to schedule shipments as closely as possible in accordance with OnGuard VAR's request. However, Lenel will not be liable for any damages or charges to the OnGuard VAR or OnGuard VAR's customers for late delivery.

5.4. OnGuard VAR is responsible for making any claims for shipment damage (evident or concealed) with the freight carrier.

5.5. Lenel must be notified within fifteen (15) days of shipment of incorrect materials.

6. TRANSFER OF TITLE

The titles for ownership of materials and Products, and the rights contained in software licenses, transfer from Lenel to OnGuard VAR as stated in Section 5.1, a subsection of Section 5 (DELIVERY), of this Exhibit C.

7. SOFTWARE

7.1. Lenel system software and firmware remain the property of Lenel. OnGuard VAR pays for systems, software and firmware with the understanding that it has purchased, to be re-sold to its end-users, a "License to Use" the software programs, and that all ownership of such systems, software and firmware remain with Lenel.

7.2. Lenel grants to OnGuard VAR the nonexclusive right to distribute the software included in the Products to its end user customers in accordance with the terms and conditions of the OnGuard Standard Software License Agreement attached to the Agreement as **Exhibit E**, which each such end user customer will be required to view and accept prior to use of the software. OnGuard VAR shall not have the right to copy, reproduce, or modify any software or firmware included in the Products for any purpose.

7.3. Each software license sold is for use on a single CPU unless otherwise stated in the license agreement. OnGuard VAR must purchase additional licenses when using or installing the Lenel software on more than the originally contracted number of CPUs. OnGuard VARs and end users are strictly prohibited from attempting to alter Lenel software programs. Any attempt to alter said programs will immediately void any remaining applicable warranty or maintenance contract and break the terms and conditions of the OnGuard Standard Software License Agreement attached to the Agreement as **Exhibit E**.

8. RETURN OF GOODS

8.1. OnGuard VAR must obtain a Return Material Authorization (RMA) from Lenel prior to returning Products or components. OnGuard VAR must make a request for an RMA within thirty (30) days after Lenel's date of shipment of the Products or components. Lenel is not obliged to accept returns of Product after the expiration of thirty (30) days from Lenel's date of shipment. One RMA number is required for each returned shipment.

8.2. The OnGuard VAR shall ship the Product prepaid and in its original packaging to Lenel in order that the Product is received by Lenel within fifteen (15) days of OnGuard VAR's receipt of the RMA number. If Lenel has not received the Product within fifteen (15) days of the RMA issue date, the RMA becomes void and receipt of the Product will be refused by Lenel.

8.3. Returned Product shall be shipped Freight Pre-Paid F.O.B. destination (currently Pittsford, New York), and shall include the RMA Number, a

description of item(s) being returned, and reason for the return.

8.4. All special orders and custom Products, including non-standard software features, may not be returned.

8.5. A restocking charge of twenty-five per cent (25%) of the purchase price will be charged for items returned in unused condition with the original packaging intact. Lenel will not accept the return of used equipment.

EXHIBIT D - CONFIDENTIALITY PROVISIONS

1. "Confidential Information" shall mean information of Lenel not already available to the general public which OnGuard VAR has acquired prior to the Effective Date and may acquire during the Term, including but not limited to: information related to Lenel's inventions, designs, methods, improvements, trade secrets, price lists, schedules, presentations, information embodied in a device, samples, materials, products, printed matters, written matters, drawings, charts, diagrams, sketches, notes, e-mails, graphs or figures, quotations, information relating to released or unreleased Lenel software or hardware products, the marketing or promotion of any Lenel product, Lenel's business policies or practices, customer information including the identity of Lenel's customers, or other business and technical information, which information Lenel designates as being confidential or which, under the circumstances surrounding disclosure, ought to be treated as confidential. In the event that Lenel furnishes sample products or other equipment or material to OnGuard VAR which are suitably marked to identify them as encompassing Confidential Information, the items so received shall be used and the information derived from said Items shall be treated as Confidential Information.
2. Confidential Information shall not include that information defined as Confidential Information above that OnGuard VAR can conclusively establish: (i) is or subsequently becomes publicly available through no fault of OnGuard VAR; (ii) became known to OnGuard VAR on a non-confidential basis prior to Lenel's disclosure of such information to OnGuard VAR, (iii) became known to OnGuard VAR from a third party, without restrictions similar to these herein imposed, subsequent to disclosure by Lenel; (iv) is independently developed by OnGuard VAR without violation of the Agreement; or (v) which is or may hereafter be disclosed by the Lenel to a third party, without restrictions similar to those herein imposed, on disclosure or use.
3. OnGuard VAR shall use Lenel's Confidential Information only for the purposes contemplated in the Agreement. Lenel's Confidential Information disclosed to OnGuard VAR shall not be disclosed to any third party without the Lenel's prior written approval, and OnGuard VAR agrees to safeguard such Confidential Information by using reasonable efforts, consistent with those used in the protection of its own proprietary information of a similar nature, to prevent such disclosure and will disclose such Confidential Information to its employees on a need-to-know basis. OnGuard VAR shall execute appropriate written agreements with its employees containing terms substantially similar to those in this Exhibit D.
4. If Confidential Information is required to be disclosed pursuant to governmental or judicial process, notice of such process shall be promptly provided to the Lenel in order that it may have every opportunity to intercede in such process to contest such disclosure.
5. The obligations of the OnGuard VAR to protect Confidential Information under the terms of this Agreement shall expire three (3) years from the termination date of this Agreement.
6. Except for the limited right of OnGuard VAR to use Lenel's trademarks granted in Section 7 (Trademarks) of the Agreement, no right or license, either express or implied, to or in any Lenel Confidential Information is granted hereunder.

7. OnGuard VAR shall not reverse engineer, decompile, or disassemble any software or hardware disclosed to OnGuard VAR hereunder, and shall not assist or cooperate with others to do the same.

8. Upon termination or expiration of the Agreement, OnGuard VAR shall, upon the written request of the Lenel, exert reasonable efforts to return all Confidential Information disclosed by the Lenel pursuant to the Agreement or, at Lenel's option, certify destruction of the same.

9. OnGuard VAR shall notify Lenel immediately upon discovery of any unauthorized use or disclosure of Confidential Information, and will cooperate with Lenel in every reasonable way to help Lenel regain possession of the Confidential Information or Materials and prevent its further unauthorized use.

10. Any software and documentation which is Lenel Confidential Information is provided to OnGuard VAR with RESTRICTED RIGHTS. Use, duplication or disclosure by the Government is subject to restrictions as set forth in subparagraph h(c)(l)(ii) of The Rights in Technical Data and Computer Software clause at DFARS 252.227-7013 OR SUBPARAGRAPHS (c)(l) and (2) of the Commercial Computer Software - Restricted Rights at 48 CFR 52.227-19, as applicable. Manufacturer is LENEL Systems International Inc., 1212 Pittsford-Victor Road, Pittsford, NY 14534, USA.

EXHIBIT E

END USER SOFTWARE LICENSE ACCEPTANCE FORM

THIS PAGE IS DESIGNED AND APPROVED FOR DUPLICATION.

You should carefully read the following License Agreement before proceeding with this installation. This Agreement is between you and Lenel Systems International, Inc. having a principal place of business at 1212 Pittsford-Victor Road, Pittsford, NY 14534-3816 ("Lenel"). By continuing with the installation, you indicate your acceptance of the terms of this legal License Agreement. If you do not agree to the terms of this License Agreement, promptly return this product to Lenel.

Copyright/Proprietary Protection
This Lenel OnGuard Software (the "Software") and the Documentation (all of the online help files and manuals, and all of the printed material included with this Software) are owned by Lenel and are protected by the United States and international copyright laws and international treaty provisions. You must treat this software like any other copyrighted material, with the exceptions outlined in the following License Grant. Any violation of this agreement will automatically terminate your right to use this Software, and you must immediately return it to Lenel.

License Grant
Lenel grants you a nonexclusive license to use this Software on a single (dedicated) computer. You may copy this Software onto the hard disk of this computer, and make one copy for archival purposes. You may not make copies of the Software for any purpose other than what is stated above. You may not copy the Documentation for any reason. You may not reverse-engineer, disassemble, decompile or attempt to discover the source code of the Software. You may not modify the Software or create derivative products using this Software. You may not sublicense, rent or lease any portion of the Software. You may transfer your rights under this agreement on a permanent basis to another person or entity provided that you transfer this License Agreement, all original and updated Software and Documentation, and that you not retain any copies of the Software or Documentation. You must notify Lenel in writing of your transfer, and the recipient must also agree to the terms of this License Agreement.

If you want to share the Software on a network, please contact Lenel to request a Network License Agreement.

No Warranties
Lenel disclaims all warranties, either expressed or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose, with respect to this Software and the accompanying Documentation.

CONFIDENTIAL INFORMATION
PAGE 1 OF 4

Limitation of Liability

Under no circumstances, including negligence, shall Lenel, its employees, or its suppliers or resellers be liable for any direct, indirect, incidental, special, consequential, or any damages whatsoever (including, without limitation, damages for loss of profits, business interruption, attorneys fees, loss of information or other pecuniary loss) arising out of the use of or inability to use this Lenel product, even if Lenel has been advised of the possibility of such damages. Notwithstanding the foregoing, in no event shall the total liability of Lenel, or its employees, suppliers or resellers, for all damages, losses and causes of action, either jointly or severally, exceed the amount paid by you to Lenel or its resellers in the twelve (12) months prior to the claimed injury or damage.

Indemnity

YOU AGREE TO INDEMNIFY, DEFEND AND HOLD LENEL AND ITS AFFILIATES HARMLESS FROM AND AGAINST ANY AND ALL LIABILITY, DAMAGES AND COSTS, INCLUDING REASONABLE ATTORNEYS' FEES INCURRED BY SUCH PARTIES, IN CONNECTION WITH OR ARISING OUT OF YOUR (A) VIOLATION OR BREACH OF ANY TERM OF THIS AGREEMENT OR ANY APPLICABLE LAW OR REGULATION, WHETHER OR NOT REFERENCED HEREIN, OR (B) VIOLATION OF ANY RIGHTS OF ANY THIRD PARTY, OR (C) USE OR MISUSE OF THE SOFTWARE BY YOU OR ANY THIRD PARTY, EXCEPT TO THE EXTENT THAT ANY SUCH LIABILITY, DAMAGES AND COSTS RESULT FROM THE ACTS, OMISSIONS OR NEGLIGENCE OF LENEL. YOUR INDEMNIFICATION OBLIGATION CONTAINED IN THIS PARAGRAPH SHALL EXPIRE ON THE TERMINATION OR EXPIRATION OF YOUR LICENSE TO THE SOFTWARE, EXCEPT WITH REGARD TO CLAIMS WHICH ORIGINATED PRIOR TO EXPIRATION.

Miscellaneous

a. Nothing contained herein shall be deemed to convey to you any title or ownership interest in the Software or intellectual property rights related to such Software.
b. Any failure of Lenel to enforce any of the provisions of this License Agreement will not be construed as a waiver of such right of Lenel to enforce each and every such provision.
c. If any provision of this License Agreement shall be invalid, the invalid provision shall not affect the validity or enforceability of the remaining provisions of this License Agreement.
d. This License Agreement constitutes the entire agreement between you and Lenel and supersedes any prior agreement concerning the contents of the disc/diskette envelope. Lenel is not bound by any provision of any purchase order or any other type of correspondence (written or verbal).
e. This agreement is governed by the laws of the State of New York. You hereby consent to personal jurisdiction of the State of New York, County of Monroe, in any action arising out of this License Agreement.

CONFIDENTIAL INFORMATION
PAGE 2 OF 4

US Government Restricted Rights
This Software is provided with restricted rights. Use, duplication or disclosure by the government is subject to restrictions set forth in subparagraph (b)(1)(ii) of The Rights in Technical Data and Computer Software clause at DFARS 252-227-7013 or subparagraphs (b)(1) and (2) of the Commercial Computer Software-Restricted Rights at 48CFR 52.227-19, as applicable. Contractor/manufacturer is Lenel Systems International, Inc.

Export Controls:
This Software is subject to the export control laws of the United States and applicable export and import control laws of other countries. You agree to comply with and use the Software in a manner consistent with such applicable laws. All rights to use the Software are granted on condition that such rights are forfeited if you fail to comply with this License Agreement.

General Provisions:
This License Agreement constitutes the entire agreement between you and LENEL and supersedes any prior agreement concerning the Software. LENEL is not bound by any provision of any purchase order or any other type of correspondence (written or verbal). Should any court of competent jurisdiction find any provision in this License Agreement to be illegal, unenforceable, invalid, or to be overreaching, in whole or in part and for any reason, such illegal, unenforceable, invalid or overreaching provisions or part thereof shall be stricken from this License Agreement, and such provision shall not affect the legality, enforceability, or validity of the remainder of this License Agreement. This License Agreement is governed by the laws of the State of New York, excepting its laws concerning the selection of jurisdiction, and any disputes or claims arising hereunder shall be under the exclusive jurisdiction of the state and federal courts situated in the County of Monroe, State of New York.

Information Page Follows

(TYPE OR PRINT THE FOLLOWING INFORMATION)

End User Information

CONTACT NAME: _____ COMPANY NAME: _____

ADDRESS: _____ CONTACT TITLE: _____

COUNTRY: _____ CITY, STATE, ZIP: _____

PHONE: _____ CITY/COUNTRY OF INSTALLATION: _____

E-MAIL: _____ FAX: _____

WEB SITE: _____

Reseller Information

CONTACT NAME: _____ COMPANY NAME: _____

ADDRESS: _____ CONTACT TITLE: _____

COUNTRY: _____ CITY, STATE, ZIP: _____

PHONE: _____ FAX: _____

E-MAIL: _____ WEB SITE: _____

Reseller Signature & Date: _____

RESELLER'S P.O. NUMBER: _____

TYPE OF DONGLE NEEDED: ☐ **USB (Default)**

CONFIDENTIAL INFORMATION
PAGE 4 OF 4

EXHIBIT F

Maintenance Plan Agreement

This Maintenance Plan Agreement (the "MPA") is dated the ___ day of _____ 200__ (the "MPA Date") and is between Lenel Systems International, Inc. ("Lenel"), having an office and place of business at 1212 Pittsford-Victor Road, Pittsford, New York 14534 and _____ ("OnGuard VAR"), having an office and a place of business at _____. Lenel and OnGuard VAR may each be referred to herein as a "party" and together as the "parties".

Background

I. Lenel and OnGuard VAR entered into that certain VAR Agreement dated _____ (the "VAR Agreement"), which VAR Agreement is no longer in effect;

II. OnGuard VAR has support obligations to system owners in its former Territory, as that term is defined in the VAR Agreement, which system owners are specified herein;

III. Lenel is willing to offer certain support under the terms of this MPA to enable OnGuard VAR to fulfill its support obligations referenced above;

IV. OnGuard VAR desires to take advantage of such maintenance plan by executing this MPA.

Now, therefore, in consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. **TERM AND CANCELLATION.** The term of this MPA begins on the MPA Date and ends on March 31, 20__ (the "Term"). Either party may cancel this MPA at any time and for any reason by giving the other party at least thirty (30) days prior written notice of such cancellation.

2. **SCOPE.** During the Term OnGuard VAR may order Products (as defined in the VAR Agreement) from Lenel for: (a) resale solely to those customers of OnGuard VAR made known to OnGuard VAR's Regional Sales Manager and specified in Attachment A which is incorporated herein, and (b) for outstanding bids which OnGuard VAR has made known to OnGuard VAR's Regional Sales Manager which are also specified in Attachment A ((a) and (b) are together referred to herein as the "Customers").

3. **PURCHASE ORDERS.**

   3.1 OnGuard VAR shall obtain a quotation from Lenel prior to placing any purchase order.

   3.2 Subject to Section 3.3 below, the terms and conditions applicable to each purchase order shall be those stated in Section 9 (Purchase Orders and Terms) and Exhibit C of the VAR Agreement, and the applicable prices shall be the then-current VAR pricing published at the time of each purchase order's acceptance by Lenel.

   3.3 OnGuard VAR shall pre-pay for all purchase orders.

4. **TRADEMARKS AND MARKETING COMMUNICATIONS.** Should OnGuard VAR require Lenel support and/or operations manuals for the Products purchased hereunder, OnGuard VAR shall be entitled to same.

5. SUPPORT

5.1 Calls to Lenel's Technical Support Group by OnGuard VAR for technical support shall be made by Lenel-certified technicians.

5.2 Calls to Lenel's Technical Support Group from OnGuard VAR from or with regard to Customers that do not have a valid Software Upgrade and Support Plan in effect, and calls from individuals who are not Lenel-certified technicians shall be invoiced to OnGuard VAR at Lenel's prevailing rates for technical support. OnGuard VAR shall pay such invoices in accordance with the terms of the VAR Agreement.

6. SURVIVAL OF TERMS

6.1 ANY AND ALL PROVISIONS RELATIVE TO LIMITATION OF LIABILITY AND INDEMNIFICATION SET FORTH IN THE VAR AGREEMENT SHALL SURVIVE DURING THE TERM OF THIS MPA.

6.2 Any provisions and Exhibits of the VAR Agreement referenced herein shall be incorporated into this MPA as if fully set forth herein.

7. **HOLD HARMLESS.** ONGUARD VAR SHALL HOLD LENEL HARMLESS should Lenel, during the Term or otherwise, direct any system owner using Lenel products to other authorized resellers of Lenel products.

8. **CONFIDENTIALITY.** The terms of the VAR Agreement, including Exhibit D thereto, relative to each party's obligations of confidentiality shall survive during the Term.

9. MISCELLANEOUS

9.1 **NOTICES.** Notices under this MPA shall be in writing and shall be deemed duly given when personally delivered, or sent by registered or certified mail, or overnight carrier to the individual and the address set forth in the first paragraph of this MPA.

9.2 **WAIVER.** No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this MPA shall be effective unless it is in writing and signed by the Party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy, whether or not similar, constitute a continuing waiver unless the writing so specifies.

9.3 **CONSENT TO FORUM SELECTION.** The parties hereto agree that all actions or proceedings arising in connection with this MPA shall be initiated and litigated exclusively in the state and federal courts located within the County of Monroe, State of New York. The aforementioned choice of venue is intended by the parties to be mandatory and not permissive in nature, thereby precluding the possibility of litigation between the parties with respect to or arising out of this MPA in any jurisdiction other than that specified in this paragraph. Each party hereby waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to venue with respect to any proceeding brought in accordance with this paragraph, and stipulates that the state and federal courts located in the County of Monroe, State of New York

shall have in personam jurisdiction and venue over each of them for the purpose of litigating any dispute, controversy, or proceeding arising out of or related to this MPA. Any final judgment rendered against a party in any action or proceeding shall be conclusive as to the subject of such final judgment and may be enforced in other jurisdictions in any manner provided by law.

9.4 **JURY WAIVER.** To the fullest extent permitted by law, and as separately bargained-for-consideration, each party hereby waives any right to trial by jury in any action, suit, proceeding, or counterclaim of any kind arising out of or relating to this MPA.

9.5 **GOVERNING LAW.** This MPA shall be deemed to have been made and entered into in Pittsford, New York, and shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any choice-of-law rules that may require the application of the laws of another jurisdiction, and excluding the United Nations Convention on Contracts for the International Sale of Goods.

9.6 **AMENDMENTS.** Except as otherwise provided for in this MPA, changes or modifications to this Agreement shall be binding upon the parties unless made in writing and signed by a duly authorized representative of each party. Any terms and conditions varying from this MPA on any purchase order, invoice or other notification from either party are not binding on the other unless specifically accepted by the other.

9.7 **ENTIRE AGREEMENT; SURVIVAL.** This MPA constitutes the entire understanding of the parties with regard to the subject matter of this MPA, and supersedes all prior discussions, representations, agreements and understandings. The expiration or termination of this MPA for any reason will not release either party from any liabilities or obligations set forth herein which (a) the parties have expressly agreed will survive any such expiration or termination or (b) remain to be performed or by their nature would be intended to be applicable following any such expiration or termination. Should any purchase order for Product remain unfilled on the expiration date of this MPA, the terms and conditions of this MPA shall survive with regard to such purchase order.

9.8 **INDEPENDENT CONTRACTORS.** OnGuard VAR shall at all times be an independent contractor, and nothing in this MPA shall constitute OnGuard VAR as partner, joint venturer or fiduciary of Lenel, nor shall create any other form of legal association that would impose liability on one party for the act or failure to act of the other or as providing either party with the right, power or authority (express or implied) to create any duty or obligation of the other.

9.9 **BINDING NATURE; ASSIGNMENT.** This MPA will be binding on the parties and their successors and permitted assigns, it being understood and agreed that nothing contained in this MPA is intended to confer upon any party other than Lenel and OnGuard VAR any rights, benefits or remedies of any kind or character whatsoever under or by reason of this MPA. OnGuard VAR may not, nor will it have the power to, assign this MPA or any part hereof, including where such assignment results from an acquisition of or merger with OnGuard VAR, without the prior written consent of Lenel, and any attempted assignment will be void.

9.10 **AMBIGUITIES.** Each party and its counsel have participated fully in the review and revision of this MPA. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this MPA. The language in this MPA shall be interpreted as to its fair meaning and not strictly for or against any party.

9.11 **COUNTERPARTS AND FACSIMILE.** The Section headings used in this MPA are for convenience of reference only and will not enter into the interpretation hereof. If any provision of this MPA is held to be invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the Parties as nearly as possible in accordance with applicable law. This MPA may be executed in multiple counterparts, and may be transmitted by either party via facsimile, each of which will be deemed an original and all of which taken together will constitute one instrument.

9.12 **FURTHER ASSURANCES**

9.12.1 OnGuard VAR agrees that, subsequent to the execution of this MPA, should any additional procedures or acts be required of OnGuard VAR in its country to effectuate the purposes of this MPA, OnGuard VAR shall successfully complete such activities within thirty (30) days of its execution of this MPA. Further, each of the parties shall, upon the request of the other party and without any additional consideration, from time to time execute and deliver all such further documents and instruments and perform any acts which are or may become necessary to effectuate the purposes of this MPA.

9.12.2 OnGuard VAR represents to Lenel that the individual executing this MPA on behalf of OnGuard VAR has the power and authority to enter into on behalf of OnGuard VAR and that OnGuard VAR has the power and authority to perform all of obligations herein to be performed by, and further represents that the execution and performance of this MPA by OnGuard VAR does not violate the provisions of any other agreement to which OnGuard VAR is a party.

The parties have executed and delivered this MPA as of the MPA Date.

LENEL SYSTEMS INTERNATIONAL, INC.	**ONGUARD VAR**
By: _____	By: _____
Name:	Name:
Title:	Title:

Attachment A

The Customers for which OnGuard VAR may purchase Product are listed below:

[List existing customers and outstanding bids; information needed: customer name, address, dongle #, product version]

LENEL LEARNING SOLUTIONS

HAVING MET THE REQUIREMENTS

FRIDAY, MARCH 3, 2006

Kathryn Kneibert

of

Universal Security

IS NOW CERTIFIED

CR1000 R HARDWARE

FOR THE LENEL ONGUARD 5.11.216 PRODUCTS

Richard R. Mullen, Vice President of Corporate Services

Elena Prokupets, President & CEO

LENEL
LEARNING
SOLUTIONS
HAVING MET THE REQUIREMENTS
MARCH 10, 2006
Kathryn Kneibert
of
Universal Security Systems
IS NOW CERTIFIED
CR2000 R VAR ACCESS CONTROL ESSENTIALS
FOR THE LENEL ONGUARD 5.11.216 PRODUCT
Richard R. Mullen, Vice President of Corporate Services
Elena Prokupets, President & CEO

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

DECEMBER 4, 2008

Kathryn Mousset

of

Universal Security Systems

IS SILVER+ DV CERTIFIED

DL1000R, DL2000R, DL4000R

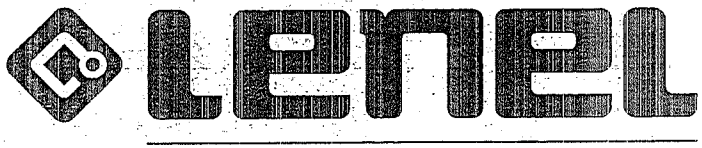
For the Lenel OnGuard 6.0.148 Product

Lynn Johnson

Lynn Johnson, Director of Global Support Services

Kurt Brooks

Kurt Brooks, Director of Global Education



A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

AUGUST 3, 2007

David Alcaraz

of

Universal Security Systems

IS MASTER CERTIFIED

DL1000R, DL2000R, DL3000R, DL4000R, DL5000R, DL7000R

For the Lenel OnGuard 5.12.110 Product

Richard R. Mullen, Vice President of Corporate Services

David Cunningham, President

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

DECEMBER 1, 2006

David Alcaraz

of

Universal Security Systems, Inc.

IS NOW CERTIFIED

DL5700R VISITOR MANAGEMENT COURSE

For the Lenel OnGuard 5.11.216 Product

Richard R. Mullen, Vice President of Corporate Services

David Cunningham, President

LENEL

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

NOVEMBER 9, 2007

Christopher Jones

of

Universal Security Systems

IS GOLD + DV CERTIFIED

DL1000R, DL2000R, DL3000R, DL4000R

For the Lenel OnGuard 6.0.148 Product

Richard R. Mullen, Vice President of Corporate Services

Kurt Brooks, Director of Global Education

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

NOVEMBER 8, 2007

Christopher Jones

of

Universal Security Systems

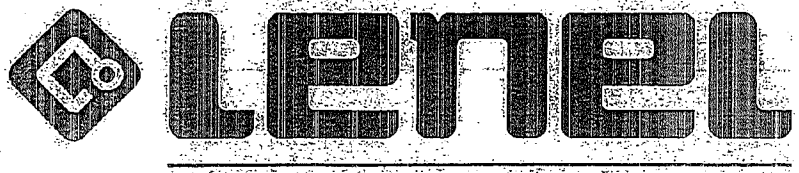
IS GOLD + DV CERTIFIED

DL1000R, DL2000R, DL3000R, DL4000R

For the Lenel OnGuard 5.12.110 Product

Richard R. Mullen, Vice President of Corporate Services

Kurt Brooks, Director of Global Education



A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

DECEMBER 1, 2006

Chris Jones

of

Universal Security Systems, Inc.

IS NOW CERTIFIED

DL5700R VISITOR MANAGEMENT COURSE

For the Lenel OnGuard 5.11.216 Product

Richard R. Mullen, Vice President of Corporate Services

David Cunningham, President

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

OCTOBER 26, 2007

Kevin Didden

of

Universal Security Systems

IS PLATINUM CERTIFIED

DL1000R, DL2000R, DL3000R, DL7000R

For the Lenel OnGuard 6.0.148 Product

Richard R. Mullen, Vice President of Corporate Services

Kurt Brooks, Director of Global Education

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

NOVEMBER 29, 2007

Kevin Didden

of

Universal Security Systems

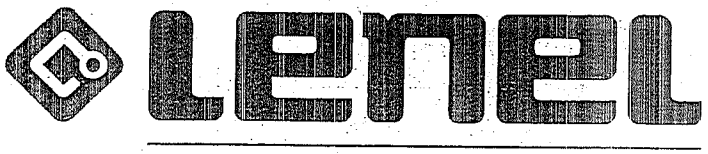
IS PLATINUM CERTIFIED

DL1000R, DL2000R, DL3000R, DL7000R

For the Lenel OnGuard 5.12.110 Product

Richard R. Mullen, Vice President of Corporate Services

Kurt Brooks, Director of Global Education



A UTC Fire & Security Company

NOVEMBER 13, 2008

Kevin Didden

of

Universal Security Systems Inc.

HAS COMPLETED THE NEC FT SERVER/EXPRESSCLUSTER WORKSHOP

NEC FT SERVER ARCHITECTURE & DEPLOYMENT, NEC EXPRESSCLUSTER 7 & X

Dan Rullo
Systems Engineer

Mark Elmer
Professional Services Manager

LENEL

A UTC Fire & Security Company

APRIL 4, 2008

Kevin Didden

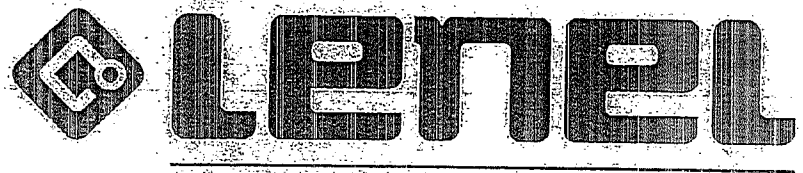
of

Universal Security Systems, Inc.

HAS COMPLETED THE CUSTOM SOLUTIONS WORKSHOP

BASIC ONGUARD DATABASE SCHEMA, DATA EXCHANGE, OPEN IT, AND CRYSTAL REPORTS

Justin Dagen *Custom Solutions Engineer*	*Jason Higley* *Custom Solutions Engineer*	*Shaun Kelsey* *Custom Solutions Manager*



A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

DECEMBER 01, 2006

Mike Sawyer

of

Universal Security Systems

IS NOW CERTIFIED

CR1000R VAR HARDWARE COURSE

For the Lenel OnGuard 5.12.012 Product

Richard R. Mullen, Vice President of Corporate Services

David Cunningham, President

A UTC Fire & Security Company

HAVING MET THE REQUIREMENTS

12 October, 2007

Mitch Cohen

of

Universal Security Systems

IS NOW CERTIFIED

CR1000R VAR-Access Control Hardware

For the Lenel OnGuard 5.12.110 Products

Richard R. Mullen, Vice President of Corporate Services

David Cunningham, General Manager

Nextiva Software / Intelligent Edge Devices

Verint Video Solutions Certifies:

Kevin Didden

Has received certification on Nextiva Software / Intelligent Edge Devices and is authorized to install and support these systems.

Training Certification Number: 03080001X

Erik Fenton

Erik Fenton, Technical Trainer

March 7, 2008

VERINT

POWERING ACTIONABLE INTELLIGENCE®

Nextiva 6.0 Installation, Configuration & Support

Verint Video Solutions Certifies:

Chris Jones

Has received certification on Nextiva Software / Installation, Configuration, & Support and is authorized to install and support these systems.

Training Certification Number: 07300900010X

Eric Ranz, Technical Training Manager

July 30, 2009

VERINT
POWERING ACTIONABLE INTELLIGENCE®

- Access Control
- Closed Circuit Television
- Digital Video Recording and Transmission
- Vehicle Management
- Asset Protection
- Infant Tagging
- Integrated Systems
- Gate Operators
- Security Fencing

System Takeover Manual

Revised:
August 10, 2009

310 OSER AVENUE HAUPPAUGE NEW YORK 11788
631-951-0604 VOICE 631-951-0717 FAX WWW.UNIVSYSTEMS.COM

LICENSED BY THE NEW YORK STATE DEPARTMENT OF STATE
NYS# 12000087181 NCFM# 6081108 NJ# 34BA00059100

System Takeover Manual

Introduction

This manual shall provide the information necessary to evaluate and document a CCTV or access control system planned for takeover. Taking over a system installed by another Company has inherent risks as the design and quality of installation and product used my be inferior, incorrect or not meet code requirements. The procedures in this manual will detail the information that needs to be gathered as part of the takeover process and how to document it on the proper forms.

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2.0 Card Access 3
3.0 CCTV/DVR 4
4.0 Final Checklist 5
Notes ..... **Error! Bookmark not defined.**

1.0 System Overview

The first step in the takeover process is gather general information about the customer and the site. The information shall be documented on form SD-1. Information such as the correct address of the site, contact names and phone numbers as well as jurisdictional information are included on this form.

While most systems are installed without proper plans and drawings, at this point, the customer should be asked to provide copies or all drawings and documentation they have on the system. If copies not available, the originals should be taken, reproduced and returned promptly to the customer. In rare cases, electronic files are available, these should be gathered at this time.

Regardless of whether of not plans of the security system exist, most of the times, plans of the facility do exist. Paper or preferable electronic copies of the site plan as well as all floors in the facility should be gathered as part of this procedure

2.0 Card Access

Card Access systems vary in complexity from a few readers on a stand alone PC to hundreds of readers on a multi-site enterprise system. The larger and more complex the system is, the more time needs to spend and the more attention to detail.

The first step in processing a Card Access system for takeover is to analyze and document the server. The server may be a true server located in a data center or part of a PC workstation at a guards desk. The method used to determine the server shall be that it is the computer on which the software that polls the panels is located. In most cases, the database will also be resident on the server. The information about the server shall be documented on form SD-2A. This form contains information about the hardware and software that comprise the server. All items need to be completed on the form to make sure that we can properly support the system once we have assumed responsibility for it.

The second step in processing a Card Access system for takeover is to perform a full backup of the databases in the system. This information should be put on a CD-RW or if the Server does not have a CD-RW drive, on USB storage device until it can be transferred to CD-RW. The CD should be properly labeled with the Site information and date of backup.

The third step in processing a Card Access system for takeover is to analyze and document the access control panels. A list of control panels should be printed from the server so that all control panels in the system can be located and documented.

Each control panel should be documented on form SD-2C. Multiple forms will be required for projects with multiple panels. On distributed systems such as Lenel, form SD-2C should be used for the intelligent system controller only and not for reader interface modules. Detailed pictures should be taken of both the inside and outside of the control panel. A photo tag with the panel number matching the form SD-2C should be included in each picture. Each panel should be labeled with a P-Touch style label matching the naming convention in place at the site in the event such a label does not already exist.

The fourth step in processing a Card Access system for takeover is to analyze and document the access control doors. A list of readers or doors should be printed from the server so that all readers in the system can be located and documented. Each access control door should be documented on form SD-2D. Multiple forms will be required for projects with multiple doors. Detailed pictures should be taken of both the inside and outside of the door as well as all hardware and door supervision controllers or reader interface modules. A photo tag with the door number matching the form SD-2D should be included in each picture. Each reader should be labeled with a P-Touch style label matching the naming convention in place at the site in the event such a label does not already exist.

3.0 CCTV/DVR

CCTV systems vary in complexity from a few cameras on a DVR to hundreds of cameras with a matrix, multiple DVRs and monitoring systems. The larger and more complex the system is, the more time needs to spend and the more attention to detail.

The first step in processing a CCTV system for takeover is to analyze and document the server. The server may be a true server located in a data center or part of a PC workstation at a guards desk. The method used to determine the server shall be that it is the computer on which the software that polls the panels is located. In most cases, the database will also be resident on the server. The information about the server shall be documented on form ST-2A. This form contains information about the hardware and software that comprise the server. All items need to be completed on the form to make sure that we can properly support the system once we have assumed responsibility for it.

The second step in processing a Card Access system for takeover is to perform a full backup of the databases in the system. This information should be put on a CD-RW or if the Server does not have a CD-RW drive, on USB storage device until it can be transferred to CD-RW. The CD should be properly labeled with the Site information and date of backup.

The third step in processing a Card Access system for takeover is to analyze and document the access control panels. A list of control panels should be printed from the server so that all control panels in the system can be located and documented. Each control panel should be documented on form ST-2B. Multiple forms will be required for projects with multiple panels. On distributed systems such as Lenel, form ST-2B should be used for the intelligent system controller only and not for reader interface modules. Detailed pictures should be taken of both the inside and outside of the control panel. A photo tag with the panel number matching the form ST-2C should be included in each picture.

The fourth step in processing a Card Access system for takeover is to analyze and document the access control doors. A list of readers or doors should be printed from the server so that all readers in the system can be located and documented. Each access control door should be documented on form ST-2C. Multiple forms will be

required for projects with multiple doors. Detailed pictures should be taken of both the inside and outside of the door as well as all hardware and door supervision controllers or reader interface modules. A photo tag with the door number matching the form ST-2C should be included in each picture.

4.0 Final Checklist

The first step in processing a system for takeover is to review and complete the final checklist. This form SD-4 serves as a quality assurance review to verify that all necessary tasks have been completed. During the review process, it is not uncommon for the persons processing the system takeover to have to return to a door or cameras to verify or insert missing information. This is your last chance on site to complete all required information. Information found to be missing after this would require a return visit that can be costly and embarrassing for the Company. Please pay careful attention to all items on the final checklist.

Standardization is important for streamline service and installations. It is important to have proper naming of equipment in the Card Access software to help identify panel and reader locations for future service calls. From the database copy, identify and advise naming that needs to be corrected. Discuss with the customer about renaming. Please use the Naming Convention document for proper naming of all equipment.

