

**Application for Recognition of Exemption
 Under Section 501(c)(3) of the Internal Revenue Code**

Read the instructions for each Part carefully.

A User Fee must be attached to this application.

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

Complete the Procedural Checklist on page 8 of the instructions.

Part I Identification of Applicant

| | | |
|---|--------------------|--|
| 1a Full name of organization (as shown in organizing document) The Pew Charitable Trusts | | 2 Employer identification number (EIN) (If none, see page 3 of the Specific Instructions .) 56-2307147 |
| 1b c/o Name (if applicable) One Commerce Square | | 3 Name and telephone number of person to be contacted if additional information is needed Frederick J. Gerhart 215-994-2838 |
| 1c Address (number and street) 2005 Market Street | Room/Suite 1700 | |
| 1d City, town, or post office, state, and ZIP + 4. If you have a foreign address, see Specific Instructions for Part I, page 3. Philadelphia, PA 19103-7077 | | 4 Month the annual accounting period ends June |
| 1e Web site address | | 5 Date incorporated or formed November 13, 2002 |
| 6 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> (501)(k) d <input type="checkbox"/> 501(n) | | |
| 7 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach an explanation. | | |
| 8 Is the organization required to file Form 990 (or Form 990-EZ)? <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach an explanation (see page 3 of the Specific Instructions). | | |
| 9 Has the organization filed Federal income tax returns or exempt organization information returns? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form numbers, years filed, and Internal Revenue office where filed. | | |

10 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See **Specific Instructions** for Part I, Line 10, on page 3.) See also Pub. 557 for examples of organizational documents.)

- a Corporation — Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws. See Exhibits A and B.
- b Trust — Attach a copy of the Trust indenture or Agreement, including all appropriate signatures and dates.
- c Association — Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here Rebecca W. Rimel, President 12/30/02
 (Signature) (Type or print name and title or authority of signer) (Date)

Part II Activities and Operational Information

- 1 Provide a detailed narrative description of all the activities of the organization — past, present, and planned. **Do not merely refer to or repeat the language in the organizational document.** List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

SEE ATTACHMENT, Page 1.

- 2 What are or will be the organization's sources of financial support? List in order of size.

SEE ATTACHMENT, Page 10.

- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

SEE ATTACHMENT, Page 11.

Part II Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.

b Annual compensation

See Exhibit C.

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No
If "Yes," name those persons and explain the basis of their selection or appointment.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See Specific Instructions for Part II, Line 4d, on page 3.) Yes No
If "Yes," explain.

See Attachment, Page 11.

5 Does the organization control or is it controlled by any other organization? Yes No
Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? Yes No
If either of these questions is answered "Yes," explain.

See Attachment, Page 11.

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? Yes No
If "Yes," explain fully and identify the other organizations involved.

7 Is the organization financially accountable to any other organization? Yes No
If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

Part II Activities and Operational Information (Continued)

8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If none, indicate "N/A."

N/A

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes No

10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes No

b Is the organization a party to any leases? Yes No
If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

See Exhibit D and Attachment, Page 11.

11 Is the organization a membership organization? Yes No
If "Yes," complete the following:

a Describe the organization's membership requirements and attach a schedule of membership fees and dues. (TPCT has members (Article I of bylaws), but only for governance purposes, not in the general sense of a dues-paying membership organization.)

b Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.

N/A

c What benefits do (or will) the members receive in exchange for their payment of dues?

N/A

12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? N/A Yes No
If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.

b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? N/A Yes No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

13 Does or will the organization attempt to influence legislation? Yes No
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? Yes No
If "Yes," explain fully.

Part III Technical Requirements

1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? Yes No

If you answer "Yes," do not answer questions on lines 2 through 6 below.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

Exceptions — You are not required to file an exemption application within 15 months if the organization:

- a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See **Specific Instructions**, Line 2a, on page 4;
- b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "Yes," your organization qualifies under Regulation section 301.9100-2, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 6.

If "No," answer question 4.

4 If you answer "No" to question 3, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3? Yes No

If "Yes," give the reasons for not filing this application within the 27-month period described in question 3. See **Specific Instructions**, Part III, Line 4, before completing this item. Do not answer questions 5 and 6.

If "No," answer questions 5 and 6.

5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? Yes No

6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here and attach a completed page 1 of Form 1024 to this application.

Part III Technical Requirements (Continued)

7 Is the organization a private foundation?

- Yes (Answer question 8.)
 No (Answer question 9 and proceed as instructed.)

8 If you answer "Yes" to question 7, does the organization claim to be a private operating foundation?

- Yes (Complete Schedule E.)
 No

After answering question 8 on this line, go to line 14 on page 7.

9 If you answer "No" to question 7, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

- | | | |
|---|--|--|
| a | <input type="checkbox"/> As a church or a convention or association of churches (CHURCHES MUST COMPLETE SCHEDULE A.) | Sections 509(a)(1) and 170(b)(1)(A)(i) |
| b | <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B.) | Sections 509(a)(1) and 170(b)(1)(A)(ii) |
| c | <input type="checkbox"/> As a hospital or cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (These organizations, except for hospital service organizations, MUST COMPLETE SCHEDULE C.) | Sections 509(a)(1) and 170(b)(1)(A)(iii) |
| d | <input type="checkbox"/> As a governmental unit described in section 170(c)(1). | Sections 509(a)(1) and 170(b)(1)(A)(v) |
| e | <input type="checkbox"/> As being operated solely for the benefit of, or in connection with, one or more of the organizations described in a through d, g, h, or i (MUST COMPLETE SCHEDULE D.) | Section 509(a)(3) |
| f | <input type="checkbox"/> As being organized and operated exclusively for testing for public safety. | Section 509(a)(4) |
| g | <input type="checkbox"/> As being operated for the benefit of a college or university that is owned or operated by a governmental unit. | Sections 509(a)(1) and 170(b)(1)(A)(iv) |
| h | <input checked="" type="checkbox"/> As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public. | Sections 509(a)(1) and 170(b)(1)(A)(vi) |
| i | <input type="checkbox"/> As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). | Section 509(a)(2) |
| j | <input type="checkbox"/> The organization is a publicly supported organization but is not sure whether it meets the public support test of h or i. The organization would like the IRS to decide the proper classification. | Sections 509(a)(1) and 170(b)(1)(A)(vi) or Section 509(a)(2) |

If you checked one of the boxes a through f in question 9, go to question 14. If you checked box g in question 9, go to questions 11 and 12. If you checked box h, i, or j, in question 9, go to question 10.

Part III Technical Requirements (Continued)

- 10** If you checked box h, i, or j in question 9, has the organization completed a tax year of at least 8 months?
- Yes** — Indicate whether you are requesting:
- A definitive ruling. (Answer questions 11 through 14.)
 - An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)
- No** — You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.

- 11** If the organization received any unusual grants during any of the tax years shown in Part IV-A, **Statement of Revenue and Expenses**, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

N/A

- 12** If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and:

- a Enter 2% of line 8, column (e), Total, of Part IV-A. _____
- b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 12a above.

- 13** If you are requesting a definitive ruling under section 509(a)(2), check here and:

- a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see **Specific Instructions**, Part II, Line 4d, on page 3.)
- b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

- 14** Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. **Do not submit blank schedules.**)

| Yes | No | If "Yes," complete Schedule: |
|-----|----|------------------------------------|
| | X | A |
| | X | B |
| | X | C |
| | X | D |
| | X | E |
| | X | F |
| | X | G |
| | X | H |
| | X | I |

Is the organization a church?

Is the organization, or any part of it, a school?

Is the organization, or any part of it, a hospital or medical research organization?

Is the organization a section 509(a)(3) supporting organization?

Is the organization a private operating foundation?

Is the organization, or any part of it, a home for the aged or handicapped?

Is the organization, or any part of it, a child care organization?

Does the organization provide or administer any scholarship benefits, student aid, etc.?

Has the organization taken over, or will it take over, the facilities of a "for profit" institution?

Part IV Financial Data

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

| | | Current tax year | 3 prior tax years or proposed budget for 2 years | | | (e) TOTAL |
|-----------------|---|-------------------------|--|-----------|-----------|-----------|
| | | (a) From _____ to _____ | (b) _____ | (c) _____ | (d) _____ | |
| Revenue | 1 Gifts, grants, and contributions received (not including unusual grants — see page 6 of the instructions)..... | | | | | |
| | 2 Membership fees received | | | | | |
| | 3 Gross investment income (see instructions for definition) | | | | | |
| | 4 Net income from organization's unrelated business activities not included on line 3 | | | | | |
| | 5 Tax revenues levied for and either paid to or spent on behalf of the organization | | | | | |
| | 6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge) | | | | | |
| | 7 Other income (not including gain or loss from sale of capital assets) (attach schedule) | | | | | |
| | 8 Total (add lines 1 through 7) | | SEE EXHIBIT H | | | |
| | 9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513. Include related cost of sales on line 22..... | | | | | |
| | 10 Total (add lines 8 and 9) | | | | | |
| | 11 Gain or loss from sale of capital assets (attach schedule) | | | | | |
| | 12 Unusual grants | | | | | |
| | 13 Total revenue (add lines 10 through 12) | | | | | |
| Expenses | 14 Fundraising expenses | | | | | |
| | 15 Contributions, gifts, grants, and similar amounts paid (attach schedule) | | | | | |
| | 16 Disbursements to or for benefit of members (attach schedule) | | | | | |
| | 17 Compensation of officers, directors, and trustees (attach schedule) | | | | | |
| | 18 Other salaries and wages | | | | | |
| | 19 Interest | | | | | |
| | 20 Occupancy (rent, utilities, etc.) .. | | | | | |
| | 21 Depreciation and depletion | | | | | |
| | 22 Other (attach schedule) | | | | | |
| | 23 Total expenses (add lines 14 through 22) | | | | | |
| | 24 Excess of revenue over expenses (line 13 minus line 23) | | | | | |

Part IV Financial Data (Continued)

| B. Balance Sheet (at the end of the period shown) | | Current tax year Date _____ |
|--|--|--------------------------------|
| Assets | | |
| 1 | Cash | 1 |
| 2 | Accounts receivable, net | 2 |
| 3 | Inventories | 3 |
| 4 | Bonds and notes receivable (attach schedule) | 4 |
| 5 | Corporate stocks (attach schedule) | 5 |
| 6 | Mortgage loans (attach schedule) | |
| 7 | Other investments (attach schedule) . | |
| 8 | Depreciable and depletable assets (att | SEE EXHIBIT H |
| 9 | Land | |
| 10 | Other assets (attach schedule) | |
| 11 | Total assets (add lines 1 thrc | |
| Liabilities | | |
| 12 | Accounts payable | 12 |
| 13 | Contributions, gifts, grants, etc., payable | 13 |
| 14 | Mortgages and notes payable (attach schedule) | 14 |
| 15 | Other liabilities (attach schedule) | 15 |
| 16 | Total liabilities (add lines 12 through 15) | 16 |
| Fund Balances or Net Assets | | |
| 17 | Total fund balances or net assets | 17 |
| 18 | Total liabilities and fund balances or net assets (add line 16 and line 17) | 18 |

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation. © j

Pages 10 through 29 do not apply and have been intentionally omitted.

