

**THE STATE OF NEW HAMPSHIRE**

**MERRIMACK, SS**

**SUPERIOR COURT**

**Docket No. 03-E-0106**

**In the Matter of the Liquidation of  
The Home Insurance Company**

**AFFIDAVIT OF PETER A. BENGELSDORF, SPECIAL DEPUTY  
LIQUIDATOR, IN SUPPORT OF MOTION FOR APPROVAL  
OF CONTRACT WITH IRON MOUNTAIN**

I, Peter A. Bengelsdorf, hereby depose and say:

1. I was appointed Special Deputy Liquidator of The Home Insurance Company ("Home"), by the Commissioner of Insurance for the State of New Hampshire, as Liquidator ("Liquidator") of Home. I submit this affidavit in support of the Liquidator's Motion for Approval of Contract with Iron Mountain. The facts and information set forth are either within my own knowledge gained through my involvement with this matter, in which case I confirm that they are true, or are based on information provided to me by others, in which case they are true to the best of my knowledge, information and belief.

2. The Motion seeks approval for a contract (the "Contract") between the Liquidator and Iron Mountain Information Management, Inc. ("Iron Mountain"). The Contract was negotiated under my direction. A copy of the Contract is attached as Exhibit A to the Liquidator's motion.

3. Iron Mountain provides record management services. It currently stores approximately 160,000 cartons of documents with respect to Home for the Liquidator. Home's relationship with Iron Mountain is of long standing and is currently governed by a ten-year contract executed by Home in 1996.

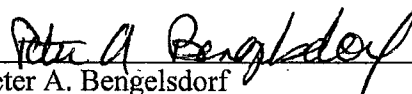
4. The 1996 contract between Iron Mountain and Home expires on November 30, 2006. It is essential that the Liquidator renew this contract in order to maintain the efficient storage of information necessary to the liquidation of Home. The Liquidator is conscious of the continuing cost of this storage and is working to manage that cost. Renewing the Iron Mountain arrangement is one such way of managing this cost. We have considered other vendors but concluded that the expense associated with changing vendors and relocating the 160,000 cartons would be exorbitant.

5. The proposed Contract is for an initial term of five years renewable on the same terms and conditions for an additional five years at the Liquidator's option. Contract ¶ 1. The storage rates in this contract reflect lengthy negotiations which focused on controlling storage expenses, which are estimated to represent approximately 75-80% of the total costs. The per cubic foot storage rates negotiated for this Contract are not significantly higher than those under the 1996 contract. The 1996 contract rates were initially \$0.10 per cubic foot and are now \$0.113. The new Contract rates begin at \$0.12 per cubic foot and rise to \$0.15 in 2013 (during the renewal term). See Contract ¶ 2, Schedule A. The other cost components in the Contract are also slightly higher than those in the 1996 contract. The rates for management services and transportation costs are fixed for two years, and annual price adjustments thereafter are capped at three percent. Contract ¶ 2, Schedule A. The annual cost of the Contract in 2007 is estimated to be approximately \$575,000 based on the present volume of documents. As volume decreases over the life of the Contract, the total storage cost will decrease.

6. Other than the cost elements, the Contract is not significantly different from the 1996 contract.

7. I believe that the Contract is fair and reasonable and that it is in the best interests of the liquidation and of the policyholders and other creditors of Home. Storage and management of documents is an integral component of the Home liquidation, just as it is part of any ongoing insurance business. Although the cost is substantial, I believe the Contract and the continuance of Home's relationship with Iron Mountain represent the most cost-effective method of managing the documents.

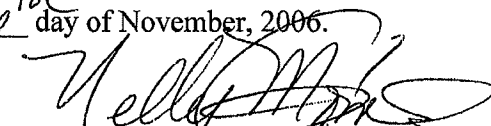
Signed under the penalties of perjury this 16 day of November, 2006.



Peter A. Bengelsdorf  
Special Deputy Liquidator of The Home Insurance  
Company

STATE OF NEW YORK  
COUNTY OF NEW YORK

Subscribed and sworn to, before me, this 16<sup>th</sup> day of November, 2006.

  
Notary Public/Justice of the Peace

NELLY M. GOMEZ  
Notary Public, State of New York  
No. 0125005271  
Qualified in NY County  
Certificate Filed in N.Y. County  
Commission Expires December 7, 2006