	Universal Security Systems 310 Oser Avenue Hauppauge, NY 11788 (631) 951-0604 Voice (631) 951-0717 Fax www.univsystems.com	**SD-1** Card Access System Form Page 1 of 1

CORPORATE INFORMATION					
Account Name		Customer #			
HQ INFORMATION					
Address 1		Address 2			
City		State		Zip Code	
Contact Name		Title			
Phone		Fax			
Cell		Email			
BILLING INFORMATION					
Address 1		Address 2			
City		State		Zip Code	
Contact Name		Title			
Phone		Fax			
Cell		Email			
LOCATION INFORMATION					
Location Name		Location #			
Address 1		Address 2			
City		State		Zip Code	
Contact Name		Title			
Phone		Fax			
Cell		Email			
COMPLETED BY					
Name		Date			

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SD-2A

Card Access Server Form

LOCATION INFORMATION

Account Name		Site Name	

SERVER INFORMATION

Server Name			Location		
Server Mfc.			Server Model		
Server Part #			Server Serial #		
Sever Type	PC		Desk Server		Rack Server	

HARDWARE INFORMATION

Processor	Model		Speed		Qty	
Memory			Video			
Audio			Modem			
Keyboard			Mouse			

NETWORK INFORMATION

PC NAME			DOMAIN			
Primary LAN	IP		Sub		MAC	
Secondary LAN	IP		Sub		MAC	
Primary DNS			Secondary DNS			
Primary WINS			Secondary WINS			
Gateway						

STORAGE SYSTEM

IDE Controller			SCSI Controller			
CD-ROM			Floppy			
Drive 1	Type		Size		Speed	
Drive 2	Type		Size		Speed	
Drive 3	Type		Size		Speed	
Drive 4	Type		Size		Speed	
Drive 5	Type		Size		Speed	
Drive 6	Type		Size		Speed	

OPERATING SYSTEM

Win OS Type		Win OS Version	
Win Service Pack		License #	
Daylight Savings		Time Zone	
Power Mode		Win Updates	

ACCESS CONTROL SOFTWARE

Manufacturer		Model	
Version		Build	
License #		Dongle #	
Client Licenses			
Options			

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SD-2A

Card Access Server Form

DATABASE SOFTWARE

Manufacturer		Model	
Version		Build	
License		Service Pack	
Client Licenses			
Options			

WINDOWS LOG ON

Admin User		Password	
Other User		Password	
Other User		Password	
Other User		Password	

APPLICATION LOG ON

User		Password	
User		Password	
User		Password	
User		Password	
User		Password	
User		Password	
User		Password	
User		Password	
User		Password	
User		Password	

INSTALLATION

Overall Quality	Good		Fair		Poor	
Notes						

COMPLETED BY

Name		Date	

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SD-2B

Card Access
Client PC Form

LOCATION INFORMATION			
Account Name		Site Name	

WORKSTATION INFORMATION					
WS Name			WS #		
WS Mfc.			WS Model		
WS Part #			WS Serial #		
WS Type	SFF		Desktop		Tower	

HARDWARE INFORMATION					
Processor	Model		Speed		Qty	
Memory			Video		
Audio			Modem		
Keyboard			Mouse		

NETWORK INFORMATION					
PC NAME			DOMAIN		
LAN	IP		Sub		MAC	
Primary DNS			Secondary DNS		
Primary WINS			Secondary WINS		
Gateway					

STORAGE SYSTEM					
IDE Controller			SCSI Controller		
CD-ROM			Floppy		
Drive 1	Type		Size		Speed	
Drive 2	Type		Size		Speed	

OPERATING SYSTEM			
Win OS Type		Win OS Version	
Win Service Pack		License #	
Daylight Savings		Time Zone	
Power Mode		Win Updates	

CARD ACCESS SOFTWARE			
Manufacturer		Model	
Version		Build	
License #		Dongle #	
Options			

INSTALLATION						
Overall Quality	Good		Fair		Poor	
Notes						

COMPLETED BY			
Name		Date	

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SD-2C

Card Access Panel Form

LOCATION INFORMATION						
Account Name			Site Name			
PANEL INFORMATION						
Panel Name			Panel #			
Panel Mfc.			Panel Model			
Panel Type	ISC		Integrated		# of Readers	
Panel Version			Panel Serial #			
Firmware Version						
AC Power	Hardwired		Plug In		Other	
Battery Backup	Qty		Size		Age	
Panel Location						
Notes						
PANEL COMMUNICATION						
Comm. Method	RS-232		RS-485 2 Wire		RS-422 4 Wire	
	LAN		Modem		Other	
Comm. Mfc.			Comm. Model			
Comm. Location						
Comm. Notes						
LOCK POWER SUPPLY						
P/S Mfc.			P/S Model			
P/S Voltage Out			P/S Amps Out			
AC Power	Hardwired		Plug In		Other	
Battery Backup	Qty		Size		Age	
P/S Location						
P/S Notes						
CARD READERS						
Reader Ports Used			Reader Ports Avail			
Alarm Inputs Used			Alarm Inputs Avail			
Relays Used			Relays Avail			
Notes						
INSTALLATION						
Overall Quality	Good		Fair		Poor	
Code Compliant	Yes		TBD		No	
Notes						
COMPLETED BY						
Name			Date			

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SD-2D

Card Access Door Form

LOCATION INFORMATION			
Account Name		Site Name	

DOOR INFORMATION							
Door Name				Door #			
Single		Double		Overhead		Other	
Door Material				Door Type			
Fire Exit				Fire Rating			

LOCK HARDWARE			
Lock Type		Key Override	
Lock Mfc.		Lock Model	
Lock Voltage		Lock Finish	
Lock Notes			

EGRESS HARDWARE			
Egress Type			
Egress Mfc.		Egress Model	
Egress Notes			
Egress Type			
Egress Mfc.		Egress Model	

CARD READERS			
Reader Type		Location	
Reader Mfc.		Reader Model	
Reader Notes			
Reader Type		Location	
Reader Mfc.		Reader Model	
Reader Notes			

INSTALLATION							
Overall Quality	Good		Fair		Poor		
Code Compliant	Yes		TBD		No		
Notes							

COMPLETED BY			
Name		Date	

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SD-4

System Final Checklist

SYSTEM INFORMATION			
Account Name		Customer #	
Location Name		Location #	
CUSTOMER INFORMATION			
Form SD-1		Site Plans	
		Floor Plans	
CARD ACCESS INFORMATION			
Form SD-2A		System Config Printout	
Form SD-2B		Panel Printout	
Form SD-2C		Reader Printout	
Form SD-2D		Input Printout	
Database Backup		Relay Printout	
Label Panels		Win Config Printout	
Label Readers		Comm. Printout	
Photos of Panels		Sample Badge	
Photos of Doors		Discuss Naming	
CCTV INFORMATION			
COMPLETED BY			
Name		Date	

- Access Control
- Closed Circuit Television
- Digital Video Recording and Transmission
- Vehicle Management
- Asset Protection
- Infant Tagging
- Integrated Systems
- Gate Operators
- Security Fencing

Quality Management Program

Revised:
February 24, 2006

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Quality Management Program

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1.0 Purpose

Universal Security Systems, Inc. provides the design, installation and service of electronic and physical security systems. These systems consist of commercial off the shelf products that are integrated to provide a solution for a customers security, safety and management needs. Universal Security Systems primarily provides these solutions to Utilities, Hospitals & Medical Centers, Public Transportation, Government and Educational institutions, as well as Professional firms.

The purpose of our quality management program is to assure that customer requirements are achieved, that customer satisfaction is high and that the entire organization participates in a process of continuous improvement.

Universal Security Systems provides a diverse range of products including: Access Control; Closed Circuit Television; Digital Video Recording and Transmission; Vehicle Management; Asset Protection; Infant Tagging Systems; Integrated Systems; Gate Operators and Security Fencing.

2.0 Scope

This quality manual covers the determination of the criteria and methods needed to:

- Ensure that the operation and control of the quality management processes are effective
- Assure the availability of resources and information necessary to support the operation of the processes
- Measure, monitor, and analyze these processes
- Implement actions necessary to achieve planned results and continuous improvement

The primary processes of Universal Security Systems are design, engineering, purchasing, fabrication, installation and service. The design processes include site threat and risk analysis, budgetary planning as well as equipment selection and layout. The engineering processes include electrical, civil and mechanical specification and drafting as well equipment testing, intrusion studies and documentation of new or existing conditions. The purchasing processes include selection of suppliers, submission of orders, verification of purchased product and management of inventory. The fabrication processes include assembly of rack, panels, cables both with off the shelf components or custom fabricated to specification. The installation processes include construction (trenching, excavation & masonry), electrical (conduit and cable), integration (product installation and connection) and technology (software). The service processes include customer communication, on-site analysis and repair, customer property, and off site analysis and repair.

Limited processes, such as asphalt installation and metal and electronic circuit fabrication are typically outsourced. The limited use of subcontractors is intended to maximize out control over the quality of the final product. Certain projects are designed and / or engineered by third parties prior to Universal Security Systems' involvement in a project. Universal Security System works hard to bring these systems in line with our quality standards, but the final decisions are often beyond our control.

3.0 Relation to ISO 9001:2000

The quality management program has been planned to follow the guidelines and requirements of ISO 9001:2000. It has **NOT** been reviewed or certified as ISO compliant.

4.0 Company Quality Management System

4.1 General Requirements

The quality management program of Universal Security Systems, Inc. has been implemented to provide high-quality products and services related to electronic and physical security systems. Universal Security Systems commits to complying with the requirements of this quality management program and continually working to improve the effectiveness of the quality management program.

The compliance to requirements is evaluated through periodic internal reviews and corrective actions. Improvement of the effectiveness of the quality management program is attained through both corrective and preventive action. It is the intent of the Company to continually improve the quality objectives of this program.

The core qualities for this program are

- Compliance with industry best practices
- Compliance with required codes and laws
- Compliance with Company and Customer installation requirements
- Periodic reviews of quality metrics
- Continuous improvement process

4.2 Documentation Requirements

4.2.1 General

The objective of our documentation is to define for our employees and customers the processes of Universal Security Systems. A secondary objective is to control the documentation to assure it is up to date and has been reviewed and approved.

4.2.2 Quality Manual

This quality manual describes the quality management program of Universal Security Systems. It covers the design, engineering, purchasing, fabrication, installation and service of electronic and physical security systems provided by Universal Security Systems. The quality manual also covers the definition and collection of quality metrics.

- Universal Security Systems customers do not require traceability; therefore traceability is not covered in this quality manual. This manual describes the records that will be maintained.

4.2.3 Control of Documents

Quality procedure QP-4A describes the procedure used by Universal Security Systems, Inc. to control documents. This procedure describes the controls used to:

- Approve documents for adequacy prior to issue
- Review and update as necessary and re-approve documents

- Ensure that changes and the current revision status of documents are identified.
- Ensure that relevant versions of applicable documents are available at points of use
- Ensure that documents remain legible and readily identifiable
- Ensure that documents of a confidential nature are marked as such and stored in a secure area
- Prevent the unintended use of obsolete documents and apply suitable identification to them if they are retained for any purpose
- Prevent the unintended use of obsolete documents by shredding all confidential drawings and documents that are not being retained for any purpose

4.2.4 Control of Records

Quality procedure QP-4B describes the procedure used by Universal Security Systems, Inc. to control records. The procedure describes how records are kept legible, readily identifiable, and retrievable. The procedure defines the controls used for the identification, storage, protection, retrieval, retention time, and disposition of records.

4.2.5 Referenced Procedures

QP-4A Control of Documents

QP-4B Control of Records

5.0 Management Responsibility

5.1 Management Commitment

The quality system described in this document has been developed at the direction of the Company owners, and represents a commitment of the owners to move the organization to a quality system that will be ISO9001-2000 certified.

All employees are trained in the importance of meeting customer requirements and following Company procedures. The quality policy and quality procedures are stated in this manual. Management reviews are conducted weekly to determine job performance and quality performance. Resources are allocated by management to support these activities.

5.2 Customer Focus

Management assures that the entire organization is customer focused. This effort ranges from reviews of marketing, proposals, job progress and customer feedback.

5.3 Quality Policy

The quality policy stated in this manual is appropriate to the purpose of the organization. It includes a commitment to comply with requirements and continually improve the effectiveness of a quality management system. It provides a framework for establishing and reviewing quality objectives. It is communicated within the organization. All employees have been trained in the quality policy and all new employees are trained at the time of hire. This training is documented in the personnel records. The understanding of the quality policy is evaluated through daily contact and evaluated and documented during internal audits.

5.4 Planning

The Company operates based on a plan which is prepared annually and which is updated as required throughout the year. This plan will include both financial objectives such as orders, sales and profits as well as objectives for staffing, facilities, equipment, training and quality metrics. These plans are reviewed by management on a monthly basis, and updated as needed. Specific job progress, metrics and customer satisfaction are reviewed with management on a weekly basis.

5.5 Responsibility, Authority and Communication

5.5.1 Responsibility and Authority

Universal Security Systems was started in 1992 with multiple shareholders. The organization now consists of 2 owners, one of which has been with the Company since its inception. The current ownership has been in place for 6 years and they hold full responsibility and authority for all Company operations. If additional owners are introduced through promotion, hiring, mergers or acquisitions, their responsibilities and authorities will be developed and communicated. Responsibility and authority are delegated to department managers as appropriate.

5.5.2 Management Representative

The quality management representative is one of the owners, Edward Newman. The management representative is responsible for ensuring that the process needed for the quality management system are established, implemented, and maintained. The management representative meets with the other owner and senior management approximately every week to review the performance of the quality management system and any need for improvements. The management representative has and will continue to ensure the promotion of awareness of customer requirements throughout the organization.

5.5.3 Internal Communication

The owners communicate verbally on a regular basis. Communication related to customer requirements, other key and customer communications, and supplier communications are documented. These documents are maintained in the appropriate paper or electronic files.

5.6 Management Review

5.6.1 General

The owners and the department managers review the quality management system approximately every quarter to ensure its continuing suitability, adequacy, and effectiveness. The review assesses opportunities for improvement and the need for changes to the quality management system, including the quality policy and quality objectives.

5.6.2 Review Input

The management review includes information on results of audits, customer feedback, product installation performance, product conformity, status of preventive and corrective actions, follow-up actions from previous management reviews, changes that could affect the quality management system, and recommendations for improvement.

5.6.3 Review Output

The output from the management review includes any decisions and actions related to improvement of the effectiveness of the quality management system and its processes, improvement of the product related to customer requirements, and resource needs.

6.0 Resource Management

6.1 Provision of Resources

Universal Security Systems, Inc. has implemented and maintained the quality management system and has continually improved its effectiveness. Universal Security Systems, Inc. has and will continue to enhance customer satisfaction by meeting customer requirements. The owners are committed to providing all resources necessary to move the Company to be a certified ISO 9001:2000 company.

6.2 Human Resources

6.2.1 General

All personnel performing have been and will continue to be competent on the basis of appropriate education, training, skills and experience.

6.2.2 Competence, Awareness, and Training

As a high technology industry, the knowledge required to successfully complete a process is constantly changing. All Universal Security Systems personnel participate in our continuing education program. The continuing education program consists of formal internal and external training as well as peer-to-peer mentoring. Training needs include general technical, product specific, safety and management training. All training is documented in employee personnel files listing the date(s) of the training and the training completed. The qualification may be the signature of the trainer on a training completion document, from a recognized institution, in the subject matter of the training. The effectiveness of the training is evaluated by the owners and the operations manager, as conducted through regular communication and evaluations.

The owners and the department managers must:

- Be able to effectively communicate verbally and through written word
- Be able to plan and control complex processes
- Thoroughly understand quality management systems, as evidenced through prior experience or training

Installation and service technician personnel must be able to:

- Read and understand Universal Security Systems product and process documents, as evidenced through training and evaluations performed by the management and documented in the person's personnel records
- Install or service a diverse range of our security system products using the knowledge they have received through extensive training and/or experience, as documented in their personnel record

The owners and the department mangers are aware of the relevance of their activities and how they contribute to the achievement of the quality objectives. This

same awareness is communicated and evaluated with new personnel when they are hired. Personnel records hold the appropriate records of education, training skills, and experience.

6.2.3 Referenced Procedures

QP-6A Interview Procedure

QP-6B Orientation Procedure

QP-6C Safety Training Procedure

6.3 Infrastructure

Current buildings, workspace, equipment, utilities and support services have been and will continue to be adequate for the needs of the business. These requirements are planned on an annual basis and are updated on a monthly basis.

6.4 Work Environment

Universal Security Systems present work environment has been and will continue to be adequate to achieve conformity to product and customer requirements.

Universal Security Systems' work environment includes the provision of tools and environmental conditions which allow the employees to do their jobs. This environment which is considerate of employee needs and employees who are focused on job quality and customer satisfaction.

7.0 Product Realization

7.1 Planning of Product Realization

All Universal Security Systems electronic and physical security systems are planned with a written document formed as a proposal, specification or as bid documents provided by the customer. All plans include details on equipment to be used, services to be provided, as well as specifications to be followed.

The process for establishing quality objectives and requirements for the product is documented under 6.2.1.

The necessary processes, documents and product-specific resources are set forth throughout these product realization sections of this quality manual.

The required verification, validation, monitoring, inspection, and test activities specific to Universal Security Systems, Inc. engineered security systems and the criteria for product acceptance are covered under sections 7 and 8 of this quality manual.

7.2 Customer Related Processes

7.2.1 Determination of Requirements Related to the Product

Customer specified product is sold directly to the customer at the customer's request and it is assumed that product meets the customer requirements since it was specified by the customer, or an agent of the customer.

Product specified by Universal Security Systems as part of the design or engineering processes shall be selected to provide a satisfactory solution to the customer need while being provided within the customer specified budgetary requirements.

Service and repairs are performed when a call is received by the customer, stating their concern and a service call is scheduled with one of our trained technicians. The customer requirements are determined and met to the highest degree possible.

7.2.2 Review of Requirements Related to the Product

Informal customer requests are initially handled by the sales department, with support from Universal Security Systems' Engineering department. Formal requests for proposals are handled by Engineering, with support from all departments. All responses are reviewed by an owner and quality representative prior to submission to the customer.

7.2.3 Customer Communication

Product information and inquiries are handled by the Sales Department, supported by Engineering. Contracts or order handling, including amendments, are handled by the Support Services Department.

Universal Security Systems asks customers to complete a customer satisfaction survey at the completion of the project. These surveys are reviewed by the owners and kept in the Customer Survey Logbook.

7.2.4 Referenced Procedures

QP-7A Project Initiation

QP-7B Customer Satisfaction Survey

7.3 Design and Development

7.3.1 Design and Development Planning

Design of electronic and physical security equipment provided by Universal Security Systems is accomplished by determining:

- The threats that may exists against a facility or asset
- The vulnerabilities of a facility or asset
- The risk level of the facility or asset

The Universal Security Systems design engineer will follow the procedures in the Universal Security Systems Design and Proposal Guidelines document to determine the threats, vulnerabilities and risk level of the facility or asset.

Design and development of installations of security equipment provided by Universal Security Systems, Inc. is accomplished by determining:

- The type of system (access control, closed circuit video, and so on)
- The style of the product (card, color, black & white, and so on)
- The specific areas in which the product will be installed

The Universal Security Systems, Inc. design engineer and the customer manage their interface and are responsible for the design steps on special product.

7.3.2 Design and Development Inputs

The input for the design of an electronic and physical security system typically include verbal and written information or documentation provided by the customer as well as information gathered during site visits; information from the Universal Security Systems Design and Proposal Guidelines document which has been compiled based on information derived from previous designs; as well as information contained in vendor documentation.

These inputs are adequate; requirements are complete and are not ambiguous or in conflict with each other when new designs are being evaluated.

The product requirements for Universal Security Systems' electronic and physical security systems are documented in the Universal Security Systems Design and Proposal Guidelines document. Where applicable, information is derived from previous similar designs. These inputs are adequate; requirements are complete and are not ambiguous or in conflict with each other when new designs are being evaluated.

7.3.3 Design and Development Outputs

The design output consists of a scope of work that will be provided to the client, a consultant or government agency. The scope of work is a document designed to provide a preliminary basis for the work to be contained within a project. The scope of work should define the sections of electronic and physical security to be contained within a project. These may include: CCTV, access control, intrusion detection, vehicle gates and barriers as well as a rough scope of infrastructure required to support these systems. The preliminary scope of work should decide if inside plant cabling will be in all conduit or exposed in certain 'low risk' areas. It should detail if outside plant cabling will be below grade or aerial. It should also set guidelines for UPS duration and backup power. It should not include any specifics as to the location or quantity of cameras or card readers as these are part of the engineering process.

7.3.4 Design and Development Review

The design and development time for Universal Security Systems' electronic and physical security systems depends on the requirements of the customer. Design time can take anywhere from a few days to a few weeks, rarely exceeding a month. Development time can take anywhere from a few days to a few months. The design and development documents are reviewed in accordance with Universal Security Systems design review process. The design documents may be sent to the customer for preliminary approval. Once approved, final documents are prepared and both the customer and Universal Security Systems review the documentation. The customers' signature on the final documents indicates both the acceptance of the order as described above and the approval of the design.

7.3.5 Design and Development Verification

An electronic and physical security system designed by Universal Security Systems may be simple or complex depending on the design requirements and if the system is a standard system or special system. Therefore the design is considered to be verified when the review is approved.

The Universal Security Systems, Inc. security systems can be simple or difficult depending on the design and if it is a standard system or special system. Therefore the design is considered to be verified when the review is approved.

The security systems are tested to make sure that they perform their intended functions and operate smoothly for the customer once the job is completed. This test serves both as a design validation and acceptance test for the system.

Subsystem fabricated at the Company offices such as custom control panels and rack systems are tested prior to shipment to the customer site. This testing serves to reduce the likelihood of a product failure during field-testing in these complex portions of an electronic an physical security system.

7.3.6 Design Validation

The electronic and physical security systems are tested to make sure that they perform their intended functions and operate smoothly for the customer once the job is completed. This test serves both as a design validation and acceptance test for the system. Test plans are developed on a per project basis to accommodate the specific metrics that are warranted by the scope of the project and the installation environment. Test results are documented by Universal Security Systems and copies are filed with the customer.

7.3.7 Design Changes

Design and development changes requested by the customer are required to be submitted in writing. All engineering changes are documented with an Engineering Change Order that is distributed to appropriate personnel and used to update the project drawings and other documentation.

7.3.8 Referenced Procedures

QP-7C Engineering Change Request

QP-7D Field Engineering Change

QP-7I Design Package Submittal Procedure

7.4 Purchasing

7.4.1 Purchasing Process

Universal Security Systems, Inc. uses two basic types of purchased materials: mechanical commodity items which are purchased from wholesalers/distributors, and larger components or subsystems, which are purchased from manufacturers or distributors, usually as, catalog items. Occasionally, Universal Security Systems, will purchase construction or professional services.

Purchases are made by designated employees who are authorized to make such purchases. All purchases with the exception of certain minor purchases under $100.00 are processed through the purchase order module of our business management system.

7.4.2 Purchasing Information

Security parts are ordered using the manufacturer's catalog number that relates to a set of internal specifications for the manufacturer.

Commodity items are ordered as needed by the authorized employee, usually as a standard part number.

Services are procured to a defined statement of work.

7.4.3 Verification of Purchased Product

Purchases of security products are verified when they are selected.

Shipments of security products are sample inspected using ANSIZ1.4 or ANSIZ1.9 upon receipt, if lot sizes are large enough. For smaller shipments, 100 percent inspection is used.

Shipments of products from an approved supplier are inspected only for quantity and shipping damage.

The determination of the techniques to be used is based upon the characteristic of the product and prior supplier history. Records of the inspection are maintained on or

with the shipping documents and invoices. The record is signed by the owner as verification of inspection and its results.

7.4.4 Referenced Procedure

QD-7E Purchasing Process

QD-7F Verification of Purchased Product

QD-7G Customer Special Orders

7.5 Production and Service Provision

7.5.1 Control of Production and Service Provision

The information describing the characteristics of the object is on the purchase order instructions.

Standard, proven, brand name security equipment is used.

Micrometers, scales and calipers are used to measure the product and monitor the operations.

Monitoring and measuring are described under 8.2.3 and 8.2.4.

Release, delivery and post delivery activities are performed following applicable portions of sections 8.

7.5.3 Identification and Traceability

Traceability is not a requirement for Universal Security Systems, Inc. products.

The product is identified by the accompanying work instructions. Special product is further identified by the accompanying sales document. Inventories of security products are identified by type of system when it is not obvious by observation. Security system mechanical parts are identified on the package. Labels on parts bins identify spare parts. In addition, most spare parts are identifiable by observation.

7.5.4 Customer Property

Security system repair is performed while the customer waits if that is applicable. If system cannot be repaired on customer premises, the equipment is removed and documented. The equipment will return to our office and repaired on our premises if applicable or sent out to the proper vendor for internal repairs. When customer's equipment is returned it is tested and documented. Universal Security Systems, Inc. tries to protect and safeguard the customer's product properly when it is being repaired. If the owner feels that the repair cannot be safely made, the repair is refused.

7.5.5 Preservation of Product

In general, security products are purchased for each project, and stored for a brief period until installed at the job site.

A number of parts are retained for service and spares. These parts are stored in a heated warehouse and are secured until released for use.

7.5.6 Referenced Procedures

QP-7H Inventory Control

7.6 Control of Monitoring and Measuring Devices

7.6.1 Calibration Activities

It is the responsibility of the Engineering Department to procure and maintain the equipment needed for their work. A limited number of electronic test equipment needs calibration. This equipment is reviewed and, if needed, sent out for calibration on an annual basis.

8.0 Measurement, Analysis, and Improvement

8.1 General

Measurement, monitoring, analysis, and improvement to demonstrate the conformity of the product is discussed under 8.2.4 and other portions of section 8.

Measurement, monitoring, analysis, and improvement to insure the conformity of the quality management system and to continually improve its effectiveness are discussed throughout section 8.

8.2 Monitoring and Measurement

8.2.1 Customer Satisfaction

Universal Security Systems, Inc. uses a customer comment logbook for verbal comments received, a customer comment book that customers are asked to use at the time of purchase, and comments noted on the sales document by the customer at the time of purchase. These tools are used as measurements of the performance of Universal Security Systems, Inc. quality management system.

8.2.2 Internal Audit

All internal auditing is performed by the owners of the Company.

8.2.3 Monitoring and Measurement of Processes

Customer comments, nonconformance reports, and vendor evaluations are used to identify Universal Security Systems' processes that need to be monitored and/or measured.

8.2.4 Monitoring and Measurement of Product

Security system mechanisms packages are inspected dimensionally against the suppliers' specifications. The mechanisms are also tested for smooth operation.

Electronic meters are used to measure security subsystems as they are being fabricated at the office. After the subsystems have been assembled, they are tested for proper functionality. The assembler applies an machine printed label including the Company name and contact information as well as the date of final assembly and his or her initials. Security subsystems will not be released for installation until the product meets specifications.

8.2.5 Referenced Procedures

QP-8A Control Panel Testing

QP-8B Rack System Testing

QP-8C DVR Deployment

QP-8D Card Access PC Deployment

8.3 Control of Nonconforming Product

Nonconforming product is the failure of product or services to be provided to the customer in conformance with the project planning documents which may include design scopes, bid or other specifications, drawings or proposals.

Universal Security Systems makes sure that product that does not conform to product requirements is identified and corrected. Review of product conformance is conducted both on a daily and end-of-job basis.

8.3.1 Nonconforming Product Actions

Nonconforming mechanisms and disposition are documented on the receiving papers. Nonconforming security systems and disposition are documented on the work instructions for stock runs and on the sales document for special orders or repairs. Nonconforming security mechanisms are kept separate and are returned to the vendor. Nonconforming spare parts are discarded.

Nonconforming assemblies that do not operate smoothly can be repaired. The repair is documented on the work instructions or sales document. The security system is then retested and inspected, and the release noted on the work instructions or sales document.

Product is tested again for functionality and inspected for appearance immediately prior to delivery to the customer. Therefore, nonconforming product cannot occur after delivery or used has started. However, if the customer experiences problems after receipt, Universal Security Systems, Inc. repairs the product at no charge if it is returned under warranty.

8.3.2 Referenced Procedures

QP-8E Engineering Quality Assurance Procedure

QP-8F Installation Quality Assurance Procedure

8.4 Analysis of Data

Universal Security Systems, Inc. collects and analyzes customer comments, supplier evaluation results, nonconforming product reports, audit results, and corrective and preventive actions to determine where continual improvement of the effectiveness of the quality management system can be made. This analysis is performed at least quarterly prior to management review. It may be done more frequently if the owner decides that it is necessary.

8.4.1 Quality Management System Evaluation

Evaluation of the quality management system is currently based on customer feedback as well as analysis of job cost and schedule performance.

8.5 Improvement

8.5.1 Continual Improvement

While no formal continual improvement process is in place, Universal Security Systems uses an informal continuing process to evaluate and improve our quality management program. The process of development of this quality assurance program began in 2000 with the development of the first written quality procedures and continues to evolve. Our goal is to refine the plan for submission and certification by ISO by the end of 2008.

Our current improvement review process includes informal meetings both in individual departments as well as with the owners to discuss and analyze the effectiveness of existing procedures, modify existing procedures for improvement and determine new procedures for areas believed to be deficient.

Issues for improvement are identified from a variety of sources including, customer feedback, weekly or bi-weekly departmental meetings as well as weekly senior staff meetings.

8.5.2 Corrective Action

Universal Security Systems takes action to eliminate the cause of nonconformities in order to prevent recurrence. Corrective actions are appropriate to the effects of the nonconformities encountered. Corrective actions can be proposed by any person within the organization. Corrective actions are reviewed by the appropriate department manager and approved by the owners prior to implementation.

8.5.3 Preventive Action

Universal Security Systems determines action to eliminate the cause of potential nonconformities in order to prevent their occurrence. Preventive actions are appropriate to the effects of potential problems as determined by the owner.

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Universal Security Systems, Inc.

Quality Management Program

Approved by:

_____

Edward Newman, Vice President

Revision Date: 2/24/2006

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Additional Information for Port Authority of NY & NJ RFP# 18473

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Technical Plan

1. Years of Lenel Support

Universal Security Systems, Inc. signed final contracts with Lenel in February 2006. As such we have actively supported Lenel systems for approx. three and a half years.

2. Lenel Certification

Lenel Certificates are attached for the following personnel:

- David Alcaraz
- Mitch Cohen
- Kevin Didden
- Christopher Jones
- Kathryn Kneibert Mousset

- Michael Sawyer

In addition Universal has additional personnel scheduled for training in Q3 and Q4 of this year and reaffirms our commitment to train and certify additional personnel as are necessary to support this contract as well as our other Lenel customers.

3. Verint Certification

Verint Certificates are attached for the following personnel:

- Kevin Didden
- Christopher Jones

While both of these individuals have limited experience on Verint, they have completed and passed all necessary classwork and testing to achieve Verint Certification. In addition, they both hold numerous other video certifications and have significant experience in DVR and NVR configuration including work on the following recent projects:

- Con Edison – over 2000 Pelco & Sony Cameras & Integral DS Real Vue DVRs networked to a central Security Operations Center
- SUNY Stony Brook – over 500 Panasonic Cameras, DVRs and NVRs networked to a central Campus Police HQ
- Hicksville School District – 64 (currently installing 56 additional) Sony IP Cameras & Lenel NVRs
- Northport School District – 159 Panasonic IPro IP Cameras & NVRs

Both of these employees also have strong IT backgrounds. Kevin Didden has a Bachelors in Computer Science among other degrees and Chris Jones has a Bachelors in Business Information Systems with a minor in Programming. This educational background is typical for the type of candidate we seek for positions in our Systems department. Further, Universal has additional personnel scheduled for training in Q3 and Q4 of this year and reaffirms our commitment to train and certify additional personnel as are necessary to support this contract as well as our other Verint customers.

Please keep in mind that no integrator or other organization is typically going to have extra trained personnel sitting around waiting to be assigned to a new contract. If the PANYNJ were to take over operations at another airport, Islip McArthur for example, you would need to hire additional personnel for a mix of staffing the new site as well as backfilling for personnel on existing sites who have been transferred to the new site. Obviously the incumbent has the advantage of being able to say that they already have personnel trained and familiar with the sites and they can state specifically who will be assigned to this contract.

4. Section 2, Item C

Universal Security Systems firmly believes that training is an on-going process and is critical in the ability to provide the customer with quality and value. Universal provides training to our employees in a variety of subjects and through a number of programs. Our field operations personnel participate in baseline OSHA and trade training through the IBEW/NECA Joint Apprentice Training Center. They receive further OSHA safety related training at our Hauppauge Training Center. Finally, they receive ongoing manufacturer training through manufacturer sponsored training and certification programs. These programs vary in length from a few hours to a week or more. Universal's commitment to training continues with our Project Managers. All of whom are required to attain the SIA's elite CSPM (Certified Security Project Manager) status.

Training Facilities

Training is provided in a variety of facilities including our training center at our corporate offices, on the job training at project sites, as well as at other appropriate facilities utilized by the Company, product manufacturers or industry associations. Our Hauppauge, New York facility, includes a dedicated classroom training facility with the necessary resources to accommodate small or large group instruction.

Electrical and Security Related Training

Universal Security Systems provides a wide variety of trade based training to personnel in our organization's departments. While Project Management, Sales, Engineering and Support Services all receive training, the majority of the training hours are logged by our Field Operations and Systems departments. The training for these departments can be broken into two categories, manufacturer specific and general industry. The general industry training that our Systems department personnel receive is technically for a specific manufacturer, but as they are IT based manufacturers like Microsoft and Cisco, we consider them generalized. The majority of this training is from third party providers such as Colleges & Universities or private training firms such as New Horizons. General industry training for Field Operations personnel primarily takes place as part our partnership with the IBEW/NECA through the Joint Apprentice Training Program.

Since 1941, the IBEW and NECA, through their Joint Apprentice Training Program, have been educating apprentices throughout a nationwide network of state-of-the-art facilities. For more than 25 years, the curriculum has included skills training in energy efficient technologies. At the over 300 training centers throughout the United States, JATC instructors are teaching thousands of apprentices how to work with the latest electrical technologies. Each apprentice undergoes 1,000 hours of classroom instruction and 8,000 hours of on-the-job training en route to becoming a journeyman level electrician. The IBEW/NECA JATC Electrical Apprentice Program is the only training program recognized by New York State, the State of New Jersey and the United States Department of Labor for the training of electrical and security installation personnel.

Some of the programs offered through the JATC and competed by our employees include:

- First Aid / CPR / AED
- Transformers and Motors
- NEC Code
- NYS Asbestos Safety
- Fiber Optic Splicing
- High Voltage Cable Splicing
- Conduit Bending
- Code Calculations
- Foreman Training
- Basic Motor Control
- OSHA 10
- OSHA 30
- NFPA 70E Qualified Person Awareness
- NFPA 70E Qualified Person Comprehensive
- AutoCAD
- Photovoltaics
- Instrumentation
- IMSA Work Zone Traffic Control
- IMSA Traffic Signal Levels I & II
- Introduction to Computers
- Introduction to Networking
- Cisco Certified Network Associate
- A+ Certification
- BICSI Technician

On the manufacturer specific side, our employees participate in a wide variety of training programs, offered both at the manufacturer's facilities or our own Hauppauge, New York training facility. Some of these training programs are formal certifications, such as those offered by Lenel, Verint, Panasonic and Pelco. Others are informal seminars. Some of the manufacturers whose training we participate in include:

- Automatic Control Systems
- Aimetis

- APC
- Assa Abbloy
- Axis
- Bosch
- Continental Instruments
- Edge
- Extreme CCTV
- Firetide
- Galaxy
- Lenel
- Motorola
- NEC
- Panasonic
- Pelco
- Sony
- Toshiba
- Verint
- Vidient

A summary list of some of our key employees and their formal training and certifications are included later in this document.

OSHA and Safety Related Training

Universal Security Systems is committed to excellence in environmental protection, employee health and safety. Universal has developed a comprehensive training program for all of our employees. We credit this training program for our excellent safety record. In 2009, we were recognized by NECA with their Safety Excellence Award for zero injuries during 2008. Each Field Operations employee has a baseline-training requirement that includes training in the following areas:

- Aerial Lift Safety
- Asbestos Awareness
- Bloodborne Pathogens
- Electrical Safety
- Fire Safety
- Hazard Communication
- Lead Safety
- Ladder Safety
- OSHA 10 Hour
- Personal Protective Equipment
- Respiratory Protection (including medical evaluation and clearance)

Some Foreman and Supervisors are also trained in the following areas they are engaging in these activities:

- Confined Space Permits and Entry
- Confined Space Rescue
- Electrical Lockout / Tagout
- Excavation, Trenches and Shoring
- HAZWOPER 40 Hour
- MTA LIRR Track Safety
- MTA NYC Transit Track Safety
- OSHA 40 Hour
- Welding Safety

Many of our field supervisors and managers pursue advanced environmental. Health and safety including certification in hazardous material operations and emergency response as well as certifications in emergency medical services.

Project Manager Training

All of Universal's Project Managers are SIA Certified Security Project Managers or are in training to achieve this certification. The Certified Security Project Manager (CSPM) Program provides a nationally recognized professional accreditation for Project Managers involved in the design and installation of security systems. The goal of this program is to offer certification to individuals who have demonstrated their proficiency in every aspect of project management as it relates to security systems.

While CSPM follows the general structure and principles of a typical project management certification program, this credential uniquely addresses the needs of its target audience - the Security Project Manager. It requires prospective candidates to demonstrate their knowledge and skills in implementing the concepts and tools of professional project management. The Security Industry Association (SIA) developed the program to fulfill the practical day-to-day needs of Security Project Managers and to fill the void that other professional project management certification programs may leave out.

This certification program is designed specifically to meet the "Practical" aspect of designing and managing security projects. It requires prospective candidates to demonstrate their ability and skills in implementing the concepts and tools of professional Project Management. This is an intensive program, consisting of several steps, examinations, and demonstration of practical experience.

For more information on the CSPM Program visit: http://www.siaonline.org

Quality Assurance Program

Universal Security Systems has a Quality Management Program modeled after the ISO 9001:2000 standard. The purpose of our quality management program is to assure that customer requirements are achieved, that customer satisfaction is high and that the entire organization participates in a process of continuous improvement. The quality management program has been planned to follow the guidelines and requirements of ISO 9001:2000. It has NOT been reviewed or certified as ISO compliant. A copy of our Quality Management Program is attached.

Universal Security System strongly believes in providing our clients with the most dependable and reliable system available within their budgets. Universal believes a key to this is the quality of the installation and the level of workmanship. This quality ranges from product selection through cable installation, terminations and programming. The most advanced security system is worthless if it is brought down by sloppy installation and poor workmanship.

Universal provides numerous specialized or customized products as part of our quality solution. These include custom control panels using DIN rail termination and power supplies as well as fiber optic patch panels. All systems and control panels utilize proper grounding and fusing to minimize damage and maximize safety. These panels are assembled and tested in our Hauppauge facility's fabrication shop by IBEW technicians. Assembling these panels in a controlled environment with all of the necessary materials and equipment, assures functionality once they reach the site. The same processes are applied to video equipment rack systems. The racks and equipment are assembled and tested prior to being shipped to the project site. All mini-coax cables are made custom to length and tested prior to installation. All cables are labeled and demarked in a BNC patch panel located at the top or bottom rear of the rack.

Universal also manufacturer's custom enclosures for Lenel access control panels. Frustrated by the design of the factory enclosure and looking for a better option than a standard NEMA enclosure, Universal analyzed control panel enclosures from a variety of manufacturers and designed one specifically for the Lenel system. Enclosing 4 full size interface boards and one small form factor ISC with a built in UL rated power supply, power distribution and battery backup in a smaller size than the factory enclosure. The Universal Lenel enclosure also contains a AC disconnect switch, ventilation slats, a key lockable door, keyed to match the access control power

supplies, conduit knockouts in exactly the right spots and slotted wire mold to keep the inside neat and organized. Once you see one, you will not want an enclosure other than this to be installed.

Supervision of alarm circuits including door status and REX switches in access control are a critical piece of the system. They notify the system if someone attempts to tamper with these circuits. Not comfortable with the industry practice of installing loose resistors onto the wires in the field, Universal set out to develop a better way to perform this task. Ten years and four generations later, our door supervision controllers provide solid terminations, high-reliability surface mount supervision resistors and LED indicators for lock and REX power. These panels not only provide for a better quality installation, they also aid in troubleshooting system malfunctions. Universal Security Systems also manufacturers other custom circuit boards such as CCTV patch panels to provide decreased loss and power monitoring when patching or replication is necessary.