THE PEW CHARITABLE TRUSTS

ATTACHMENT TO FORM 1023

Part II, Item 1 -- Narrative Description of Activities

The Pew Charitable Trusts ("TPCT") is a Pennsylvania nonprofit corporation that has been created to raise and distribute funds for charitable causes in the Philadelphia region and elsewhere. TPCT will carry on a tradition established by seven separate charitable trusts (the "Trusts") created decades ago by since-deceased members of the Pew family. The seven Trusts are separate legal entities classified as private foundations described in section 501(c)(3), and file separate Forms 990-PF each year. The Glenmede Trust Company ("Glenmede") is trustee of each of the Trusts and has established a separate division that is charged with the responsibility of administering the Trusts' charitable grantmaking and program activity (the "PCT Division"). Under the PCT Division's administration the Trusts have worked together for many years to earn a reputation for innovative and effective grantmaking for worthy charitable causes throughout the United States. The seven Forms 990-PF filed by the Trusts for the calendar year 2001 show that the Trusts had total assets with a fair market value of approximately \$4.3 billion on December 31, 2001, and made total "qualifying distributions" of \$218,652,397 during 2001. A list of the Trusts and their employer identification numbers is attached as Exhibit E.

Even though TPCT is a nonprofit corporation, it has chosen "The Pew Charitable Trusts" as its name because that name is well-established and instantly recognized in philanthropy circles around the country. It gives TPCT immediate credibility in attracting funding from other sources. The PCT Division's grantmaking and program staff has developed a reputation for devising innovative and effective solutions to charitable needs and community problems and, as described below, that reputation has already attracted substantial support from outside sources.

Succeeding to the Trusts' Programs. To provide TPCT with a base of public support on which to build, the Trusts will petition the Pennsylvania Orphans' Court for approval to dedicate their charitable support to TPCT. The Trusts will remain in existence with Glenmede as their trustee and will retain their investment assets, but upon receiving court approval they will begin making distributions to TPCT instead of directly to the numerous organizations they now support. The Orphans' Court will require that TPCT receive IRS recognition of its section 501(c)(3) status. Assuming certain corporate and

procedural requirements are satisfied as presently scheduled, the court petitions will be filed in March 2003. Court approval may be received before the end of 2003.

Once court approval is received, the Trusts will make distributions to TPCT each year and Glenmede will no longer need the PCT Division's grantmaking and program staff. Glenmede will cease operation of the PCT Division and TPCT will offer employment to the grantmaking and program staff with the expectation of keeping the staff intact. This will allow TPCT to continue without interruption the numerous charitable programs that the Trusts now conduct through the PCT Division.

A substantial grantmaking and program staff is essential to deal with the volume of grant applications and charitable initiatives that the PCT Division reviews, analyzes and acts upon each year. To ensure that the Trusts operate efficiently and that the size of the PCT Division's grantmaking and program staff is appropriate for the Trusts' size, the PCT Division has participated in an annual survey with six other large foundations that compares administrative expenses to total funds available for distribution. For the year 2000, administrative expenses as a percentage of total funds available for distribution within this peer group ranged from 8% to 20%. For 2001 the range was 8% to 22% and for 2002 the budgeted range was 8% to 17%. The Trusts' 8% for 2000 is the lowest in the peer group, and for 2001 and 2002 the Trusts' 9% is second lowest in the peer group. TPCT expects to continue participating in this survey.

Other Funding Sources. TPCT will leverage the support it receives from the Trusts by reaching out to unrelated foundations, businesses, governmental units and individuals for additional public support for its charitable programs. As discussed below, the PCT Division has already attracted outside support over the years. In attracting this outside support the PCT Division has had to overcome the administrative difficulties posed by the Trusts' private foundation status. For example, other private foundations that wish to support charitable programs and initiatives developed by the PCT Division cannot make grants directly to the Trusts unless they exercise expenditure responsibility over the grants under section 4945, and cannot treat grants to the Trusts as qualifying distributions under section 4942 unless they satisfy the complicated "out of corpus" rules. In addition, the less favorable deduction rules for contributions to private foundations pose problems for businesses and individuals who wish to support the PCT Division's programs.

By creating TPCT and having it classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(vi), these and other obstacles that have hampered the PCT Division's ability to attract outside support will disappear. This will allow TPCT to accomplish a key purpose specified in its articles of incorporation, which is to obtain and administer

public funding, and will also allow TPCT to emphasize that purpose in a way that the PCT Division has never been able to do.

TPCT's fundraising prospects will be enhanced by having the same grantmaking and program staff that has enabled the PCT Division to attract outside funding despite the obstacles presented by the Trusts' private foundation status. Four recent examples that demonstrate the PCT Division's ability to attract public support include the RPAC project, the Greater Philadelphia tourism project, the Independence Visitor Center project, and the current Barnes Foundation project.

The RPAC Project. Philadelphia is home to a vibrant arts community, including theater, dance, orchestra, opera, and musical ensembles, among others. However, until recently Philadelphia lacked a state-of-the-art, centrally located venue that would allow world-class artists to perform before large audiences. In April 1998 dramatic plans were unveiled to create the Regional Performing Arts Center ("RPAC") in Center City, Philadelphia. RPAC (later named the Kimmel Center) received a great deal of public support, but some large funding sources resisted supporting RPAC in the absence of a solid business plan dealing with short-term capital needs, fundraising strategies, endowment issues, impact on resident performing companies, and long-term financial viability. As RPAC moved toward meeting these criteria, the PCT Division developed a funding approach that would provide support from the Trusts to RPAC and its resident companies during the difficult start-up period. The PCT Division helped develop a viable business plan, including conditions and performance expectations. Two other major Philadelphia-based foundations, the Annenberg Foundation and the Lenfest Foundation, were supportive of the PCT Division's efforts and agreed to participate with the Trusts in a \$31 million funding package to ensure RPAC's strong financial footing. To implement this package most effectively required the pooling of funds, but the Trusts' private foundation status made it difficult for the PCT Division to pool and administer the funds, even though it was in the best position to do so. An unrelated public charity agreed to perform that role, but charged the three funders an administrative fee to cover its costs, a fee that the PCT Division would not have charged.

The Tourism Project. In 1994 a study commissioned by the PCT Division found that the regional Philadelphia economy was suffering because it was not realizing its potential as a tourist destination. Philadelphia's unique historical and cultural treasures were underutilized and under appreciated because of inadequate tourism promotion. In response to this study, the PCT Division organized and coordinated an effort to better promote and market the City's tourism resources, and attracted support from the city and state (\$3 million each), the Delaware River Port Authority (\$2.5 million), the William Penn Foundation (\$887,000) and other donors in addition to the \$6 million the Trusts

themselves contributed. Although the PCT Division performed the bulk of the planning and coordinating, due to the Trusts' private foundation status it was not in a position to pool the funding and administer the project. This led to some delays and inefficiencies, but the desired result was obtained -- the creation of a new Greater Philadelphia Tourism Marketing Corporation and significant growth in the tourism industry in Philadelphia, including the attraction of the 2000 Republican National Convention, the 2000 NCAA Women's Final Four Tournament, and the 2002 NBA All-Star Game.

Independence Visitor Center Project. In addition to the foregoing effort to increase tourism promotion, the PCT Division saw a need in the 1990s for the creation of a regional visitor center located near Independence Mall, Philadelphia's most-visited attraction (home of the Liberty Bell, Independence Hall and a host of other historic sites dating from the American Revolution). In addition to \$12 million that the Trusts contributed, the PCT Division was able to attract support from the City of Philadelphia (\$10 million) and the Commonwealth of Pennsylvania (\$10 million), and then leveraged this support with grants from the John S. and James L. Knight Foundation and the Annenberg Foundation. In addition, the PCT Division won the support and cooperation of the National Park Service in carrying out the plans for the visitor center. Due to the Trusts' private foundation status, the PCT Division again was not in a position to pool these funds and administer the project to its completion, which led to more delays and inefficiencies. Nonetheless, the new Independence Visitor Center opened in November 2001.

The Barnes Project. This is perhaps the best example of both the PCT Division's role in the philanthropic community and the its ability to attract outside funding. The Barnes Foundation was established by Dr. Alfred C. Barnes in 1922. It has a strong educational mission and is recognized by the IRS as a public charity described in sections 501(c)(3), 509(a)(1) and 170(b)(1)(A)(ii). Dr. Barnes was an avid art collector and the Barnes Foundation holds a world-renowned collection of French paintings of the Impressionist, Post-Impressionist and early Modern eras, as well as extensive collections of Americana, African art, and other works. The total value of the Barnes collection is estimated to be at least \$25 to \$30 billion.