Universal provides comprehensive labeling of all system cabling and components at the customer's request. Universal utilizes laminated labeling systems from Brady and Brother to provide for quick identification of all system components and connections.

Recruitment Procedures

Universal Security Systems utilizes three different methods to fill job openings within our organization. The first of which is internal postings. When a position opens up through attrition, promotion or other cause, the job opening is posted internally. Candidates submit their name for consideration and are included in the interview and decision process. In many cases, employees have worked themselves up from entry level positions to managers through this process. The second method used is outside recruiting. All recruiting is conducted by our Director of Operations, no external firms are utilized. Advertisements are often placed in Newsday, the New York Times as well as on Monster.com and on our own website. Universal Security Systems also maintains a resume access license for Monster.com. This is often the most effective tool in our recruiting process as it allows us to search out specifically what we are looking for. We also receive unsolicited resumes from industry personnel that meet us through projects, trade shows or manufacturers. These are the two processes used to fill management, Sales, Systems, Engineering and Support Services positions.

The process for Field Operations is very different. Universal Security Systems is affiliated with NECA (National Electrical Contractor's Association) and the IBEW (International Brotherhood of Electrical Workers). Universal Security Systems is signatory to a number of contracts including local low voltage, electrical maintenance and "A" construction as well as the National Low Voltage Contract and the National Maintenance Agreement. The following is a list of our current IBEW / NECA contracts:

- IBEW Local 25 – Long Island, New York
- IBEW Local 3 – New York City & Westchester
- IBEW Local 164 – Northern New Jersey
- IBEW National Maintenance Agreement
- IBEW National Voice Data Video Agreement

These contracts provide us access to a large pool of highly skilled professional electricians and technicians. When the need for field personnel arise, we contact the appropriate local with a list of requirements for the position. Depending on the position, the local will provide a candidate or a list of possible candidates. For example, if we need to add an electrician to install cable and conduit, we simply specify the experience level needed and receive the next qualified individual from their on-call list. After complete their pre-employment screening (drug, background, fingerprinting, etc.) they are hired and begin our standard safety training program. Once complete, they are a full time employee. If we are trying to fill a technician position requiring special skills, the local will generally provide a list of candidates for us to interview. Due to the vast quantity of individuals represented by the three locals we are signatory with in the area, we generally receive more than one qualified individual. After we make a decision and proceed with

the hiring process, they complete the same pre-employment screening and training specified above. In the event there is not a qualified candidate currently available, two options exists:

1. We can look to "trade" with another contractor. If, for example, we needed someone with very specialized training and the only viable candidates are currently employed with another contractor, and, if they do not specifically need that training or experience level, they can release that person for us to hire and they can replace them with another individual who can fulfill their requirements. While this is not a common practice it does happen occasionally.
2. The other option, if the local cannot provide someone who meets our requirements, is that we can locate a qualified person and hire them into the local. We would utilize the same process that we utilize to recruit non-union personnel to locate such an individual. Let's say for example that upon award of this contract to us, the current vendor feels they no longer need the persons who serviced these systems and lays them off. Due to some of the specialized training needs of a person servicing these systems, we would have the opportunity to hire that person and bring them into the union.

Staffing Retention Plan

Universal Security Systems does not have a formal staff retention plan. Retention can be categorized into management / non-union personnel is fundamentally different than for union personnel.

Union personnel, once employed can only leave under one of the following circumstances: termination for cause, lay-off by Company, release by Company or resignation from both the Company and Union. In the event of the last option, the former employee would sacrifice all of their benefits as well as their pension and the ability to be re-hired by a union contractor in the future. This makes it a very uncommon practice. The most common method for union employees leaving our Company is lay-off. One of the major benefits to the Union contracts is the flexible workforce. For example, if we received a large work-order under this contract and we needed 10 electricians and technicians to complete the work, we can source them from the Union and when the work is complete, lay them off back to the "hall". In many cases, as the employees are hired by skill set and experience, we are often hiring and laying off the same persons over and over again.

Management and non-union personnel at Universal are at-will employees and are retained through a different basis. Universal provides our employees with competitive compensation, good benefits, training and growth opportunities and a challenging work environment. We believe these values have proven successful and many of the employees who we have "lost" over the years have returned or sought to return after short periods elsewhere.

5. Section 2, Item D

Universal Security Systems is a recognized leader in the field of electronic and physical security. Recognized by SDM Magazine as an Honoree for Integrator of the Year in 2006, we have completed over $60 million in security projects. These completed and ongoing projects include work for key infrastructure and government clients in the New York Metro area. Among these are:

- Port Authority – Freedom Tower & 9-11 Memorial Museum
- MTA – LIRR, NYC Transit & Metro North
- Con Edison – 100+ locations for 17 years
- SUNY – Stony Brook, Farmingdale, NCC & Levin Institute
- Higher Education – St. Johns University & Hofstra University
- K12 Education – Hicksville SD, Northport SD, Longwood SD & West Babylon SD
- Utilities – LIPA, Orange & Rockland, USPG, NRG & Entergy
- United Nations – UN Plaza 1,2 & 3
- Government – New York State, NYC DOT, Suffolk County & Nassau County
- Commercial - Canon USA, Citgo / NuStar Refineries

Project Summary

Following is a brief summary of some of Universal's **Lenel / Verint** projects

- Freedom Tower – **Lenel OnGuard Enterprise / Verint Nextiva** Integration to Lenel (sub for IR) – Work in Progress $2.2m
- 9-11 Memorial Museum – **Lenel OnGuard PRO** System / **Verint Nextiva** Video Management System – Work in Progress $2.1m
- New York City DOT – **Lenel OnGuard PRO** System: Card Access, Portable Handheld TWIC Readers. Total project contracts since 2008 $1.3m
- SUNY Stony Brook – **Lenel OnGuard PRO** System: Card Access; Database Integration; Panasonic CCTV. Service and maintenance on system, approx. 800 readers and 200 cameras. Total project contracts since 2005 $1.3m
- United Nations Plaza – **Lenel OnGuard PRO** System: Card Access, Photo Badging, Visitor Management & Video Integration; Pelco & Panasonic CCTV Equipment; Smiths Metal Detection & X-Ray scanning systems. Total project contracts since 2005 $1.2m
- Nassau Community College – **Lenel OnGuard Pro** System: Card Access, Photo Badging, Database Integration; Panasonic CCTV; Simplex Fire Alarm. Total project contracts since 2005 $900k
- Citgo / NuStar – **Lenel OnGuard ES** System: Card Access, TWIC Readers, Photo Badging & Video; Pelco CCTV; ACS Vehicle Gates. Total project contracts since 2005 $615k
- Canon USA – **Lenel OnGuard System**: Card Access & Optical Barrier Turnstiles. Total project contracts since 2006 $550k
- Hicksville School District – **Lenel OnGuard** System: Card Access, Lenel NVRs. Total project contracts since 2006 - $400k
- Farmingdale State College – **Lenel OnGuard System**: Card Access, CCTV. Total project contracts since 2008 $300k
- Other **Lenel** Systems Installed by Universal: Phillips Ryder, Salesforce.com, Bronx Lebanon Hospital, SUNY Levin Institute, Schenker Logistics, Altronix, Suffolk County Medical Examiner and US Power Generation
- Other **Lenel** Systems Supported by Universal (may also be supported by other VARs simultaneously): NYPD, MTA Long Island Railroad, New Jersey Transit, Long Island Power Authority, Town of Hempstead, St. Johns University and Hofstra University.

CHAMPS Program

Universal Security Systems recognized the need for advanced security detection, verification as well as command and control in the commercial security market after 2001. In response to this need, Universal Security Systems formed the Commercial and Homeland security Applications for Military Products and Systems, the CHAMPS program. This program seeks out and evaluates the commercial feasibility of military products and systems in the security market. This program has led Universal Security Systems into partnerships with defense contract manufactures such as FLIR Systems, ICX, Amphitech and others. The program has led to early commercial adoption of thermal imaging systems, millimeter wave search and tracking RADARs, digital video analytic software, GIS mapping software and non lethal behavioral modification equipment.

6. Lenel VAR Contract

As per your request, we have included a copy of the full 2009/2010 Lenel VAR agreement and the current amendment page (added an out of territory account).

7. Section 2, Item H

Universal Security Systems has experience planning and implementation the take-over and consolidation of large access control systems. Over the last ten years we have transitioned support and consolidated numerous large Card Access & CCTV systems with including Con Edison and SUNY Stony Brook as well as numerous smaller systems. Please refer to the Transition Plan included in this document.

8. M/WBE Participation Plan

As no specifics exist yet for what materials and sub-contracting will be necessary, it is impossible to have a final W/MBE plan. We have completed the plan with PANYNJ approved M/WBE suppliers and contractors with which we will solicit quotations as necessary and appropriate during the course of this contract. The Attachment N is attached.

Firm Experience and Management Commitment

9. Section 3, Item G

Lenel & Verint Certificates attached

10. Section 3, Items B, C, F & G

Financial Capability

Universal Security Systems, Inc is a New York State registered corporation, privately held with two principals. Universal Security Systems, Inc. was founded in 1992, and re-organized in 2002 (changed from "C" to "S" corporation) and is registered as a Foreign Corporation in New Jersey.

For the fiscal/calendar year of 2008, Universal Security Systems, Inc. generated revenues of approximately $9.3 million. We prepare financial statements on a semi-annual basis for June 30th and December 31st. The financial statements are prepared on a work in progress basis and reviewed and certified by the Accounting firm of Glass & Shiechel C.P.A.'s, LLP.

Universal Security Systems is financially stable with profitable growth over the past 5 years. Universal owns it Corporate headquarters building and has established lines of credit with a major banking institution.

Universal has an established relationship to provide bid, maintenance, payment and performance bonding through Willis of New York, Inc. located at 200 Broadhollow Road, Suite 406, Melville, NY 11747. Willis is an agent of American Fire & Casualty Company. Our current program provides for bonding of $6.0 million. Larger projects such as these are reviewed on a case by case basis and approvals are depending on contract terms, form of the bond as well as the financial status and work in progress of Universal at the time of the bond request. .

Documentation of Experience & Financial Capability for Large Service Contracts

Customer	Contract	Period	Revenues
Con Edison	CCTV & Access Control	1/1999 to present	$ 4,400,000.00
SUNY Stony Brook	CCTV & Lenel Access Control	9/2005 to present	$ 1,250,000.00
North Shore Health Systems	Infant Tracking System	2/1999 to present	$ 970,000.00
Nassau Community College	CCTV & Lenel Access Control	9/2006 to present	$ 800,000.00
New York City DOT	CCTV & Access Control	3/2007 to present	$ 500,000.00
We're Associates	CCTV & Access Control	6/2007 to present	$ 300,000.00

Documentation of Experience & Financial Capability for Installation Contracts

Customer	Contract	Value
Con Edison - East River Generating Station	CCTV & Access Control Installation	$ 1,800,000.00
North Shore University Hospital	CCTV & Access Control Installation	$ 1,500,000.00
Con Edison – Tunnel Headhouses	CCTV & Access Control Installation	$ 1,000,000.00
United Nations Plaza	CCTV & Access Control Installation	$ 860,000.00
Con Edison – Astoria Service Center	CCTV & Access Control Installation	$ 800,000.00
Con Edison – Sprainbrook Substations	CCTV & Access Control Installation	$ 700,000.00
Con Edison – Westchester Headquarters	CCTV & Access Control Installation	$ 700,000.00
Con Edison – Buchanan Substation	CCTV & Access Control Installation	$ 650,000.00
Con Edison Motthaven Substation	CCTV & Access Control Installation	$ 620,000.00
Con Edison Hudson Ave Steam Generating Station	CCTV & Access Control Installation	$ 510,000.00
Con Edison Alternate Energy Control Center	CCTV & Access Control Installation	$ 500,000.00
Canon – US Headquarters	Access Control Installation	$ 500,000.00
Northport School District	CCTV Installation	$ 475,000.00

Management Structure

Name	Title	Job Description
Theodore Meshover	President	Responsible for overall financial strategy and operations of the Company
Edward Newman	Vice President	Responsible for overall technical strategy and operations of the Company
David Jack	Director of Operations	Responsible for hiring, scheduling and managing the Field Operations (installation) Department of the Company
Mitch Cohen	Director of Engineering	Responsible for hiring, scheduling and managing the Engineering (Design, Drafting and Project Management) Department of the Company
Joseph Levy	Sales Manager	Responsible for hiring, scheduling and managing the Sales (marketing and business development) Department of the Company
Kathryn Mousset	Systems Manager	Responsible for hiring, scheduling and managing the Systems (Computers, Software and Networking) Department of the Company
Brad Newton	Support Services Manager	Responsible for hiring, scheduling and managing the Support Services (Service, Maintenance, and Procurement) Department of the Company
Aileen Apil	Accounting Manager	Responsible for managing the accounts receivable, accounts payable, bookkeeping and banking of the Company

Resumes of Key Personnel

President: Theodore Meshover

Education

- Doctor of Optometry from Pennsylvania College of Optometry
- Bachelor of Science from Pennsylvania College of Optometry

Training and Certifications

- New York State Licensed Alarm/Fire/Security Installer

Experience

- 15 years of Electronic Security Design Experience

Vice President: Edward J. Newman

Education

- Bachelor of Science from Polytechnic University
- 30 Post Graduate Credits in Management of Technology from Polytechnic University

Training and Certifications

- Licensed Master Electrician – Suffolk County, NY
- Licensed Low Voltage Electrician - Nevada
- Licensed Alarm/Security Installer – New Jersey
- Microsoft Certified Systems Engineer (MCSE)
- NICET CCTV Installation Beta Exam – Level IV
- Vinca Certified Clustering Engineer
- APC Certified Reliability Provider
- Continental Enterprise Access Control
- New York State Emergency Medical Services Certified First Responder
- ASHRAE HVAC Security in Protecting People and Buildings Post 9/11
- AGT Photovoltaic Systems

Experience

- 14 years of Electronic Systems Integration Experience
- 9 years of Electronic Security Design and Installation Experience
- 7 year of Video Display Design and Installation Experience
- 7 year of Entertainment and Commercial Lighting Design and Installation Experience
- 7 year of Entertainment and Commercial Sound System Design and Installation Experience
- 11 years of Software Design and Development including Database Engineering and ASP Web Site Development
- 5 years of AutoCAD experience

Awards

- Westinghouse National Science Talent Search Winner

Director of Operations: David Jack

Education

- Computer Science – Hofstra University

Training and Certifications

- Retail Management Leadership Certification
- Situational Leadership Certification
- Wilson/Covey Time Management Certification
- Human Resources Generalist Certification
- Unemployment Practices Certification

- OSHA General Safety Certification
- HAZMAT Minimization Certification
- Train the Trainer Certification

Experience

- 15 years of Operational Management
- 6 years of Executive Management
- 5 years of Construction Trades Management

Director of Engineering: Mitch Cohen

Education

- Psychology – CW Post
- Engineering – New York Institute of Technology

Training and Certifications

- NBFAA Security Technician Level 2 Certification
- Siedele Intercom Systems Certification
- AutoCAD R14/2000/2002 Certification
- Automatic Control Systems Portal Installation Certification
- Automatic Control Systems Road Blocker Installation Certification
- Lenel Systems International CR1000 Hardware
- NAPCO 3000 Certification
- New York State Security Installation License (expired)
- New York State Private Investigator (expired)
- Member IEEE

Experience

- 30 years of Electronic Systems Integration Experience
- 20 years of Electronic Security Design and Installation Experience
- 7 years of AutoCAD experience

Field Superintendent – John Rhatigan

Educations

- Associates Degree – Empire State College

Training and Certifications

- Licensed Master Electrician – New York City
- IBEW Supervisor's Training Program
- IBEW Basic and Advanced Estimating
- IBEW Lockout/Tagout Electrical Safety
- IBEW OSHA Construction Safety
- IBEW Transit Skills
- IBEW Computer Basics
- IBEW Material Handling and Rigging
- IBEW Confined Space Certification
- IBEW OSHA Forklift Safety
- NYS Class B Commercial Drivers License
- FDNY F-93 Fire Guard for Field Constructions Sites
- MTA New York City Transit Track Safety

Experience

- 21 years of Electrical Construction
- 7 years of Electrical Construction Management

Systems Manager: Kathryn Mousset

Education

- Bachelor of Science in Applied Mathematics - SUNY Stony Brook

Training and Certifications

- Lenel Hardware Certification
- Lenel Software Certification
- Lenel Advanced Software Certification
- Lenel Enterprise Software Certification
- Continental Enterprise Access Control
- Microsoft SQL Server 2000 with Transact SQL from New Horizons
- Microsoft Access Query and Programming
- Microsoft Access Configuration and Support
- Microsoft Windows 2000 Networking
- Toshiba Surveillix Basic Training
- Toshiba Surveillix Advanced Training
- Integral DSXpress Certified
- Pelco Introduction to Windows & Networking Essentials

Experience

- 6 years of database analysis Experience
- 4 years of Security System Software Configuration

Proposed Staffing

The staffing plan for this proposal is based on the information provided by the Port Authority in the bid documents and information gathered during site visits. Universal recognizes that this information represents a small percentage of the information necessary to formulate a complete a final staffing plan. We further understand that the system is in a constant state of flux, as adds, changes and deletes may increase or decrease the size of the system. Therefore, we will negotiate with the Port Authority to modify this staffing plan to accommodate changes in system size and with the goal of providing the Port Authority with the best value for their investment.

The staffing plan proposed for this system can be broken into three sections. The first of which is the "core" staff. These are personnel dedicated full time to the support of this project. Included are an Account Representative who provides the general coordination between the Port Authority and Universal as well as Field Operations and Systems personnel whose primary purpose is to provide preventative and remedial maintenance. The second of which is "general" staff. These are personnel which may provide services to the Port Authority under this contract as well as to other customers or on other contracts. Examples of these are: electricians and technicians providing services under work-orders or off-hours maintainace. The final section is administrative personnel. This includes various personnel who may be involved in administrative tasks such as billing and other paperwork. This section will focus on the "core" staff that will be dedicated to this project.

Proposed Initial Staffing

Following is our proposed initial staffing for the preventative and remedial maintenance portion of this project. This staffing does not include services to be performed under work-orders

- Field Operations – Maintenance Technician – Assigned to JFK (business hours)
- Field Operations – Maintenance Technician – Assigned to LGA (business hours)
- Field Operations – Maintenance Technician – Assigned to EWR (business hours)
- Field Operations – Maintenance Foreman – Roving between 3 sites (business hours)
- Systems – System Analyst - Roving between 3 sites (business hours)
- Account Representative – Roving between 3 sites (hours as necessary)

Staff Training Requirements

Following is our proposed minimum training requirements for each category of person in the proposed staffing plan. As personnel are subject to change, it is our intent, if necessary to replace a person working on the project, to bring the new person to compliance with the staff training requirements within 90 days. This should not be construed as a guarantee, as certain certification programs are not always available. Certification Programs may be booked or there may be other contributing factors.

- Maintenance Technician – Lenel Silver Certified; 2 years experience
- Maintenance Foreman – Lenel Gold Certified; Verint Certified; 5 years experience
- System Analyst – Lenel Gold Certified; Verint Certified; 3 years experience

Staff Scope of Responsibility

Following is our proposed scope of responsibility for each category of person in the proposed staffing plan.

- Maintenance Technician – Provide preventative and remedial maintenance for their assigned site
- Maintenance Foreman – Assist with preventative maintenance at all sites when multiple persons are required; supervise individual site Maintenance Technicians; provide level 1 escalation; provide coverage during sick / vacation / emergency situations
- System Analyst – Perform software upgrades, programming and other software related tasks. Assist with preventative maintenance and related reporting.

Summary of Certifications & Licenses

License	Qualifier	License #
Security System Installation – New York	Theodore Meshover	12000087181
Security System Installation – New Jersey	Edward Newman	34BA0059100
Master Electrician - Suffolk County, NY	Edward Newman	46126-ME
Master Electrician – New Jersey	Edward Newman	Pending
Master Electrician – New York City	John Rhatigan	11942
Master Electrician – Town of Oyster Bay	John Rhatigan	Pending
Master Electrician – Westchester County	John Rhatigan	Pending
Low Voltage Electrician - Nevada	Edward Newman	70559
Fire Alarm Installation – Nassau County, NY	Theodore Meshover	6081108
Home Improvement – Suffolk County, NY	Edward Newman	46025-H

Certification / Training	Qualifier	Level
Lenel OnGuard	David Alcaraz	Master Certified
Lenel OnGuard	David Alcaraz	Visitor Management
Continental Instruments	David Alcaraz	Access Control Seminar
Commend	David Alcaraz	Basic Hardware and Configuration
Pelco	David Alcaraz	Navigating Video Security Systems
Pelco	David Alcaraz	CM9700 Installation
Pelco	David Alcaraz	CM9700 Advanced Systems / Programming
Lenel	Mitch Cohen	CR1000 - Hardware
Edge	Mitch Cohen	Technical Training I
SIA	Tom Crowley	Certified Security Project Manager
Continental Instruments	Tom Crowley	Access Control Seminar
Assa Abloy	Jack Deja	Certified Integrator
Lenel OnGuard	Kevin Didden	Platinum Certified
Lenel OnGuard	Kevin Didden	NEC FT Server / Express Cluster
Lenel OnGuard	Kevin Didden	Custom Solutions Workshop
Verint Nextiva	Kevin Didden	Software / Intelligent Edge Devices

Panasonic	Kevin Didden	i-Pro Technical Specialist
Aimetis	Kevin Didden	Certified System Engineer
Axis	Kevin Didden	Level 1
Edge	Kevin Didden	Technical Training I
Sony	Kevin Didden	Security Systems Certified Professional
Continental Instruments	Barry Graham	Access Control Seminar
Pelco	Barry Graham	CM9700 Installation
Lenel OnGuard	Christopher Jones	Gold + DV Certified
Lenel OnGuard	Christopher Jones	Visitor Management
Verint Nextiva	Christopher Jones	Software / Intelligent Edge Devices
Axis	Christopher Jones	Level 1
Edge	Christopher Jones	Technical Training I
Aimetis	Christopher Jones	Certified System Engineer
Commend	Christopher Jones	Basic Hardware and Configuration
National Environmental	Jason Labbate	40 hour HAZWOPER
Continental Instruments	Joseph Levy	Access Control Seminar
Lenel OnGuard	Kathryn Kneibert Mousset	Silver + DV Certified
Continental Instruments	Kathryn Kneibert Mousset	Access Control Seminar
Toshiba	Kathryn Kneibert Mousset	Surveillix – Basic Training Course
Toshiba	Kathryn Kneibert Mousset	Surveillix – Advanced Training Course
Edge	Kathryn Kneibert Mousset	Technical Training I
Microsoft	Kathryn Kneibert Mousset	Windows 2000 Networking
Microsoft	Kathryn Kneibert Mousset	SQL Server 2000 with T-SQL
Microsoft	Kathryn Kneibert Mousset	Access Query and Programming
Microsoft	Kathryn Kneibert Mousset	Access Configuration & Support
Pelco	Kathryn Kneibert Mousset	Integral DSXpress
Pelco	Kathryn Kneibert Mousset	Windows & Networking Essentials
Microsoft	Edward Newman	Microsoft Certified Systems Engineer
Microsoft	Edward Newman	Microsoft Certified Professional
APC	Edward Newman	Reliability Program Provider
NICET	Edward Newman	Fire Alarm Level 1 & 2 Training
ASHRAE	Edward Newman	HVAC Security
Lutron	Edward Newman	Homeworks Lighting Control
Assa Abloy	Edward Newman	Certified Integrator
AGT	Edward Newman	FlexLight Solar Panels
Edge	Brad Newton	Sales Training
IBEW	John Rhatigan	Supervisor's Training Program
IBEW	John Rhatigan	Basic & Advanced Estimating
IBEW	John Rhatigan	Lockout/Tagout Electrical Safety
IBEW	John Rhatigan	OSHA Construction Safety
IBEW	John Rhatigan	Transit Skills
IBEW	John Rhatigan	Computer Basics
IBEW	John Rhatigan	Material Handling & Rigging
IBEW	John Rhatigan	Confined Space
IBEW	John Rhatigan	Forklift Safety
FDNY	John Rhatigan	Construction Site FireGuard
AGT	John Rhatigan	FlexLight Solar Panels
Pelco	Stan Rivera	Product Overview
Pelco	Stan Rivera	Video Security System Design
Edge	Stan Rivera	Sales Training
Lenel	Michael Sawyer	CR1000 - Hardware
NICET	Michael Sawyer	Fire Alarm Level 1 & 2 Training

MTA	Michael Sawyer	NYC Transit Track Safety
Pelco	Michael Sawyer	Product Overview
Pelco	Michael Sawyer	Video Security System Design
National Environmental	Tony Scalmato	40 hour HAZWOPER
National Environmental	Tom Virgilio	40 hour HAZWOPER

Lenel Certificates are attached for the following personnel:

- David Alcaraz
- Mitch Cohen
- Kevin Didden
- Christopher Jones
- Kathryn Kneibert Mousset
- Michael Sawyer

In addition Universal has additional personnel scheduled for training in Q3 and Q4 of this year and reaffirms our commitment to train and certify additional personnel as are necessary to support this contract as well as out other Lenel customers.

3. Verint Certification

Verint Certificates are attached for the following personnel:

- Kevin Didden
- Christopher Jones

Work Approach

11. Section 4, Items A & B

Workorder Mobilization

Universal Security Systems will utilize the same processes for this contract that we do for our other workorder type contracts. Upon an initiating request from an authorized person at the Port Authority, the Account Representative will contact the requestor and discuss the requirements. Depending on the scope of the workorder, the process may involved a simple quick proposal or major engineering and planning. In the case of a simple project, the Account Representative will provide a proposal to the requestor and await an authorization to proceed. For more complex projects, the Account Representative will coordinate with our Engineering department to provide a quotation for the necessary design and engineering services and await an authorization to proceed. Once an authorization to proceed for design and engineering is provided, the requestor will work with our Director of Engineering to finalize the scope of work, approve a schedule and clarify any special requirements. Our Engineering department will prepare and submit the design and engineering, typically in three steps for approval. A 50% submission which covers basic scoping and device count and placement comes first. Once approved, a 90% submission is prepared detailing out all of the cable, conduit, infrastructure and integration necessary to support the system. Revisions are made as necessary and upon approval, a 100% submission is prepared. Once approved for construction, the 100% submission goes back to the Account Representative for pricing. A detailed proposal is then prepared and submitted to the requestor. Upon approval, it would now follow the same methodology as the "simple" project.

The authorization to construct is received by our Support Services Coordinator. This individual assigns a project number and processes all of the paperwork. They handle any discrepancies, collect all of the documentation and enter it into our Business Management System. At this point the project is handed to our Director of Operations who assigns a Project Manager and schedules a transition meeting. The transition meeting includes the Director of Operations, the Account Representative, the Director of Engineering, and the Project Manager. The purpose of this meeting is to coordinate schedules, roles and responsibilities and clearly spell out the scope of work. From this point forward, the Project Manager is the lead person on the project. It is their responsibility to coordinate with Engineering, Systems, Support Services and Field Operations to

provide the resources necessary to complete the project both on schedule and budget. The Project Manager has a distinct advantage at Universal over many other integrators in that we perform the vast majority of work in-house. While other Company's Project Managers are wasting time preparing scoping documents for bidders and trying to find sub-contractors, our Project Manager is scheduling manpower and materials to the site. Depending on the urgency of the project, the time frame from order to proceed to commencing work can range from a few hours in an emergency contract to four weeks for a large construction project. The Project Manager also utilizes our Business Management System to track scheduling of personnel, ordering and receiving of materials, percentage completion and other items on the project.

Integration and Pilot Projects

With Universal's in-house Engineering and Systems department, we can easily provide support for a wide range of non-construction related projects. From writing data exchange scripts for Lenel to deploying millimeter wave RADAR systems, we've probably already done it. Our CHAMPS program has helped us be a leader in emerging security technologies and in many cases we can provide additional assistance on pilot projects as we may already have expertise in the area. Some examples of integration projects we have completed are:

- Con Edison Card Access Consolidation – Development of plan and process to consolidate Continental Instruments Card Access systems at over 26 major sites into a single redundant system. Project involved a variety of professional services by our Systems department including surveys, development of standards, policies and procedures as well as a comprehensive training program. The Systems department also provided, installed and configured primary, back-up, test and development server environments including a dozen servers. The server deployments included load balancing, fail-over and disaster recovery implementations and integration to a variety of Con Edison's other database systems including: badging, visitor management, human resources / employee data, payroll and others. The project also involved the updating of various web portals developed by Universal for the CardAccess system. This $240,000.00 project took approximately one year.
- Orange & Rockland Utilities Conversion – Similar to the Con Edison Card Access Consolidation, this project involved the conversion of various brands of access control systems at six Orange & Rockland Utility locations to meet the standards of the Con Edison Consolidated Card Access system and to integrate them into the system. This project involved a mix of hardware replacement, software configuration, documentation and training. This $ 330,000.00 project was completed in six months.
- SUNY Stony Brook - This project involved the complete re-write of all data-integration to SUNY Stony Brook's Lenel PRO system. Over the years a variety of vendors cobbled together a mess of integration scripts between Lenel and other database systems at the University. After repeated problems and other vendors inability to fix the problems, Universal was contacted to fix the problem. With only a few days before students were scheduled to report, Universal worked to debug the existing scripts and patch together a functional link to allow the University to issue ID cards and begin the semester. Once the crisis was averted, we began work on a complete reconstruction of the University's Lenel DataExchange system. All of the scripts were analyzed, broken down and re-created into a new modular integration which made the system easy to modify and test as both the Lenel and student databases change in the future. Universal also prepared completed documentation on the new integration. This project was completed under part of a $375,000.00 contract with the University to provide service and support on their Lenel system.
- Nassau Community College – This project involved the integration of a new Lenel system being installed by Universal to the College's Banner student management suite of software. This project was a joint effort between Universal's Systems department and Lenel Professional Engineering Services. This $40,000.00 project involved the development of a variety of custom solutions to provide real-time interaction between the

two systems. In this project, Lenel was used for card access as well as badging while Banner provided student scheduling, academic records and financial processing.

- Con Edison Vehicle Management System – this project involved the development of software and hardware to track the usage of Company vehicles by Con Edison employees. Building on the existing Continental Card Access system in use by Con Edison, Universal deployed long range vehicle ID tags and readers at various sites. The employee's card read when entering or existing a facility was associated with the read from the vehicle ID through custom firmware developed with Continental Instruments for their access control panels. This data was logged into the Card Access database, custom modified by Universal for this project. To provide access to the dozen or so administrators and hundreds of users, Universal developed a suite of web applications which integrated into the Card Access database. These web pages allowed users to update vehicle and personnel records, and run over two dozen custom reports on the vehicle usage. This project, including hardware and software was deployed at four sites for a total of over $750,000.00. It was estimated that the system paid for itself in under one year.
- Con Edison Regional Servers – Prior to the Con Edison consolidation project, Universal undertook a project of "mini" consolidations for two departments, facilities and substations. These departments, frustrated by having to do multiple data entries for each personnel change event, asked Universal to develop a system to consolidate the personnel tables of their multiple Continental Card Access systems. This project eventually led to the deployment of a master personnel server located at their Corporate headquarters which was updated for all personnel changes. Custom tables and stored procedures developed by Universal moved this data down to the multiple site and regional servers used by the departments for Card Access at their facility. This was a $60,000.00 project.
- North Shore University Hospital – Redundant Card Access Servers. As part of the $1.5m security upgrade project Universal completed at North Shore University Hospital, our Systems department developed and deployed a custom Legato Co-Standby Server solution for Continental Instruments Card Access software. This project created the scripts necessary to provide real-time redundancy between to servers on the Hospital campus and automatically failed-over all panels and workstations in the event of a problem.

Issues and Assumptions

Based on the pre-bid walk-thrus we conducted as part of the RFP process, our primary concerns relate to the lack of standards and documentation on the current installations. While we were only able to see a very limited amount of the systems and even less of any documentation that may exist we feel that these represent real challenges than need to be overcome in order for these systems to grown and prove successful investments for the Port. Upon award of contract, we recommend that after we complete the basic transition, we develop a work-order to complete a thorough analysis of the system. This would include documentation of all existing devices and systems, review of the quality of installation and any standards that are in place. Once complete, we recommend the development of a new comprehensive set of standards for the core access and video systems. The standardization of software, hardware and programming allow for increased reliability and reduced maintenance. This documentation and standardization will also be a critical component of any large scale consolidation of the systems to provide the compressive security situational awareness desired by the Port Authority.

Maintenance Management Plan

1. Each location will have one assigned technician to perform preventative and remedial maintenance. One supervisor / foreman will have the responsibility of traveling to and monitoring all locations. Universal's Support Services Manager, who is located at our Hauppauge Headquarters, will coordinate all maintenance and repairs during normal business hours. In the event of an off-hours emergency, our 24/7 Emergency Dispatch routes calls to one of the Company's owners, ensuring

someone qualified and capable of handling the situation. Initial staffing levels will be made based on the Scope of Work and existing equipment at all sites. Staffing levels will be evaluated quarterly to determine appropriate coverage for the work being generated. The supervisor shall cover all additional staff needs, and vacations. Additional resources may need to be deployed in order to meet the workload.

2. Daily activities for the dedicated Maintenance Technicians and Supervisor shall include preventative maintenance, general repairs, and troubleshooting. Preventative maintenance is scheduled at regular intervals and includes Manufacturers recommended scheduled service to the equipment, verification of system performance, identification of deficiencies, and minor repairs when applicable. Results of each preventative maintenance shall be documented and communicated to the contract designated contact. All system failures will be reported as discovered with a remedial action plan. Implementation of the remedial action plan will occur upon approval. Technicians will be responsible for running exception reports. All system deficiencies will be identified and investigated. A detailed report of these findings will accompany all preventative maintenance visits.
3. Upon identification and approval, Universal will make all repairs within normal business hours. If approved, Universal will be prepared to offer after hour's repairs during non-business hours and weekends. Universal shall make every effort to schedule remedial repairs as fast as possible, and in keeping with the contract terms and conditions. Having fully stocked service vehicles, our technicians are equipped to make most minor repairs immediately. Universal Security Systems maintains an inventory of equipment and material, which is available to be used as needed. These resources include additional lift equipment, vehicles, tools, testing equipment and components. When needed, additional manpower is ready and available to be deployed as necessary.
4. Universal maintains an on call system with its technicians, offering short notice repair services as necessary. Emergency service is available with a 2-hour response time. During business hours, service may be requested by calling in to our main office number. During off hours, a provided 800 number can be used for emergency service requests. Our average call back time is under 5 minutes. An owner who can make decisions for any situation answers emergency service calls. Whoever answers the call will be responsible for dispatching a technician and following up to ensure the emergency has been appropriately handled.
5. Universal Security Systems prides itself in the quality of our work. If there is ever a concern about work being performed it should be reported immediately to the Support Services Manager. The Support Services Manager will immediately dispatch the Maintenance Foreman to the location to investigate any deficiencies, and make recommendations on how to correct them. The Support Services Manager will track all reports of poor performance, and will counsel and train as necessary. The Support Services Manager shall compute and monitor technician's performance using Attachment B, Contract Specific Terms and Conditions, Section 4. Technicians who fail to meet our standards will be replaced. The Support Services Manager will log all service calls into our business management system, and be responsible for their execution and follow up. Any call that has not been resolved within it's contract time frame will be assigned to the Maintenance Foreman who will ensure it's completion. When necessary, manufacturers support may be enlisted. Generally phone support is available seven days a week, 24 hours a day.. On-site assistance, while rarely needed, is generally available depending on system manufacturer. Certain systems may require approval for on site technical assistance. Universal maintains a staff of fully trained technicians who have the experience and knowledge to troubleshoot and repair the most complex systems in the security industry.

Work Plan

Executive Summary

The objective of this project is for Universal Security Systems, Inc. to provide the Port Authority of NY & NJ with preventative and remedial maintenance as well as work order installation, integration and pilot project support for the security systems installed at the three major New York metro airports. Universal Security Systems, Inc. meets all of the pre-requisites established by the Port Authority for this contract.

Objectives

1. Provide a full monthly preventative maintenance and associated reporting of all contract inclusive security equipment
2. Provide remedial maintenance in accordance with the response times required by the contract
3. Provide software upgrades as requested by the PANYNJ
4. Provide installation, integration and construction as requested by the PANYNJ under workorders
5. Provide support for pilot projects as requested by the PANYNJ
6. Maintain Compliance with Staffing Plan and Staff Training Requirements
7. Exceed the PANYNJ's expectations for quality of installation and service response level.

Project Personnel

Universal Security Systems will supply a varying number of personnel for the scope of this contract. They will include three groups,. preventative & remedial maintenance personnel, workorder installation and integration personnel and administrative personnel. Each group is summarized below.

Preventative & Remedial Maintenance Personnel

- Field Operations – Maintenance Technician – Assigned to JFK (business hours)
- Field Operations – Maintenance Technician – Assigned to LGA (business hours)
- Field Operations – Maintenance Technician – Assigned to EWR (business hours)
- Field Operations – Maintenance Foreman – Roving between 3 sites (business hours)
- Systems – System Analyst - Roving between 3 sites (business hours)

Workorder Installation and Integration Personnel

- Support Services Coordinator – USS Office (hours as necessary)
- Project Manager(s) – USS Office and Roving (hours as necessary)
- Engineering – System Designer - USS Office and Roving (hours as necessary)
- Engineering – Drafter – USS Office and Roving (hours as necessary)
- Field Operations – Electrician – Project Locations (hours as necessary)
- Field Operations – Construction Mechanic – Project Locations (hours as necessary)
- Field Operations – Technicians – Project Locations (hours as necessary)
- Systems – System Analyst – Project Locations (hours as necessary)

Administrative Personnel

- Account Representative – Roving between 3 sites (hours as necessary)
- Support Services Manager – USS Office (hours as necessary)
- Systems Manager - – USS Office (hours as necessary)
- Director of Operations – USS Office (hours as necessary)
- Director of Engineering – USS Office (hours as necessary)
- Company Principals – USS Office (hours as necessary)

Equipment and Resources

Universal Security Systems will supply equipment and resources as necessary to complete the various aspects of this contract. The resources needed will vary based on the scope of workorder contracts issued by the Port Authority under this contract. Below is a partial list of Universal Security Systems' resources which are anticipated to be utilized during this contract

Vehicle & Construction Equipment

- Service Van(s)
- Service Van(s) with Aerial Lift
- Truck Mounted Aerial Lift / Material Handler
- Self Propelled Scissor Lift

- Self Propelled Articulating / Telescopic Aerial Lift
- Site Storage Trailer – Large
- Site Storage Trailer – Small
- Deck Over Trailer
- Rack Truck w/ Lift Gate
- Dump Truck (2-3 yard)
- Dump Truck (5-6 yard)
- Dump Trailer (2-3 yard)
- Mini-Excavator (5-6 ton class)
- Skid Steer Loader (3000#)
- Attachment – Jackhammer
- Attachment – Auger
- Attachment – Trencher
- Attachment – Bucket
- Attachment – Sweeper

Tools

- Electrical – Electric Hydraulic Conduit Bender
- Electrical – Electric Mechanical Conduit Bender
- Electrical – Mechanical Conduit Bender
- Electrical – Core Drill
- Electrical – Hydraulic Knock Out Punch
- Electrical – Portable Band Saw(s)
- Electrical – Portable Electrical Conduit Threader
- Electrical – Stand Mounted Electrical Conduit Threader
- Electrical – Portable Hand Conduit Threader
- Civil – Walk Behind Cement Saw
- Civil – Portable Cement Saw
- Civil – Mechanical Rebar Bender
- Civil – Concrete Vibrator(s)
- Civil – Wheelbarrow(s)
- Civil – Electrical Jackhammer (35#)
- Mechanical – Portable Scaffolding
- Mechanical – Extension Ladders(s)
- Mechanical – A-Frame Ladder(s)

Test Equipment

- Optical Time Domain Reflectometer
- Time Domain Reflectometer for Copper Twisted Cable
- Time Domain Reflectometer for Copper Coaxial Cable
- Portable Graphing Multimeter
- Portable Dual Trace Oscilloscope
- Network Analyzer

Project Tasks

The tasks for this project can be broken into four categories, preventative maintenance, remedial maintenance, workorder installation and integration and administrative. Each set of tasks is summarized below.

Transition Period

- Execute Staffing Plan
- Begin Staff Training Program

- Develop / Compile List of Equipment Installed on each site
- Customize / Modify USS Preventative Maintenance Program to suit PANYNJ
- Develop Template / Forms / Database for Preventative Maintenance
- Adjust Forms / Program as Necessary after 1st PM
- Develop recommendations for on-site spare equipment
- Purchase on-site spare equipment upon approval by PANYNJ

Preventative Maintenance

- Perform Preventative Maintenance on equipment per Program
- Enter Data into PRM Database System
- Check for Recurring Problems
- Report Findings to PANYNJ
- Proposed Remedial Maintenance to Correct Problems Discovered on PM

Remedial Maintenance

- Perform Remedial Maintainace to repair or replace equipment as Directed by the PANYNJ
- Perform Remedial Maintainace to repair or replace equipment discovered by PM and approved by the PANYNJ

Workorder Installation and Integration Personnel

- Pre-Construction Meeting with PM, Foremen & PANYNJ
- Mobilize Equipment and Materials to Project Site
- Begin Construction / Installation / Integration
- Substantial Completion of Construction / Installation / Integration
- Punch-List Construction / Installation / Integration
- Develop Training Materials / Perform Training
- Update Drawings / Documentation

Administrative

- Review Scope of Work for Workorder Requests from PANYNJ
- Provide Design & Engineering Proposal for Workorder Request if Required
- Perform Design & Engineering Services as Approved by PANYNJ
- Provide Financial Proposal for Workorder Request
- Process Approved Workorders into USS Projects
- Assign Project Manager
- Perform USS Internal Transition Meeting
- Perform Kickoff Meeting with PANYNJ
- Define Personnel & Resources, Develop Project Schedule, Submittals to PANYNJ
- Perform Post Project Lessons Learned Meetings (as necessary)

Schedule

Estimated Award of Contract – October 2009

Transition Period Begins – November 2009

Start of Service – December 2009

Base Contract Period - December 2009 to November 2012

Completion of Transition Period – March 2009

Preventative Maintenance – Monthly

Remedial Maintenance – As Requested

Workorders – As Requested

Transition Plan

Overview

The purpose of this transition plan is to layout the tasks and activities that need to take place to efficiently change service providers for the security systems at three Port Authority Airports, JFK, LGA and EWR. The goal of this plan is to provide a process for information transfer between the various parties, and to minimize or eliminate any delays or interruptions during the transition.

Scope of Work

Agency Information: The Port Authority of New York & New Jersey

Sites Covered: John F. Kennedy International Airport, LaGuardia Airport and Newark Liberty International Airport

Vendor: Universal Security Systems, Inc.

Scope of Work: Monthly Preventative and Necessary Remedial Maintenance on Lenel, Verint and other electronic security systems.

Information Transfer

Information transfer is a critical part of this plan. There are a variety of information repositories that need to be documented and transferred during the transition process. While most informational items are knowledge or electronic, some are physical such as documents and keys. These are summarized below:

Information	Current Holder	Transfers to
Contact Information	Universal Security	PANYNJ
Service Request Procedure	Universal Security	PANYNJ
Emergency Contact Procedures	Universal Security	PANYNJ
Lenel VAR Authorization	PANYNJ	Lenel
List of open service items	PANYNJ	Universal Security
Reporting Requirements	PANYNJ	Universal Security
Usernames / Passwords	PANYNJ / HBE	Universal Security
AutoCAD files for existing systems	PANYNJ / HBE	Universal Security
Camera Database / Spreadsheet	PANYNJ / HBE	Universal Security
Card Reader Database / Spreadsheet	PANYNJ / HBE	Universal Security
Maps / Locations of Devices	PANYNJ / HBE	Universal Security
Keys for Panels / Racks	PANYNJ / HBE	Universal Security
Equipment Manuals	PANYNJ / HBE	Universal Security
Standard / Procedures	PANYNJ / HBE	Universal Security

Goals and Strategies

The goal of this transition is to maximize the transfer of information and minimize the operational impact of this provider transition. The timetable established in the schedule below is based on a goal of providing 95% of required capabilities within three months, approximately 90 days and 100% by the end of four months, approximately 120 days. The transition will continue in "improvement form" beyond that as recommendations developed by the transition team are approved by the PANYNJ and implemented by USS.

Schedule

The proposed schedule for this project involved five phases. The majority of the transition is completed in the first three phases in approximately 90 days time. The recommendations for this schedule are open for discussion and revolved around a crossover period of approximately 60 days during which personnel from both USS and HBE will be providing varying amounts of service.

- Phase 1 – (0-30) HBE providing service, USS assigned staff on site, USS gathering information
- Phase 2 – (30-60) USS providing service, HBE supervisor remains under contract for knowledge transfer
- Phase 3 – (60-90) USS provides service, complete knowledge transfer, begin reporting process,
- Phase 4 – (90-120) Finalize reporting process, develop list of recommendations, review and address deficiencies. USS completes training plan requirements.
- Phase 5 – (120+) Implement recommendations

Tasks and Activities

The table below provides a list of tasks that are expected during the transition process. The Transition Manager will update the task list, assign responsibilities, manage schedules and report with regular status updates to the PANYNJ.

1. USS assigns personnel
2. USS provides contact list with roles and responsibilities to PANYNJ
3. USS provides standard and emergency service request procedures to PANYNJ
4. PANYNJ adds USS as authorized Lenel VAR
5. PANYNJ provides list of open service issues to USS
6. USS and PANYNJ develop structure for reporting on preventative maintenance
7. USS and PANYNJ develop structure for reporting on remedial maintenance
8. USS and PANYNJ develop structure for online access
9. USS develops and deploys online access
10. PANYNJ provides list of user names and passwords
11. USS changes and documents new usernames and passwords
12. PANYNJ provides electronic AutoCAD files for existing systems when available
13. PANYNJ provides hard copy drawings for existing systems when available
14. PANYNJ provides database / spreadsheet for cameras at each location
15. PANYNJ provides database / spreadsheet for card readers at each location
16. PANYNJ provides maps and locations for all devices
17. PANYNJ provides keys for panels and racks
18. PANYNJ provides manuals for equipment
19. PANYNJ provides copies of standards, policies and procedures
20. USS completes System Take-Over Documentation Package (see attached)
21. USS develops list of recommendations for system standardization and documentation

Transition Team

Universal Security Systems will assign a Transition Manager to be the primary point of contact for this process. This person will coordinate the information gathering and transfer described above, coordinate introductions or team members and support the transition process. The transition team will also include the three assigned Technicians, the assigned Technician Supervisor, the assigned System Analyst, the Account Representative, the Support Services Manager and the Director of Operations. Additional Universal Security personnel may be involved as is deemed necessary by the Transition Manager.

In order to provide for the most effective transition we recommend that the Port Authority identify their own transition team. This team should include a primary point of contact at the PANYNJ, a representative from procurement who was involved in the RFP process and the Supervisor from the outgoing service provider.

Management and Quality Controls

The Transition Team will utilize the processes, policies and procedures laid out in Universal Security Systems Quality Management Program (copy attached) as well as the USS System Takeover Manual (copy attached)

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August 18, 2009

Jeanette Anderson
Port Authority of NY & NJ
Procurement Department
One Madison Ave, 7th Floor
New York, NY 10010

Dear Madam:

Please accept this letter in response to your questionnaire on our response to RFP Collective # 18473.

Financial

1. Equipment costs inclusive of profit and overhead (mark-up) were included in sample work orders I-IV.

2. As proposed, the total staff assigned for preventive and remedial maintenance for the three airports is 5 persons. This includes one person full time at each of the three airports and two roving persons (one Supervisor and one Systems Analyst)

3. All hourly labor rates are calculated with the same methodology. The rate is a composite of direct costs, overhead costs and profit. Direct costs include: wage, benefits (i.e. medial, retirement), transportation costs (i.e. service van, fuel, tolls, parking) as well as tool and expendable material cost. Overhead costs include: insurance (i.e. liability, workers comp, vehicle), administrative personnel costs, sales commission, building overhead and others. In the case of a contract like this, the costs are estimated over the duration of the contract and the average is used. For example, although the prevailing wage will increase during the next three years, that is factored into the current three year rate.

4. Same as 1. Equipment costs inclusive of profit and overhead (mark-up) were included in sample work orders I-IV.

5. The scope of work under this contract includes PM/RM and workorders. The proposal provides a relatively comprehensive set of tools to work with including a wide variety of labor, product and sub-contractor provisions. The only thing that we currently foresee that is not directly provided for under the current pricing model is equipment rental/usage such as aerial lifts, excavator, etc. We typically invoice these at "Blue Book" rates and we would propose to do so for this contract.

Technical

1. In the event that a background screening results in information that the perspective or current employee has been convicted of a felony involving fraud, bribery, perjury or the theft pursuant to article 140, 155, 160, 165, 170, 175, 176, 180, 185, 190, 195, 200 or 210 of the Penal Law or has a criminal action which has been pending for under one year without a final disposition unless adjourned in contemplation of dismissal, the employee will be terminated immediately. In the case of other felony convictions, the employee may be placed on suspension without pay, pending a decision from the New York State Department of State on his or her employability under our License.

2. Our decision to propose the five person staffing level is based on the estimate workload to PM the systems as described in the RFP as well as provide a reasonable amount of remedial maintenance during normal business hours. The exact split of time between PM and RM work is still unknown. Once the first PM has been completed, we will have a better understanding of the exact time. As we were not able to see every

backup. Universal Security Systems maintains a significant capital equipment inventory in our warehouses to allow for exacting installation and rapid and efficient service.

Equipment Capabilities

Universal Security Systems owns aerial lifts with capabilities up to 46'. These include both truck mounted units, self propelled articulated booms and indoor scissor lifts. Universal's array of aerial devices includes 4wd for all terrain use in remote sites or construction sites, insulated units for in close proximity to energized lines and material handling units for installation of poles and heavy objects on poles. Universal utilizes its own aerial lifts to maximize employee safety, provide improved reliability through maintainace which in turn minimizes spills and leaks and to provide faster service response not available through vendors who rely on rental equipment that may or may not be available. Universal also maintains resources in house to provide immediate transportation of this equipment anywhere in the New York metro area.

Universal also owns site storage trailers to provide temporary on-site storage for on larger projects. These allow for safe, cosmetically appealing storage of equipment and materials. The use of these trailers minimizes trip hazards, restricts access to chemicals that may be utilized as part of the project and allows for more efficient installations through on site storage instead of daily transport.

Universal utilizes a fleet of heavy-duty fully equipped service and installation vehicles. Efficiency in installation and service is achieved through the improved availability of parts and tools that is made possible by these vehicles. These vehicles all include inverter based power system to allow for installation or service where AC power may not be available of may not be functioning. This has proven a key requirement on many new construction sites and minimizes the use of portable generators that need to be fueled on site and are a common source of spills and leaks. Some of the service vehicles are equipped for all terrain use including four wheel drive and winches to allow for safe access to remote sites such as power transmission lines.

Universal's Construction Services Group utilizes its own dump trucks, backhoes, mini-excavators (with breaker and auger attachments), skid-steers, jackhammers, cement saws, conduit benders and threaders, core drills and similar heavy equipment. The use of Universal personnel and equipment to perform both infrastructure installation for electronic security systems and physical security system installation improves both installation and service effectiveness. Installations are quicker as scheduling and coordination of multiple vendors is no longer required and the client also has confidence that all personnel on the site have been properly safety certified and background checked. Service effectiveness and response is improved as all requests can be immediately handled without having to wait for or locate a subcontractor to perform specific tasks.

Universal also maintains an up to date inventory of electronic test equipment including Ethernet network analyzers, fiber optic loss testers, fiber optic time domain reflectometers, coaxial and twisted pair time domain reflectometers, RF field analyzers and oscilloscopes. All of these powerful test tools are portable and designed for in the field testing and troubleshooting. This test equipment allows for rapid troubleshooting and system restoration in the event of cable damage, RF interference or network connectivity problems.

Required Vendor Relationships

Universal Security Systems. is an authorized Lenel Value Added Reseller for the New York Metro area. Our current annual contract is enforce from April 1, 2009 to March 31, 2010 which includes the date on which these proposals are scheduled to be opened.

Universal Security Systems is an authorized Verint Video Intelligence Solutions Integrator.

Universal Security Systems is an authorized reseller for Enterprise Air (Identica)

Electrical Licensing

As previously discussed in this proposal, Universal Security Systems performs all of its electrical construction work in-house. As such, in addition to the required Security Installation licenses in New York and New Jersey, we hold a number of master electrician licenses. When required in a

single camera and card reader not get records detailing exactly how much time has been spent in the past, we had to utilize the size of system information provided calculated against our experience performing PM and RM work on systems of similar nature to estimate the manpower load.

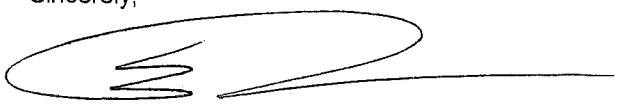
3. The exact percentage of time the key management personnel, whose resumes were included in the submission, will spend on this contract will vary with the amount and type of utilization by the Port Authority. If, hypothetically, no work-orders are issued, their involvement would be limited. As the volume and scope of work-orders grow, their involvement would grow. Mitch Cohen, our Director of Engineering, for example, would not typically be involved in Preventative or Remedial Maintenance work, but would be very involved with new construction workorders which required design and engineering service.

4. If individuals involved in this contract separate from our organization, we would replace them using the same methodology we have for the past few years to source new personnel. For Union personnel, this involves a request for labor procedure which was detailed in our submission. For management personnel, we recruit through a number of methods, including: internal promotion, ads in print and online as well as Monster.com resume database access. With the exception of internal promotion, and regardless of our expenses for the other search methods, many of our new outside hires come via word of mouth. Universal Security Systems has a excellent reputation as a leader in the industry and we receive and catalog many unsolicited resumes. Under the current economic conditions, we have a number of qualified persons interested in employment with us.

5. In the event of a disaster which resulted in a 40% absentee rate in our firm, or other situation which required additional emergency service or installation personnel, we would utilize the following methods to staff this contract. First, our policy is to support service over installations. In the event that additional personnel were necessary to provide service for this contract or others, we would utilize our installation technicians as a first line of action. As we perform all installation work in-house, we have a large resource in this area that many of our competitors do not. In the event additional staffing is necessary, we can mobilize personnel from the IBEW Locals in as little as 24 hours or less. In the event additional resources are necessary or in a high-level emergency such as occurred during 9-11 and the 2003 Blackout, Management personnel, many of whom served many years in Field Operations can be mobilized into action. To quote a Director at Con Edison on September 11th, two hours after they called on Universal to perform emergency work, Universal was "like the first infantry moving in and surrounding the building". When it comes to providing service in an emergency, no one does it better.

6. One of Universal's unique benefits is our ability to perform the electrical construction work in-house. As it is performed by our own employees and not an outside subcontractor, there is only one overhead and profit "mouth to feed". Our electrical labor hours are based on the time estimates we utilize to calculate any job. Project Management hours are calculated on a different basis. Electrical labor is estimated hour for hour, where as Project Management is based on a day by day estimate. For example, a small project with two technicians for two days would typically utilize a Project Manager for two days. A larger project which utilized eight men for thirty days would utilize a Project Manager for approximately thirty days. The relationship between EC hours and PM hours is not linear. If we had to provide an overall estimate, I would recommend 4 EC hours per 1 PM hour. It can be a discussion point to negotiate different rations for larger jobs if the Port Authority desires. for the samples scope of work are based on our estimate of the actual hours of supervision necessary.

Sincerely,



Edward J. Newman
Vice President

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August 20, 2009

VIA EMAIL: jeanette.Anderson@panynj.gov and jsummerville@panynj.gov

James Summerville
Port Authority of NJ & NJ
Procurement Department, 7th floor
One Madison Avenue
New York, NY 10010

Dear Sir:

Please find below, responses to your additional clarifications:

1. On our submission, the NEC Fault Tolerant Servers were listed as N/A. These units are custom built with a number of different variables which can dramatically effect price. The speed and quantity of processors, amount of memory, amount of hard drive storage as well as various software, hardware and support options. As such there are thousands of possible configurations. A base level configuration of hardware only would run in the neighborhood of $40,000.00 with a loaded unit in excess of $85,000.00. For this contract, the pricing for this item would be based on the cost plus 40% mark-up specified in our bid documents.
2. I believe you are referring to the pricing matrix and the split of costs between the various airports and PM/RM for each. In order to calculate the split between the various systems and airports, we created a spreadsheet with approximate device counts for each system and site. These were converted to a percentage of the total to determine a factor for our aggregate labor price. We then applied half of the time for each to preventative and half to remedial maintenance. We worked from the total down as we were more confident with the total amount than what the actual splits would be. The split will also likely vary month to month depending on the amount of remedial maintenance work required. It is quite likely that certain months will see higher failure rates than others due to weather extremes (severe cold and hot) as well as ongoing aging.
3. During the normal business hours specified in the contract, the "dedicated" technicians and analyst will perform the required preventative and remedial maintenance. Depending on the situation this may be performed by the on-site technician or the roving, but dedicated, foreman or system analyst. This is all included in the base cost of the proposal. Remedial maintenance that is required outside of the normal business hours would be performed on a time and materials basis.

I hope this answers all of your questions. If you require further information, please feel free to email any additional clarifications or we can discuss them at the presentation.

Sincerely,

Edward J. Newman
Vice President

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August 20, 2009

VIA EMAIL: jeanette.Anderson@panynj.gov and jsummerville@panynj.gov

James Summerville
Port Authority of NJ & NJ
Procurement Department, 7th floor
One Madison Avenue
New York, NY 10010

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Sincerely,

Edward J. Newman
Vice President

Universal Security Systems
Capabilities Overview

Port Authority of NY & NJ
Airport Service & Maintenance

Locations

Corporate Headquarters – Long Island, NY

Regional Office – New York City, NY

Regional Office – Elmsford, NY (Hudson Valley)

Regional Office – Mount Laurel, New Jersey

Universal Security Systems

- Company Overview
- Locations
- Licensing
- Labor Affiliations
- Safety
- Quality Assurance
- Training & Certifications
- Business Continuity
- Green Initiatives
- IT Convergence & Security
- Services and Products

Clients

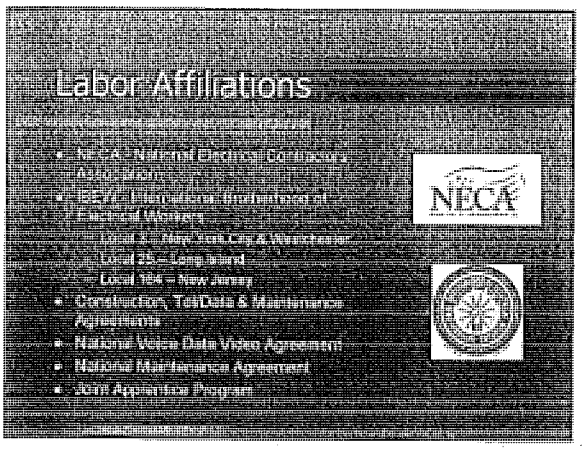
- Government
- Hospitals
- Utilities
- Transportation
- Commercial
- Education

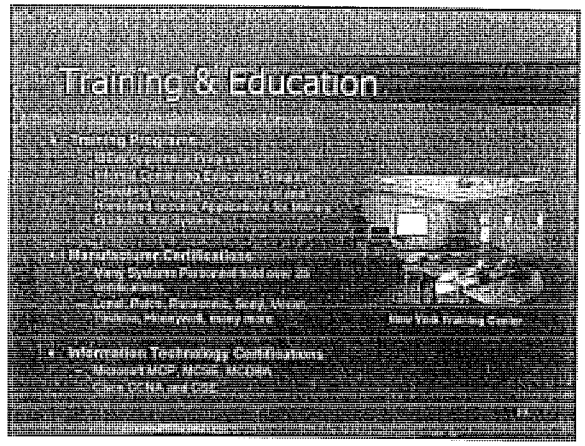
Universal Security Systems

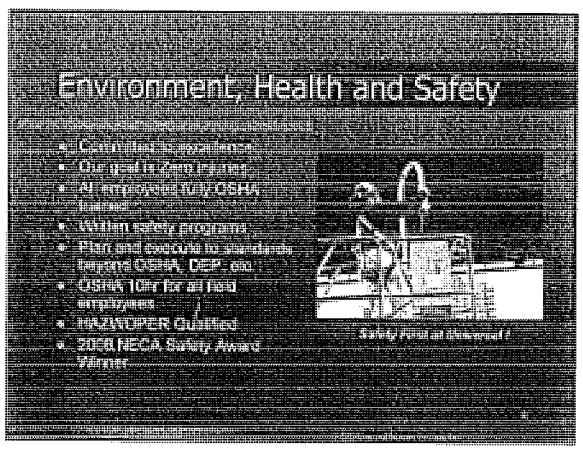
- Overview
  - Founded in 1992
  - "True" Systems Integrator
  - Electronic and Physical Security
  - Specialize in Design-Build
  - Critical Reliability & Difficult Environments
  - Short Response Time Service
  - NYS OGS Contract PT63305
- 2006 SDM Magazine Integrator of the Year Honoree

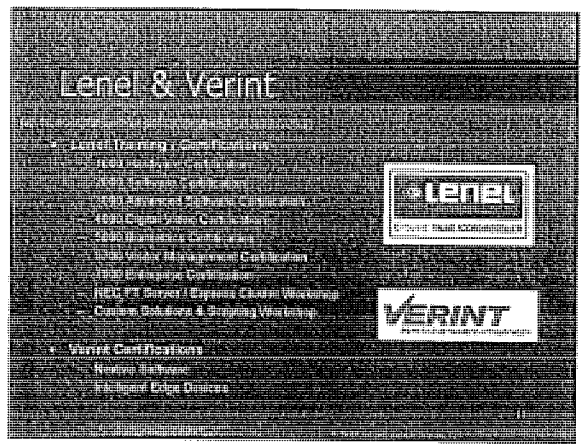
Licenses

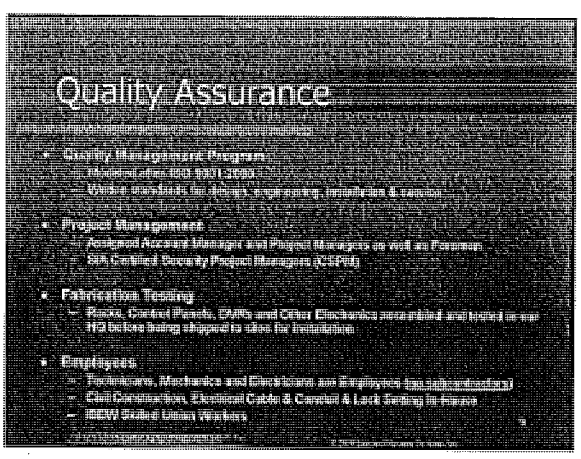
- New York State Security System Installation # 12000287181
- New Jersey Security System Installation # 34BV00059100
- New York City Master Electrician # 11942
- Suffolk County Master Electrician # 46126
- Suffolk County Home Improvement # 46004
- Nassau County Fire Alarm # 6081108
- Nevada Low Voltage Electrician # 20569
- New Jersey Master Electrician # Pending
- Westchester County Master Electrician # Pending
- Town of Oyster Bay Master Electrician # Pending

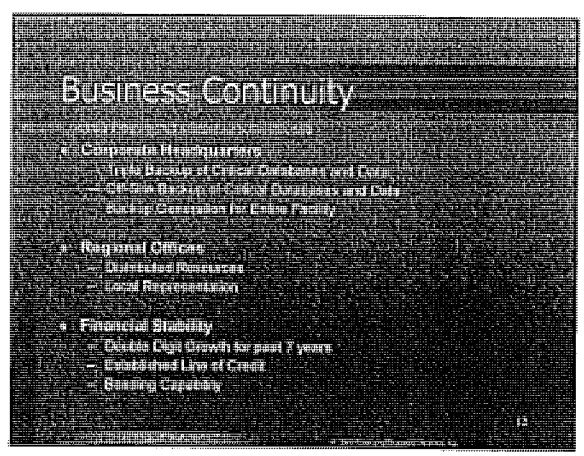

Labor Affiliations
NECA
Construction, Tel/Data & Maintenance Agreements
National Voice Data Video Agreement
National Maintenance Agreement
Joint Apprentice Program

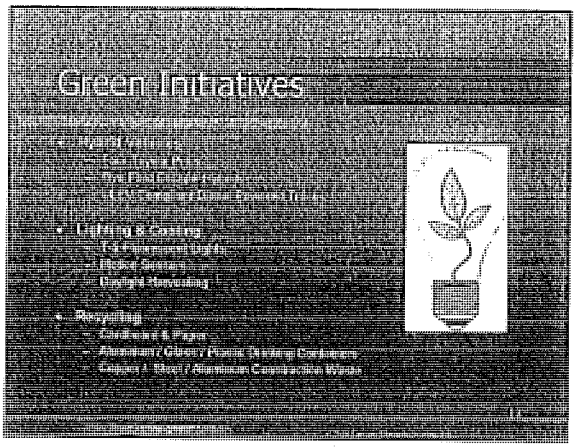

Training & Education
Manufacturer Certifications
Information Technology Certifications

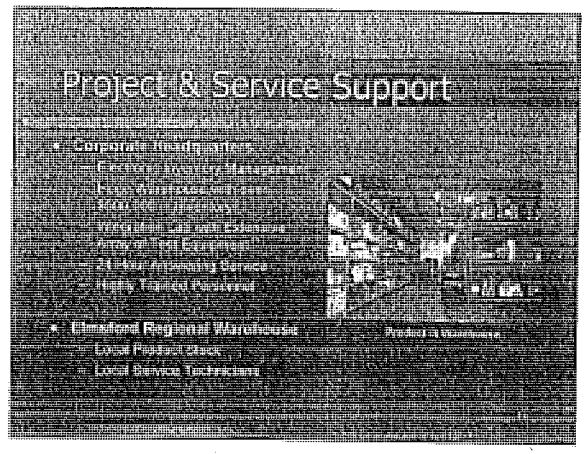

Environment, Health and Safety
Written safety programs
OSHA 10hr for all field employees
HAZWOPER Qualified
2008 NECA Safety Award Winner


Lenel & Verint
Verint Certifications


Quality Assurance
Project Management
Fabrication Testing
Employees

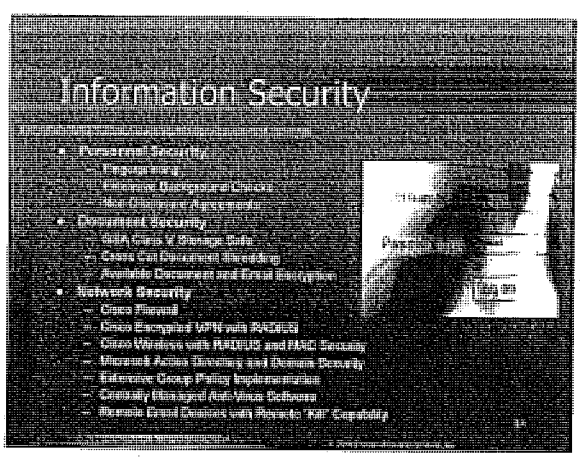

Business Continuity
Corporate Headquarters
Regional Offices
Financial Stability

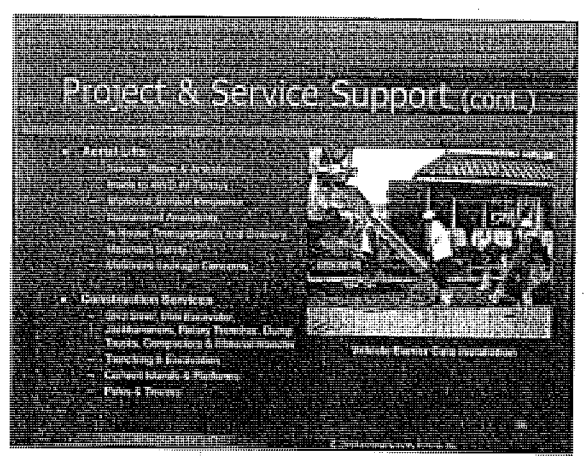

Green Initiatives
Lighting & Casting
Recycling

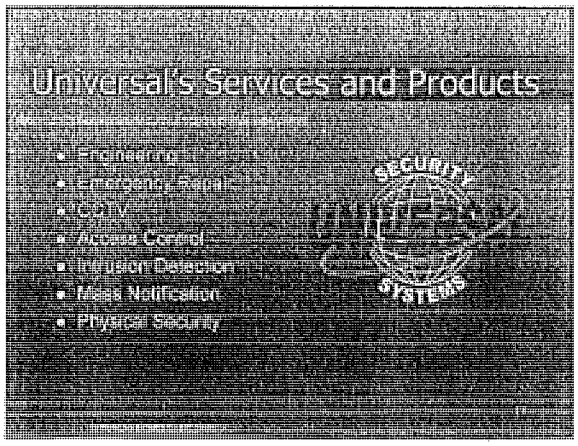

Project & Service Support
Corporate Headquarters
Elevated Regional Warehouse
Local Product Stock
Local Service Technicians

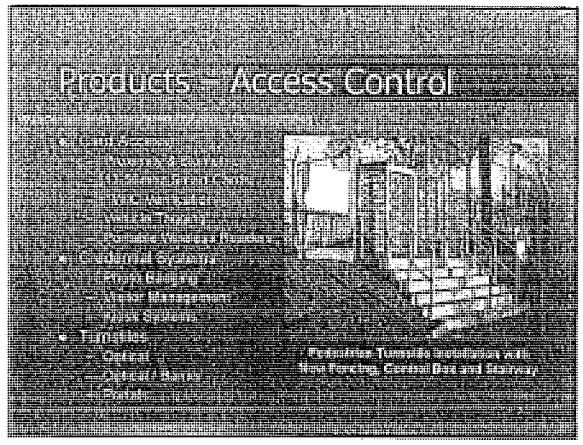
IT Convergence
Dedicated Systems Department
Specialty Work

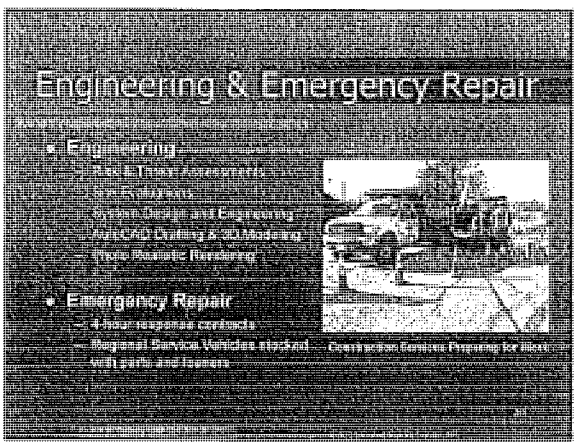
Project & Service Support (cont.)
Service Vehicles

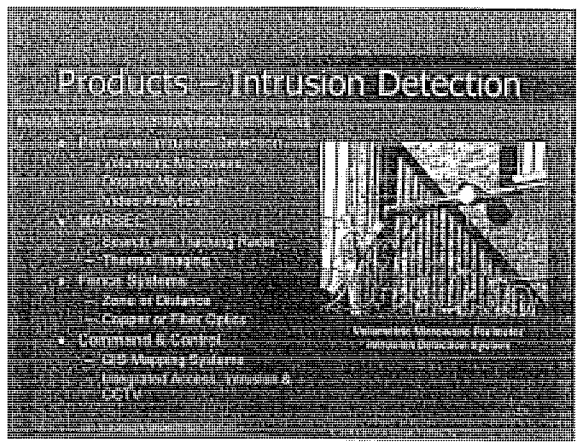

Information Security
Personnel Security
Document Security
Network Security

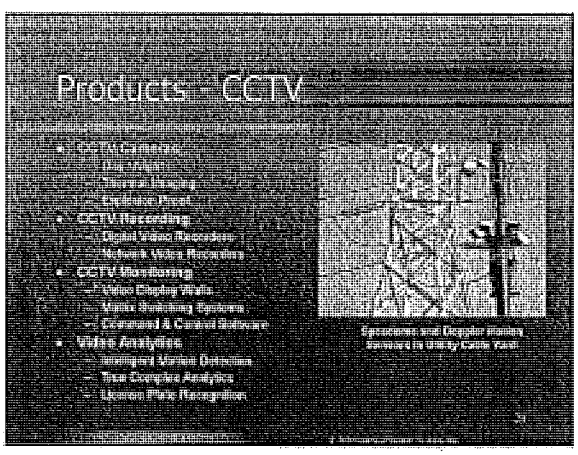

Project & Service Support (cont.)
Construction Services

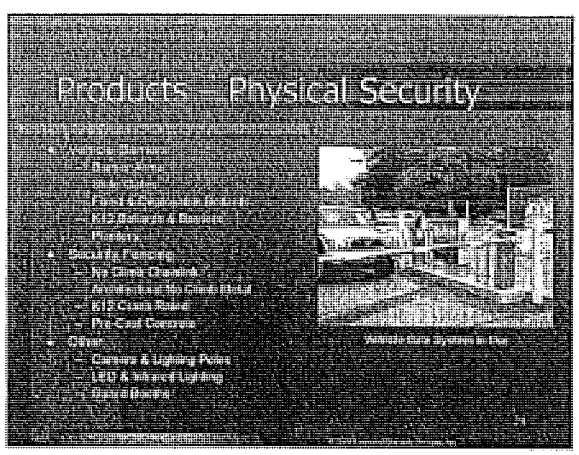

Universal's Services and Products
Engineering
Emergency Repair
CCTV
Access Control
Intrusion Detection
Mass Notification
Physical Security
SECURITY
SYSTEMS

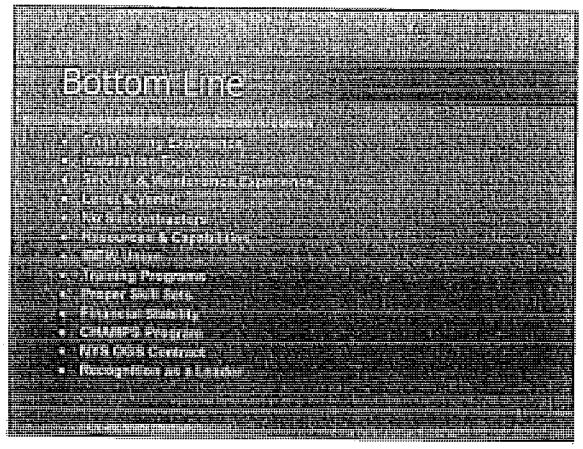

Products – Access Control
Turnstiles
Optical
Optical / Barrier
Portal
Pedestrian Turnstile Installation with New Fencing, Control Box and Stairway

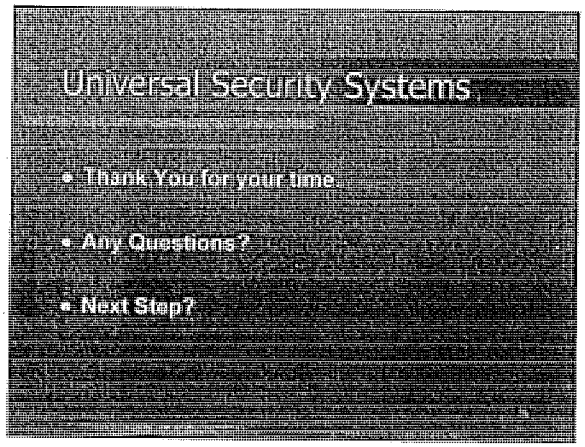

Engineering & Emergency Repair
Engineering
Emergency Repair
Construction Services Preparing for Work


Products – Intrusion Detection
Fence Systems
Zone of Distance
Copper or Fiber Optics
Command & Control
GIS Mapping Systems
Integrated Access, Intrusion & CCTV
Volumetric Microwave Perimeter Intrusion Detection System


Products – CCTV
CCTV Recording
Digital Video Recorders
Network Video Recorders
CCTV Monitoring
Video Display Walls
Video Switching Systems
Command & Control Software
Video Analytics
Intelligent Motion Detection
Tree Complex Analytics
Licence Plate Recognition
Speedcams and Doppler Motion Sensors in Utility Cable Yard


Products – Physical Security
Security Fencing
Pre-Cast Concrete
Other
Camera & Lighting Poles
LED & Infrared Lighting
Guard Booths
Vehicle Gate System in Use





Bottom Line

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Universal Security Systems

- Thank You for your time.
- Any Questions?
- Next Step?