The Barnes Foundation is located in a mansion in a secluded neighborhood in suburban Philadelphia. Unfortunately, its endowment has been depleted and several factors, including numerous operating restrictions in its governing documents, have hampered its efforts to raise funds. Facing a deteriorating physical facility, the imminent threat of bankruptcy, and the prospect of having to sell off part of its collection to meet its obligations, the Barnes Foundation approached the PCT Division to discuss an alternative that would keep the collection intact and provide for the Barnes Foundation's long-term

financial stability. Under this alternative, the Barnes Foundation would petition for court approval to move its collection to a location near other museums in Philadelphia, which would greatly increase its public support, visibility and attendance. The Barnes Foundation asked for the PCT Division's guidance and assistance in raising the capital (roughly \$150 million) that would be required to finance the move and to provide an endowment for future operating expenses. The PCT Division recognized the tremendous importance of the project and agreed to help.

The Barnes Foundation recently filed court petitions in September 2002 to seek approval for the move to Philadelphia. The PCT Division and other prominent area foundations have already received indications that numerous donors have committed more than half of the \$150 million needed for the project, contingent on receiving court approval and on the development of viable plans for the move and the Barnes Foundation's future operations.

While the outcome of the court proceedings is far from certain and will take years to unfold, the PCT Division's credibility in philanthropic circles is critical to the entire Barnes Foundation project. This is because the project requires close attention to how the \$150 million will be administered and spent. Once the move is approved by the courts, many issues and details will have to be addressed. A site for the Barnes Foundation in Philadelphia must be identified, a facility must be designed and constructed, fundraising for an endowment must be completed and guidelines for its use devised, a business plan must be established to assure the Barnes Foundation's future financial stability, and myriad other decisions must be made, all under the intense scrutiny of the courts, numerous City agencies, the public, and the media. The PCT Division may be the only institution in Philadelphia with the credibility and the resources to work with the Barnes Foundation, the donors, the City agencies, and other interested parties to make the move happen. Most of the corporate, individual and small foundation donors do not have the infrastructure or expertise to oversee and administer the support for the project. These donors have confidence in the PCT Division's ability to oversee the funding and implementation of the project, and are willing to rely on the PCT Division to carry the project to fruition.

The Barnes project is a prime example of the valuable role that TPCT will play. Although the PCT Division can assist in planning and coordinating a project like this, it is difficult for the Trusts, as private foundations, to carry the project to completion by receiving and administering funding from other sources. For example, to keep the Barnes Foundation open pending court approval, the PCT Division has agreed, with support from the Annenberg Foundation and the Lenfest Foundation, to provide two years of operating expenses during the pendency of the court proceedings. The Annenberg Foundation and

the Lenfest Foundation would have preferred to provide their share of the \$3.1 million of operating expenses to the Trusts, and then to rely on the PCT Division's experienced staff to administer those funds, but the Trusts' private foundation status was an obstacle to that approach. Using an unrelated public charity that had not previously participated in the project to administer the operating-expense fund would have cost more than \$150,000 in administrative fees. It was finally agreed that the interim operating expenses would be paid directly to the Barnes Foundation, despite its history of management difficulties.

These same issues will arise to an even greater extent if the Barnes Foundation receives court approval and its move is allowed to proceed. A large number of foundations and donors have pledged to contribute to the Barnes project, and there is a need for a charity other than the Barnes Foundation to receive, hold and administer the funding to assure compliance with the donors' restrictions. The Trusts are the logical choice since the PCT Division is being relied upon by many donors to ensure that their donations will be used effectively and efficiently. Paying a third-party public charity that has not been part of the process to administer the funds would require the payment of fees that would divert substantial amounts from the intended purpose. With public charity status, however, TPCT could both accept the funds and administer them over the multiyear life of the project, without charging a fee.

If TPCT receives recognition of its public charity status, it will assume the PCT Division's role in the Barnes Foundation project. As a public charity, TPCT will be in a position not only to continue the PCT Division's role in planning and coordinating the project, but also to receive grants and contributions from the Trusts and from other donors, and to hold and administer those funds until the Barnes project is completed. Putting TPCT in this position presents a significant advantage because it allows TPCT not only to develop a plan and a vision for the project, but also to raise the funds and then administer the project to ensure that the plan and the shared vision are realized.

TPCT's Fundraising Plans. The foregoing are just four examples of the kind of public support the PCT Division has been able to attract through the programs and initiatives developed and administered by its grantmaking and program staff. By obtaining the public charity status that will make it feasible to receive and administer outside support, TPCT fully expects to expand significantly on this base of public support and the resources available to fund its charitable programs.

Direct Charitable Programs. Another disadvantage of the Trusts' private foundation status is that it discourages direct charitable programs. The PCT Division has historically developed plans and proposals for charitable programs, but then has turned over the operation of the programs to a university or other public charity to carry them out. In

some cases this has led to inefficiencies because the public charity allocates substantial overhead to the project that the PCT Division would not charge if it ran the program directly. As a public charity itself, TPCT will be equipped to operate charitable programs directly, and it expects to do so where that would be more efficient and cost-effective than engaging a third-party public charity to operate the programs.

Attached as Exhibit F is a partial list of the charitable programs that the Trusts now fund at universities and other public charities. TPCT will assume the Trusts' role in funding these programs. Although many, if not most, of these programs will continue to be operated by the grantee identified on Exhibit F, TPCT will review the status of each program periodically to ensure that it is being operated efficiently and cost effectively, and will have the option of assuming operation of the program if that would be advantageous. The same is true of future programs that TPCT's grantmaking and program staff will develop.

Section 501(c)(3) Status

In the light of the foregoing activities, TPCT requests a determination that it is an organization described in section 501(c)(3). It is well established that assisting other section 501(c)(3) organizations through grants and other means is an exempt activity within the meaning of section 501(c)(3). Rev. Rul. 67-149, 1967-1 C.B. 133; Rev. Rul. 66-296, 1966-2 C.B. 215; Rev. Rul. 64-182, 1964-1 (Part 1) C.B. 186. In addition, the direct charitable activities that TPCT will conduct, examples of which are discussed above, will all serve exempt purposes. The Trusts have a long and proven track record of serving exempt purposes described in section 501(c)(3) and TPCT will continue that long tradition.

Sections 509(a)(1) and 170(b)(1)(A)(vi)

TPCT also requests an advance ruling that it is an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi). See Part III, Items 9h and 10. There are two tests for qualifying under section 170(b)(1)(A)(vi). The first is the one-third support test of Reg. § 1.170A-9(e)(2). The second is the 10% facts and circumstances test of Reg. § 1.170A-9(e)(3).

The starting point in applying either of these tests is the support that TPCT will receive from the Trusts. TPCT can count the grants that it will receive from each of the Trusts as public support up to a limit of 2% of TPCT's total support. Reg. § 1.170A-9(e)(6). The 2% limit applies separately to each of the seven Trusts, so TPCT's public support percentage could be as high as 14% if the Trusts were TPCT's only source of support.

(Reg. § 1.170A-9(e)(6) has rules for combining and treating separate donors as one donor, but those rules do not apply to the Trusts.)

The two smallest Trusts are not expected to provide a full 2% of TPCT's total support, so the public support percentage provided by the Trusts will not reach the 14% allowed under the regulations. However, the public support percentage attributable to the Trusts alone will exceed 10%.

As noted above, in addition to the support that TPCT will receive from the Trusts, it will receive significant support from unrelated foundations, businesses and individuals that will increase TPCT's public support percentage. The Barnes Foundation project alone may generate \$80 million or more of such support from unrelated persons. If TPCT receives recognition of its public charity status and the courts approve the Barnes Foundation's petitions, TPCT will be the organization relied upon by many donors to receive, hold and administer the funding for the \$150 million Barnes Foundation project. The Barnes Foundation project is just one example of the type of public support that TPCT is expected to generate.

Even if the combination of the Trusts' and outside support does not meet the one-third public support test, it will clearly satisfy the 10% facts and circumstances test. The support from the Trusts alone is enough to exceed the 10% public support minimum, and the additional support that TPCT will raise based on the Barnes Foundation project and future projects will significantly increase that percentage. In addition, the following facts and circumstances show that TPCT is in the nature of a publicly supported organization within the meaning of Reg. § 1.170A-9(e)(3).

Attraction of Public Support. To satisfy the 10% facts and circumstances test an organization "must be so organized and operated as to attract new and additional public or governmental support on a continuous basis." Reg. § 1.170A-9(e)(3)(ii). The regulation goes on to describe this requirement as follows:

"An organization will be considered to meet this requirement if it maintains a continuous and bona fide program for solicitation of funds from the general public, community, or membership group involved, or if it carries on activities designed to attract support from governmental units or other [public charities]. In determining whether an organization maintains a continuous and bona fide program for solicitation of funds from the general public or community, consideration

will be given to whether the scope of its fund-raising activities is reasonable in light of its charitable activities.”

The Barnes Foundation project described above is an illustration of the scope of TPCT’s program to attract additional support from the community. TPCT will assume responsibility for the Barnes Foundation project upon receiving an advance ruling letter recognizing its public charity status. Going forward, TPCT’s public charity status will put it in a position to build on and expand the role that the PCT Division has previously played in raising public support from foundations, businesses, governmental units and individuals for important civic and community programs and initiatives. Accordingly, TPCT will clearly “be so organized and operated as to attract new and additional public or governmental support on a continuous basis” as required by Reg. § 1.170A-9(e)(3)(ii).

Community Board. TPCT’s board of directors consists of civic and community leaders who are broadly representative of the community within the meaning of Reg. § 1.170A-9(e)(3)(v). The 10 initial members of TPCT’s board are shown on Exhibit C. Of those 10 directors, only four are descendants of the four original creators of the Trusts. The entire board of directors, including the four descendants of the original founders of the Trusts, are all prominent members of the community who have diverse interests and are broadly representative of the community.