THE PORT AUTHORITY OF NY & NJ

August 28, 2009

Overnight Delivery
Universal Security Systems
310 Oser Avenue
Hauppauge, NY 11788

Attn: Mr. Joseph Levy, Sales Manager
LevyJ@UNIVSYSTEMS.com

RE: Request for Proposal, Services and Materials For The Enhancement and Maintenance of the Airport Security Control Systems (ASCS) at John F. Kennedy International, LaGuardia, and Newark Liberty International Airports, Collective #18473 – Additional Clarifications

Dear Mr. Levy:

Thank you for submitting your response dated August 19, 2009 for the above referenced proposal. As a result of our initial evaluation of the proposal and submitted by your firm, you are hereby requested to submit responses to the attached questionnaire. Please furnish this information before 12:00 PM on Friday, September 4, 2009. **Forward one (1) original and seven (7) copies of your response to Jeanette Anderson, at the address listed below**. In addition, please email your response to Jeanette.Anderson@panynj.gov and swillner@panynj.gov. Failure to provide the requested information may result in your proposal being deemed non-responsive.

1. Please clarify that your total preventative and remedial maintenance monthly lump sum costs include the assigned proposed staff for Monday – Friday business hours and Weeknight/Weekend/Holiday hours. If so, please provide a breakdown of those costs in the table below.

System	M-F Business Hours	Weeknight/Weekend/ Holiday Hours	Total
CACS			
CCTV			
SONET			
ASDE			
Mo. Total			
Yrly Total			

Procurement Department
One Madison Avenue, 7th Floor
New York, NY 10010
T: 212 435 7000

2. List each staff member's name and his/her Lenel certified level (silver, platinum or master) for the staff that will be assigned to this Contract.
3. What is your approach to maintenance management reporting? Are there any particular maintenance management reports your company will be submitting? In addition, indicate the proposed submission frequency.
4. Please detail your approach on how Universal Security Systems will develop the preventative maintenance schedules? How many days will be required to complete the initial/first schedules and upload the software?
5. Has Universal Security had any success stories in working with Lenel to develop customized solutions? If so, please demonstrate.

6. Provide resumes and Lenel, Verint certificates for any additional personnel not already provided and available for this contract.
7. Please provide updated equipment and sample work order pricing for a LAN NEC cluster (not WAN).
8. Please confirm Universal Security Systems' acceptance of the Port Authority's Standard Contract Terms and Conditions, Attachment C, in the RFP.
9. How often Universal intends on performing preventative maintenance on the equipment?
10. Please resubmit a revised sample work order 1 (see attached form).
    Note: The ratio used between Project Manager hours to electrical hours varies among Contractors. Please follow industry standard, best practices, or your current practice.
11. Please provide a detail plan in the development and ongoing update to the system configuration diagram for each of the systems (CACS, CCTV, etc.). In addition, indicate the update frequency. The configuration diagram shall include the listing of equipment by name, locations (airport terminals, concourses and guard posts) and the network connection.
12. Clarify your involvement with the World Trade Center job that Universal mentioned during your presentation?
13. Demonstrate your experience on installing and maintaining Lenel wireless readers?
14. If awarded the contract, will the Port Authority have online access to Universal's tracking system?
15. Describe the troubleshooting process when a technician encounters a problem.
16. Please resubmit a 60-day transition plan.
17. Please explain your testing environment plans if awarded this contract. Would you consider providing a similar configuration on small scale to be used as a test bed?
18. Please provide detailed information regarding the experience of all of your in-house DBA an application support staff? Please focus your response on any relevant information within the scope of this RFP.

19. If award this contract, the Port Authority of New York and New Jersey would require that Universal Security Systems to provide a Letter of Credit in the amount of $800,000 as approved by Port Authority's Credit Collection Department. Advise accordingly, Universal Security Systems' intentions to successfully satisfy this request.

As a disclaimer, please note that this request for questions and shall not be construed to be an acceptance of your proposal. If you have any questions, contact me at (212) 435-3930.

Sincerely,

Jeanette Anderson

Jeanette Anderson
Principal Contracts Specialist
Procurement Department

ATTACHMENT F– SAMPLE WORK ORDERS.

SAMPLE SCOPE of WORK – I

The Port Authority of New York and New Jersey desires to add (2) card readers to an existing vehicle entrance at John F. Kennedy International Airport. The Scope of Work includes installation, termination, testing and documentation of the following devices:

EQUIPMENT LIST

(2) Dorado 780 Card Readers (Install to Existing Stanchions)
(1) Alarm Strobes Edwards 877
(1) Lenel LNL-3300 Intelligent System Controller
(2) Lenel 1320 Dual Reader Interfaces
(1) Lenel 1100 Input Control Module
(3) Lenel LNL CTX – 6 Enclosure
(1) Alarm Saf MOS-021 12/24 VDC Power Supply w/Battery Backup
(1) Alarm Saf RBK-12 VDC Power Supply
(1) Temperature Activated Fan Assembly
(2) Telebyte 374 Fiber Transceivers w/Plug in Transformer
(2) Fiber ST/ST 6" Patch Cord
(1) Rack Mounted Hub Assembly 4U chassis
(1) Ethernet Modules LNL- ETHLAN w/ Power
(4) Fiber Optic Patch Cords
(1) Warranty
Maintenance???

ASSUMPTIONS

The card reader stanchions are existing and located 75' from an existing ICS enclosure. The light bar, fiber patch panel, cable and conduit are provided by others or existing. 110 vac. power is available in the guard booth. Programming will be completed by the PA System Administrator. Option: MicroSoft Operating System may be provided and installed by Contractor. Price as Option.

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – I

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
Extended Labor Total				

*Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.

Sample Work Order #1 - Material Breakdown							
#	Mfgr.	Model	Description	Notes	Qty	PA Unit Price Cost	Total
1	Dorado		Dorado 780 Card Readers (install to existing stanchions)	Card reader	2		
2			Alarm Strobes Edwards 877		1		
3	Lenel		Lenel LNL-3300 Intelligent System Controller		1		
4	Lenel		Lenel 1320 Dual Reader Interfaces		2		
5			Lenel LNL CTX - 6 Enclosure		3		
6			Alarm Saf MOS-021 12/24 VDC Power Supply w/Battery Backup	Power supply	1		
7			Alarm Saf RBK-12 VDC Power Supply	Power supply	1		
8			Temperature Activated Fan Assembly		1		
9			Telebye 374 Fiber Transceivers w/Plug in Transformer		2		
10			Fiber ST/ST 6" Patch Cord		2		
11			Rack Mounted Hub Assembly 4U chassis		1		
12			Ethernet Modules LNL-ETHLAN w/power		1		
13			Fiber Optic Patch Cords		4		
14			Warranty		1		
				Subtotal Equipment Cost			
				<co name> Overhead			
				<co name> Profit <specify %>			
				Freight			
				Warranty			
				Total Equipment Cost			

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HAUPPAUGE NEW YORK 11788
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631.951.0717 FAX
www.univsystems.com

September 4, 2009

Jeanette Anderson
Port Authority of NY & NJ
One Madison Ave, 7th Floor
New York, NY 10010

Dear Madam:

Please find following our responses and discussion related to you request for additional information dated August 28, 2009

1. Following, please find the breakdown requested.

System	M-F Business Hours	Weeknight/Weekend/Holiday Hours	Total
CACS	$ 490,880.00	$ 0.00	$ 490,880.00
CCTV	$ 601,328.00	$ 0.00	$ 601,328.00
SONET	$ 73,632.00	$ 0.00	$ 73,632.00
ADSE	$ 61,360.00	$ 0.00	$ 61,360.00
Mo. Total	$ 102,266.66	$ 0.00	$ 102,266.66
Yrly Total	$ 1,227,200.00	$ 0.00	$ 1,227,200.00

As you can see in the table above, no provision has been made in the base price for maintenance during weeknight, weekends and holidays. As all preventive maintenance will be performed during normal business hours and the RFP clearly stated on page 9, section B3 that "The Monthly Lump Sum shall not include compensation for work performed outside of normal business hours. Normal business hours are 8:00 AM to 5:00 PM, Monday through Friday, excluding Port Authority Holidays. Payment for labor provided outside of those hours shall be computed based on hours of work performed using the applicable overtime rates set forth by the Contractor in Attachment E, Cost Proposal Form # 1 entitled Skills and Hourly Billing Rates."

2. The final staff that will be assigned to this contract have not yet been determined. Some existing staff members as well as some new staff from the IBEW locals will be utilized on this contract. As stated in the original proposal, our staffing will include three (3) maintenance technicians certified to Lenel Silver level, one (1) maintenance foreman certified to Lenel Gold level and one (1) system analyst certified to Lenel Gold level. It is our intention to provide compliance to this level within 90 days of start of work, sooner if possible. This compliance is based on he availability of certification classes.

3. As discussed during our presentation, Universal utilized a custom business management software which can provide the PANYNJ with limitless options for maintenance reporting. Universal will submit, within reason, whatever maintenance reports are desired by the PANYNJ. Depending on the content of the reports, some may be automated reports which will be sent via email every night and others may be provided monthly or quarterly. We will not limit you

to a canned set of reports. As a baseline, we would suggest either daily or weekly remedial maintenance logs and monthly preventive maintenance reports.

4. The preventive maintenance program involves two schedules, tasks and equipment. Upon award, we will submit our standard preventive maintenance task list to the PANYNJ for approval. We do not expect any significant modification will be necessary to accommodate your specific needs. At the same time, we will request a detailed list of all devices, subject to the availability and accuracy of this information, we can compile a baseline preventive maintenance program documents within 10 days of receipt of this information. If the information is not available or accurate, this will require a complete site survey. Regardless, I would anticipate that the document will undergo changes on both task and equipment after the completion of the first preventive maintenance. I would anticipate that by the third monthly PM, the process and documents would be in a final production state.

5. Universal Security Systems has worked with Lenel to provide custom solutions for a number of clients. These projects included both modifications to the Lenel OnGuard software as well as database to database integrations. At the United Nations Plaza, buildings DC1 and DC2, USS worked with Lenel to provide a customized photo display on small LCD mounted to the turnstiles. This required modifications to the Lenel OnGuard Alarm Monitoring Software. This custom solutions is called Cardholder Verification. This custom solution began in concept in early 2007 and was first put into production in early 2009 with more modifications to come. Custom solutions that involve changes to the application are possible, but require large financial and time commitments to implement. We have also completed a number of other custom solutions with Lenel. These include database to database integration for both SUNY Stony Brook and Nassau Community College. The SUNY Stony Brook integration was completed in DataExchange and all programming was performed by our in-house DBAs. The NCC integration was completed in DataConduit by a team including personnel from USS, Lenel as well as the college's student management software provider.

6. The full list of Lenel and Verint certified personnel has been provided. The personnel with Lenel training are:

- David Alcaraz
- Mitch Cohen
- Kevin Didden
- Christopher Jones
- Kathryn Kneibert Mousset
- Michael Sawyer

The personnel with Verint training are:

- Kevin Didden
- Christopher Jones

We currently have additional personnel scheduled for training and anticipate adding even more if awarded this contract.

7. Pricing for NEC Express Cluster X LAN Edition is as follows. All pricing is cost plus 40%:

• NEC-EXPCLU-LANX	NEC Express Cluster X Software	$ 13,601.00
• CS-DEV-ECMON	NEC Express Cluster Monitoring	$ 2800.00
• NECSWS-02892-012	NEC 1 Year Support Agreement	$ 2240.00
• NECADV-02892-12	NEC Upgrade 1 Year to Advanced	$ 1190.00

Labor for NEC Express Cluster will vary depending on specifics of the system, integrations and other variables. Any labor would be at the standard rates proposed under this contract.

8. Universal Security Systems, Inc. accepts the Port Authority's Standard Contract Terms and Conditions, Attachment C to the RFP.

9. Preventive Maintenance will be performed on a monthly basis.

10. Attached. All material is provided at 40% markup (overhead and profit). As with before, there are a number of complicating factors on this workorder including equipment with unusual quantities, discontinued or unavailable parts, etc. A summary of the modifications made are as follows:

- Lenel enclosures reduced from 3 to 1 (1 has enough for everything)
- Telebyte 10mbit fiber converters swapped for Cisco 1gbit SFP Modules
- Rack mount "hub" swapped for Cisco 3560 managed switch
- Lenel LNL-ETHLAN deleted - Ethernet comes on-board the LNL-3300
- Extra fiber optic patch cables deleted
- There are double the necessary LNL-1320s. These have been left to provide future expansion

11. As part of the development of the Preventive Maintenance Program, information including the name, location, model, serial #, IP address, dip switch settings, etc. will be gathered. This information will be entered into the equipment database in our Business Management Software. Once entered this information will be updated in the event of any change to the system such as an add, move or delete. Access to this database system is available to our personnel from any of our offices as well as via secure VPN from our laptops. We can also make access to this information available via VPN application or via the web to the PANYNJ if so requested.

12. Universal Security System's is partnered with Ingersoll Rand on the Freedom Tower. Ingersoll Rand holds the prime contract for the security system in the building. Ingersoll Rand is utilizing a number of subcontractors for the various system to be installed. Universal Security Systems was selected to provide the Lenel Card Access. Universal is responsible for all engineering and submissions; providing the Lenel and related product; installing and terminating the Lenel panels; testing and commissioning of the card access system as well as all service and maintainace on the Lenel card access that is provided for under the contract. The CCTV system, the Cisco network, and all cabling and conduit are the responsibility of other subcontractors or IR themselves. As changes are ongoing and will continue as the tower comes out of the ground, I cannot give an exact number, but the value of this contract is between $2 and $3 million. Universal Security Systems is also providing turn-key, the Verint CCTV and Lenel card access for the 9-11 National Memorial and Museum. This project, with a current approximate value of $2.2m is underway and we are currently installing conduits and raceways.

13. Universal Security System provided the New York City DOT – Staten Island Ferry with InFront / Core Street portable (cradle based synchronization) TWIC verification readers. USS has a separate contract currently underway to install a Lenel Pro system for them. Once complete, the DOT may elect to have USS integrate the portable reader's PIVMAN software with the Lenel database using the Lenel certified OAAP integration and Data Conduit. Universal has installed a number of wireless portable readers for Con Edison where they are integrated to their Continental Card Access software.

14. Universal Security Systems will provide access for workorder tracking via either secure VPN and application or web page. Due to the sensitive nature of the data and database, we would prefer the VPN and application, but will provide web access if required by the PANYNJ.

15. The following are the basic steps a technician would used to escalate support for a problem

- For hardware related issues, contact the maintenance foreman
- For software related issues, contact the system analyst
- If the problem cannot be solved by the dedicated staff above, the technician and or foremen and analyst will reach out to other personnel at USS who may have more expertise or experience on certain issues
- Finally, the personnel would reach out to the manufacturer for telephone support
- On the very rare occasion that it progresses beyond this, the personnel would involved Ed Newman, as chief technical officer and he will coordinate any necessary response from the manufacturer.

16. As stated in the Transition Plan previously supplied, the transitional period during which both HBE and USS will be on site is 60 days. This meets the requirements of the RFP. Based on the documentation and site visits, we believe that additional services such as documentation and system modifications will be required to bring the system to the performance level expected. Depending on what is found, and the aggressiveness of the PANYNJ to fund this work, this could take weeks or months beyond the 60 days. Regardless, this will not impact the 60 day transition period during which the PANYNJ will have to fund both contractors.

17. Universal Security Systems strongly recommends that all enterprise customers maintain a four (4) environment configuration for critical software based systems such as Lenel. This would consist of production, backup, test and development. Production is the system that normally operates. Backup is provided in case of a failure of the production system. The test environment is used to test new hardware and debug the software configuration prior to moving it into production. Development is used to test software integrations, upgrades and other similar work without inhibiting the test environment. We would strongly encourage the Port Authority to establish this type of environment. The cost for such may be less than expected. The servers are often the "old" servers after the production and backup environments are upgraded. You always want these to be slower than the production and backup. There would be additional costs for Lenel licenses, but as there are only a limited number of readers required, an ES license could be used in place of a PRO license. Any hardware and software required for this would be provided under the standard pricing provided for under this contract.

18. Our Systems Department provides the in-house IT support for applications, databases and networks. These personnel are a separate department from our Field Operations personnel (technicians, mechanics and electricians). This departments current staffing level is four with the expectation of adding a fifth dedicated person if awarded this project. Resumes of the two key DBA / application personnel follows:

Systems Analyst: Kevin Didden

Education

- Bachelors of Science in Computer Science – Polytechnic University
- Minor in Psychology – Polytechnic University
- Masters of Science in Management of Information– Polytechnic University

Training and Certifications

- Lenel Platinum Certification
- Lenel NEC FT Server / Express Cluster Workshop
- Lenel Custom Solutions Workshop
- Verint Nextiva Software / Intelligenet Edge Device Certificaion
- Panasonic I-Pro Technical Specialist
- Aimetis Certified System Engineer
- Axis Level 1 Technician
- Edge Access Control Technical Training I
- Sony Security Systems Certified Professional

Experience

- 10 years of Information Technology Experience
- 7 years of Programming and Application Development
- 6 years of Database Administration and Development
- 4 years of Security Application Support

Systems Analyst: Chris Jones

Education

- Bachelor of Science in Business Information Systems – Rochester Institute of Technology
- Minor in Programming – Rochester Institute of Technology
- Cisco Network Administration – Chubb Institute

Training and Certifications

- Lenel Gold Certification
- Lenel Digital Video Certification
- Lenel Visitor Management Certification
- Verint Nextiva Software / Intelligenet Edge Device Certificaion

- Aimetis Certified System Engineer
- Axis Level 1 Technician
- Edge Access Control Technical Training I
- Commend VOIP Intercom - Basic Hardware and Configuration

Experience

- 10 years of Information Technology Experience
- 7 years of Server and Network Administration
- 4 years of Security Application Support

19. As previously discussed, we take exception to the requirement for a $5.2 million or $ 800,000.00 Letter of Credit. This requirement was not included in the RFP and it is not reasonable for this type and size of contract. An $ 800,000.00 letter of credit is effectively a cash deposit in that amount. A letter of credit in this amount is akin to a $8.0m bond. This contract does not guarantee that amount of revenue. As a small business, if we were to provide this to the PANYNJ, it would substantially injure our cash flow and ability to conduct business. If anything, the success of our business and ability to perform this contract will be determined by the PANYNJ's prompt payment. We suffered significantly in the recent past with agencies or their primes that were slow to pay. We performed work for more than 6 months on the 9-11 memorial before we received dollar one. Despite the still turbulent credit market, we have been able to procure an additional $615k in funding from Citibank which is helping us deal with these slow pays. If only we could require the PANYNJ to provide a Letter of Credit to us to guarantee timely payment. Moving on towards a solution, the first option is per the PANYNJ Office of Business and Job Opportunity, the PANYNJ encourages awards to small business and will consider waiving this type of requirement for a small business. We have submitted our application to be certified by the PANYNJ as a SBE. As an alternate, we would suggest the industry common practice to provide a maintenance bond (slightly different than performance and payment used on a construction project) to guarantee performance of the maintenance services under this contract. We can provide this bond in the amount of $800k or the $1.2m annual base contract value. Once again, as this was not required in the initial RFP, we would ask that the cost for this bond be borne by the PANYNJ. It would be expected to be around $30k depending on the specifics. I would recommend a call between the PANYNJ Credit and Collections Department who developed this requirement and our Surety to work out the details. I hope you find this satisfactory.

20. Per your request, we are developing an MBE/WBE utilization plan based on a ten fold multiple of the three original sample workorders We have analyzed the workorder to determine which materials are openly sourced and can be purchased through a PANYNJ qualified WBE or MBE. The list was sent out last Friday to eight (8) vendors. As of today, we have not received any responses. We will be following up tomorrow and will report the results. Regardless of the success of failure of this individual survey, we are committed to working with the PANYNJ to meet their MBE/WBE goals and it is likely that other "real" workorders will include items more easily sourced from PANYNJ approved MBE/WBE contractors.

Sincerely,

Edward J. Newman
Vice President

ATTACHMENT F– SAMPLE WORK ORDERS.

SAMPLE SCOPE of WORK – I

The Port Authority of New York and New Jersey desires to add (2) card readers to an existing vehicle entrance at John F. Kennedy International Airport. The Scope of Work includes installation, termination, testing and documentation of the following devices:

EQUIPMENT LIST

(2) Dorado 780 Card Readers (Install to Existing Stanchions)
(1) Alarm Strobes Edwards 877
(1) Lenel LNL-3300 Intelligent System Controller
(2) Lenel 1320 Dual Reader Interfaces
(1) Lenel 1100 Input Control Module
(3) Lenel LNL CTX – 6 Enclosure
(1) Alarm Saf MOS-021 12/24 VDC Power Supply w/Battery Backup
(1) Alarm Saf RBK-12 VDC Power Supply
(1) Temperature Activated Fan Assembly
(2) Telebyte 374 Fiber Transceivers w/Plug in Transformer
(2) Fiber ST/ST 6" Patch Cord
(1) Rack Mounted Hub Assembly 4U chassis
(1) Ethernet Modules LNL- ETHLAN w/ Power
(4) Fiber Optic Patch Cords
(1) Warranty
Maintenance

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – I

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
PROJECT MANAGER	3	8	118.00	944.00
SENIOR TECHNICIAN	3	8	128.00	1,024.00
TECHNICIAN	5	24	108.00	2,592.00
CAD DRAFTER	1	4	92.00	368.00
ENGINEER	1	4	156.00	624.00
Extended Labor Total				5,552.00

*Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.

Sample Work Order #1 - Material Breakdown

#	Mfgr.	Model	Description	Notes	Qty	PA Unit Price Cost	Total
1	Dorado	3110-7801	Dorado 780 Card Readers (install to existing stanchions)	Card reader	2	868.00	1,736.00
2	EDWARDS	94A-N5	Alarm Strobes Edwards 877	'SUB'	1	758.80	758.80
3	Lenel	LNL-3300	Lenel LNL-3300 Intelligent System Controller		1	1,673.00	1,673.00
4	Lenel	LNL-1320	Lenel 1320 Dual Reader Interfaces		2	529.20	1,058.40
5	USS	USS-ENC-141RS	Lenel LNL CTX - 6 Enclosure		1	616.00	616.00
6	ALTRONIX	AL400ULPD4	Alarm Saf MOS-021 12/24 VDC Power Supply w/Battery Backup	Power supply 'SUB'	1	282.10	282.10
7	ALTRONIX	AL1012UXPD8	Alarm Saf RBK-12 VDC Power Supply	Power supply 'SUB'	1	369.60	369.60
8	USS	USS-TFAN	Temperature Activated Fan Assembly		1	280.00	280.00
9	CISCO	GLC-LH-SM	Telebye 374 Fiber Transceivers w/Plug in Transformer	'SUB'	2	853.85	1,707.70
10	PAN PACIFIC	FOP-ST2D-SM2	Fiber ST/ST 6" Patch Cord		2	52.99	105.98
11	CISCO	WS-C3560-8PLS	Rack Mounted Hub Assembly 4U chassis	'SUB'	1	1,200.96	1,200.96
12			~~Ethernet Modules LNL ETHLAN w/power~~	N/A	1	Ø	Ø
13			~~Fiber Optic Patch Cords~~	N/A	4	Ø	Ø
14			Warranty	'INCLUDED'	1	Ø	Ø
				Subtotal Equipment Cost		10,383.54	
			'INCLUDED'	<co name> Overhead		Ø	Ø
			40% MARKUP INCLUDED in UNIT PRICE	<co name> Profit <specify %>			
			INCLUDED	Freight		Ø	Ø
			INCLUDED	Warranty		Ø	Ø
				Total Equipment Cost		10,383.54	
*15	LENEL	LNL-1100	16 ZONE INPUT - MODUAL		1	595.00	595.00

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Proposal for
The Port Authority of NY & NJ
RFP# 18473

Prepared by:
Edward Newman
July 29, 2009

Risks and Contingencies

The following risks have been identified and contingencies developed:

Risk	Contingency
PANYNJ cannot locate or provide necessary documentation on existing installations	USS can provide site survey and documentation services under a workorder to produce / re-produce this documentation
During the initial PM, system failures occur from sub-par installations	USS will provide emergency remedial service as necessary to restore the system to operational capabilities as soon as possible, prior to continuing with the Preventative Maintenance
No documentation exists on Lenel software integrations	USS will deconstruct and document any integrations prior to performing any upgrades on the software
Equipment is found inoperable during the PM and no parts or supports are available	USS will recommend replacement with currently available and supported product
Locations of equipment, panels, junctions, etc. are unknown	USS, as part of the transition, plans to shadow the existing HBE personnel for a period of one month prior to assuming service on the contract. Further, the transition plan includes the HBE supervisor remaining under contract to provide support to USS personnel for a period of one month after the service transition date

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Proposal for
The Port Authority of NY & NJ
RFP# 18473

Prepared by:
Edward Newman
July 29, 2009

Proposal for PANYNJ PRF# 18473

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a. Labor Cost

Please refer to attachment E, Cost Proposal form # 1, "Skills & Hourly Billing Rates" for proposed hourly rates for standard and over-time. These rates are all-inclusive of wage, benefits, overhead and profit and comply with State and Federal prevailing wage requirements.

b. Work Order Cost

Please refer to attachment F, Cost Proposal form # 4, "Cost Summary for Work Order Samples" for cost estimates for the sample work order projects contained in the RFP. As these are fictional projects and provide limited detail, these proposals are estimates only and the actual cost for a similar project may vary with site conditions and other requirements.

c. Monthly Preventive and Remedial Maintenance Cost

Please refer to attachment E, Cost Proposal form # E, "Cost Summary for Preventive and Remedial Maintenance" for proposed monthly fees for these services. These fees are all-inclusive of wage, benefits, overhead and profit and comply with State and Federal prevailing wage requirements.

Our basis for the annual rates for preventive and remedial maintenance is a simple cumulative of (assigned personnel wage x 2080 hours). The monthly is one twelfth of the annual. A variety of factors were then applied to allocate certain portions of this cost to the various systems and locations. At such a time when it is agreed that changes to the system require the addition (or deletion) of a person, the change in fee can be calculated based on the hourly rates in attachment E, Cost Proposal form # 1, "Skills & Hourly Billing Rates". Should an additional person be required on less than a full time basis, the same fee basis would apply although scheduling and coordination will have to be agreed on in advance between both parties.

The pricing for the Monthly Preventive and Remedial Maintenance is based on labor and miscellaneous expendable material such as cleaning agents and lubricants for the preventive maintenance work. It does not include parts or equipment that may be necessary to perform the remedial maintenance nor does it include software support contracts or licenses. These items would be invoiced separately.

d. Equipment and Materials Cost

Please refer to attachment E, Cost Proposal form # 2, "Current Equipment – Price List" for current pricing on the items listed. All possible attempts have been made to provide pricing for the items listed, but in many cases the items are no longer available. As with any technology products, those in this industry are in a state of constant improvement and change. During the duration of this contract, Universal Security Systems will work with the Port Authority to offer replacement and alternative parts when a specified part is no longer available.

The pricing methodology used by manufacturers and distributors in the "channel" is complex and ever changing. The specifics of this methodology are often confidential. While Universal Security Systems does not have any formal contract that guarantees better pricing to us as compared to another top level reseller, there are factors which would likely impact the price one reseller pays over another. One example of this is volume based pricing. Many manufacturers and distributors charge different prices to resellers based on volume. A reseller who purchases $10,000.00 of product a year would likely pay a higher price than one who purchases $100,000.00. Another example would be direct verses distributor based pricing. Many products, such as Pelco and Sony can be purchased through distributors. As the distributors are handling the product, they apply overhead and profit and a reseller purchasing through a distributor will likely pay a higher price than one who purchases direct. Simply put, while I cannot guarantee we do or do not buy better than anyone else, it is likely that on a project such as this, all qualified bidders will be buying at similar price levels.

a. Staffing Plan

The staffing plan for this proposal is based on the information provided by the Port Authority in the bid documents and information gathered during site visits. Universal recognizes that this information represents a small percentage of the information necessary to formulate a complete a final staffing plan. We further understand that the system is in a constant state of flux, as adds, changes and deletes may increase or decrease the size of the system. Therefore, we will negotiate with the Port Authority to modify this staffing plan to accommodate changes in system size and with the goal of providing the Port Authority with the best value for their investment.

The staffing plan proposed for this system can be broken into three sections. The first of which is the "core" staff. These are personnel dedicated full time to the support of this project. Included are a Account Representative who provides the general coordination between the Port Authority and Universal as well as Field Operations and Systems personnel whose primary purpose is to provide preventive and remedial maintenance. The second of which is "general" staff. These are personnel which may provide services to the Port Authority under this contract as well as to other customers or on other contracts. Examples of these are: electricians and technicians providing services under work-orders or off-hours maintainace. The final section is administrative personnel. This includes various personnel who may be involved in administrative tasks such as billing and other paperwork. This section will focus on the "core" staff that will be dedicated to this project.

Proposed Initial Staffing

Following is our proposed initial staffing for the preventive and remedial maintenance portion of this project. This staffing does not include services to be performed under work-orders

- Field Operations – Maintenance Technician – Assigned to JFK (business hours)
- Field Operations – Maintenance Technician – Assigned to LGA (business hours)
- Field Operations – Maintenance Technician – Assigned to EWR (business hours)
- Field Operations – Maintenance Foreman – Roving between 3 sites (business hours)
- Systems – System Analyst - Roving between 3 sites (business hours)
- Account Representative – Roving between 3 sites (hours as necessary)

Staff Training Requirements

Following is our proposed minimum training requirements for each category of person in the proposed staffing plan. As personnel are subject to change, it is our intent, if necessary to replace a person working on the project, to bring the new person to compliance with the staff training requirements within 90 days. This should not be construed as a guarantee as certain certification programs are not always available, may be booked or other contributing factors.

- Maintenance Technician – Lenel Silver Certified; 2 years experience
- Maintenance Foreman – Lenel Gold Certified; Verint Certified; 5 years experience
- System Analyst – Lenel Gold Certified; Verint Certified; 3 years experience

Staff Scope of Responsibility

Following is our proposed scope of responsibility for each category of person in the proposed staffing plan.

- Maintenance Technician – Provide preventive and remedial maintenance for their assigned site
- Maintenance Foreman – Assist with preventive maintenance at all sites when multiple persons are required; supervise individual site Maintenance Technicians; provide level 1 escalation; provide coverage during sick / vacation / emergency situations

- System Analyst – Perform software upgrades, programming and other software related tasks. Assist with preventive maintenance and related reporting.

Business Offices

Universal Security Systems corporate offices are centrally located in Hauppauge, New York. The 22,000 square foot office and warehouse facility provide a strong source of support for service and installations. Universal Security Systems also operates regional business offices in New York City; New York; Mount Laurel, New Jersey; and Las Vegas Nevada as well as a combination business office and warehouse in Elmsford, New York.

Universal maintains over a half million dollars of inventory of product for service and emergency installations. We also maintain a significant stock of loaner or exchange parts both on our service vehicles and in our offices.

b. Managerial & Supervisory Personnel – Qualifications & Experience

Section 3b of this document contains an Organization Chart which details the name, position and role of all key management personnel at Universal Security Systems, Inc. While none of these personnel will be dedicated exclusively to this contract, they are all committed to provide our customers with the best value and quality of service possible. Many of our management staff have been with our Company for over 10 years. Resumes of their relevant certifications and experience are also included in section 3b.

Licensing

Universal Security Systems operates in full compliance with State and Local Licensing Laws.

License	Licensee	License #
Security System Installation – New York	Exemption (2.b.)	12000087181
Security System Installation – New Jersey		34BA0059100
Master Electrician - Suffolk County, NY		46126-ME
Master Electrician – New Jersey		Pending
Master Electrician – New York City		11942
Master Electrician – Town of Oyster Bay		Pending
Master Electrician – Westchester County		Pending
Low Voltage Electrician - Nevada		70559
Fire Alarm Installation – Nassau County, NY		6081108
Home Improvement – Suffolk County, NY		46025-H

c. Management and Training Programs

Universal Security Systems firmly believes that training is an on-going process and is critical in the ability to provide the customer with quality and value. Universal provides training to our employees in a variety of subjects an through a number of programs. Our field operations personnel participate in baseline OSHA and trade training through the IBEW/NECA Joint Apprentice Training Center. They receive further OSHA safety related training at our Hauppauge Training Center. Finally, they receive ongoing manufacturer training through manufacturer sponsored training and certification programs. These program vary in length from a few hours to a week or more. Universal's commitment to training continues with our Project Managers. All of whom are required to attain the SIA's elite CSPM (Certified Security Project Manager) status.

Training Facilities

Training is provided in a variety of facilities including our training center at our corporate offices, on the job training at project sites, as well as at other appropriate facilities utilized by the Company, product manufacturers or industry associations. Our Hauppauge, New York facility includes a dedicated classroom training facility with the necessary resources to accommodate small or large group instruction.

Labor Resources

Universal Security Systems is affiliated with NECA (National Electrical Contractor's Association) and the IBEW (International Brotherhood of Electrical Workers). Universal Security Systems is signatory to a number of contracts including local low voltage, electrical maintenance and "A" construction as well as the National Low Voltage Contract and the National Maintenance Agreement. The following is a list of our current IBEW / NECA contracts:

- IBEW Local 25 – Long Island, New York
- IBEW Local 3 – New York City & Westchester
- IBEW Local 164 – Northern New Jersey
- IBEW National Maintenance Agreement
- IBEW National Voice Data Video Agreement

Since 1941, the IBEW and NECA, through their Joint Apprentice Training Program, have been educating apprentices throughout a nationwide network of state-of-the-art facilities. For more than 25 years, the curriculum has included skills training in energy efficient technologies. At the over 300 training centers throughout the United States, JATC instructors are teaching thousands of apprentices how to work with the latest electrical technologies. Each apprentice undergoes 1,000 hours of classroom instruction and 8,000 hours of on-the-job training en route to becoming an journeyman level electrician. The IBEW/NECA JATC Electrical Apprentice Program is the only training program recognized by New York State, the State of New Jersey and the United States Department of Labor for the training of electrical and security installation personnel.

OSHA and Safety Related Training

Universal Security Systems is committed to excellence in environmental protection, employee health and safety. Universal has developed a comprehensive training program for all of our employees. Each employee has a baseline-training requirement that includes training in the following areas:

- Aerial Lift Safety
- Asbestos Awareness
- Bloodborne Pathogens
- Electrical Safety
- Fire Safety
- Hazard Communication
- Lead Safety
- Ladder Safety
- OSHA 10 Hour
- Personal Protective Equipment
- Respiratory Protection (including medical evaluation and clearance)

Some Foreman and Supervisors are also trained in the following areas they are engaging in these activities:

- Confined Space Permits and Entry
- Confined Space Rescue
- Electrical Lockout / Tagout
- Excavation, Trenches and Shoring
- HAZWOPER 40 Hour
- MTA LIRR Track Safety
- MTA NYC Transit Track Safety
- OSHA 40 Hour
- Welding Safety

Many of our field supervisors and managers pursue advanced environmental. Health and safety including certification in hazardous material operations and emergency response as well as certifications in emergency medical services.

Project Manager Training

All of Universal's Project Managers are SIA Certified Security Project Managers or are in training to achieve this certification. The Certified Security Project Manager (CSPM) Program provides a nationally recognized professional accreditation for Project Managers involved in the design and installation of security systems. The goal of this program is to offer certification to individuals who have demonstrated their proficiency in every aspect of project management as it relates to security systems.

While CSPM follows the general structure and principles of a typical project management certification program, this credential uniquely addresses the needs of its target audience - the Security Project Manager. It requires prospective candidates to demonstrate their knowledge and skills in implementing the concepts and tools of professional project management. The Security Industry Association (SIA) developed the program to fulfill the practical day-to-day needs of Security Project Managers and to fill the void that other professional project management certification programs may leave.

This certification program is designed specifically to meet the "Practical" aspect of designing and managing security projects. It requires prospective candidates to demonstrate their ability and skills in implementing the concepts and tools of professional Project Management. This is an intensive program, consisting of several steps, examinations, and demonstration of practical experience.

For more information on the CSPM Program visit: http://www.siaonline.org

Quality Assurance Program

Universal Security Systems has in place a Quality Management Program modeled after the ISO 9001:2000 standard. The purpose of our quality management program is to assure that customer requirements are achieved, that customer satisfaction is high and that the entire organization participates in a process of continuous improvement. The quality management program has been planned to follow the guidelines and requirements of ISO 9001:2000. It has NOT been reviewed or certified as ISO compliant.

Universal Security System strongly believes in providing our clients with the most dependable and reliable system available within their budgets. Universal believes a key to this is the quality of the installation and the level of workmanship. This quality ranges from product selection through cable installation, terminations and programming. The most advanced security system is worthless if it is brought down by sloppy installation and poor workmanship.

Universal provides numerous specialized or customized products as part of our quality solution. These include custom control panels using DIN rail termination and power supplies as well as fiber optic patch panels. All systems and control panels utilize proper grounding and fusing to minimize damage and maximize safety. These panels are assembled and tested in our Hauppauge facility's fabrication shop by IBEW technicians. Assembling these panels in a controlled environment with all of the necessary materials and equipment assures functionality once they reach the site. The same processes are applied to video equipment rack systems. The racks and equipment are assembled and tested prior to being shipped to the project site. All mini-coax cables are made custom to length and tested prior to installation. All cables are labeled and demarked in a BNC patch panel located at the top or bottom rear of the rack.

Universal also manufacturer's custom enclosures for Lenel access control panels. Frustrated by the design of the factory enclosure and looking for a better option than a standard NEMA enclosure, Universal analyzed control panel enclosures from a variety of manufacturers and designed one specifically for the Lenel system. Enclosing 4 full size interface boards and one small form factor ISC with a built in UL rated power supply, power distribution and battery backup in a smaller size than the factory enclosure. The Universal Lenel enclosure also contains a AC disconnect switch, ventilation slats, a key lockable door, keyed to match the access control power supplies, conduit knockouts in exactly the right spots and slotted wire mold to keep the inside neat and organized. Once you see one, you will not want any else again.

Supervision of alarm circuits including door status and REX switches in access control are a critical piece of the system. They notify the system if someone attempts to tamper with these circuits. Not comfortable with the industry practice of installing loose resistors onto the wires in the field, Universal set out to develop a better way to perform this task. Ten years and four generations later, our door supervision controllers provide solid terminations, high-reliability surface mount supervision resistors and LED indicators for lock and REX power. These panels not only provide for a better quality installation, they also aid in troubleshooting system malfunctions. Universal Security Systems also manufacturers other custom circuit boars such as CCTV patch panels to provide decreased loss and power monitoring when patching or replication is necessary.