Under Glenmede’s trusteeship, the PCT Division has assembled a grantmaking committee that is broadly representative of the community. To assure continuity and consistency in grantmaking in the transition from the PCT Division to TPCT, eight of the members of the Trusts’ grantmaking committee are named as the founding members of TPCT in Section 1.02 of its bylaws. The ninth founding member is a Pew family member. These members are also directors of TPCT under Section 2.02 of the bylaws. The tenth initial director is the president of TPCT. To further ensure that TPCT’s board is broadly representative of the community, Section 2.02 of the bylaws requires the election of sufficient new and additional directors so that at least one-third of the directors are civic and community leaders who are not (1) members or officers of TPCT, (2) descendants of the creators of the Trusts, or (3) spouses or immediate family of any of the foregoing. This ensures that a substantial number of new community leaders, in addition to the community leaders who have already been involved, will be included on TPCT’s governing board so that TPCT’s board is even more broadly representative of the community.

TPCT is in the process of identifying the additional directors who will be elected to the board. Current expectations are that at least five new civic and community leaders will be added to the board, resulting in a total of 15 directors (the nine founding members, the

president, and five additional directors). Thus, only four of the total 15 directors will be descendants of the founders of the Trusts, and TPCT's board will be truly and broadly representative of the community.

Other Factors. Both the "percentage of public support" factor and the "source of support" factor referenced in Reg. § 1.170A-9(e)(iii) further demonstrate that TPCT is in the nature of a publicly supported charity. These factors look to the size and breadth of TPCT's public support. As the examples above illustrate, TPCT has the ability to generate very substantial public support, and that support will come from a wide variety of sources, including foundations, businesses, governmental units and individuals.

Other favorable factors also apply. For example, Reg. § 1.170A-9(e)(3)(vi)(c) cites as evidence that an organization is publicly supported the "participation in, or sponsorship of, the programs of the organization by members of the public having special knowledge or expertise, public officials, or civic or community leaders." The Tourism Project and the Independence Visitor Center Project, as well as the other projects discussed above, involved extensive participation in and sponsorship of programs by "public officials, or civic or community leaders" within the meaning of the regulation. TPCT can be expected to engage in projects involving similar levels of participation and sponsorship by public officials and community leaders in the future. In addition, Reg. § 1.170A-9(e)(3)(vi)(b) states that an organization "which regularly publishes scholarly studies that are widely used by colleges and universities or by members of the general public will also be considered evidence that such organization is 'publicly supported'." The Trusts have funded hundreds of such studies over the years, and a partial list of more recent work is attached as Exhibit G. Due to their private foundation status the Trusts have typically funded such studies at universities or other research organizations and have had those organizations publish the results. As a public charity, TPCT will be in a position to take a more direct and active role in the conduct and publication of such studies.

Based on the foregoing, it "can reasonably be expected" that TPCT will meet the requirements of either the one-third public support test or the 10% facts and circumstances test during the advance ruling period within the meaning of Reg. § 1.170A-9(e)(5)(i). Accordingly, an advance ruling recognizing TPCT as an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi) should be issued.

Part II, Item 2 -- Sources of Financial Support

The principal source of TPCT's financial support will be grants from the Trusts and gifts, grants and contributions from foundations, businesses, governmental units and individuals. Support will also be derived from investment income.

Part II, Item 3 -- Fundraising Program

The key to TPCT's fundraising program at the outset will be its ability to network with foundations, businesses and individuals who TPCT has reason to know are interested in supporting and funding TPCT's programs and initiatives. TPCT's grantmaking and program staff will have a great many contacts with funding sources interested in providing such support. TPCT has not prepared general brochures, selective mailings or similar materials to assist in this process because each project is distinct and may appeal to different types of funding sources. Instead, it is more likely that TPCT will share information about a particular project with prospective donors who may be interested in supporting that project. TPCT will dedicate members of its staff to fundraising activities, but final decisions on who those persons will be, and whether they will be existing members of the PCT Division or new hires, have not been made.

Part II, Item 4d -- Disqualified Persons

As noted above in response to Part II, Item 1, four of TPCT's 10 initial directors named on Exhibit C are disqualified persons by reason of being descendants of the founders of the Trusts. None of the other six initial directors are disqualified persons (apart from serving as directors and officers). Also, none of the additional five directors who will be named pursuant to Section 2.02 of TPCT's bylaws will be disqualified persons prior to being named to the board.

Part II, Item 5 -- Related Organizations

As noted above in response to Part II, Item 1, TPCT was formed to carry on the philanthropic tradition and excellence of the Trusts, and in that sense is an outgrowth of the Trusts. The Trusts will not control TPCT, and TPCT will not control the Trusts, although the Trusts are expected to dedicate their support to TPCT.

Part II, Item 10b -- Leases

TPCT will succeed to two leases of office space that Glenmede has used to house the PCT Division's grantmaking and program staff. One lease is with Commerce Square Partners-Philadelphia Plaza, L.P. and the second is with B.G.W. Limited Partnership. Neither landlord has a relationship with Glenmede, TPCT, or TPCT's officers and directors. Copies of both leases are attached and included in Exhibit D.

Table of Exhibits

The Pew Charitable Trusts Form 1023, Exemption Application

| | |
|------------------|---|
| Exhibit A | Articles of Incorporation |
| Exhibit B | Bylaws |
| Exhibit C | Officers and Directors |
| Exhibit D | Lease of Office Space |
| Exhibit E | List of Trusts and EINs |
| Exhibit F | Sample List of Trusts' Programs Operated by Universities or other Public Charities |
| Exhibit G | Sample List of Scholarly Studies |
| Exhibit H | Projected Financial Information |

EXHIBIT A

2002095-1333

NOV 13 2002

Filed in the Department of
State on

C. Michael Stewart
Secretary of the Commonwealth

3105890

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
CORPORATION BUREAU

ARTICLES OF INCORPORATION OF
THE PEW CHARITABLE TRUSTS

In compliance with the requirements of 15 Pa.C.S. section 5306, the undersigned, desiring to incorporate a nonprofit corporation, hereby certify that:

1. The name of the corporation is: The Pew Charitable Trusts.
2. The address of the corporation's initial registered office is One Commerce Square, 2005 Market Street, Suite 1700, Philadelphia, Pennsylvania 19103-7077.
3. The corporation is incorporated under the Nonprofit Corporation Law of 1988 exclusively for religious, charitable, scientific, literary and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding provision of any future federal tax code (the "Code"), including without limitation (1) receiving grants and contributions from The Pew Memorial Trust, J. Howard Pew Freedom Trust, Mabel Pew Myrin Trust, J.N. Pew, Jr. Charitable Trust, Medical Trust, Mary Anderson Trust, and The Knollbrook Trust, (2) supplementing and expanding such funding by developing projects and initiatives that attract gifts, grants and contributions from the public, foundations, businesses and other sources, and (3) making grants to other organizations, agencies or individuals as well as directly planning and conducting projects and initiatives that carry out the corporation's religious, charitable, scientific, literary and educational purposes.
4. The corporation may engage in all activities consistent with its purposes set forth in article 3 above, subject to the following restrictions:
 - a. The corporation shall not lobby, carry on propaganda or otherwise attempt to influence legislation except to the extent permitted under the Code;
 - b. The corporation shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office;

PA DEPT OF STATE

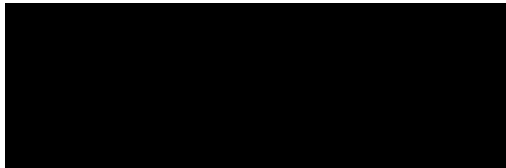
NOV 13 2002

- c. The corporation does not contemplate pecuniary gain or profit, incidental or otherwise, and no part of its net earnings shall inure to the benefit of its officers, trustees, members or other private persons, except that the corporation may pay reasonable amounts for goods and services provided to it and make payments in furtherance of the purposes set forth in article 3; and
 - d. The corporation shall not carry on any activity not permitted to be carried on by an organization (i) that is exempt from federal income tax under section 501(c)(3) of the Code and (ii) contributions to which are deductible under sections 170, 2055 and 2522 of the Code.
- 5. The term for which the corporation is to exist is perpetual.
 - 6. The corporation is organized on a non-stock basis.
 - 7. The corporation shall have members as provided in its bylaws.
 - 8. Upon the dissolution of the corporation, its net assets shall be distributed for such charitable, scientific and educational purposes within the meaning of section 501(c)(3) of the Code as the board of trustees shall select. The surplus funds of the corporation are prohibited from being used for private inurement to any person in the event of a sale or dissolution of the corporation.
 - 9. The name and address of the incorporators are:

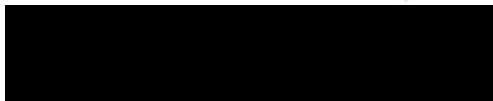
Arthur E. Pew, III



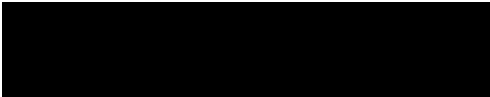
J. Howard Pew, II



J. N. Pew 3rd



J. N. Pew, IV, M.D.



R. Anderson Pew



Richard F. Pew



Ethel Benson Wister



Susan W. Catherwood



Thomas Langfitt, M.D.



IN TESTIMONY WHEREOF, the incorporator has signed and sealed these Articles of Incorporation on the _____ day of _____, 2002.



Arthur E. Pew, III



J. Howard Pew, II



J. N. Pew, 3rd



J. N. Pew, IV, M.D.



R Anderson Pew



Richard F. Pew



Ethel Benson Wister



Susan W, Catherwood



Thomas W. Langfitt, M.D.

EXHIBIT B

BYLAWS
OF
THE PEW CHARITABLE TRUSTS
A Pennsylvania Nonprofit Corporation

ARTICLE I

Members

SECTION 1.01. Classes, Number and Rights of Members. There shall be one class of members whose voting and other rights and interests shall be equal. The number of members shall be nine. The number of members may be changed from time to time by a vote of two-thirds of all members then in office, provided that the number of members shall not be less than five or more than nine. The voting and other rights of a member shall cease upon termination of membership. Membership in the corporation is not transferable or assignable.

SECTION 1.02. Founding Members. The founding members of the corporation shall be Susan W. Catherwood, Thomas W. Langfitt, M.D., J. Howard Pew, II, J. N. Pew, III, J. N. Pew, IV, M.D., R. Anderson Pew, Arthur E. Pew, III, Richard F. Pew, and Ethel Benson Wister. The founding members shall serve until resignation, death or incapacity.

SECTION 1.03. Successor Members. Successor members, who shall be all members other than the founding members named in Section 1.02, shall be elected by the affirmative vote of two-thirds of all members then in office. Successor members shall serve for a term of five years and until their successors have been elected and qualified. A successor member may not serve for more than three consecutive full terms, and shall not be eligible to serve as a successor member for a period of one year after the expiration of the third consecutive full term. Vacancies in the membership shall be filled by the members in the same manner.

SECTION 1.04. Removal. Founding members may not be removed from membership in the corporation. Successor members may be removed from membership for cause upon notice, trial and conviction by a vote of two-thirds of the other members then in office.

SECTION 1.05. Place of Meeting. Meetings of the members of the corporation shall be held at the registered office of the corporation or at such other place or places, either within or without Pennsylvania, as the members may from

time to time designate, or in the absence of a designation by the members, as the board of directors may designate.

SECTION 1.06. Annual Meeting. The members shall designate the date and time of the annual meeting of the members, at which the members shall elect directors and shall transact such other business as may properly come before the meeting. In the absence of a designation by the members, the board of directors shall designate the date and time of the annual meeting.

SECTION 1.07. Special Meetings. If an election of directors is not held at an annual meeting of members, a special meeting of the members shall be called to elect directors. Special meetings of the members for any other lawful purpose may be called at any time by written request of a majority of the board of directors, the chair, the president, or at least two members. Upon receiving such written request stating the purpose of the special meeting, it shall be the duty of the secretary to fix the time and the date of the meeting, not less than ten or more than sixty days after the receipt of the request, and to give due notice thereof. If the secretary shall neglect or refuse to fix the time and date and give written notice of the meeting within ten days after receiving the request, the person or persons calling the meeting may do so.

SECTION 1.08. Notice of Meetings. Written notice of the place, date and hour of the annual and all special meetings of the members shall be given as provided in Article V to every member not less than ten days before the date of the meeting, unless a greater period of notice is required by statute. Every notice of a special meeting shall state its purpose.

SECTION 1.09. Quorum, Manner of Acting and Adjournment. A majority of members shall constitute a quorum for the transaction of business. If such quorum is not present or represented at any meeting, the members present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At any such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new date is fixed for the adjourned meeting, a written notice of the adjourned meeting shall be given to each member. The members present in person or by proxy at a duly organized meeting can continue to do business until adjournment, notwithstanding withdrawal of enough members to leave less than a quorum.

SECTION 1.10. Voting. Except as otherwise provided in these bylaws, any action of the members shall require an affirmative vote of the majority

of the members attending a meeting at which a quorum is present. Each member is entitled to one vote in person or by proxy. A proxy shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until notice thereof has been given to the secretary of the corporation. No proxy shall be effective for more than 11 months from the date of its execution unless a longer time is expressly provided in the proxy, but in no event shall a proxy be effective for more than three years. Every proxy shall be executed in writing by the member or the member's duly authorized attorney-in-fact and filed with the secretary of the corporation. A proxy shall not be revoked by the death or incapacity of the maker unless, before the vote is counted or the authority is exercised, written notice of such death or incapacity is given to the secretary of the corporation.

SECTION 1.11. Participation by Telephone. One or more persons may participate in a meeting of the members of the corporation through conference telephone or similar communications equipment by means of which all participants can hear each other.

SECTION 1.12. Consent of Members in Lieu of Meeting. Any action required or permitted to be taken by members may be taken without a meeting and without prior notice if a written consent, setting forth the action so taken, is signed by all of the members entitled to vote on the action.

ARTICLE II

Board of Directors

SECTION 2.01. Powers. The business and affairs of the corporation shall be managed by the board of directors, which shall have all powers and authority necessary or appropriate for that purpose authorized by statute. Except as required by these bylaws or by statute, any action of the board shall require an affirmative vote of the majority of the directors attending a meeting at which a quorum is present.

SECTION 2.02. Composition. The board of directors shall consist of (i) the members of the corporation who choose to serve as directors, (ii) the president of the corporation and (iii) non-member directors elected by the members of the corporation. The number of non-member directors shall be determined by the members of the corporation from time to time. There shall be sufficient non-member directors so that at all times at least one-third of the total directors are "Civic and Community Leaders" which shall mean civic and community leaders in the Philadelphia region or elsewhere who are not (1) members or officers of the corporation, (2) descendants of J. Howard Pew, Mary Ethel Pew, Joseph N. Pew, Jr. or Mabel Pew Myrin, or (3) spouses or immediate family of any of the foregoing.

SECTION 2.03. Term.

(a) The members of the corporation who choose to serve as directors shall serve as directors for as long as they are members, and shall cease serving as directors when they cease to be members. A member may by written notice resign or decline to serve as a director and may later by written notice begin or resume serving as a director.

(b) The president of the corporation shall serve as a director as long as he or she serves as president.

(c) The non-member directors shall serve staggered two-year terms (or, when filling a vacancy, the unexpired term) and until their successors are elected and have qualified. One-half (or as close to one-half as possible) of the total number of non-member directors shall be elected each year. A non-member director may not serve for more than three consecutive full terms, and shall not be eligible to serve as a director for a period of one year after the expiration of the third consecutive full term.

SECTION 2.04. Removal. Notwithstanding Section 2.03 or any other provision of these bylaws, directors may be removed from office as directors of the corporation by a vote of two-thirds of the disinterested members of the corporation with or without cause.

SECTION 2.05. Vacancies. Recognizing that the identification and recruitment of Civic and Community Leaders to fill the positions on the board set aside for them under Section 2.02 requires careful and thoughtful consideration and is likely to take significant time, the board of directors shall have full authority to act in the absence of the required number of Civic and Community Leaders for any reasonable period, including at least nine months following incorporation and at least six months to fill any vacancy arising thereafter. Vacancies in the board of directors shall be filled by the members.

SECTION 2.06. Meetings. The annual meeting of the board of directors for the election of officers and the transaction of such other business as may properly come before the meeting shall be held each year on the date of, and immediately following, the annual meeting of members. Other regular meetings of the board shall be held at such time and place as the board may from time to time determine. Special meetings of the board may be called at any time by the chair of the board or not less than two directors. All meetings of the board of directors may be held within or without Pennsylvania.

SECTION 2.07. Notice. Notice of the time and place of all meetings of the board shall be given as provided in Article V at least ten days in advance of

the meeting, unless a longer period of notice is required by statute. In case of a special meeting the notice shall specify the purpose of the meeting.

SECTION 2.08. Quorum. A majority of the directors then in office shall constitute a quorum for the transaction of business at any meeting of the board.

SECTION 2.09. Compensation. The board of directors shall have the authority to fix reasonable compensation of the directors for their services as such. A director may also be a salaried officer of the corporation.

SECTION 2.10. Limitation on Liability. A director shall not be personally liable for monetary damages for any action taken, or any failure to take any action, unless (i) the director has breached or failed to perform the duties of his or her office under the Pennsylvania Nonprofit Corporation Law of 1988, as amended, or any successor law, and (ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. The provisions of this Section shall not apply to (i) the responsibility or liability of a director pursuant to any criminal statute or (ii) the liability of a director for the payment of taxes pursuant to local, state or federal law. Any repeal or modification of this Section shall be prospective only, and shall not affect, to the detriment of any director, any limitation on the personal liability of a director of the corporation existing at the time of such repeal or modification.

SECTION 2.11. Participation by Telephone. One or more persons may participate in a meeting of the board or of a committee of the board through conference telephone or similar communications equipment by means of which all participants can hear each other.

SECTION 2.12. Action by Consent. Any action that may be taken at a meeting of the board or of a committee of the board may be taken by a written consent that sets forth the action and is signed by all members of the board or the committee.

ARTICLE III

Officers

SECTION 3.01. Officers Generally; Election. The officers of the corporation shall be a chair, president, one or more vice-presidents, secretary, treasurer and such assistant officers and other officers as the board may determine. The chair must be a director of the corporation. The same person may hold any two or more offices. In addition to the powers and duties set forth in these bylaws, the officers shall have such powers and duties as are usually related to their offices and

as the board may determine by resolution. All officers except the chair (see Section 3.02) shall be elected at the annual meeting of directors by the newly constituted board and shall serve for a term of one year and until their successors are elected and have qualified, unless sooner removed. Each officer shall serve at the pleasure of the board and vacancies shall be filled by the board.

SECTION 3.02. Chair. The chair shall be elected for a two-year term and until a successor is elected and has qualified, unless sooner removed. The chair may not serve for more than three consecutive full two-year terms, and shall not be eligible to serve as chair for a period of one year after the expiration of the third consecutive full term. The chair shall preside at all meetings of the board and shall perform such other duties as may be assigned by the board. The election of the chair shall be by closed ballot.

SECTION 3.03. President. The president shall be the chief executive officer of the corporation and shall control, direct and manage its property, business and affairs subject to the policies and directions of the board. The president shall supervise all departments and operations of the corporation, shall prescribe the duties of other officers and employees, shall recommend candidates for officers of the corporation to the board, and shall see to the proper performance of the corporation's officers. The president together with the chair shall prepare the agenda for meetings of the board of directors.