Universal provides comprehensive labeling of all system cabling and components at the customer's request. Universal utilizes laminated labeling systems from Brady and Brother to provide for quick identification of all system components and connections.

d. Technical Expertise & Past Experience

Universal Security Systems is a recognized leader in the field of electronic and physical security. Recognized by SDM Magazine as an Honoree for Integrator of the Year in 2006, we have completed over $60 million in security projects. These completed and ongoing projects include work for key infrastructure and government clients in the New York Metro area. Among these

Exemption (4)

- MTA – LIRR, NYC Transit & Metro North
- Con Edison – 100+ locations for 17 years
- SUNY – Stony Brook, Farmingdale, NCC & Levin Institute
- Utilities – LIPA, Orange & Rockland, USPG, NRG & Entergy
- Education – Hicksville SD & Northport SD
- United Nations – UN Plaza 1,2 & 3
- Government – New York State, NYC DOT, Suffolk County & Nassau County
- Commercial - Canon USA, Citgo / NuStar Refineries

Project Summary

Following is a brief summary of some of Universal's Lenel / Verint projects

- United Nations Plaza – Lenel OnGuard Pro System: Card Access, Photo Badging, Visitor Management & Video Integration; Pelco & Panasonic CCTV Equipment; Smiths Metal Detection & X-Ray scanning systems. Total project contracts since 2005 $1.2m
- SUNY Stony Brook – Lenel OnGuard Pro System: Card Access; Database Integration; Panasonic CCTV. Service and maintenance on system, approx. 800 readers and 200 cameras. Total project contracts since 2005 $1.3m
- Citgo / NuStar – Lenel OnGuard ES System: Card Access, TWIC Readers, Photo Badging & Video; Pelco CCTV; ACS Vehicle Gates. Total project contracts since 2005 $615k
- Nassau Community College – Lenel OnGuard Pro System: Card Access, Photo Badging, Database Integration; Panasonic CCTV; Simplex Fire Alarm. Total project contracts since 2005 $900k
- Con Edison – Continental Access Enterprise System with redundant servers; Database integration to HR, photo badging & visitor management; Custom web interface; Integral DVRs and Pelco CCTV; Commend IP intercoms; FAAC, Hy-Security, ACS and RSSI Vehicle Gates and Crash Barriers. Service and maintenance on system; approx 700 readers, 90 workstations and 2000 cameras. Total project contracts since 1991 $35.0m

CHAMPS Program

Universal Security Systems recognized the need for advanced security detection, verification as well as command and control in the commercial security market after 2001. In response to this need, Universal Security Systems formed the Commercial and Homeland security Applications for Military Products and Systems CHAMPS program. This program seeks out and evaluates the commercial feasibility of military products and systems in the security market. This program has led Universal Security Systems into partnerships with defense contract manufactures such as FLIR Systems, ICX, Amphitech and others. The program has led to early commercial adoption of thermal imaging systems, millimeter wave search and tracking RADARs, digital video analytic software, GIS mapping software and non lethal behavioral modification equipment.

e. Key Vendor Relationships

Universal Security Systems has partnered with a number of electronic security manufacturers to provide our customers with the best equipment installed by trained personnel. Some of our key partners are:

- Lenel – OnGuard Integrated Security Management Software and Hardware
- Verint – Nextiva Networked Video Software and Hardware
- Enterprise Air – Mobile Applications and Infrastructure Software
- InFront / Core Street – Innovative Software Solutions for Lenel OnGuard Systems
- Pelco – Analog and IP CCTV Cameras, Switches and Recorders
- Panasonic – Analog and IP CCTV Cameras, Switches and Recorders
- Sony - Analog and IP CCTV Cameras, Switches and Recorders
- Bosch - OnGuard Compatible Intrusion Panels
- Vidient – OnGuard Compatible Video Analytics Software
- Aimetis – Video Analytics Software
- REACT Systems – OnGuard Compatible Critical Response Notification Systems
- Whelen – Wide Area Emergency Notification Sirens and Speakers
- Cisco – Networking Equipment
- Hewlett Packard – Servers, Workstation and Printers
- Dell – Servers & Workstations

Universal Security Systems has current reseller, VAR, dealer or similar contracts in place with all of the partners described above. All of these relationships are direct when available from the manufacturer. For example, we buy Sony direct from Sony, not through a distributor.

f. Methodology for System Enhancement and Maintenance

Although the exact procedures would not be developed until the award of contract, what follows is a brief overview of the methodology utilized by Universal Security Systems' System personnel when upgrading or performing maintenance updates on access control software such as the Lenel OnGuard system in place at the Port Authority.

Access Control Software Upgrade Procedure

Upgrading of the Access Control Software is performed in multiple steps. The first is to upgrade the database application, the second is to upgrade the software applications, next the database is upgraded and finally the workstations are upgraded.

Most current versions of access control software require a database. Depending on the age and version of the application software, multiple version upgrades may be necessary. Prior to beginning the upgrade process, any customization or integration to other systems will also need to be re-viewed to see if changes are necessary (Custom Scripts, integrated software). Often, both software applications will need to be updated simultaneously to provide for continued proper operation.

The preferred method of upgrading a system is to have a full test environment. A recent copy of the database would be copied to the test server for testing. The test server should be equal to (or less than) the performance and configuration of the production device. This would provide a

realistic test whereas a newer or more powerful server might not exhibit problems that the production server might encounter. The test system should also include a test panel, and downstream devices such as reader boards with readers and/or alarm panels, to generate system events as well as at least one workstation. The test system must include a valid server license (does not need to have the full number of hardware devices, but does need all the features i.e. Badging, Video). The test server needs to be on a similar network with all the security protocols, in order to properly test and prepare for any unforeseen installation/application permission needs. All third-party software that is installed on the production system should be installed on the test server, including anti-virus software. Full Admin rights are necessary for the installation, logins and passwords need to be provided or assistance from IT person(s) at the time of install. All the procedures detailed below would be first performed on the test server, tested and approved, BEFORE any work is begun on the production servers.

During the actual production upgrade, the server application and services will be stopped, all workstations must be shut down during the server upgrade. Hardware will continue to work throughout the location in its stand-alone or offline mode. The database is copied onto external source (hard drive, CD). All Windows patches, service packs, and pre-requisites installed and reboots completed as needed. Any necessary database upgrades and patches are then installed. Next the access control software is upgraded or uninstalled / reinstalled depending on the software specific procedure. At this point, any database update programs or scripts are run to updated the database configuration to match the new application software. Server services are then started, and communication is re-established with devices one by one. Any new firmware is then downloaded to panels. During the firmware download process, the doors will have limited functionality and may need to be supervised by security personnel. The workstations then need to be upgraded BEFORE they are turned on (application and services started).

Finally, testing of the system would start with testing for proper functionality of events generated at the door, both valid and invalid usage. Administrative testing (adding/disabling badges, changing schedules to doors, access level changes, and running event reports. Advanced testing for custom scripts performed (i.e. test data for batch upload). Upon successful completion of the testing, backup procedures are run to provide standard as well as off-line copies of the database.

Preventive Maintenance Procedures

Universal Security Systems follows a standard Preventive Maintenance Program as part of our Uni-Guard suite of services. This program will serve as the basis for this contract subject to approval or modification by the Port Authority. The specific tasks for each type of equipment is described below:

Card Access Preventive Maintenance

1. ACS Server – Verify proper operation. Check error logs. Document software version
2. ACS Workstation – Verify proper operation. Check error logs
3. Printers – Verify proper operation. Clean and lubricate. Check toner levels / ribbon
4. Card Reader / Clicker – Verify proper operation (Test with valid and invalid access cards)
5. Motion Detector / REX – Verify proper operation. Clean and align as needed
6. Electronic Locking Device – Verify proper operation. Clean, lubricate and tighten / align as needed
7. Contacts / Door Status – Verify proper operation
8. Horn / Siren / Strobe – Verify proper operation
9. Panic Buttons – Verify proper operation
10. Control Panels – Clean / vacuum as needed. Verify communication. Check battery expiration dates. Test tamper switch. Verify panel lock.
11. Lock Power Supply – Clean / vacuum as needed. Check output voltage. Check battery expiration dates. Test tamper switch. Verify panel lock.

12. Door Supervision Controller – Test tamper switch. Verify tamper resistant hardware.
13. Gate Operators / Turnstiles – Clean, lubricate and tighten / align as needed. Test safety switches / devices.
14. UPS System - Clean / vacuum as needed. Perform "self check". Check battery expiration dates.

CCTV Preventive Maintenance

1. Fixed camera – Clean lens / dome. Tighten mounting bracket. Verify picture quality at DVR in full light and with night filter, adjust focus as necessary.
2. PTZ camera – Clean lens / dome. Test Pan, Tilt, Zoom and Focus operations.
3. Matrix Switch / Processors – Verify proper operation. Check for loose or damaged wires or connectors.
4. Video Recorders – Verify proper operations (check live video and playback for each camera channel). Check error logs. Document software version.
5. Camera Power Supply – Clean / vacuum as needed. Check output voltage. Check output voltage.
6. UPS System - Clean / vacuum as needed. Perform "self check". Check battery expiration dates.

g. Factory Trained Personnel

Universal Security Systems employs a team of highly skilled technicians and engineers. Universal works to continually improve our team through additional education and training. The key members of our team with factory training on Lenel and Verint as of the date of this proposal are:

Exemption (2b)

h. Transition Plan

Universal Security Systems has experience planning and implementation the take-over and consolidation of large access control systems. Over the last ten years we have transitioned support and consolidated numerous large Card Access & CCTV systems with including Con Edison and SUNY Stony Brook as well as numerous smaller systems. Planning the transition to a new vendor is a complex process which can be broken into numerous smaller steps. Not every step applies to every project as each transition is different. The steps are as follows:

- Project / Site Analysis
- Policy and Procedure Development
- Software Standardization and Upgrade
- Hardware Standardization and Upgrade
- Programming Standardization
- System Consolidation

l. Work Order and Maintenance Management System

Universal Security Systems utilizes a custom developed business management software suite to manage all aspects of our operations. This software provides a single unified solution for all phases of our business process. From the proposal through procurement and invoicing and on to service and maintenance, everything is linked in real-time to provide instantaneous knowledge transfer and maximum effectiveness. This software is exclusive to Universal Security Systems and we view it as one of our biggest assets.

Currently, customer remote access for the purpose of monitoring service request and project status can be provided via a security VPN and a dedicated client application configured to provide the customer's required functionality. Should web based access be preferred, it can be provided within a reasonable amount of development time.

Universal's Business Management Software can provide a wide variety of maintenance management reports. Each report can be custom tailored to provide the specific needs of the client. Some examples of reports are:

- Open Service Requests
- Preventive Maintenance Reports
- Service Requests by Site or System
- Project Status Report

j. Screening, Safety and Emergency Plans

Security Screening

Due to the sensitive nature of the work we perform and the critical nature of many of the sites on which we work, Universal Security Systems does not take chances with our employees. We conduct thorough background investigations on all employees either pre-employment or within 48 hours of start of employment. As part of the background check all employees are fingerprinted. One copy of the fingerprints is kept on file, and the other is sent to The New York State Department of Criminal Justice Services, who conducts the background investigation. Anyone who is identified to have a criminal history is terminated. Ongoing background checks are completed for long term employees on a routine basis or if a situation arises which warrants it.

In compliance with Federal, State and Agency requirements many of our field, administrative and management personnel are credentialed through secure identification programs such as TWIC and SWAC. These programs provide additional, and on-going background screening and help to ensure the security of our customer's sites.

Drug Testing Program

In keeping with our intent to provide the safest work environment possible, Universal Security Systems has implemented a Drug Free Workplace Policy. This policy will insure all employees are able to perform to their fullest potential. The policy is a simple 3-step approach, containing education, testing and enforcement.

By instituting a Drug Free Workplace Policy, Universal intends to bring itself into compliance with all of its customer's requirements. Furthermore Universal anticipates, increased safety, decreased illness and absenteeism, and greater productivity. By having an educational policy in place it is the company's intention to prevent illegal drug use by its employees.

In order to measure the results of our Drug Free Workplace Program a drug testing policy will be included. An independent third party lab will do testing. All testing will be kept confidential. Results shall also be kept confidential. The test will be performed as a urinalysis. The urinalysis will screen for marijuana, cocaine, amphetamines, opiates, and phencyclidine (PCP).

The testing policy effects 4 separate situations;

1. Pre-Employment – Prior to the start of work, all permanent employees must take and pass a drug screening. Failure to pass the screening will disqualify the applicant from employment consideration for 90 days.

2. Post Accident - Anyone involved in an accident that causes damages resulting in a loss of $500 or more, or an accident that results in a persons injury that requires medical attention shall be Drug tested. A positive result will put the disciplinary process in motion. Any employee who tests positive after a significant accident faces disciplinary action, up to and including termination.
3. Reasonable Suspicion – If, in the judgment of senior management, an employee exhibits characteristics of being impaired while at work, they will be drug tested. Testing may also include an Alcohol Screen if it is judged appropriate. Management will be responsible for the transportation of the employee to and from the collection facility, and to their residence. The employee will be placed on administrative leave pending the results of the test. A positive result will put the disciplinary process in motion. Disciplinary action taken could be up to and including termination. This procedure only applies to employees who report to work in the field or in any office. It does not apply to any outside of work activity.
4. Random – During the course of the year 50% of all employees will be drug tested. Drug testing will be done monthly by a computer generated random drawing. Once selected the employee will be informed immediately that they have been chosen, and will take the test on company time. A positive result will put the follow up process in motion.

All information about an employee's status in regards to testing, treatment, counseling, and results will be kept strictly confidential. Management is responsible to ensure that any information about an employee affected by the Drug Free Work Place Policy is kept confidential.

Contingency Planning / Disaster Recovery

Universal Security Systems has developed a Business Continuity Plan and implemented processes to prepare for and respond to a wide variety of hazards and risks. These range from common incidents such as loss of power or communications to large scale disasters such as terrorism or hurricanes. Universal Security Systems reviews and updates this plan on an annual basis and has implemented the processes described in it to deal with a variety of situations over the past decade.

Immediately following the terrorist attacks on 9-11, Universal Security Systems mobilized personnel to provide emergency services to crews working on the search, rescue and subsequent clean-up at the World Trade Center site as well as critical infrastructure sites that were identified as vulnerable and in need of immediate security upgrades. With operations running around the clock, Universal provided the support our client needed during this critical time.

During the blackout of 2003, Universal Security Systems continued to operate at full capacity thanks to our backup generation systems and a business continuity plan. With contingency plans for power as well as voice and data communication, we were able to continue to provide services to meet the needs of our clients during this event. With our relocation to our current corporate headquarters in 2005, we further expanded our capabilities with the installation of a large natural gas generator capable of providing full power backup for all electrical and mechanical systems during a blackout or other power emergency.

Universal Security Systems has taken a number of steps to provide for disaster recovery in the event of a major incident effecting the business. While many of these steps are pre-emptive measures such as sprinklers, alarms and watershields designed to reduce the likelihood of a major incident, we have also takes steps to be able to recover after such an incident. Our four New York Metro area offices provide us with options to relocate personnel and materials in the event of a major incident. Phones likes can quickly be re-routed leaving data as the most critical item. With more and more information stored digitally, the recover of critical business data is the key item. Universal Security Systems utilizes a triple backup system for critical databases and data with additional offsite storage of this critical information. In the event of a major incident, it is planned that core functionality can be restored in less than 48 hours.

3.0 Firm Experience and Management Commitment

a. Relevant Experience and Past Performance

Universal is a leading provider of electronic and physical security systems in the New York Metro area. With over 17 years of experience in the installation of CCTV, access control and gates/barriers, we do NOT build, sell or install phone systems, airplanes, computers, weapons systems or other items that would distract us from our core business.

Universal's business model includes all work performed as part of the security project. This means that we are a full-fledged installation company providing and installing every piece of the security system from the concrete to the cable and conduit to the camera and card reader. Unlike most other companies who sub-contract most or all of their work. Universal prides itself in performing 99% of its contracted work in-house. This includes all electrical construction (cable & conduit), civil work (trenching & concrete), lock-setting (door hardware) and IT (computers and network). By owning the project end to end, we can provide better quality and better value.

All work is performed by Universal's full time employees, all of which undergo fingerprinting and background checks as well as extensive OSHA safety training.

Please refer to attachment J, Form # 6 – Relevant Experience and Past Performance.

b. Financial Capability, Management Structure and Proposed Staffing

Universal Security Systems, Inc is a New York State registered corporation, privately held with two principals. Universal Security Systems, Inc. was founded in 1992, and re-organized in 2002 (changed from "C" to "S" corporation) and is registered as a Foreign Corporation in New Jersey.

For the fiscal/calendar year of 2008, Universal Security Systems, Inc. generated revenues of approximately $9.3 million. We prepare financial statements on a semi-annual basis for June 30th and December 31st. The financial statements are prepared on a work in progress basis and reviewed and certified by the Accounting firm of Glass & Shiechel C.P.A.'s, LLP.

Universal Security Systems is financially stable with profitable growth over the past 5 years. Universal owns it Corporate headquarters building and has established lines of credit with a major banking institution.

Universal has an established relationship to provide bid, maintenance, payment and performance bonding through Willis of New York, Inc. located at 200 Broadhollow Road, Suite 406, Melville, NY 11747. Willis is an agent of American Fire & Casualty Company. Our current program provides for bonding of $6.0 million. Larger projects such as these are reviewed on a case by case basis and approvals are depending on contract terms, form of the bond as well as the financial status and work in progress of Universal at the time of the bond request.

Company Organization Chart

Exemption (2b)

Exemption 2b

Exemption 2b

Exemption (2b)

c. Project Management Plan

Universal strongly believes that project management is key to a successful installation. A team of persons will represent the project management for any projects with the Port Authority. This team consists of a Account Representative, a Project Manager and a Foreman. This team will work to manage this contract. If, in additional to the preventive and remedial maintainace, work order projects are ongoing, multiple Project Managers and multiple Foremen may be involved. Typically, while a Project Manager may be assigned to one or more projects, a Foreman is only assigned to one project at a time.

Account Representative

The Account Representative is the person assigned to the project for financial and contract matters. The Account Representative will be your primary contact for work order quotations, progress payments, etc. The Account Representative is also your second level of escalation in the event an unsatisfactory condition arises which is not resolved by the Foreman or Project Manager. The Account Representative is assigned per client and will remain from project to project.

Project Manager

The Project Manager is assigned once a workorder is awarded. Our Project Managers have an average of 10 years of experience and most hold Engineering degrees. All of Universal's Project Managers attend SIA Certified Security Project Manager training. The CSPM program includes

/e training and testing on the Critical Path Method for project scheduling and ement. For more information on the CSPM Program visit:

ww.siaonline.org/cspm_program.htm

oject Manager will be involved in all pre-construction meetings, walk thru's and preparation uired drawings and documentation. The Project Manager will prepare and review the schedule with the client. The Project Manager coordinated resources from our Field tions (installation personnel) and Support Services (equipment) departments. Once uction has begun, the Project Manager will perform site visits an average of 3 x per week. roject Manager is also your first level of escalation in the event an unsatisfactory condition which is not resolved by the Foreman.

oreman

Foreman is assigned once a project is scheduled for construction. Our Foreman have an age of 10 years of experience and many hold Technical degrees and other Certifications. Foreman will be the full time supervisor for the work order project or service & maintenance ram. For work order projects the foreman will perform the morning safety and work briefing. e construction has begun, the Foreman will be on site all day every day that work is gressing. The Foreman is also your first contact in the event an unsatisfactory condition es.

Project Management Software

iversal Security Systems utilizes Microsoft Project 2003 to develop manpower loaded project hedules for any large installation project. This software allows both Universal and the customer better understand the relationships and interdependencies between individual tasks on a roject. Better understanding translates to fewer problems and delays during a large and complex installation.

Proposed Staffing

As described earlier in this document, Universal Security Systems is proposing a staff of five full time personnel dedicated to the preventive and remedial maintenance portion of this contract. This number was determined based on a number of factors. First, the time necessary to complete the preventive and remedial maintenance tasks was calculated to establish a baseline for maintenance personnel, this was then adjusted to provide for certain personnel to posses the higher level certifications necessary to complete tasks such as software upgrades. Finally, a contingency factor was addressed to ensure capabilities and coverage for vacations, sick and personal time. The specifics of the categories and training requirements are detailed in Section 2a. As state in that section, this staffing plan will be evaluated on a regular basis and adjustments made to provide for maximum efficiency and changes to the system size and configuration.

Additional personnel will be assigned as required to complete work order based tasks and emergency service and maintenance.

d. Work Plan

The bottom line (albeit in the middle of the proposal)... Universal can exceed the minimum requirements of this RFP. With our diverse and powerful capabilities we can provide complete turn-key solutions instead of boxes and sub-contracts.

Subcontracting

Universal Security Systems does not plan to utilize sub-contracting for any significant portion of this contract. All maintenance work, including preventive, remedial and emergency will be provided by direct employees of Universal Security Systems. All design, engineering, construction and integration on contract work-orders will also be performed by direct employees of Universal Security Systems. The only possible exceptions are: specialty trades (heavy rigging, large asphalt repair, and others requiring special certifications or licenses); manufacturers

oversight for final commissioning of certain systems (X-Ray and metal detection systems); Licensed Professional Engineer for drawing review (if so required); and specialty environmental contractors (i.e. Asbestos testing / abatement (if necessary). Universal performs all common trade work including electrical and civil in-house. This provides a much higher level of efficiency and quality control. As all work is performed by Universal's full time employees, there is the added benefit that all of our employees undergo fingerprinting and background checks as well as extensive OSHA safety training.

Value Added Services – Engineering

Universal provides complete design and engineering services. Universal is a firm believer that the design build process improves both function and value to the customer. With a single point of responsibility for system design, product selection and integration engineering, this method guarantees proper due diligence and planning. Universal Security's Engineering Department is a group of highly skilled professionals whose goal is to provide our clients with a quality engineered security solution. All of our Engineering Department members have received factory training in system design and engineering directly from many of the manufacturers we represent. Universal provides a variety of design and engineering services including:

- Comprehensive Threat and Risk Analysis
- Existing System Analysis and Compliance Review
- Solution Design and Development
- Project Management
- Competitive Bid and/or Specification Design
- AutoCAD Pre-Construction and "As Built" Drawings

Universal has established relationships with Professional Engineers licensed in both New York and New Jersey to provide for drawing review and "stamping" when required.

Value Added Services – Systems and IT Convergence

Universal Security Systems is a true systems integrator understanding the difference between independent, interfaced and integrated systems. We strive to provide our clients with interfaced and integrated solutions using SQL, API, OLE, XML and other IT standard communication protocols to provide for the lowest personnel load and highest system effectiveness.

In the late 1990's Universal Security Systems identified the trend towards the convergence of information technology and security systems. Beginning in 1997, Universal Security Systems began to develop partnerships with various IT related suppliers and began training personnel in IT certifications such as MCSE and CCNA. It was quite a challenge to convince, Compaq, for example why "an alarm company", which is what they viewed us to be, wanted to be a dealer for computer servers. After explaining what a "security systems integrator" was, what felt like a thousand times, we finally began to gain traction. By 2000, we had established partnerships with Compaq, HP, IBM, Cisco and Microsoft. Not content to rest on our laurels as one of the first "converged" security integrator we continued to seek out new ways to improve our Systems capabilities. In 2003, we further separated ourselves from other integrators by separating our Systems personnel from our Field Operations personnel. Now, in a separate department with a separate manager, training budget, etc. Systems grew to become a elite group of personnel, with IT background and degrees in Computer Science and Applied Mathematics. Far from the typically supposedly "IT savvy" technician which many other integrators attempt to use. This separation has allowed us to tackle massive professional services projects such as the consolidation of Con Edison's 100+ separate card access systems into 1; numerous database integration projects for schools and utilities and other special projects such as web interface development and custom application integrations. The vast majority of this work is performed in-house and tested in our Integration Lab with only limited assistance from the software manufacturers.

e. Methodology to Maintenance

Universal Security Systems' approach to the maintenance of the airport security system is best described as a concentration of knowledge. When dealing with complex, enterprise level systems that an airport relies on for its vital daily functionality, the most important tools are knowledge and experience. It is Universal Security Systems' belief that each facility should be able to address most disruptions in normal function immediately, involving and relying on a minimum number of required personnel. It is following this train of thought that every employee assigned to the contract will have the experience and knowledge base to function autonomously, but will have the backing of an organizational structure to provide for virtually every contingency.

Each facility, JFK, LGA and EWR will have a Maintenance Technician on premises Monday thru Friday, during standard business hours. These Maintenance Technicians will be Lenel Certified and have significant experience dealing with all facets of the access control systems, including the ID Badging System and Mobile Verification System. Additionally, these Maintenance Technicians will have ample experience in CCTV installation and maintenance. Rather than have some personnel certified in access control and others in CCTV, these Maintenance Technicians can call on their extensive knowledge base and deal with most issues that arise in basic daily functioning. Should a camera malfunction or need adjustment or a reader stop working, these Maintenance Technicians will be able to diagnose and correct the problem without the need to bring in additional personnel, thus minimizing down time.

Serving as a complement to the Maintenance Technicians, a Maintenance Foreman, with more advanced training and certifications, will travel between the three facility locations Monday thru Friday, during standard business hours. This adds an extra level of confidence for each facility. Should a problem arise that requires more advanced diagnosis or a situation require an extra set of hands, the person assisting will be equally as competent. There will never be a concern that the person on-site will be anything less than an expert in the field. Additionally, when there is a new installation, this foreman will provide coordination with the team performing the installation. This guarantees that regardless of what is being done, someone with intimate knowledge of the facility will be there to ensure everything goes as planned.

As a final component, there will be a dedicated Systems Analyst who will travel between the three facility locations, as well. The Systems Analyst will be able to assist in all complex systems issues, be it programming a network switch or a camera, to diagnosing a major database issue, the combination of training and experience ensures that the resolution will be timely and complete.

For after hours support, a Maintenance Technician will be available with a two-hour response. This Technician will function as a first responder and will be able to address most situations without further assistance.

f. Skill Sets

Universal can provide a wide variety of skills and services for the types of work described in this RFP. Below is a brief summary of the services available for each of the type of work.

1. Adds, Moves & Changes – Once proper documentation and standards are develop, adds, moves and changes will progress quickly and easily. Any requests for this type of task would be coordinated through the Account Representative. Depending on the level of urgency and scope, they can be completed in a few days to a few weeks. With the ability to perform all cabling work in-house, a simple change can be quickly priced, contracted and completed.
2. Integration – More complex than most hardware projects, an integration project will typically start with a request to the Account Representative. Depending on the scope and complexity, the project may be quoted in one step or two. Larger and more complex projects will be quoted with a analysis / planning phase to develop the exact procedures and expenses and then a implementation phase. Integration projects will primarily involved the Systems department of Universal. This IT specific group has experience on a wide variety of integration projects ranging from the consolidation of 100+ sites of access control into one system to writing database integration scripts between access control and other systems.

3. Pilot Project Support – Depending on the scope of the pilot project, a variety of personnel and departments at Universal may be involved. If the project involves database programming, the Systems department will be part of the team. If it involves interfaces to hardware boards, our Engineering department would be part of the team. If it requires infrastructure be build, our Field Operations department can provide the cable, conduit and other structures through a work-order. Finally, depending on the technology involved, our CHAMPS program leader, Edward M. Newman and Edward J. Newman our Vice President would likely be involved.
4. Projects – New access and video projects are our bread and butter. Universal, with our in-house capabilities is confident that we can provide the best quality installation quicker and more cost effectively than any other integrator in the region. Requests for a new project, like any other, would begin with the Account Representative. Once the scope is defined, the project may move first to Engineering or directly to Field Operations where a Project Manager would be assigned and construction begun.
5. Training - Universal has experience in large scale training on access control and video security systems. Training requirements are determined on a project by project basis, working closely with the customer. Universal will coordinate pre-requisites such as basic computer knowledge and can provide classes in related areas such as this as part of a project's training program. Training programs typically include multiple classes to provide proper training for operators, system administrators and senior management with each class tailored to the user groups specific role. Training may be conducted at the customer site or in Universal's training center in Hauppauge New York. Our training center is configured to accommodate up to 24 persons as features a large screen projection system. All training programs include a curriculum, operating manuals, QuickSheets™ as well other supporting documentation. QuickSheets™ are Universal's own customized single page laminated instruction sheets for common operational tasks on the access control and video security system such as managing alarms, adding or modifying badgeholders and reporting.
6. Preventive Maintenance - Universal is by no means an installation only company. Approximately one quarter of our revenue is from service and maintenance. Most of our customers choose a Uni-Guard program which includes preventive maintenance. PMs play a critical role in maximizing the effectiveness of a system. Under this contract, the Field Maintenance Technicians would perform monthly PMs of each site with the assistance of the Maintenance Foreman. All of this work is performed by IBEW personnel as to provide harmony with any other tradespersons on the site.
7. Remedial Maintenance – When a failure is identified during normal business hours, the Field Maintenance Technicians and Maintenance Foreman will suspend any PM tasks to address the Remedial Maintenance task. Each request for service must be initiated by a Port Authority contact and called into our Service Department. This assures that the request will be properly tracked in the system for reporting and repeated failure identification. Once logged, it will often be dispatched immediately to the Maintenance Technician on the site.

g. Capability to Perform Work

General Resources

Universal Security Systems' 22,000 square foot Corporate Headquarters in Hauppauge, New York includes a dedicated server room and secure network infrastructure complete with redundant internet connections. These connections are protected by an advanced Cisco firewall. Universal also utilized centrally managed anti-virus software and Windows Security Policies to provide the maximum level of protection for the client data stored within our systems. The server room also provides a secure off site backup services for client's systems. The facility also includes an integration lab to support assembly and testing of systems for our clients. The facility also includes a training center which supports our comprehensive staff training program as well as off site customer training for up to 20 people. All critical business systems including phones, workstations and servers are supported by uninterruptible power supplies and a generator

backup. Universal Security Systems maintains a significant capital equipment inventory in our warehouses to allow for exacting installation and rapid and efficient service.

Equipment Capabilities

Universal Security Systems owns aerial lifts with capabilities up to 46'. These include both truck mounted units, self propelled articulated booms and indoor scissor lifts. Universal's array of aerial devices includes 4wd for all terrain use in remote sites or construction sites, insulated units for in close proximity to energized lines and material handling units for installation of poles and heavy objects on poles. Universal utilizes its own aerial lifts to maximize employee safety, provide improved reliability through maintainace which in turn minimizes spills and leaks and to provide faster service response not available through vendors who rely on rental equipment that may or may not be available. Universal also maintains resources in house to provide immediate transportation of this equipment anywhere in the New York metro area.

Universal also owns site storage trailers to provide temporary on-site storage for on larger projects. These allow for safe, cosmetically appealing storage of equipment and materials. The use of these trailers minimizes trip hazards, restricts access to chemicals that may be utilized as part of the project and allows for more efficient installations through on site storage instead of daily transport.

Universal utilizes a fleet of heavy-duty fully equipped service and installation vehicles. Efficiency in installation and service is achieved through the improved availability of parts and tools that is made possible by these vehicles. These vehicles all include inverter based power system to allow for installation or service where AC power may not be available of may not be functioning. This has proven a key requirement on many new construction sites and minimizes the use of portable generators that need to be fueled on site and are a common source of spills and leaks. Some of the service vehicles are equipped for all terrain use including four wheel drive and winches to allow for safe access to remote sites such as power transmission lines.

Universal's Construction Services Group utilizes its own dump trucks, backhoes, mini-excavators (with breaker and auger attachments), skid-steers, jackhammers, cement saws, conduit benders and threaders, core drills and similar heavy equipment. The use of Universal personnel and equipment to perform both infrastructure installation for electronic security systems and physical security system installation improves both installation and service effectiveness. Installations are quicker as scheduling and coordination of multiple vendors is no longer required and the client also has confidence that all personnel on the site have been properly safety certified and background checked. Service effectiveness and response is improved as all requests can be immediately handled without having to wait for or locate a subcontractor to perform specific tasks.

Universal also maintains an up to date inventory of electronic test equipment including Ethernet network analyzers, fiber optic loss testers, fiber optic time domain reflectometers, coaxial and twisted pair time domain reflectometers, RF field analyzers and oscilloscopes. All of these powerful test tools are portable and designed for in the field testing and troubleshooting. This test equipment allows for rapid troubleshooting and system restoration in the event of cable damage, RF interference or network connectivity problems.

Required Vendor Relationships

Universal Security Systems. is an authorized Lenel Value Added Reseller for the New York Metro area. Our current annual contract is enforce from April 1, 2009 to March 31, 2010 which includes the date on which these proposals are scheduled to be opened.

Universal Security Systems is an authorized Verint Video Intelligence Solutions Integrator.

Universal Security Systems is an authorized reseller for Enterprise Air (Identica)

Electrical Licensing

As previously discussed in this proposal, Universal Security Systems performs all of its electrical construction work in-house. As such, in addition to the required Security Installation licenses in New York and New Jersey, we hold a number of master electrician licenses. When required in a

jurisdiction where an officer of the Company does not hold a Master Electricians license, we have the ability to request and employ a licensed electrician through the local union hall. Applicable to this project, John Rhatigan, our Superintendent, holds a NYC Master Electrician's License. Edward Newman, our Vice President is currently pending for his NJ Master Electrician's License. We expect this license to be issued by October as Mr. Newman already holds a Master Electrician License in another jurisdiction.

h. WBE/MBE

Universal will take all reasonable possible steps to meet the MBE/WBE goals that may be required by the Port Authority as part of any project. Universal has for past projects, worked with the Economic Development Department to seek out MBEs and WBEs for consideration. As a limited amount of work will be subcontracted, it is anticipated that much of the MBE/WBE participation will be from suppliers.

i. Environmentally Preferable Products / Practices

Universal Security Systems has established itself as an industry leader in environmentally sustainable practices. Our green initiatives take on a variety of forms.

Our comprehensive recycling program is aimed at reducing landfill and waste from both our administrative and field operations. At our office, we recycle all cardboard, paper and aluminum/glass/plastic drinking containers. These programs have reduced our administrative landfill burden by over 40%. We also have a program for recycling metal waste produced during the construction of our projects. Since its inception, we have recycled between 5,000-10,000 lbs of aluminum, steel and copper every year. These programs not only reduced landfill waste but decrease damage to the environment by reducing the amount of virgin natural resources needed to produce the material for the next project.

As a large security integrator, we operate a fleet of vehicles used for construction, service and administrative activities. During the past three years, we have made a concerted effort to reduce our "oil" consumption and greenhouse gas emissions. and Hybrid vehicles.

Our offices are equipped with T8, T5HO and LED lighting fixtures as well as occupancy sensors and daylight harvesting.

a. Work Order Management Plan

Workorder Mobilization

Universal Security Systems bring many advantages to this contract for the performance of workorder projects. With the full electrical and civil construction resources in-house and the resources of the largest IBEW local in the United States, Universal can rapidly mobilize for any workorder contract. Our typical turn-around time from award to site mobilization is 4 weeks for a design-build project and is limited by the time to complete the design / engineering and receive the proper sign-offs from the client. For smaller work-orders, Universal can mobilize our existing electricians, construction mechanics and technicians with the necessary equipment including aerial lifts and trenching equipment as quickly as the next day or even the same day if necessary.

Integration and Pilot Projects

With Universal's in-house Engineering and Systems department, we can easily provide support for a wide range of non-construction related projects. From writing data exchange scripts for Lenel to deploying millimeter wave RADAR systems, we've probably already done it. Our CHAMPS program has helped us be a leader in emerging security technologies and in many cases we can provide additional assistance on pilot projects as we may already have expertise in the area.

Issues and Assumptions

Based on the pre-bid walk-thrus we conducted as part of the RFP process, our primary concerns relate to the lack of standards and documentation on the current installations. While we were only able to see a very limited amount of the systems and even less of any documentation that may exist we feel that these represent real challenges than need to be overcome in order for these systems to grown and prove successful investments for the Port. Upon award of contract, we recommend that after we complete the basic transition, we develop a work-order to complete a thorough analysis of the system. This would include documentation of all existing devices and systems, review of the quality of installation and any standards that are in place. Once complete, we recommend the development of a new comprehensive set of standards for the core access and video systems. The standardization of software, hardware and programming allow for increased reliability and reduced maintenance. This documentation and standardization will also be a critical component of any large scale consolidation of the systems to provide the compressive security situational awareness desired by the Port Authority.

b. Maintenance Management Plan

Each location will have one assigned technician to perform preventive and remedial maintenance. One supervisor / foreman will have the responsibility of traveling to and monitoring all locations. Universal's Support Services Manager, located at our Hauppauge Headquarters will coordinate all maintenance and repairs during normal business hours. In the event of an off-hours emergency, our 24/7 Emergency Dispatch routes calls to one of the Company owners ensuring someone qualified and capable of handling the situation.

Daily activities for the dedicated Maintenance Technicians and Foreman shall include preventative maintenance, general repairs, and troubleshooting. Preventative maintenance is scheduled at regular intervals and includes scheduled service to the equipment, verification of system performance, identification of deficiencies, and minor repairs when applicable. Results of each preventative maintenance shall be documented and communicated to the contract designated customer contact. All system failures will be reported as discovered with a remedial action plan. Implementation of the remedial action plan will occur upon approval.

Universal Security Systems maintains an inventory of equipment and material, which is available to be used as needed. These resources include additional lift equipment, vehicles, tools, testing

equipment and components. When needed, additional manpower is ready and available to be deployed as necessary and approved.

Upon identification and approval, Universal will make all repairs within normal business hours. If approved Universal will be prepared to offer after hour's repairs during non-business hours and weekends. Universal maintains an on call system with its technicians offering short notice repair services as necessary. Emergency service is available with a 2-hour response time. During business hours, service may be requested by calling in to our main office number. During off hours, a provided 800 number can be used for emergency service requests. Our average call back time is under 5 minutes.

Universal Security Systems prides itself in the quality of our work. If there is ever a concern about work being performed it should be reported immediately to the Support Services Manager. The Support Services Manager will immediately dispatch the Maintenance Foreman to the location to investigate any deficiencies, and make recommendations on how to correct them. The Support Services Manager will track all reports of poor performance, and will counsel and train as necessary. Technicians who fail to meet our standards will be replaced. The Support Services Manager will log all service calls into our business management system, and be responsible for their execution and follow up. Any call that has not been resolved within 24 hours will be assigned to the Maintenance Foreman who will ensure its completion. When necessary manufacturers support may be available. Generally phone support is available seven days a week. On-site assistance while rarely needed is generally available, depending on system manufacturer. Certain systems may require approval for on site technical assistance. Universal maintains a staff of fully trained technicians who have the experience and knowledge to troubleshoot and repair the most complex systems.

c. Sensitive Security Information

Due to the sensitive nature of this project, the secure management of information is an important facet of vendor selection. Universal Security Systems is a DOD certified contractor with an extensive information security implementation experience. Information security at our facility includes both physical and logical security. Physical security includes an extensive CCTV system with Access Control, Intrusion Detection, Video Analytics and Card Access with automatic pager and email notification of alarm events. Universal Security Systems also has a wide variety of document and network systems detailed below.