SECTION 3.04. Vice-Presidents. The vice-presidents shall assist the president in the performance of the president's duties and shall perform such duties as may be assigned by the president. The president, with the board's approval, may establish different areas of responsibility for each vice president.

SECTION 3.05. Secretary. The secretary shall keep the minutes of all meetings of the board and shall have charge and custody of the seal and the records of the board and the corporation.

SECTION 3.06. Treasurer. The treasurer shall have charge and custody of all funds of the corporation, shall maintain an accurate accounting system and shall present financial reports to the board in such manner and form as the board may from time to time determine.

ARTICLE IV

Committees

SECTION 4.01. Committees. The board may by resolution establish such committees of the board as it deems necessary or desirable for the operation of the corporation. The board may delegate such authority to a committee

as it deems appropriate and is not prohibited by statute. All committees and their members shall serve at the pleasure of the board. The chair and the president of the corporation shall be *ex officio* members of all committees with the right to observe and participate in committee proceedings but without the right to vote.

SECTION 4.02. Term. Committees and their chairs shall be appointed by the board at its annual meeting or at such other times as the board may deem appropriate. Unless a different term is determined by resolution of the board for one or more committees, committee chairs and members shall serve for a term of one year and until successors are elected and have qualified, unless sooner removed or unless such committee is sooner disbanded by the board. Committee chairs may not serve as chair for more than six consecutive years on the same committee, and shall not be eligible to chair that same committee for a period of one year after the expiration of such six-year period. Vacancies in the membership of a committee shall be filled by appointments made in the same manner as the initial appointments to the committee.

SECTION 4.03. Quorum/Voting. A majority of the members of a committee shall constitute a quorum for the transaction of any business and the acts of a majority of the members present at any meeting at which a quorum is present shall be the acts of the committee, unless a greater proportion is required by statute, these bylaws or the resolution of the board authorizing the committee.

ARTICLE V

Notices

SECTION 5.01. Method. Whenever under these bylaws or the statute, notice is required to be given to any person, it may be given personally or by sending a copy by first class or express mail, postage prepaid, telegram, telex, facsimile transmission, courier service, charges prepaid, or email with confirmation of receipt, to the person's address or number as it appears on the records of the corporation. Notice given by mail, telegraph or courier service shall be deemed to be given when it is deposited in the United States mail or with a telegraph office or courier service, and notice given by email shall be deemed to be given upon certification or other confirmation of receipt.

SECTION 5.02. Waiver. Whenever any written notice is required to be given by these bylaws or the statute, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent of the giving of such notice. Attendance of any person entitled to notice, either in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting, except where any person attends a

meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE VI

Conflict of Interest

SECTION 6.01. Fiduciary Duty. Directors, officers and other persons engaged in the management of the corporation occupy positions of fiduciary trust and are obligated to discharge their duties in good faith and with undivided loyalty to the corporation. They shall act in the course of their duties solely in the corporation's best interests without regard to the interests of any other organization or person with which they are related or associated and shall refrain from taking part in any transaction or exploiting any opportunity if they cannot act with undivided loyalty to the corporation.

SECTION 6.02. Disclosure. Members, directors, officers and other persons engaged in the management of the corporation shall disclose the material facts regarding (i) any interest, or any interest of an immediate family member, in any grantee of the corporation or in any organization or person furnishing property, goods or services to the corporation or otherwise engaged in a transaction with the corporation, (ii) any transaction involving the corporation that would benefit themselves, their immediate families, or any organization in which they have an interest, (iii) any opportunity within the scope of the corporation's activities that they or members of their immediate families wish to exploit, and (iv) any interest in any organization having a mission directly or indirectly in conflict with the corporation's mission.

SECTION 6.03. Approval Required. The corporation shall not enter into any transaction required to be disclosed under Section 6.02 unless it is approved by the board of directors. No member, director, officer or other person engaged in the management of the corporation shall exploit any opportunity within the scope of the corporation's activities without the approval of the board.

SECTION 6.04. Abstention. Any member, director, officer or other person engaged in the management of the corporation seeking the approval required by Section 6.03 shall abstain from the consideration of, and voting on, the transaction or opportunity presented to the board for approval, except to disclose the transaction or opportunity and answer questions about it. Any director so abstaining may be counted in determining the presence of a quorum.

SECTION 6.05. Definitions. The term "organization" includes without limitation any agency, entity, company, association, firm or other group,

whether governmental or nongovernmental, and whether operated on a for-profit or nonprofit basis. The term "interest" includes without limitation any position as owner, officer, board member, partner, member, employee, contractor, consultant, or beneficiary, but shall not include the ownership of less than five percent of the outstanding voting securities of a publicly held company. The term "immediate family" means parents, spouse, children, and grandchildren.

ARTICLE VII

Indemnification

SECTION 7.01. Right to Indemnification. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a member, director or officer of the corporation, or, while a member, director or officer of the corporation, is or was serving at the request of the corporation as a member, trustee, director or officer of another corporation, partnership, joint venture, trust or other enterprise, including an employee benefit plan, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the corporation, to the extent that such person is not otherwise indemnified and to the extent that such indemnification is not prohibited by applicable law.

SECTION 7.02. Advance of Expenses. Expenses incurred by a member, director or officer in defending a civil or criminal action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the member, director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation.

SECTION 7.03. Procedure for Determining Permissibility. To determine whether any indemnification or advance of expenses under this Article is permissible, the board of directors by a majority vote of a quorum consisting of directors not parties to such action, suit or proceeding may, and on request of any person seeking indemnification or advance of expenses shall be required to, determine in each case whether the applicable standards in any applicable statute have been met or such determination shall be made by independent legal counsel if such quorum is not obtainable, or, even if obtainable, a majority vote of a quorum of disinterested directors so directs. The reasonable expenses of any member, director

or officer in prosecuting a successful claim for indemnification, and the fees and expenses of any special legal counsel engaged to determine permissibility of indemnification or advance of expenses, shall be borne by the corporation.

SECTION 7.04. Contractual Obligation. The obligations of the corporation to indemnify a member, director or officer under this Article, including the duty to advance expenses, shall be considered a contract between the corporation and such member, director or officer, and no modification or repeal of any provision of this Article shall affect, to the detriment of the member, director or officer, such obligations of the corporation in connection with a claim based on any act or failure to act occurring before such modification or repeal.

SECTION 7.05. Indemnification Not Exclusive; Inuring of Benefit. The indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other right to which one indemnified may be entitled under any agreement, vote of directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall inure to the benefit of the heirs, executors and administrators of any such person.

SECTION 7.06. Insurance, Security and Other Indemnification. The board of directors shall have the power to (i) authorize the corporation to purchase and maintain, at the corporation's expense, insurance on behalf of the corporation and others to the extent that power to do so has not been prohibited by applicable law, (ii) create any fund of any nature, whether or not under the control of a director, or otherwise secure any of its indemnification obligations and (iii) give other indemnification to the extent not prohibited by statute.

ARTICLE VIII

Miscellaneous Provisions

SECTION 8.01. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SECTION 8.02. Audit. The board may select an independent public accounting firm to audit the books and accounts of the corporation for each fiscal year.

ARTICLE IX

Amendment of Bylaws

These bylaws may be altered, amended or repealed or new bylaws may be adopted by a vote of two-thirds of the members then in office, provided that the notice of the meeting at which such action is taken contains a copy or a summary of the proposed changes.

EXHIBIT C

Form 1023 Exhibit Information

Exhibit C

| Officers: | First Complete Year Compensation Is Anticipated | Estimated Annual Compensation |
|-----------|--|----------------------------------|
|-----------|--|----------------------------------|

| | | |
|---|------|-----------|
| Rebecca W. Rimel, President [REDACTED] | 2004 | \$540,200 |
|---|------|-----------|

| | | |
|---|------|-----------|
| Henry B. Bernstein, Treasurer [REDACTED] | 2004 | \$219,900 |
|---|------|-----------|

| | | |
|---|------|-----------|
| Joy A. Horwitz, Secretary [REDACTED] | 2004 | \$250,000 |
|---|------|-----------|

Directors: ¹

Susan W. Catherwood
[REDACTED]

Thomas W. Langfitt, M.D.
[REDACTED]

J. Howard Pew, II
[REDACTED]

J.N. Pew, 3rd
[REDACTED]

J.N. Pew, IV, M.D.
[REDACTED]

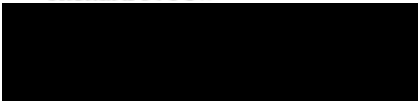
R. Anderson Pew
[REDACTED]

¹Any compensation paid to directors would be limited to a per diem for attending board meetings. While it has not yet been determined whether directors will receive such a per diem, if one is paid, it will be appropriately benchmarked to those paid to directors of The Pew Charitable Trusts' peer organizations.

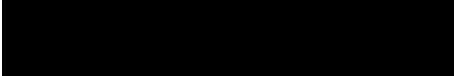
Arthur E. Pew, III



Richard F. Pew



Rebecca W. Rimel



Ethel Benson Wister



EXHIBIT D

EXHIBIT D
(Part 1)

**ONE COMMERCE SQUARE
OFFICE LEASE
by and between**

**COMMERCE SQUARE PARTNERS-PHILADELPHIA PLAZA, L.P.
a Delaware limited partnership
and
THE GLENMEDE TRUST COMPANY**

Dated: *December 21, 2001*

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EXHIBITS

- Exhibit A - Floor Plans
- Exhibit B - Glossary of Defined Terms
- Exhibit B-1 – List of Terms Defined in the Lease (With Reference to Where Defined)
But Not Listed in Exhibit B
- Exhibit C - Memorandum of Lease Commencement
- Exhibit D - Tenant Improvement Letter
- Exhibit E - Rules and Regulations
- Exhibit F - HVAC Specification
- Exhibit G - Janitorial Specifications
- Exhibit H - Subordination, Non-Disturbance Agreement and Attornment Agreement
- Exhibit I - Expansion Space
- Exhibit J - Building Design Live Load Structural Specifications
- Exhibit K - Building Security Specifications

LEASE SUMMARY

This lease summary is for convenience of reference only. It is not a part of the lease and it should not be used in the interpretation of any of the provisions of the lease.