Universal Security Systems has designated Edward Newman, Vice President and Principal of Universal Security Systems as Chief Security Officer. Mr. Newman has over 15 years of Information Technology experience and is a Microsoft Certified Systems Engineer. Mr. Newman has supervised the design and deployment of complex IT systems for multi-million dollar security projects as well as coordinated integration of security systems into some of the largest enterprise networks in the New York Metropolitan area. Mr. Newman has experience with Microsoft Active Directory security, wireless encryption, network access control and many other aspects of network security. Universal's staff of IT personnel, which includes other Microsoft and Cisco certified personnel provide the programming and integration of network based security systems.

Universal has a large GSA Class V storage safe with dual locking devices for storage of documents requiring this level of security. This safe can hold large format drawings as well. Universal uses cross cut shredders to destroy all documents marked confidential, sensitive, etc. Universal can provide encrypted email as well as digital document signatures for electronic documents, which require additional security but may be transmitted via electronic means. These extra steps provide surety that information on your critical site's security systems does not end up in the wrong hands.

Universal maintains a high level of network security. Our Corporate LAN is protected by a Cisco firewall and remote access is provided only through a 128 bit encrypted Cisco VPN system. Our Cisco wireless network is protected with 128 bit WEP encryption and uses MAC hardware access control. All remote email devices use encrypted transmission and can also be remotely 'killed', which performs a low level format on the memory if lost or stolen. All servers and workstations are patched within 48 hours of a Microsoft security bulletin. All systems are secured with

Microsoft Domain and Active Directory controls. Universal Security Systems also has implemented group policies in which workstations are configured to auto blank and lock when not in use. Users are required to change passwords on a regular basis and passwords must meet complexity and non-repetition requirements. All PC systems utilize a centrally managed anti-virus software suite which performs scans and updates on a daily basis.

Information and procedures on the protection of Sensitive Security Information and Confidential Information are detailed in Attachment K – Non-Disclosure and Confidentiality Agreement.

CORPORATE HEADQUARTERS
310 OSER AVENUE
HAUPPAUGE NEW YORK 11788
631.951.0604 VOICE
631.951.0717 FAX
www.univsystems.com

Letter of Transmittal
The Port Authority of NY & NJ
RFP# 18473

Prepared by:
Edward Newman
July 29, 2009

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July 27, 2009

Jeanette Anderson
Port Authority of NY & NJ
One Madison Ave, 7th Floor
New York, NY 10010

Dear Madam:

Universal Security Systems, Inc. hereby submits this response to the Port Authority of NY & NJ for RFP # 18473.

Letter of Transmittal

(1) Universal Security Systems, Inc. 310 Oser Avenue, Hauppauge, NY 11788. Universal Security Systems, Inc. is a single entity and meets or exceeds all of the experience and qualification requirements of the RFP.

(2) Edward J. Newman, Vice President is authorized by Universal Security Systems, Inc. to negotiate and execute contracts on behalf of the Corporation. He can be reached by phone at 631.951.0604.

(3) Joseph Levy, Sales Manager shall be the primary point of contact for questions or issues during the RFP process.

(4) Universal Security Systems, Inc. does not expect to sub-contractor any work for the performance of the base service and maintenance of this contract. Sub-contractors may be necessary for the performance of work-orders depending on scope.

(5) Names & Residences of Officers & Proof of Corporation:

a. Theodore W. Meshover – President & Treasurer –

b. Edward J. Newman – Vice President & Secretary –

c. David Jack – Director -

d. Mitch Cohen – Director –

e. John Rhatigan – Director –

f. A copy of the Certificate of Incorporation for Universal Security Systems, Inc. and proof of good standing, true as of July 29, 2009 is attached.

Sincerely,

Edward J. Newman
Vice President & Secretary

Theodore W. Meshover
President & Treasurer

Corporate Seal

CERTIFICATE OF INCORPORATION

OF

UNIVERSAL SECURITY SYSTEMS, INC.

LAZER, APTHEKER, ROSELLA & YEDID, P.C.
ATTORNEYS AT LAW
225 Old Country Road
Melville, New York 11747
(631) 761-0800

CERTIFICATE OF INCORPORATION

OF

UNIVERSAL SECURITY SYSTEMS, INC.

Under Section 402 of the Business Corporation Law

The undersigned, being a natural person of at least eighteen (18) years of age and acting as the incorporator of the Corporation hereby being formed under the Business Corporation Law, certifies that:

FIRST: The name of the Corporation is Universal Security Systems, Inc. (the "Corporation").

SECOND: The Corporation is formed to engage in any lawful act or activity for which Corporations may be organized under the Business Corporation Law, provided that it is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body, without such consent first being obtained.

THIRD: The office of the Corporation is to be located in the County of Nassau, State of New York.

FOURTH: The aggregate number of shares which the Corporation shall have authority to issue is two hundred (200) shares of common stock, all of which are without par value and all of which are of the same class.

FIFTH: The Secretary of State is designated as the agent of the Corporation upon whom process against the Corporation may be served. The post office address within the State

of New York to which the Secretary of State shall mail a copy of any process against the Corporation served upon him is:

Lazer, Aptheker, Rosella & Yedid, P.C.
225 Old Country Road
Melville, New York 11747
Attention: Ralph A. Rosella, Esq.

SIXTH: Any one or more members of the board of directors of the Corporation or of any committee thereof may participate in a meeting of such board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time and participation by such means shall constitute presence in person.

SEVENTH: The board of directors, by vote of a majority of the entire board, shall have the power to adopt, amend or repeal the Corporation's by-laws, but any by-laws adopted by the board may be amended or repealed by the shareholders.

EIGHTH: No holder of any of the shares of any class of the Corporation shall be entitled as of right to subscribe for, purchase, or otherwise acquire any shares of any class of the Corporation which the Corporation proposes to issue or any rights or options which the Corporation proposes to grant for the purchase of shares, bonds, securities, or obligations of the Corporation which are convertible into or exchangeable for, or which carry any rights, or subscribe for, purchase, or otherwise acquire shares of any class of the Corporation; and any and all of such shares, bonds, securities or obligations of the Corporation, whether now or hereafter authorized or created, may be issued, or may be reissued or transferred if the same have been reacquired and have treasury status and any and all of such rights and options may be granted by

the board of directors to such persons, firms, Corporations and associations, and for such lawful consideration, and on such terms, as the board of directors in its discretion may determine, without first offering the same, or any thereof to any said holder. Without limiting the generality of the foregoing stated denial of any and all preemptive rights, no holder of shares of any class of the Corporation shall have preemptive rights in respect of the matters, proceedings, or transactions specified in subparagraphs (1) to (6) inclusive, of paragraph (e) of Section 622 of the Business Corporation Law.

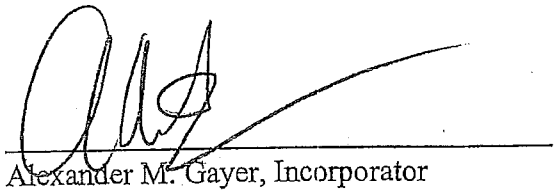
NINTH: Except as may otherwise be specifically provided in this Certificate of Incorporation, no provision of this Certificate of Incorporation is intended by the Corporation to be construed as limiting, prohibiting, denying or abrogating any of the general or specific powers or rights conferred under the Business Corporation Law upon the Corporation, upon its shareholders, bondholders, and security holders, and upon its directors, officers, and other corporate personnel, including in particular, the power of the Corporation to furnish indemnification to directors and officers in the capacities defined and prescribed by the Business Corporation Law and the defined and prescribed rights of said persons to indemnification as the same are conferred by the Business Corporation Law.

TENTH: The personal liability of the directors of the Corporation is hereby eliminated to the fullest extent permissible by the provisions of paragraph (b) of Section 402 of the Business Corporation Law, as the same may be amended and supplemented.

ELEVENTH: Whenever shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of outstanding shares having not less than the minimum number of

votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

IN WITNESS WHEREOF, this certificate has been signed this 20th day of December, 2002 by the undersigned who affirms that the statements made herein are true under the penalties of perjury.



Alexander M. Gayer, Incorporator
225 Old Country Road
Melville, New York 11747

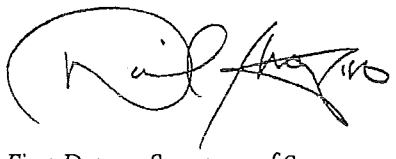
State of New York
Department of State

} ss:

I hereby certify, that the Certificate of Incorporation of UNIVERSAL SECURITY SYSTEMS, INC. was filed on 12/24/2002, with perpetual duration, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation.

***

WITNESS my hand and the official seal of the Department of State at the City of Albany, this 20th day of July two thousand and nine.



First Deputy Secretary of State

200907210237 88

N. Y. S. DEPARTMENT OF STATE
DIVISION OF CORPORATIONS AND STATE RECORDS ALBANY, NY 12231-0001

FILING RECEIPT

ENTITY NAME: UNIVERSAL SECURITY SYSTEMS, INC.

DOCUMENT TYPE: INCORPORATION (DOM. BUSINESS) COUNTY: NASS

SERVICE COMPANY: SERVICO SERVICE CODE: 35 *

FILED:12/24/2002 DURATION:PERPETUAL CASH#:021224000162 FILM #:021224000157

ADDRESS FOR PROCESS
LAZER, APTHEKER, ROSELLA & YEDID, P.C.
ATTN: RALPH A. ROSELLA, ESQ. 225 OLD COUNTRY ROAD
MELVILLE, NY 11747

EXIST DATE
12/24/2002

REGISTERED AGENT

STOCK: 200 NPV

FILER

LAZER,APTHEKER,ROSELLA & YEDID, P.C
ATTORNEYS AT LAW
225 OLD COUNTRY ROAD
MELVILLE, NY 11747

FEES		PAYMENTS	
	160.00		160.00
FILING	125.00	CASH	0.00
TAX	10.00	CHECK	0.00
CERT	0.00	CHARGE	0.00
COPIES	0.00	DRAWDOWN	160.00
HANDLING	25.00	BILLED	0.00
		REFUND	0.00

30656 DOS-1025 (11/89)

STATE OF NEW JERSEY

BUSINESS REGISTRATION CERTIFICATE

DEPARTMENT OF TREASURY/
DIVISION OF REVENUE
PO BOX 252
TRENTON, N J 08646-0252

TAXPAYER NAME:

UNIVERSAL SECURITY SYSTEMS INC

ADDRESS:

310 OSER AVENUE
HAUPPAUGE NY 11788

EFFECTIVE DATE:

02/25/09

TRADE NAME:

SEQUENCE NUMBER:

1469044

ISSUANCE DATE:

02/25/09

James J. Fusciano

Director
New Jersey Division of Revenue

FORM BRC

This Certificate is NOT assignable or transferable. It must be conspicuously displayed at above address.

CORPORATE HEADQUARTERS
310 OSER AVENUE
HAUPPAUGE NEW YORK 11788
631.951.0604 VOICE
631.951.0717 FAX
www.univsystems.com

Executive Summary for The Port Authority of NY & NJ RFP # 18473

Thank you for providing us with the opportunity to propose for the providence of services and materials for the enhancement and maintenance of the airport security control systems at John F. Kennedy International, LaGuardia and Newark Liberty International Airports. Universal Security Systems is uniquely qualified to provide the Port Authority with both the products that have been standardized on by the Port Authority as well as the services necessary to install and maintain this equipment.

Founded in 1992, Universal Security Systems, Inc. has grown rapidly to become a leading provider of electronic and physical security solutions. Universal Security develops comprehensive integrated control and monitoring systems to solve our customer's security, safety and management needs. Universal Security Systems clientele include Utilities, Municipalities, Transportation and Government Agencies in the New York City metro area. Universal Security Systems provides a diverse range of electronic systems including: access control, intrusion detection, closed circuit video, time and attendance, as well as personnel and vehicle management. Universal Security Systems also provides physical security systems including, gates and gate operators, pedestrian turnstiles, automatic bollards, crash resistant barriers and security fencing. We do NOT build, sell or install phone systems, airplanes, computers, weapons systems or other items that would distract us from our core business.

Universal's business model includes all work performed as part of the security project. This means that we are a full-fledged installation company providing and installing every piece from the concrete to the cable and conduit to the security devices. Universal does NOT use subcontractors for the installation of cable and conduit or equipment. All work is performed by Universal's full time employees, all of which undergo fingerprinting and background checks as well as extensive OSHA safety training. Universal is licensed in both New York and New Jersey for the installation of electronic security systems and is a NYC Licensed Master Electrical Contractor. Our NJ Master Electrical License is currently pending. We expect it to be issued prior to the inception of this contract.

Recognized by SDM Magazine as an Honoree for Integrator of the Year in 2006, Universal Security Systems has completed over $60 million in security projects. These completed and ongoing projects include work for key infrastructure and government clients in the New York Metro area. Among these are:

- SUNY System - Stony Brook (Lenel), Farmingdale (Lenel), Levin Institute (Lenel) and NCC (Lenel)
- United Nations – UN Plaza 1, 2 & 3 (Lenel)
- Government - NYC DOT (Lenel), Suffolk County (Lenel)
- Commercial - Canon USA (Lenel), Citgo / NuStar Refineries (Lenel)
- Utilities - Con Edison (150+ sites), LIPA (Lenel), US Power Gen. (Lenel)

The following is a summary list of reasons Universal Security Systems should be selected for this project:

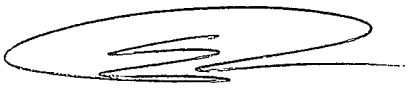
- **Engineering Experience** - Proven ability to design and engineer electronic security systems for critical infrastructure facilities
- **Installation Experience** - 17 years of knowledge and experience installing integrated CCTV and Access Control in critical infrastructure facilities. Unlike most other companies who sub-contract most or all of their work. Universal prides itself in performing 99% of its contracted work in-house. This includes all electrical construction (cable & conduit), civil work (trenching & concrete), lock-setting (door hardware) and IT (computers and network). By owning the project end to end, we can provide better quality and better value.
- **Service & Maintenance Experience** – With approximately one quarter of our revenues from Service & Maintenance contracts, Universal puts a focus on providing the top quality service. Off

hours requests for Emergency Service are dispatched by the two owners of the Company eliminate problems with persons not empowered to make decisions at these critical times.

- **Lenel** - Universal Security Systems. is an authorized Lenel Value Added Reseller for the New York Metro area. Universal has numerous Lenel certified personnel and experience servicing Lenel systems with over 800 readers.
- **Verint** - Universal Security Systems is an authorized Verint Video Intelligence Solutions Integrator. Universal is currently working on some high-profile projects with Verint including the 9-11 Memorial.
- **No Subcontractors** - All personnel for this project, including engineering, construction, electrical and information systems are direct permanent employees. In addition, all employees have been fingerprinted and have completed thorough background checks.
- **Resources** – Universal's 22,000 sq-ft Headquarters on Long Island stocks over half a million dollars in product for service & maintenance support. Our fleet of service and installation vehicles and equipment means that, whether you need a bucket truck with a material handler to place a pole or a Bobcat excavator to dig trench, the equipment can be made available any time of day, any day of the year if the situation warrants it.
- **IBEW Union Affiliation** - Universal Security Systems is affiliated with NECA (National Electrical Contractor's Association) and the IBEW (International Brotherhood of Electrical Workers). Universal Security Systems is signatory to a number of contracts including local low voltage, electrical maintenance and "A" construction. Not only does this mean you get the best qualified personnel, but it eliminates any job-site harmony or prevailing wage problems.
- **Training Program** – Through the IBEW/NECA Joint Apprentice Training Centers, Universal personnel receive the best training in the industry. The JATC Apprentice program consisting of 1,000 hours of classroom instruction and 8,000 hours of on-the-job training is the ONLY program recognized by New York State, the State of New Jersey and the US Department of Labor.
- **Proper Skill Set** - Universal Security Systems is a security systems integrator. This project is exactly what we do. We are not an electrical contractor, we don't sell phones or PA systems, we don't build airplanes or missiles... we design, install and service integrated CCTV and Access Control Systems.
- **Financial Stability** - Universal Security Systems is a financially stable company with continuous profitable growth over the past 5 years. In 2008 our revenues were approx. $9.3 million. We have an established line of credit with a major banking institution and a $6.0m bonding program.
- **CHAMPS Program** - Commercial and Homeland security Applications for Military Products and Systems. This program evaluates the commercial feasibility of military products and systems in the security market. The program has led to early deployments of thermal imaging systems, millimeter wave search and tracking RADARs, digital video analytic software, GIS mapping software and non lethal behavioral modification equipment.
- **NYS OGS Contract** - Universal Security Systems has been awarded a New York State OGS contract to provide Security Solutions to various State and Local agencies. This contract includes Lenel, Verint and other major product lines.
- **Recognition** - In 2006, Universal Security Systems was recognized by SDM Magazine as a 2006 Integrator of the Year Honoree, one of three in the Country.

Thank you again for this opportunity and we look forward to working with you on this project.

Sincerely,



Edward J. Newman
Vice President

CORPORATE HEADQUARTERS
310 OSER AVENUE
HAUPPAUGE NEW YORK 11788
631.951.0604 VOICE
631.951.0717 FAX
www.univsystems.com

Licenses & Certifications
The Port Authority of NY & NJ
RFP# 18473

Prepared by:
Edward Newman
July 29, 2009

UNIQUE ID NUMBER
12000087181

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control No. 38339

PURSUANT TO THE PROVISIONS OF ARTICLE 6D OF THE GENERAL BUSINESS LAW AS IT RELATES TO THE BUSINESS OF INSTALLING, SERVICING, OR MAINTAINING SECURITY OR FIRE ALARM SYSTEMS

EFFECTIVE DATE
MO. 09 | DAY 13 | YR. 07

EXPIRATION DATE
MO. 09 | DAY 12 | YR. 09

UNIVERSAL SECURITY SYSTEMS INC
310 OSER AVE
HAUPPAUGE, NY 11788

HAS BEEN DULY LICENSED TO ENGAGE IN THE BUSINESS OF INSTALLING, SERVICING, OR MAINTAINING SECURITY OR FIRE ALARM SYSTEMS

QUALIFIER: MESHOVER THEODORE W

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.
LORRAINE A. CORTES-VAZQUEZ
SECRETARY OF STATE

DOS-1098 (Rev. 3/01)

Lenel Systems International, Inc.
1212 Pittsford-Victor Road
Pittsford, New York 14534
Tel 585.248.9720 Fax 585.248.9185
www.lenel.com

LENEL
A UTC Fire & Security Company

July 27, 2009

To Whom It May Concern:

Lenel Systems International, Inc. hereby confirms that Universal Security Systems, Inc.,310 Oser Ave., Hauppage NY 11788 has, on the date of this letter and continuing through March 31, 2010 an agreement with Lenel that authorizes Universal Security Systems, Inc. to market, resell and implement Lenel products and support services in New York – only the following Counties: Rockland, Westchester, Bronx, New York, Queens, Kings, Richmond, Nassau, Suffolk; and New Jersey – only the following Counties: Sussex, Passaic, Bergen, Hudson, Essex, Morris, Warren, Hunterdon, Somerset, Union, Middlesex, Mercer, Monmouth; and the following entity: NuStar Asphalt Refining located at 4 Paradise Road, Paulsboro, NJ 08066.

Sincerely,

Luis Orbegoso
President
Lenel Systems International

VERINT
IP Video Made Easy

Verint Video Solutions
Eastern Regional Sales Office
14900 Conference Center Drive, Suite 100

Universal Security Systems, Inc.
310 Oser Avenue
Hauppauge, NY 11788
Tel (631) 951-0604 ext.137
Cell (516) 807-1107
Fax (631) 951-0717
www.univsystems.com Chantilly, VA 20151

Verint Video Solutions strives to provide its customers with only the best service and support available. As such any potential Verint Integrators undergo both a stringent credit screening but also must fulfill a commitment to extensive training. Additional requirements of Integrator applications include an onsite visit to the prospective dealer's office and a review of their technical qualifications. After fulfillment of these criteria, the dealer can then move forward with making arrangements for entering into the training phase of the process. Once they have successfully completed and passed the training phase, a letter of certification will be issued to the technician and an invitation to become an integrator is sent out to the company with the necessary contract documents to be signed and returned. Only after this process is completed will the dealer be listed as a signed "Authorized Integrator" and be eligible to sell, warranty and service Verint installed equipment. Verint reserves the right to refuse technical support requested by a non-authorized dealer and if such work is preformed, can void any remaining factory warranty on the system.

Verint is pleased to provide this document as a factory certification for Universal Security Systems, Inc. as a Preferred Dealer Channel and a Premier provided of sales and support for Verint Video Solutions products and technologies.

Warmest Regards,

Regards,

William L Eckard

Verint Video Solutions

Verint Video Solutions Enterprise Division New York Office Washington D.C. office Phone: 631-962-9758 Phone: 703-622-8732

Verint Video Solutions is a Division of Verint Inc. a publicly traded company listed on the NASDAQ under the symbol VRNT http://www.verint.com/

identica™
Undeniable Identity

Identica Holdings Corporation Phone: 813.642.3479
3825 Henderson Blvd., Ste 605A Fax: 813.774.4725
Tampa, Florida 33629
www.identicacorp.com

July 29, 2009

Edward J. Newman

Universal Security Systems, Inc.

310 Oser Avenue

Hauppauge, NY 11788

Dear Ed Newman:

This letter is to certify that Identica Holdings Corporation acknowledges that Universal Security Systems, Inc. is an authorized dealer of its mobile handheld application. This includes all hardware, software and services which compose of the handheld application.

Sincerely,

Richard Friedman

Identica Holdings Corporation

FORM 6--SURETY AFFIDAVIT *(to be completed by bonding company).*

STATE OF NEW JERSEY- DIVISION OF PROPERTY MANAGEMENT AND CONSTRUCTION

*Please note: Surety Company completing this form must currently be authorized to do business in the State of New Jersey.

TO:	FIRM NAME	Universal Security Systems, Inc.
FROM:	SURETY COMPANY NAME	American Fire and Casualty Company
SUBJECT:	Classification to perform Construction for the State of New Jersey :	

Reserving our rights to practice our normal underwriting functions, we are prepared to provide favorable consideration for the suretyship on behalf of Universal Security Systems, Inc (Name of Contractor) covering construction performance and payment bonds for construction contracts in the aggregate amount of outstanding contracts during the twenty four (24) month period 7/16/09 (date).

The applicant firm's bonding capacity is; Aggregate: $ 6,000,000.

The surety amount indicated is based upon the applicant's financial report for the fiscal period ending 12/31/08. ☐ compiled ☒ reviewed ☐ audited

Our willingness to extend suretyship will be based on our underwriting of the account at the time the contractor requests approval. We, as surety, will maintain the absolute discretion to issue or withhold bonds as to each project which the contractor may seek to bid.

In writing bonds for the applicant firm, does the surety company rely on the indemnity of any individual(s) or any other firm(s)?

☐ NO ☒ YES If YES, supply names and addresses of others: _____

NOTARY PUBLIC

ATTESTED: Sworn and subscribed to before me

on the 16 day of July

SIGNATURE [signature] 20 09

Aiza Lopez

(NOTARY SEAL)

AIZA LOPEZ
NOTARY PUBLIC
MY COMMISSION EXPIRES DEC. 31, 2013

SURETY COMPANY

American Fire and Casualty Company

BY: [signature]

Stacy Rivera, Attorney-In-Fact (Signature-Capacity) 7/16/09 (Date)

ADDRESS: 425 Eagle Rock Avenue, Roseland, New Jersey 07068

TELEPHONE NO: 973-228-5872

(If signed by an individual other than an Authorized Officer, include properly executed Power of Attorney.)

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

CERTIFIED COPY OF POWER OF ATTORNEY
AMERICAN FIRE AND CASUALTY COMPANY

No. 42-315

Know All Men by These Presents: That THE AMERICAN FIRE AND CASUALTY COMPANY, an Ohio Corporation, pursuant to the authority granted by Article III, Section 9 of the Code of Regulations and By-Laws of American Fire And Casualty Company, does hereby nominate, constitute and appoint: **Martin J. Lyons, Jean O' Brien, Jeannette Porrini or Stacy Rivera** of New York, New York its true and lawful agent (s) and attorney (s)-in-fact, to make, execute, seal and deliver for and on its behalf as surety, and as its act and deed any and all BONDS, UNDERTAKINGS, and RECOGNIZANCES, not exceeding in any single instance **THREE MILLION ($3,000,000.00) Dollars**, excluding, however, any bond(s) or undertaking(s) guaranteeing the payment of notes and interest thereon

And the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Fairfield, Ohio, in their own proper persons.
The authority granted hereunder supersedes any previous authority heretofore granted the above named attorney(s)-in-fact.

In WITNESS WHEREOF, the undersigned officer of the said American Fire and Casualty Company has hereunto subscribed his name and affixed the Corporate Seal of the said American Fire and Casualty Company this **27th** day of **April, 2009.**

J. Timothy D'Errico, Assistant Secretary

STATE OF OHIO,
COUNTY OF BUTLER

On this **27th** day of **April, 2009** before the subscriber, a Notary Public of the State of Ohio, in and for the County of Butler, duly commissioned and qualified, came **J. Timothy D'Errico, Assistant Secretary** of AMERICAN FIRE AND CASUALTY COMPANY, to me personally known to be the individual and officer described in, and who executed the preceding instrument, and he acknowledged the execution of the same, and being by me duly sworn deposes and says, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and the said Corporate Seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.
IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal at the City of Hamilton, State of Ohio, the day and year first above written.

Cheryl S. Gregory
Notary Public in and for County of Butler, State of Ohio
My Commission expires August 5, 2012.

This power of attorney is granted under and by authority of Article III, Section 9 of the Code of Regulations and By-Laws of American Fire And Casualty Company, extracts from which read:

Article III, Section 9. Appointment of Attorneys-in-Fact. The Chairman of the Board, the President, any Vice-President, the Secretary or any Assistant Secretary of the corporation shall be and is hereby vested with full power and authority to appoint attorneys-in-fact for the purpose of signing the name of the corporation as surety to, and to execute, attach the seal of the corporation to, acknowledge and deliver any and all bonds, recognizances, stipulations, undertakings or other instruments of suretyship and policies of insurance to be given in favor of any individual, firm, corporation, partnership, limited liability company or other entity, or the official representative thereof, or to any county or state, or any official board or boards of any county or state, or the United States of America or any agency thereof, or to any other political subdivision thereof

This instrument is signed and sealed as authorized by the following resolution adopted by the Boards of Directors of the Companies on October 21, 2004:

RESOLVED, That the signature of any officer of the Company authorized under Article III, Section 9 of its Code of Regulations and By-laws and the Company seal may be affixed by facsimile to any power of attorney or copy thereof issued on behalf of the Company to make, execute, seal and deliver for and on its behalf as surety any and all bonds, undertakings or other written obligations in the nature thereof; to prescribe their respective duties and the respective limits of their authority; and to revoke any such appointment. Such signatures and seal are hereby adopted by the Company as original signatures and seal and shall, with respect to any bond, undertaking or other written obligations in the nature thereof to which it is attached, be valid and binding upon the Company with the same force and effect as though manually affixed.

CERTIFICATE

I, the undersigned Assistant Secretary of American Fire and Casualty Company, do hereby certify that the foregoing power of attorney, the referenced By-Laws of the Company and the above resolution of its Board of Directors are true and correct copies and are in full force and effect on this date.
IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Company this **16** day of **July** A.D., **2009**

Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-513-867-3471 between 9:00 am and 4:30 pm EST on any business day

AMERICAN FIRE and CASUALTY COMPANY

FINANCIAL STATEMENT - DECEMBER 31, 2008

ASSETS

Cash		$ 14,074,065.00
Bonds		104,237,440.00
Stocks		1,009,400.00
Real Estate (less encumbrances)		-
Premiums and Considerations		18,296,914.00
Investment Income Due and Accrued		979,349.00
Reinsurance Recoverable		9,304,843.00
Other Assets		9,329,372.00
Total Assets		$ 157,231,383.00

LIABILITIES

Reserve for Outstanding Losses		$ 75, 726,632.00
Reserve for Unearned Premiums		25,294,731.00
Reserve for Taxes and Expenses		4,804,780.00
Ceded Reinsurance Premium Payable		12,555,501.00
Other Liabilities		3,072,614.00
Total Liabilities		$ 121,454,258.00
Capital Stock	$ 3,374,043.00	
Net Surplus	32,403,082.00	
Policyholders Surplus		$ 35,777,125.00
Total Liabilities, Capital Stock and Surplus		$ 157,231,383.00

State of Ohio)
County of Butler) SS.:

Gary R. Gregg, being duly sworn says: That he is President of American Fire and Casualty Company of Hamilton, Ohio; that said Company is a corporation duly organized, existing and engaged in business as a Surety by virtue of the laws of the State of Ohio and has duly complied with all the requirements of the laws of the said State applicable to said Company and is duly qualified to act as Surety under such laws; that said Company has also complied with and is duly qualified to act as Surety under the Act of Congress of July 30, 1947 (6 U.S.C. 6-13); that to the best of his knowledge and belief the above statement is a full, true and correct statement of the financial condition of said Company on the 31st day of December, 2008.

Sworn to before me this 17th day of February, 2009.

Cheryl S. Gregory

Cheryl S. Gregory, Notary Public
My Commission Expires August 5, 2012.

Gary R. Gregg, President

CORPORATE HEADQUARTERS
310 OSER AVENUE
HAUPPAUGE NEW YORK 11788
631.951.0604 VOICE
631.951.0717 FAX
www.univsystems.com

Attachments
The Port Authority of NY & NJ
RFP# 18473

Prepared by:
Edward Newman
July 29, 2009

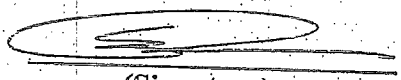
ATTACHMENT A

AGREEMENT ON TERMS OF DISCUSSION

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

Notwithstanding the above, and without assuming any legal obligation, the Port Authority will employ reasonable efforts, subject to the provisions of the Authority's Freedom of Information Policy and Procedure adopted by the Port Authority's Board of Commissioners on November 20, 2008, which may be found on the Authority website at *http://www.panynj.gov/AbouttthePortAuthority/ContactInformation/foi_policy.html*, not to disclose to any competitor of the undersigned, information submitted which are trade secrets or is maintained for the regulation or supervision of commercial enterprise which, if disclosed, would cause substantial injury to the competitive position of the enterprise, and which information is identified by the Proposer as proprietary, which may be disclosed by the undersigned to the Port Authority as part of or in connection with the submission of a proposal.

UNIVERSAL SECURITY SYSTEMS, INC.
(Company)


(Signature)

Edward J. Newman
Vice President
(Title)

7/21/09
(Date)

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

ATTACHMENT M - Certified Environmentally Preferable Products/Practices

Proposer Name: UNIVERSAL SECURITY SYSTEMS **Date:** 7/28/09

In line with the Port Authority's efforts to promote products and practices which reduce our impact on the environment and human health, Proposers are encouraged to provide information regarding their environmentally preferable/sustainable business practices as they relate to this contract wherever possible. Proposers must complete this form and submit it with their response, if appropriate. Proposers must submit appropriate documentation to support the items for which the Proposer indicates a "Yes" and present this documentation in the proper sequence of this Attachment.

1. **Packaging**

Has the Proposer implemented any of the following environmental initiatives? **(A checkmark indicates "Yes")**

____ Use of corrugated materials that exceed the EPA recommended post-consumer recycled content
____ Use of other packaging materials that contain recycled content and are recyclable in most local programs
____ Promotes waste prevention and source reduction by reducing the extent of the packaging and/or offering packaging take-back services, or shipping carton return
____ Reduces or eliminates materials which have been bleached with chlorine or chlorine derivatives
____ Eliminates any packaging that may contain polyvinyl chloride (PVC), or polystyrene or heavy metals

If yes, a description of the practices being followed must be included with the submission.

2. **Business Practices / Operations / Manufacturing**

Does the Proposer engage in practices that serve to reduce or minimize an impact to the environment, including, but not necessarily limited to, the following items? **(A checkmark indicates "Yes")**

✓ Recycles materials in the warehouse or other operations
✓ Use of alternative fuel vehicles or vehicles equipped with diesel emission control devices for delivery or transportation purposes
✓ Use of energy efficient office equipment or signage or the incorporation of green building design elements
____ Use of recycled paper (that meets federal specifications) in their marketing and/or resource materials
____ Other sustainable initiative

If yes, a description of the practices being followed must be included with the submission.

3. **Training and Education**

Does the Proposer conduct/offer a program to train or inform customers and employees of the environmental benefits of the products to be offered under this contract, and/or does the Proposer conduct environmental training of its own staff?

☐ Yes ☑ No If yes, Proposer must attach a description of the training offered and the specific criteria targeted by the training.

4. **Certifications**

Has the Proposer or any of its manufacturers and/or subcontractors obtained any of the following product / industry certifications? **(A checkmark indicates "Yes")**

____ ISO 14000 or adopted some other equivalent environmental management system
____ Other industry environmental standards (where applicable), such as the CERES principles, LEED Certification, C2C Protocol, Responsible Care Codes of Practice or other similar standards
____ Third Party product certifications such as Green Seal, Scientific Certification Systems, Smartwood, etc.

If yes, Proposers must attach copies of the certificates obtained.

5. **Other Environmental Criteria**

Proposers are encouraged to respond to criteria specifically indicated in this RFP as "Management Approach" (and attach the appropriate documentation) to receive consideration in the evaluation.

I hereby certify, under penalty of the law that the above statements are true and correct.

_____ **Name** 7/28/09 **Date**

Edward J. Newman
Vice President

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

The following forms have been organized to provide a standardized mechanism for responding to the Qualifications and Information requirements of this Request for Proposal. THESE FORMS ARE NOT A SUBSTITUTE FOR A WRITTEN PROPOSAL; THEY ARE INTENDED TO SUMMARIZE KEY INFORMATION IN THE PROPOSAL AND MUST BE SUBMITTED WITH THE PROPOSAL.

The information in these forms has been ordered for ease of review and comparison of responses. Each part of a form represents a collection of related information that may have been described or specified in different, separate, and non-contiguous areas of this document.

Each of the parts of a form carries a reference to the area in the Request for Proposal where the definition of the information requested may be found. Such references, however, are presented as an aid to the Proposer, and in no way imply that other, unreferenced Sections are to be ignored with respect to a form or any of its parts. It is the responsibility of the Proposer to apply the entire Request for Proposal information and definitions, as needed, to prepare the following statements.

1. Prime Proposer's Business Information

- Check how bid will be submitted:

☒ Single Entity ☐ Joint Venture

If a Joint Venture, each participant in such Joint Venture must submit all the information that is required for a single entity. A complete set of forms must be provided for each participant in a joint venture.

Indicate the type of work generally performed with your own work force.

ENGINEERING, DESIGN, INSTALLATION, SERVICE AND MAINTENANCE OF ELECTRICAL AND PHYSICAL SECURITY SYSTEMS.

- Indicate which part of the work indicated in this Request For Proposal you plan on performing with your own forces and what work you plan on sub-contracting to another firm?

  - Work to be performed with own forces:

ALL ENGINEERING, DESIGN, INSTALLATION, SERVICE AND MAINTENANCE OF NEW AND EXISTING ELECTRONIC AND PHYSICAL SECURITY SYSTEMS INCLUDING ALL CIVIL WORK

  - Work to be performed with sub-Proposers:

- LARGE ASPHALT INSTALLATION PROJECTS
- HEAVY RIGGING

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

2. Proposer's General Business Information

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Universal Security Systems, Inc.

Name(s) of Proposed Subcontractor :

☐ Statement submitted by:

Name of Organization: Universal Security Systems, Inc.

Address: 310 Oser Avenue
Hauppauge, NY 11788

Telephone No.: 631-951-0604

Name of Contact Person: Edward J. Newman

Title: Vice President

Address (if not above).

Telephone No (if not above).:

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

3. Additional Information about Proposer Company:

This form must be completed by each organization included in the proposal	
Primary Proposer's Name	: UNIVERSAL SECURITY SYSTEMS, INC.
Name(s) of Proposed Subcontractor	:

Primary Banking Institution:	TD BANK
Institution Address:	425 ROUTE 347 HAUPPAUGE, NY 11788
Banking Representative:	KEVIN MILETI
Representative Phone #:	631-979-5088
Proposer's Federal EIN:	Exemption (1/4)
Proposer's D&B #:	79-921-1784
Other Credit Service Name:	N/A
Proposer's # with Other Service	N/A

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

4. Certifications and Validations

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Universal Security Systems, Inc.

Name(s) of Proposed Subcontractor : _____

Is your firm in a certified Lenel relationship as described in the Request for Proposal?

☒ Yes ☐ No

Does your firm have the required certification(s) and/or license(s) described under the Request for proposal?

☒ Yes ☐ No

If No, indicate how you plan on meeting this requirement:

_____

_____

➢ **Submit documentation of required certification(s) and/or license(s)**

ATTACHMENT J

PROPOSER QUALIFICATION FORMS

5. Other Submissions

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Universal Security Systems, Inc.

Name(s) of Proposed Subcontractor : _____

Has your firm reviewed **Attachment A, "Agreement on Terms of Discussion"**, and submitted a copy of that attachment signed by an authorized representative of all parties participating in your proposal?

☒ Yes ☐ No

Has your firm reviewed **NDA, Security Information Handbook** prior to signing the letter of transmittal?

☒ Yes ☐ No

If your firm reviewed **NDA, Security Information Handbook** and could not make the required certifications, has your firm enclosed an explanation of that inability?

☐ Yes ☐ No

ATTACHMENT J - PROPOSER QUALIFICATION FORMS
6. Relevant Experience and Past Performance

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Universal Security Systems Inc.

Name(s) of Proposed Subcontractor : _____

- Has your firm ever failed to complete any security system support contract awarded it? ☐ Yes ☒ No
  If yes, describe the circumstances on a separate piece of paper.
- In the last five years, has your firm ever failed to substantially complete a contract in a timely manner? ☐ Yes ☒ No
  If yes, describe the circumstances on a separate piece of paper.