Date: December 21, 2001

Landlord: COMMERCE SQUARE PARTNERS-PHILADELPHIA PLAZA, L.P.

Tenant: THE GLENMEDE TRUST COMPANY

Premises: 82,937 rentable square feet ("rsf") located on the 16th, 17th and 18th floors, One Commerce Square, 2005 Market Street, Philadelphia, Pennsylvania 19103

Term: 11 years, commencing October 1, 2002

Rent: See Section 5

**Projected 2002
Operating Expenses and
Real Estate Taxes:** \$10.85/rsf

**Projected 2002
Philadelphia Business
Use and Occupancy Tax:** \$1.29/rsf - Tenant's use and occupancy of the Premises as offices for The Pew Charitable Trusts is excluded from Philadelphia Business Use and Occupancy Tax.

Parking Passes: Four

Improvement Allowance: \$15.00/rsf

Options: Expansion (Section 29)
Renewal (Section 30)

**Freight Elevator
Charge (2001):** \$65.62/hr.

**HVAC Charge
(non-Normal Working
Hours) - (2001):**

\$75 per hour for one full floor;
\$48 per hour per floor if more than one floor is required.

**ONE COMMERCE SQUARE
OFFICE LEASE**

THIS LEASE made and entered into as of the 21st day of December, 2001, by and between **COMMERCE SQUARE PARTNERS-PHILADELPHIA PLAZA, L.P.**, a Delaware limited partnership ("Landlord") and **THE GLENMEDE TRUST COMPANY**, a trust company chartered under the Pennsylvania Banking Code ("Tenant").

WITNESSETH:

The parties hereto, for good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. **Definitions.** All capitalized terms used in this Lease and not specifically defined in the text shall have the meanings ascribed to them in the glossary attached hereto as Exhibit B and hereby made a part hereof. Terms which are defined in the body of this Lease but not set forth in Exhibit B, are listed on Exhibit B-1.
2. **Lease of Premises.** Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, those certain premises (the "Premises") shown on the drawings attached hereto as Exhibit A, comprising the entire 16th, 17th and 18th floors of the Building. The Premises contain 82,937 Rentable Square Feet. Landlord also hereby grants to Tenant a non-exclusive license to use the common areas and public areas within the Property.
3. **Use of Premises.** The Premises shall be used only for office uses in keeping with the character of a first-class, high-rise office building and for no other purpose. Without limitation of the foregoing, Tenant shall not use the Premises, or permit others to use the Premises, for (a) a medical practice, retail sales operation, retail showroom, classroom (other than for Tenant's employees, the employees of Tenant's clients and/or occasional individual tutoring of students), testing center or for non-incident storage; (b) any use which would violate any Applicable Laws, including, without limitation, those with respect to hazardous or toxic materials, or the provisions of any governmental permit or document related to the Property; (c) any use which would adversely affect or render more expensive any fire or other insurance maintained by Landlord for the Building or any of its contents; or (d) any use which would impair or interfere with the Building Systems or the Service Facilities. Landlord understands that Tenant has the right to use the Premises as offices of The Pew Charitable Trusts and/or The Glenmede Trust Company.
4. **Term.** The term of this Lease (the "Term") shall be 11 years, commencing October 1, 2002 ("Commencement Date") and ending, without the necessity of any notice from either party, on September 30, 2013. At the request of either party, Landlord and Tenant will

execute a memorandum in the form of Exhibit C attached hereto, setting forth the dates on which the Term begins and ends.

5. Rent.

5.1 Items Comprising Rent. In consideration for this Lease, Tenant agrees to pay Landlord the following (hereinafter collectively referred to as "Rent"):

(a) Monthly rent ("Basic Rent") in accordance with the following table:

| PERIOD | ANNUAL BASIC RENT/ RENTABLE E SQUARE FOOT | ANNUAL BASIC RENT | MONTHLY BASIC RENT |
|--------------------------------------|--|-------------------------|--------------------------|
| October 1, 2002 - September 30, 2003 | \$13.50 | \$1,119,649.50 | \$93,304.13 |
| October 1, 2003 - September 30, 2004 | \$14.00 | \$1,161,118.00 | \$96,759.83 |
| October 1, 2004 - September 30, 2005 | \$14.50 | \$1,202,586.50 | \$100,215.54 |
| October 1, 2005 - September 30, 2006 | \$15.00 | \$1,244,055.00 | \$103,671.25 |
| October 1, 2006 - September 30, 2007 | \$15.50 | \$1,285,523.50 | \$107,126.96 |
| October 1, 2007 - September 30, 2008 | \$16.50 | \$1,368,460.50 | \$114,038.38 |
| October 1, 2008 - September 30, 2009 | \$17.00 | \$1,409,929.00 | \$117,494.08 |
| October 1, 2009 - September 30, 2010 | \$17.50 | \$1,451,397.50 | \$120,949.79 |
| October 1, 2010 - September 30, 2011 | \$18.00 | \$1,492,866.00 | \$124,405.50 |
| October 1, 2011 - September 30, 2012 | \$18.50 | \$1,534,334.50 | \$127,861.21 |
| October 1, 2012 - September 30, 2013 | \$19.00 | \$1,575,803.00 | \$131,316.91 |

(b) Tenant's Pro Rata Share of (i) Operating Expenses, and (ii) Real Property Taxes, as estimated by Landlord in accordance with Section 5.3 below.

(c) The cost of electricity consumed by Tenant in the Premises. The Premises will be separately metered and Landlord will bill Tenant based upon such metered usage at the Building's high tension rate without any mark-up.

(d) Any costs or expenses for goods, services or utilities in excess of those which Landlord is required to supply pursuant to this Lease, which are (A) directly attributable to Tenant's use or occupancy of the Premises; (B) not otherwise included in Operating Expenses, and (C) expressly requested by Tenant.

(e) Any sums which Tenant becomes obligated to pay as a result of Tenant's failure to comply with any of the terms and provisions of this Lease.

(f) Landlord and Tenant agree that, as the City of Philadelphia has agreed in a Settlement Agreement dated December 20, 2000, Tenant's use and occupancy of the Premises is excluded from, Landlord shall not collect, and Tenant shall not be required to pay or reimburse Landlord for, Philadelphia Business Use and Occupancy Tax. This paragraph shall apply only so long as Tenant's use and occupancy continues to be excluded from the tax.

(g) Taxes, if any, imposed upon or attributable to Tenant's personal property located in or about the Premises, or any leasehold improvements (including Tenant Improvements and Alterations) installed in the Premises.

5.2 **Estimates Time for Payment.** Rent due under subparagraphs (a) and (b) above shall be payable in advance on the first day of each calendar month, without prior notice or demand, by electronic transfer of immediately available funds to:

Bank: PNC Bank, N.A.

ABA #: 031-000-053

Account: Commerce Square Partners - Philadelphia Plaza, LP -
Deposit Account

Account #: [REDACTED]

, or such other account as Landlord may designate by notice to Tenant. As a convenience only, Landlord will endeavor to invoice Tenant monthly for such Rent. All other sums due from Tenant, including electric bills pursuant to subparagraph (c) above and bills for goods and services pursuant to subparagraph (d) above, shall be payable by check upon presentation of invoices from Landlord to Tenant unless this Lease specifically provides otherwise. All Rent shall be payable in United States dollars, without deduction or offset of any kind. Rent for any partial calendar month during the Term shall be prorated on a per diem basis.

5.3 **Estimates and Annual Reconciliation of Property Expenses.** Prior to the commencement of each calendar year, or as soon thereafter as possible, Landlord shall furnish to Tenant a statement containing Landlord's reasonable estimate of Operating Expenses and Real Property Taxes (collectively, "Property Expenses") for such year and a calculation of Tenant's Pro Rata Share thereof. Thereafter, Tenant shall pay to Landlord one-twelfth of the amount of its Pro Rata Share of Property Expenses on each monthly rent payment date (commencing on January 1) until further adjustment pursuant to this paragraph. If Landlord's statement is furnished after the start of the year, then on the next monthly rent payment date after it receives Landlord's statement, Tenant shall also pay the amounts allocable to the prior months in that year. Following each year, Landlord shall furnish to Tenant a statement prepared by a firm of independent certified public accountants selected by Landlord prepared in accordance with generally accepted accounting principles,

consistently applied, showing the actual Property Expenses during the previous year, and Landlord shall compute any charge or credit to Tenant necessary to adjust Rent previously paid by Tenant to reflect the actual Property Expenses. If such statement and computation reveal an underpayment, Tenant shall within 30 days pay to Landlord an amount equal to such underpayment (whether or not this Lease has expired or been terminated), and if such statement and computation show an overpayment, Landlord shall credit the next monthly rental payment of Tenant with an amount equal to such overpayment, or, if the Term has expired, refund the overpayment to Tenant.

5.4 Audit of Landlord's Books. Landlord shall permit Tenant, at its expense, at all reasonable times to audit Landlord's books and records relating to items affecting Operating Expenses for any period for which additional rental payments become due; provided that Tenant's right to audit shall expire two years after Landlord has furnished an audited statement of Operating Expenses for the applicable year if Tenant has not then notified Landlord in writing of Tenant's election to conduct an audit. All audits shall be performed by an independent firm of certified public accountants compensated at a cost not to exceed the cost that would be charged on an hourly basis by a "Big 5" accounting firm unrelated to Tenant (and, in any event, not on a contingent basis).