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Date Completed	Contract Price **	Percent of Work Performed By Own Forces
United Nations Plaza CCTV & Access Control	United Nations Development Corporation	WO	9/08	756,000	100%
Army Aviation Support Facility CCTV & Access Control	NYS Department of Military & Naval Affairs	WO	11/07	290,000	100%
NuStar Energy Access Control & Vehicle Gates	NuStar	WO	3/08	353,000	100%
SUNY Stony Brook Access Control & CCTV	SUNY Stony Brook	M/WO	2005-Current	est. 2 mil	100%
Con Edison Energy Control Center Access Control & CCTV	Con Edison	WO	2/06	350,000	100%

Notes: Use additional copies of this form, if needed
*** Include Name, Address and Phone No. of Reference Contact**
****Indicate amount of Proposer's contract and if work was done as a Prime Contractor or Subcontractor**

ATTACHMENT J - PROPOSER QUALIFICATION FORMS

7. Key Personnel

This form must be completed by each organization included in the proposal

Primary Proposer's Name : _____

Name(s) of Proposed Subcontractor : _____

Name	Position	Date started with this organization	Date started in profession	Prior relevant positions and experience
THEODORE MESHOVER	PRESIDENT	1991	1991	SEE ATTACHED RESUME
DAVID JACK	DIRECTOR OF OPERATIONS	6/25/06	1994	"
EDWARD NEWMAN	VICE PRESIDENT	2/22/98	1997	"
MITCH COHEN	DIR OF ENGINEERING	7/16/07	1989	"
KATHRYN MOUSSET	SYSTEMS MANAGER	3/31/03	2001	"
JOHN RHATIGAN	SUPERINTENDENT	10/23/07	1994	"

Notes: Include a resume for each individual listed
Use additional copies of this form, if needed

ATTACHMENT J - PROPOSER QUALIFICATION FORMS

2. Work on Hand / Bids Submitted

This form must be completed by each organization included in the proposal

Primary Proposer's Name : Universal Security Systems, Inc.

Name(s) of Proposed Subcontractor : _____

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Contract Price **	Scheduled Completion Date
		WO	2,000,000	TBD
		WO	2,000,000	2011
NYC DOT Staten Island Ferry Local Access, Local Video	NYC DOT	WO	322,000	9/09
SUNY Stony Brook Local Access, Panasonic CCTV	SUNY Stony Brook	M	1,000,000	2012

BIDS SUBMITTED:

Project Name, Location and Description	Owner *	Work Order (WO) or Maintenance (M) Work Category	Bid Price **	Low Bidder (Yes or No)	Anticipated Award Date/ Contract Duration
NYC DOT Staten Island Ferry	NYC DOT	WO	2.5 mil	Opens 7/30	

Notes: * Include Name, Address and Phone No. of Reference Contact

**Indicate amount of Proposer's contract and if work was done as a prime or general Subcontractor

REFERENCES:

Con Edison Company of New York
4 Irving Place
New York, NY 10003
Dominic Grassi

Exemption (1)

State University of New York at Stony Brook
Stony Brook, NY 11794
James Lang

Exemption (1)

United Nations Development Corporation
Amanda Bennett
2 United Nations Plaza
New York, NY 10017

NYC Department of Transportation
George Paddy Mahoney
1 Bay St.
Staten Island, NY 10301

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date May 29, 2009

ADDENDUM #1

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS NETWORK COMPUTING RESOURCE MANAGEMENT SERVICES

☒ Due back on July 8, 2009, no later than 2:00 PM

☐ Originally due on , no later than

The following changes are hereby made in the documents:

THE SITE INSPECTIONS ARE RESCHEDULED TO THE FOLLOWING DATES LISTED BELOW:

Thursday, June 11, 2009, at 9:00am, Building 14, at John F. Kennedy International Airport
Thursday, June 11, 2009 at 2:00pm, Central Terminal Building 3870 at LaGuardia Airport
Friday, June 12, 2009 at 9:00am, Building 1, at Newark Liberty International Airport

Proposers that are interested in attending the site inspections scheduled June 11 – 12, 2009 must call Courtney Fong at (212) 435-3848 no later than noon on Tuesday, June 9, 2009.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

PS11All

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

BIDDER'S/PROPOSER'S FIRM NAME: UNIVERSAL SECURITY SYSTEMS, INC.

INITIALED: _____

DATE: 6/22/09

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date : June 22, 2009

ADDENDUM #2

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS NETWORK COMPUTING RESOURCE MANAGEMENT SERVICES

☐ Due back on , no later than

☒ Originally due on July 8, 2009, no later than 2:00PM

The following changes are hereby made in the documents:

1. THE SITE INSPECTIONS ARE SCHEDULED ON THE FOLLOWING DATES:

Tuesday, June 30, 2009 at 9:00am, Central Terminal Building 3870 at LaGuardia Airport
Tuesday, June 30, 2009 at 1:00 pm, Building 14, at John F. Kennedy International Airport
Wednesday, July 1, 2009 at 9:30am, Building 1, at Newark Liberty International Airport

Proposers that are interested in attending the site inspections scheduled June 30, 2009 – July 1, 2009 must call Courtney Fong at (212) 435-3848 no later than noon on Friday, June 26, 2009.

2. COMMUNICATIONS REGARDING THIS REQUEST FOR PROPOSALS (RFP)

All questions regarding this RFP should be submitted in writing to the Buyer at the address or facsimile number listed on the cover page of the RFP document, no later than July 7, 2009 at 3:00 PM.

3. PROPOSAL DUE DATE IS RESCHEDULED FOR WEDNESDAY, JULY 15, 2009 AT 2:00 PM.

4. Sign-In Sheet for Site Inspection held on June 11, 2009 – June 12, 2009 attached hereto.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

BIDDER'S/PROPOSER'S FIRM NAME: UNIVERSAL SECURITY SYSTEMS, INC.

INITIALED: _____

DATE: 6/23/09

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date : July 9, 2009

ADDENDUM #3

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

☒ Due back on July 29, 2009, no later than 2:00PM

☒ Originally due on July 15, 2009, no later than 2:00PM

The following changes are hereby made in the documents:

1. Sign-In Sheets for Site Inspection held on June 30, 2009 and July 1, 2009 attached hereto.
2. See attached handbook entitled: "The Port Authority of New York & New Jersey - Information Security Handbook"
   dated October 15, 2008, corrected as of February 9, 2009.
3. Proposal Due Date is extended to Wednesday, July 29, 2008 no later than 2:00p.m.
4. See attached Questions and Responses.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

BIDDER'S/PROPOSER'S FIRM NAME: UNIVERSAL SECURITY SYSTEMS, INC.

INITIALED: _____

DATE: 7/10/09

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO
Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
PURCHASING SERVICES DIVISION
ONE MADISON AVENUE 7TH FL.
NEW YORK, NY 10010

Date : July 10, 2009

ADDENDUM #4

To prospective bidders/proposers on bid/RFP # 18473 for SERVICES AND MATERIALS FOR THE ENHANCEMENT AND MAINTENANCE OF THE AIRPORT SECURITY CONTROL SYSTEMS (ASCS) AT JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS

☒ Due back on July 29, 2009, no later than 2:00PM

☐ Originally due on , no later than

The following changes are hereby made in the documents:

1. Proposal Due Date is Wednesday, July 29, 2009 no later than 2:00p.m.

4. See attached Questions and Responses.

This communication should be initialed by you and annexed to your bid/proposal upon submission.

In case any bidder/proposer fails to conform to these instructions, its bid/proposal will nevertheless be construed as though this communication had been so physically annexed and initialed.

THE PORT AUTHORITY OF NY & NJ

JANE CETERKO, MANAGER
PURCHASING SERVICES DIVISION

PS11All

BIDDER'S/PROPOSER'S FIRM NAME: UNIVERSAL SECURITY SYSTEMS, INC.

INITIALED: _____

DATE: 7/12/09

QUESTIONS CONCERNING THIS ADDENDUM MAY BE ADDRESSED TO Jeanette Anderson, WHO CAN BE REACHED AT (212) 435-3930.

ATTACHMENT E, Cost Proposal, Form #1
(This table applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name : UNIVERSAL SECURITY SYSTEMS, INC.

Name(s) of Proposed Subcontractor : _____

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
Project Manager	Provides product definition, direction, and leadership through the full cycle of delivery. Develops and maintains project plans; provides project status and progress information. Responsible for timeliness and quality of delivered product.	5	118.00	177.00
Engineer	Provides expertise in physical plant design, construction, and maintenance. Knowledgeable in current construction standards and codes.	2	156.00	234.00
Senior Technician	Knowledgeable, experienced, and skilled in Security Systems Field Service and Preventive Maintenance Service. Possesses a depth of skill and experience required for directing, instructing, and supervising other Technicians. Capable of resolving service calls at higher than initial levels of escalation.	5	128.00	192.00
Technician	Skilled and experienced in Access Control and Badging System, CCTV Video systems, Sonet OC3 Networks, Field Service and Preventive Maintenance and Communications System Field Service	5	108.00	162.00
Lenel Technician	Lenel specialist provided by Lenel and included in Work Order or Maintenance activity by Contractor.	4	128.00	192.00
Verint Technician	Must be formally trained on Verint CCTV systems including the Nextiva & Loronix Video Management platform / applications.	4	128.00	192.00

***Notes: "Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.**
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

ATTACHMENT E, Cost Proposal, Form #1 (continued)
(This table applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name : UNIVERSAL SECURITY SYSTEMS, INC.

Name(s) of Proposed Subcontractor : _____

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
Systems Integration Specialist	Design and implementation of hardware and software interfaces between existing Lenel system and other systems and equipment	3	136.00	204.00
Manufacturer Technical Support	Lenel & Verint System problem resolution assistance	1	300.00	450.00
Electrician/ Electronics Technician	Equipment Installation and Termination. Must be certified in Fiber Optics installations techniques and terminations. Must be certified in UTP category 5, 5e & 6 installation techniques and terminations. Install and maintain common electronic security equipment such as electronic locks and other access control systems (i.e. card readers, biometrics). Install, maintain and operate common electronic surveillance equipment such as cameras and audio recording devices. Expertise in Wire, Cabling, Fiber Optics, and Wireless Technologies.	3	156.00	234.00
System Requirements Analyst/Systems or Software Engineer	Research & develop definitions for stated requirements. Requirements analysis encompasses those tasks required to determine the needs or conditions necessary to support new or altered product, taking account of the possibly conflicting requirements of the various stakeholders	3	138.00	207.00
Intelect Technician	Intelect specialist - included in Work Order or Maintenance activity by Contractor	1	300.00	450.00

***Notes: "Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.**
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

ATTACHMENT E, Cost Proposal, Form #1 (continued)
(This form applies to Work Order and Maintenance)
Skills and Hourly Billing Rates

This form must be completed by each organization included in the proposal

Primary Proposer's Name : UNIVERSAL SECURITY SYSTEMS, INC.

Name(s) of Proposed Subcontractor : _____

Personnel Title	Function To Be Performed	Relative Frequency of Use (Anticipated)*	Hourly Rate	Hourly OT Rate
System Designer	Possesses skills and experience in the design of systems and subsystems to meet complex business requirements. Knowledge of Business Process Engineering and able to conceive of integrated systems using automated and/or manual processes. Knowledgeable in formal design methodologies and industry-standard documentation techniques. Physical Security Professional (PSP) and BICSI RCDD (Registered Communication Distribution Designer) certifications preferred.	3	156.00	234.00
DBA	Has experience with several versions of SQL Server, including SQL Server 2000. Skilled in the Administration of SQL Server, including its installation, configuration, operation, and upgrade. Possesses logical and physical database design experience and provides expertise in performance monitoring and tuning	3	186.00	279.00
CAD drafter	Possesses skills in the use and operation of Computer Aided Drafting tools	3	92.00	138.00
Crystal Report Writer	Develop defined reports using Crystal Report Writer	2	128.00	192.00

***Notes: "Relative Frequency of Use" is an estimate and is not guaranteed to be accurate.**
1. Scale 1-5 with 1 indicating lowest and 5 indicating highest anticipated relative level of use

SECURITY UNIVERSAL SYSTEMS

CORPORATE HEADQUARTERS
310 OSER AVENUE
HAUPPAUGE NEW YORK 11788
631.951.0604 VOICE
631.951.0717 FAX
www.univsystems.com

HUDSON VALLEY REGION
8 WESTCHESTER PLAZA
ELMSFORD NEW YORK 10523
914.703.3120 VOICE
914.703.3121 FAX
www.univsystems.com

Please note that in ATTACHMENT E, COST PROPOSAL, FORM 2, items are listed N/A due to a lack of sufficient identification in the bid specification, a manufacturers change in part numbers, a lack of availability, a version update or the discontinuation of the listed model. No alternate, replacement or substitute products were included in this attachment.

ATTACHMENT E, Cost Proposal, Form #2
(This form applies to Work Order, Maintenance and Spare Parts)
Current Equipment - Price List

Percentage Markup for equipment: 40%

System Component	Manufacturer	Description	List Price	PA Price	Refurbish or Replacement Price
PS-1	AlarmSaf	Fiber transceivers power supply	N/A	N/A	N/A
ALC-1	AlarmSaf	Alarm Loop Converters	N/A	N/A	N/A
RBK-124AC	AlarmSaf	Power Fail Relay	N/A	$ 22.40	$ 22.40
MOS-021	AlarmSaf	12VDC Power Supply MOS-019	N/A	N/A	N/A
12VDCPS	AlarmSaf	12VDC Power Supply	N/A	N/A	N/A
Transformer	AlarmSaf	Transformer	N/A	N/A	N/A
AL60OULACM	Altronix	Power Distributors	N/A	$ 361.20	$ 361.20
Discover Series Mini-domes	American Dynamics	Fixed Camera	N/A	$ 372.40	$ 372.40
SpeedDome Ultra 8 (35x series)	American Dynamics	PTZ Camera	N/A	$ 2,046.80	$ 2,046.80
SURTA3000RMXL	American Power Conversion	UPS	N/A	$ 2,538.20	$ 2,538.20
SUA750	American Power Conversion	UPS	N/A	$ 368.20	$ 368.20
78" Rack	APW	Server Enclosure "78" Racks	N/A	N/A	N/A
EMA type 3R, 4X rated	APX Enclosures	Large Single Door	N/A	N/A	N/A
AutoCAD	Auto Desk	AutoCAD Release 14	N/A	N/A	N/A
1.8KVA	Best Power	UPS 1.8 KVA Rackmount 4HR Standby	N/A	N/A	N/A
610	Best Power	UPS 610	N/A	N/A	N/A
610	Best Power	UPS - 610 Battery packs	N/A	N/A	N/A
V- Station DESFire	Bioscrypt	BioScript V-Station DESFire	$ 2,400.00	$ 2,030.00	$ 2,030.00
IC-109A	Black Box	Stand Alone RS232 to RS485 Converter	N/A	$ 434.00	$ 434.00
ID 500	CrossMatch	ID 500 Enrollment readers	N/A	$ 8,552.60	$ 8,552.60
Dell 4200	Dell	Server	N/A	N/A	N/A
MUP-64128	Dell	Memory Upgrade (64 MB to 128 MB)	N/A	N/A	N/A
GX1	Dell	SONET Management PC	N/A	N/A	N/A
GX1	Dell	Clients w/Monitors & Keyboard/Mouse	N/A	N/A	N/A

System Component	Manufacturer	Description	List Price	PA Price	Refurbish or Replacement Price
RAID-1	Dell	RAID-1 Controller	N/A	N/A	N/A
8750	Dell	Viewing Station	N/A	N/A	N/A
Dorado 3110-7801	Dorado	Card Reader	$ 1,576.00	$ 868.00	$ 868.00
877 Series	Edwards	Alarm Horns	N/A	$ 149.80	$ 149.80
97A EK Series	Edwards	Alarm Strobe	N/A	$ 378.00	$ 378.00
PATCH-1	Enfab	Field Connect Patch Panel	N/A	N/A	N/A
Biometrics Reader	Bioscrypt	Bioscrypt V-Station DESFire	$ 2,400.00	$ 2,030.00	$ 2,030.00
Enrollment Reader	Crossmatch	Crossmatch ID 500	$ 7,450.00	$ 7,000.00	$ 7,000.00
Smart Card Encoder	Integrated Engineering (IE)	DESFire Smart Card encoder	$ 397.00	$ 361.20	$ 361.20
Smartcards	HID	Contactless DESFire smart cards	$ 9.02	$ 7.57	$ 7.57
MIDV EA10006	Enterprise Air	Client License	$ 1,300.00	$ 1,183.00	$ 1,183.00
Intermec (EA50181)	Enterprise Air	Ruggedized Hand Held Devices w/ magnetic stripe reader	$ 6,720.00	$ 6,115.20	$ 6,115.20
Intermec IMEC-750Cradle	Enterprise Air	Docking Cradles	$ 550.00	$ 501.20	$ 501.20
Intermec	Enterprise Air	Spare batteries w/charger	$ 250.00	$ 228.20	$ 228.20
Intermec	Enterprise Air	Quad Battery Chargers	$ 759.00	$ 690.20	$ 690.20
Intermec	Enterprise Air	Single Dock	$ 550.00	$ 501.20	$ 501.20
Intermec	Enterprise Air	Power Supplies w/cord	$ 125.00	$ 113.40	$ 113.40
Intermec	Enterprise Air	Tethered Stylus Pack (Qty = 5)	N/A	N/A	N/A
	Enterprise Air	USC cables	$ 75.00	$ 68.60	$ 68.60
FE 2.1 K 0000	FERRUPS	FERRUPS 2.1 K/4.0 HR Standby	N/A	$ 9,450.00	$ 9,450.00
High Security Surface Mount 2700	GE	Magnetic Contacts	N/A	N/A	N/A
Key-Mini	Genovation	Mini Pin entry Keyboard	N/A	$ 105.00	$ 105.00
CAB-ST	Hennessy	Stainless Steel Outdoor Rack Cabinet	N/A	N/A	N/A
176123	Hewlett Packard	Printer with pin feed transport	N/A	N/A	N/A
176124	Hewlett Packard	Laser Printer	N/A	$ 2,165.34	$ 2,165.34
HP OPENVIEW	Hewlett Packard	SONET OpenView ring software	N/A	N/A	N/A
Storage Works MSA20	Hewlett Packard	Storage Array	N/A	$ 2,184.00	$ 2,184.00
Proliant DL320	Hewlett Packard	Analytic File Server (250 GB)	N/A	N/A	N/A

System Component	Manufacturer	Description	List Price	PA Price	Refurbish or Replacement Price
Proliant DL320	Hewlett Packard	Master File Server (320 GB)	N/A	N/A	N/A
HP Proliant	Hewlett Packard	Recorder - IPVS (Verint)	N/A	N/A	N/A
HID RK-40	HID	Card Reader (Smart Card w/Keypad)	$ 428.00	$ 389.20	$ 389.20
Camera	Hitachi	Badging Camera	N/A	N/A	N/A
IBM X306	IBM	Recorder - DVR (Verint)	N/A	N/A	N/A
IBM X306	IBM	Recorder - IPVS (Verint)	N/A	N/A	N/A
	Integrated Engineering	DESFire Smart Card Encoders	$ 397.00	$ 361.20	$ 361.20
MSS 100	Lantronix	Device Server	N/A	N/A	N/A
HO-2058	Lenel	Eight Port Serial Expansion Board	N/A	N/A	N/A
HO-2090	Lenel	Audio Voice Alarms Option	N/A	N/A	N/A
HO-FTS	Lenel	SCSI Hard Drive 8 GB Upgrade	N/A	N/A	N/A
HO-3254	Lenel	Video Board (composite RGB)	N/A	N/A	N/A
LNL-1000	Lenel	Access Control Intelligent System	$ 1,075.00	$ 903.00	$ 903.00
LNL-2000	Lenel	Access Control Intelligent System	$ 1,692.00	$ 1,421.00	$ 1,421.00
LNL-3300	Lenel	Access Control Intelligent System	$ 1,825.00	$ 1,533.00	$ 1,533.00
LNL-1003MK	Lenel	3 Meg Memory Upgrade	$ 508.00	$ 427.00	$ 427.00
LNL-1007MK	Lenel	7 Meg Memory Upgrade	$ 750.00	$ 630.00	$ 630.00
LNL-1100	Lenel	16 point input Module	$ 708.00	$ 595.00	$ 595.00
LNL-1200	Lenel	16 Point Output Module	$ 700.00	$ 595.00	$ 595.00
LNL-1320	Lenel	Dual Card Reader Interface	$ 630.00	$ 529.20	$ 529.20
LNL-8000	Lenel	Multiplexer Board EWR-FIS only	$ 587.00	$ 492.80	$ 492.80
LNL-ETHLAN	Lenel	Lantronics Network Converter	$ 540.00	$ 490.00	$ 490.00
PCC-FTS	Lenel	Redundant Server Software	N/A	N/A	N/A
PCC-IDPRO	Lenel	LINKWin IDPRO Identification	N/A	N/A	N/A
PCC-PRO	Lenel	LINKWin Pro Access Control Client	N/A	N/A	N/A
PRO-192	Lenel	LINKWin Pro Access Control Dedicated	N/A	N/A	N/A
PRO-256	Lenel	Reader Capacity Upgrade (Standard 128)	N/A	N/A	N/A

System Component	Manufacturer	Description	List Price	PA Price	Refurbish or Replacement Price
SW-1010	Lenel	CCTV Interface Option	-	-	-
SW-1020	Lenel	Video Verification	-	-	-
SW-1030	Lenel	FX Gallery &Advance Image Process	N/A	N/A	N/A
SWG-1110	Lenel	Customizable Voice Alarms	N/A	N/A	N/A
SWG-1130	Lenel	Reader Capacity Upgrade (192 to 256	-	-	-
SWG-1140	Lenel	Panel Global Input Output	$ 4,200.00	$ 3,500.00	$ 3,500.00
SWG-1190	Lenel	Badge Builder	N/A	N/A	N/A
SWG-1210	Lenel	Forms Editor (User definable Fields)	$ 2,492.00	$ 2,093.00	$ 2,093.00
SWG-1220	Lenel	GUI File Import/Export Utility	N/A	N/A	N/A
SWG-1240	Lenel	Database Segmentation	$ 4,992.00	$ 4,193.00	$ 4,193.00
SWG-1250	Lenel	Paging Interface	$ 1,658.00	$ 1,393.00	$ 1,393.00
SWG-1260	Lenel	E-Mail Interface	-	-	-
LNL-56KEXT	Lenel	56K External Modem	$ 37.00	$ 33.60	$ 33.60
	Lenel/NEC	System Server (Redundant Configuration)	N/A	N/A	N/A
	Lend /NEC	EC Cluster Software	N/A	N/A	N/A
	Lenel	Access Control Enclosure w/Power Supply	N/A	N/A	N/A
MAGTEK MT-95	Magtek	Elcom Stand Alone Encoder	N/A	$ 2,730.00	$ 2,730.00
Video Renderer PC	MicroDisc	Video Flashlight System-Sarnoff	N/A	N/A	N/A
Data Server	MicroDisc	Video Flashlight System-Sarnoff	N/A	N/A	N/A
Alarm Renderer Map View PC	MicroDisc	Video Flashlight System-Sarnoff	N/A	N/A	N/A
PD-920R-NS	Middle Atlantic	Power Distributors	N/A	$ 184.80	$ 184.80
Keyboard	Middle Atlantic	Micro Keyboard	N/A	$ 453.60	$ 453.60
IS-1MIL	Nisca	Hot Roller Material, Registered Overlay,	$ 79.00	$ 75.00	$ 75.00
IS-2503P	Nisca	Ribbon, PVC YMCKO, 250 Tints	$ 119.00	$ 115.00	$ 115.00
IS-5200	Nisca	Nisca PR5200 Color Card Printer	N/A	N/A	N/A

System Component	Manufacturer	Description	List Price	PA Price	Refurbish or Replacement Price
NIS-5200E	Nisca	Nisca PR5200 Encoding Module	N/A	N/A	N/A
NIS-HRU	Nisca	Heat Roller Unit	N/A	N/A	N/A
P3 M24-8-24	PowerMax	Camera Power Supply	N/A	N/A	N/A
PS 1270	Powersonic	12 Volt 7 Amp Hour Battery	N/A	$ 28.00	$ 28.00
V4420-T/2D	Radiant	Encoder-Verint	N/A	N/A	N/A
V3520	Radiant	Decoder-Verint	N/A	N/A	N/A
Vcx2400 d54	Radiant	Decoder-Verint	N/A	N/A	N/A
	Review Workstation	Workstation-Verint	N/A	N/A	N/A
SEC 1223R2	Samplex APC	Encoder Power Supply	N/A	N/A	N/A
17"	Samsung	Monitor	N/A	N/A	N/A
650 Series	Schlage-Locknetics	Heavy Duty Keyswitch	N/A	N/A	N/A
MagForce 3xx+ Series	Schlage-Locknetics	Electromagnetic Lock	N/A	N/A	N/A
Magnalock Series	Securitron	Electromagnetic Lock	N/A	N/A	N/A
SEC-1	Security Dynamic	SecurID Keying	N/A	N/A	N/A
ACM-400	Security Dynamic	ACM-400	N/A	N/A	N/A
3010 Series	Sentrol	Tamper Switch	$ 25.00	$ 25.20	$ 25.20
Sentrol 2707A- L w/armored cable	Sentrol	Door Position Switch	N/A	$ 110.60	$ 110.60
CYL-KA	SDK	Key Switch Reset	N/A	N/A	N/A
Version 6.0	Symantec	Crystal Reports Professional	$ 900.00	$ 756.00	$ 756.00
SMART2200RMXL2U	Tripp Lite	Smart Pro 2U Rack/Tower Extended Run UPS	N/A	$ 1,129.80	$ 1,129.80
B020-008-17	Tripp Lite	Terminal and KVM (8 port)	N/A	$ 1,876.00	$ 1,876.00
1708	Verint	Ethernet Video Server (Encoder)	N/A	N/A	N/A
S1708e-T	Verint	Video Encoder	N/A	$ 3,920.00	$ 3,920.00
	Verint	24 Port Encoder	N/A	N/A	N/A
S 1500e-R	Verint	Decoder	N/A	N/A	N/A
S 1504e-R	Verint	Decoder	N/A	N/A	N/A
S 1970e	Verint	Decoder	N/A	$ 1,015.00	$ 1,015.00
NEX-5-MS-SR Nextiva	Verint	Master Server Hardware	N/A	$ 12,110.00	$ 12,110.00
NEX-5-MS-S Nextiva	Verint	Master Server Software	N/A	$ 16,800.00	$ 16,800.00

System Component	Manufacturer	Description	List Price	PA Price	Refurbish or Replacement Price
NEX-5-MP-ST Nextiva	Verint	Master Server Map Support License	N/A	$ 1,540.00	$ 1,540.00
NEX-5-ESM-ST	Verint	Master Server Enterprise Storage Mgr. Software	N/A	$ 21,000.00	$ 21,000.00
NEX-5-MS-SR Nextiva ESM	Verint	ESM Fiber Channel Server	N/A	$ 12,530.00	$ 12,530.00
NEX-5-EXSTR-18TB	Verint	Disk Array - 42 bay 18TB SATABeast	N/A	$ 71,400.00	$ 71,400.00
NEX-5-RE-SCSI	Verint	Recorder Server - NEX-5-RE-SCSI Nextiva SCSI	N/A	$ 11,340.00	$ 11,340.00
NEX-6.0	Verint	Master Server Hardware	N/A	N/A	N/A
NEX-6-MS-S NextivaVerint		Master Server Software	N/A	N/A	N/A
NEX-6-MP-ST NextivaVerint		Master Server Map Support License	N/A	N/A	N/A
EMC Clarion CX-4-240C	EMC/Verint	Recorder	N/A	N/A	N/A
Nextiva NEX 5.1.1	Verint	Analytics Server License	N/A	N/A	N/A
IBM xSeries 306 M	IBM	Video Server	N/A	N/A	N/A
Nextiva NEX 6.0	Verint	Analytics Server License	N/A	N/A	N/A
Pelco Spectra 111	Pelco	Dome camera	N/A	N/A	N/A
CD73V	Sony	Fixed camera	N/A	$ 490.00	$ 490.00
FLASH-1	Vivitar	Flash Unit & Power Pack	N/A	N/A	N/A
12Ah	Yuasa	Battery	N/A	$ 63.00	$ 63.00
BBU		Battery Backup Units	N/A	N/A	N/A
L 10019C	Intelect	19" EIA Standard card & power supply rack	N/A	N/A	N/A
L30011-A	Intelect	Ethernet Paddleboard	N/A	N/A	N/A
OC-3	Intelect	OC-3 Laser transceiver	N/A	N/A	N/A
Li 5001 A	Intelect	Universal Module Paddleboard	N/A	N/A	N/A
Stratum	Intelect	Stratum 3E Clock Sub-Module	N/A	N/A	N/A
L30010B	Intelect	Ethernet Bridge Module	N/A	N/A	N/A
L15000B	Intelect	Universal Module	N/A	N/A	N/A
L1300B/20	Intelect	SONET OC-3, Controller	N/A	N/A	N/A
L 10119A	Intelect	Fan Tray	N/A	N/A	N/A
L92360	Intelect	Power Supply Module	N/A	N/A	N/A
FIBER-374	Telebyte	Single mode Fiber transceivers	N/A	$ 863.80	$ 863.80

ATTACHMENT E, Cost Proposal, Form #3
Preventive and Remedial Maintenance

This form must be completed by each organization included in the proposal

Primary Proposer's Name: UNIVERSAL SECURITY SYSTEMS, INC.
Name(s) of
Proposed Subcontractor:

For Computerized Access Control System (CACS)

Airport	Monthly Preventive Maintenance Lump Sum Price	Monthly Remedial Maintenance Lump Sum Price Labor	Monthly Airport Total for Preventive Maintenance & Remedial Maintenance Labor
LaGuardia Airport	8,119.66	8,119.66	16,239.32
John F. Kennedy International Airport	5,961.27	5,961.27	11,922.54
Newark Liberty International Airport	6,372.39	6,372.39	12,744.78
Total for All Three Airports – CACS	20,453.32	20,453.32	40,906.64

For CCTV Systems

Airport	Monthly Preventive Maintenance Lump Sum Price	Monthly Remedial Maintenance Lump Sum Price Labor	Monthly Airport Total for Preventive Maintenance & Remedial Maintenance Labor
LaGuardia Airport	3,106.76	3,106.76	7,851.12
John F. Kennedy International Airport	6,434.51	6,434.51	12,869.02
Newark Liberty International Airport	14,695.26	14,695.26	29,390.52
Total for All Three Airports – CCTV	24,236.53	24,236.53	50,110.66

For Sonet Network

Airport	Monthly Preventive Maintenance Lump Sum Price	Monthly Remedial Maintenance Lump Sum Price Labor	Monthly Airport Total for Preventive Maintenance & Remedial Maintenance Labor
LaGuardia Airport	1,022.66	1,022.66	2,045.32
John F. Kennedy International Airport	1,022.66	1,022.66	2,045.32
Newark Liberty International Airport	1,022.66	1,022.66	2,045.32
Total for All Three Airports – Sonet Network	3,067.98	3,067.98	6,135.96

For Airport Security Display Processor – ASDP pilot systems at LGA

	Airport	Monthly Preventive Maintenance Lump Sum Price	Monthly Remedial Maintenance Lump Sum Price Labor	Monthly Airport Total for Preventive Maintenance & Remedial Maintenance Labor
	LaGuardia Airport	2,556.66	2,556.66	5,113.32

ATTACHMENT E, Cost Proposal, Form #4

Cost Summary for Work Order Samples

Refer to Attachment F - SAMPLE WORK ORDERS

This form must be completed by each organization included in the proposal

Primary Proposer's Name: UNIVERSAL SECURITY SYSTEMS, INC.

Name(s) of
Proposed Subcontractor: _____

The Proposer is required to complete a work order proposal for each of the four Work Order Samples to reflect anticipated staffing levels of Proposer Personnel by Title, to fulfill the Sample Scope Work. Include all applicable Personnel Titles to accurately reflect your staffing levels from inception of Work of Order to completion of warranty. Each proposal shall include a detailed cost breakdown of the work. The samples furnished are indicative of actual work orders to be completed under the RFP.

Cost Summary for Work Orders

Sample Scope of Work #1	$15,878.44
Sample Scope of Work #2	$42,170.49
Sample Scope of Work #3	$9,387.00
Sample Scope of Work #4	$14,483.50
Total Scope of Work, Samples 1, 2, 3 and 4	$81,919.43

Optional Microsoft Operating System

Optional Cost for Sample Scope of Work #1	$ N/A
Optional Cost for Sample Scope of Work #2	$ N/A
Optional Cost for Sample Scope of Work#3	$ N/A
Optional Cost for Sample Scope of Work#4	$ N/A
Total Optional Cost for Microsoft Operating System	$ N/A

ATTACHMENT F– SAMPLE WORK ORDERS

SAMPLE SCOPE of WORK – I

The Port Authority of New York and New Jersey desires to add (2) card readers to an existing vehicle entrance at John F. Kennedy International Airport. The Scope of Work includes installation, termination, testing and documentation of the following devices:

EQUIPMENT LIST

(2) Dorado 780 Card Readers (Install to Existing Stanchions)
(1) Existing Escort Light Bar (Interface to Reader module with external Potter Relay).
(1) Lenel LNL-1000 4mb Intelligent System Controller
(2) Lenel 1320 Dual Reader Interfaces
(1) Lenel 100 Input Control Module
(3) Lenel CTX Enclosure
(1) Alarm Saf MOS-013 12/24 vdc Power Supply w/Battery Backup
(1) Alarm Saf RBK-120 vac Power Fail Relay Module
(1) Temperature Activated Fan Assembly
(2) Telebyte Fiber Transceivers w/Plug in Transformer
(2) Fiber 6' Patch Card
(1) Rack Mounted Hub Assembly
(1) Lenel ETHLAN w/Power Supply
(4) Fiber Optic Patch Cords
(1) Warranty
Maintenance

Exemption (4)

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – I

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
PROJECT MANAGER	3	8	118.00	944.00
SENIOR TECHNICIAN	3	8	128.00	1,024.00
TECHNICIAN	5	24	108.00	2,592.00
CAD DRAFTER	1	4	92.00	368.00
ENGINEER	1	4	156.00	624.00
Extended Labor Total				5,552.00

***Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.**

SAMPLE SCOPE of WORK - II

The Port Authority of New York and New Jersey desires to add Guard Booth Monitoring Stations to (6) existing guard booths located at Newark International Airport. The Scope of Work for each location includes installation, termination, testing and documentation including cabinet elevations, configuration drawings, and schematic diagrams showing cable and hardware and as-built drawings. Material list includes:

EQUIPMENT LIST

(1) Lenel MOB-PRO, Client Workstation with Dell Latitude Laptop Computer
(1) UPS 280va/180w
(1) Strongman 15.1" Flat Screen Monitor Vertica Ministation
(1) Strongman Heating / Air Conditioning Unit
(1) Intelect L30010B, 10mb Ethernet Bridge Module
(1) Intelect L3011A, Ethernet Paddleboard
(1) Sentrol 3025T Cabinet Tamper Switch
(*) Mount lock box cabinet to ceiling of guard booth
(*) Mount flat panel monitor to ceiling using monitor mount.
Maintenance

Exemption (4)

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK –II

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
PROJECT MANAGER	3	16	118.00	1,888.00
SYSTEM DESIGNER	2	8	156.00	1,248.00
SENIOR TECHNICIAN	4	16	128.00	2,048.00
TECHNICIAN	5	64	108.00	6,912.00
ELECTRICIAN	5	48	156.00	7,488.00
CAD DRAFTER	2	16	92.00	1,472.00
LEVEL TECHNICIAN	3	16	128.00	2,048.00
Extended Labor Total				23,104.00

***Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.**

ATTACHMENT F– SAMPLE WORK ORDERS.

SAMPLE SCOPE of WORK - III

The Port Authority of New York and New Jersey desires to install one (1) CCTV fixed camera inside a guard booth above guard station with video connectivity to the Control Center. The Scope of Work for each location includes installation, termination, testing and documentation including configuration drawings, and schematic diagrams showing cable and hardware and as-built drawings. Material list includes:

EQUIPMENT LIST

(1) Camera, Sony SSC-CD43V
(1) Lens, Computar TG2Z1816FCS
(1) Fiber Transmitter (4 Channel) VT7430-2DRDT-R-3
(1) Fiber Receiver VR7430-2DRDT-R3
Maintenance

Exemption (4)

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – III

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
PROJECT MANAGER	3	8	118.00	944.00
SENIOR TECHNICIAN	5	8	128.00	1,024.00
TECHNICIAN	5	8	108.00	864.00
VERINT TECHNICIAN	4	8	128.00	1024.00
CAD DRAFTER	2	16	92.00	1,472.00
ENGINEER	2	4	156.00	624.00
ELECTRICIAN	3	4	156.00	624.00
Extended Labor Total				6576.00

***Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.**

ATTACHMENT F– SAMPLE CCTV WORK ORDERS

SAMPLE SCOPE of WORK - IV

The Port Authority of New York and New Jersey desires to add (2) cameras to an existing Verint Nextiva CCTV system at John F. Kennedy International Airport. The Scope of Work includes installation, termination, testing and documentation of the following devices:

EQUIPMENT LIST

2) Fixed cameras attached to a pole (Sony and/or Pelco mindome equivalent
1) Actual location will be provided at the time of installation
2) Add cameras to the Host
1) Verint Decoder s1970e-R
1) Verint Encoder SmartSight 1708e-T
1) Connection to American Dynamics Switch
1) Connection to Radiant GUI
1) Connection to BARCO Controller that controls a Video Wall
1) Program new devices to the Verint Host
1) Add/Modify users of system
1) Warranty
Maintenance

Exemption (4)

STAFFING ALLOCATIONS FOR SAMPLE SCOPE OF WORK – IV

Personnel Title	Relative Frequency of Use (Anticipated)	Estimated Hours to be applied to complete Scope of Work	Hourly Rate	Ext. Total
PROJECT MANAGER	3	8	118.00	944.00
ENGINEER	2	8	156.00	1,248.00
SENIOR TECHNICIAN	3	8	128.00	1,024.00
TECHNICIAN	5	16	108.00	1,728.00
VERINT TECHNICIAN	5	16	128.00	2,048.00
CAD DRAFTER	2	16	92.00	1,472.00
Extended Labor Total				8,464.00

***Notes: "Relative Frequency of Use" is from scale 1 to 5 with 1 indicating lowest and 5 indicating highest.**