(a) If Tenant has timely exercised its option to conduct an audit, Tenant shall have a period of 90 days in which to complete the audit, which 90-day period shall commence after Landlord has afforded Tenant full access to such documents as are in Landlord's possession or control and which are necessary to conduct the audit including, without limitation (to the extent within Landlord's possession or control), work papers prepared by Landlord's certified public accountants, cancelled checks, invoices, and such other documents as may be reasonably required. Tenant shall have the right to receive the documentation described above for any year during the Term of this Lease including the year preceding the Commencement Date in order to have a basis for comparison of Operating Expenses.

(b) In the event that it is ultimately determined that the Operating Expenses billed by Landlord exceeded the actual Operating Expenses by at least three percent of the actual Operating Expenses for such year, then there shall be the following consequences: (1) Landlord shall reimburse Tenant for its reasonable costs of the audit; and (2) Tenant shall have the right to audit Operating Expenses for the two years prior to the year under audit, to determine whether refunds are due for such two prior years, unless Tenant has previously conducted an audit for such two prior years. However, notwithstanding the foregoing, Tenant shall not be entitled to recover any of its costs of the audit if (x) Landlord performed or was performing its own audit of the Operating Expenses for the same time period; (y) Landlord's auditors determined that the Operating Expenses billed by Landlord exceeded the actual Operating Expenses by at least 3% of the actual Operating Expenses for such year; and (z) Tenant knew that Landlord performed, or was performing, its own audit. If Tenant's audit discloses that the Operating Expenses billed by Landlord did not exceed the actual Operating Expenses for the year under audit by 3% or more, then Tenant shall reimburse Landlord for its reasonable costs incurred in connection with the audit.

(c) Landlord shall cooperate with Tenant to facilitate the performance of Tenant's audit. Tenant may review such documentation during normal business hours at the Manager's office at the Property. Tenant agrees to conduct the audit in a manner which will cause minimum disruption to the operation of the Landlord and the management office of the Building.

(d) Tenant agrees to keep and maintain all information gained from its inspection of Landlord's records confidential and Tenant agrees that Tenant and its auditors, employees or agents shall not disclose it to any other party, except as required by law and except to Tenant's attorneys, accountants and advisors involved in such review who agree to maintain the confidentiality of such information, or except as necessary in any action or arbitration proceeding involving the accuracy of the Operating Expenses. If requested by Landlord, Tenant shall require its employees, attorneys, accountants or agents inspecting Landlord's records to sign a confidentiality agreement (in form and substance reasonably acceptable to Tenant) in favor of Landlord as a condition of making the general ledger available to them.

(e) Tenant's exercise of its inspection and audit rights hereunder does not relieve Tenant of its obligations to pay all Rent, including all disputed amounts, and Tenant's inspection and audit right under this Article may only be exercised by Tenant if there is no outstanding Event of Default under this Lease during the period that Tenant is exercising its rights hereunder.

(f) Except as herein above specifically provided otherwise, if Tenant fails timely to exercise its rights hereunder, such failure shall be conclusively deemed to constitute Tenant's approval of Landlord's year-end statement of Operating Expenses for the year in question. This Article shall not be construed to allow any inspection or audit of Landlord's records by any subtenant unless Landlord agrees otherwise, in its sole discretion, in any recognition agreement entered into between Landlord and such subtenant. This Article shall be the sole and exclusive method to be used by Tenant to dispute the amount of Operating Expenses and Tenant hereby waives any other rights at law or in equity relating thereto.

(g) In the event that it is ultimately determined (by agreement of the parties or by a final court determination) that the actual Operating Expenses for any year, as defined and chargeable to Tenant under this Lease, is less than the amount set forth in the statement of Operating Expenses submitted by Landlord for such year, then Landlord shall credit such excess payments against Tenant's next monthly payment due in accordance with the terms of this Lease, or, if this Lease has expired, Landlord shall promptly refund such excess payment to Tenant.

(h) Tenant's audit and reimbursement rights shall survive the expiration or earlier termination of this Lease for a period of six months after delivery of the Landlord's statement for the final calendar year during the Term.

6. **Abatement for Failure of Building Systems.** If the Premises or any portion thereof are rendered untenable and are not used by Tenant for a period of four consecutive business days or 10 business days in any 12-month period (the "Eligibility Period") as a result of failure in the Building Systems, Tenant's Rent shall be reduced and abated after the expiration of the Eligibility Period for such time as the Premises (or portion thereof, as the case may be) remain untenable and are not used by Tenant, in the same proportion as the Rentable Area rendered untenable bears to the total Rentable Area of the Premises; provided, however, there shall be no abatement of Rent if the failure is caused in whole or in part by the negligent or willful acts or omissions of Tenant, its agents, employees, contractors, licensees or invitees. Notwithstanding the foregoing, during any Rent abatement period under this Lease, Tenant shall pay Landlord as Rent Landlord's normal charges for all services and utilities provided to and used by Tenant during the period of the Rent abatement.

7. **Tenant Improvements; Allowances.**

7.1 **Tenant Improvements.** Tenant shall be entitled to make Tenant Improvements to the Premises following the execution of this Lease, in accordance with, and subject to, the terms and conditions of the Tenant Improvement Letter attached hereto as Exhibit D. Tenant may make the Tenant Improvements in one or more stages following the execution of this Lease.

7.2 **Allowances.** Subject to Exhibit D, Landlord shall make available to Tenant up to \$15.00 per square foot of Rentable Area of the Premises (the "TI Allowance") to be used solely for the following purposes:

(a) space planning, architectural and engineering expenses related to the Tenant Improvements; and

(b) purchase, installation and construction of Tenant Improvements which constitute permanent improvements to the Premises (including, without limitation, carpeting and supplemental air conditioning) and of furniture, furnishings or equipment or other personal property installed or located at the Premises.

Tenant may divide the TI Allowance among the foregoing expenses in such amounts as Tenant elects; provided, however, not more than \$414,685 (\$5.00 per square foot of Rentable Area) may be expended for furniture, furnishings, equipment or other personal property. Landlord's waiver of distraint shall not apply to personal property purchased with the TI Allowance. Tenant will furnish Landlord with an inventory of such personal property promptly after it has been delivered to the Premises.

If the TI Allowance is insufficient to defray the entire cost of the items referred to in subparagraphs (a) and (b) above, the balance shall be paid entirely by Tenant. Landlord has no obligation to advance more than \$15.00 per square foot of Rentable Area in the Premises (a total of \$1,244,055) for such items under any circumstances. If the TI Allowance exceeds the entire cost of the items referred to subparagraphs (a) and (b) above, or if Tenant, at its option, elects not to apply the entire TI Allowance on account of the cost of the items

referred to in subparagraphs (a) and (b) above, the portion of the TI Allowance not used for such costs shall be applied as a credit against the first installments of Basic Rent payable under this Lease, until such portion has been fully credited; provided, however, that the amount of such credit shall not exceed \$2.25 per square foot of Rentable Area in the Premises.

Tenant must submit all requests for payments on account of the TI Allowance by November 30, 2003. Notwithstanding anything else herein contained, and regardless of the amounts previously disbursed, Landlord shall have no obligation to advance any funds on account of the TI Allowance which have not been requested in writing by November 30, 2003.

7.3 Improvements by Landlord. In consideration for Landlord's agreement to make funds available for Tenant Improvements as set forth above, Tenant agrees to accept the Premises in their present physical condition, without any obligation by Landlord to paint, redecorate, or perform any other work in, on or about the Premises at any time, except as otherwise specifically set forth in this Lease. Except as specifically set forth herein, Landlord makes no warranty or representation of any kind, expressed or implied, with respect to the Premises or the Building or any other portion of the Property.

8. Utilities and Services.

8.1 Landlord Obligations. Landlord shall furnish the following services and utilities to the Premises, the cost of which shall be included in Operating Expenses except as specifically provided otherwise herein subject to rules and regulations from time to time promulgated by Landlord pursuant to Section 27 below. Without limiting any other provision in this Lease, Landlord's services below shall satisfy the criteria set forth in the several Exhibits attached to this Lease.

(a) **HVAC.** Landlord shall furnish heating, ventilation and air conditioning ("HVAC") to the Premises during Normal Working Hours, in accordance with the specifications attached hereto as Exhibit F and made a part hereof. Tenant shall not, without Landlord's prior written consent, use any equipment or lighting or occupy the Premises with personnel so that heat generated by such use or occupancy affects the ambient temperature otherwise maintained in the Premises by the HVAC system under normal operation; provided, however, that provisions of this sentence and the penultimate sentence of this paragraph shall not apply to any equipment or lighting presently installed within the Premises (including, without limitation, all presently existing kitchen equipment). In the event such use or occupancy affects the ambient temperature, and Tenant does not correct such situation within 30 days after receipt of written notice of the occurrence thereof from Landlord, Landlord shall have the right to install any machinery or equipment which Landlord reasonably deems necessary to restore temperature balance, including without limitation, modifications to the standard air conditioning equipment, and the reasonable cost thereof including the cost of installation and any additional cost of operation and maintenance incurred thereby, shall be paid by Tenant to Landlord upon demand by Landlord. Landlord makes no representation with respect to the adequacy or fitness of the

compliance with such reasonable security measures and reasonable rules and regulations as shall from time-to-time be in effect for the Building and/or the Property, and Landlord's maintenance activities.

8.2 **Extraordinary Services.** In addition to charges specified above, Landlord may impose a reasonable direct charge and establish reasonable rules and regulations for any of the following: (a) other than the janitorial services provided on Exhibit G, additional or unusual janitorial services requested by Tenant or required because of any non-building standard improvements in the Premises, or the carelessness of Tenant, or the nature of Tenant's business (including the operation of Tenant's business other than during Normal Working Hours); (b) the removal of any refuse and rubbish from the Premises, except for discarded material placed in wastepaper baskets and left for emptying as an incident to Landlord's normal cleaning of the Premises and except as provided on Exhibit G; and (c) any other services requested by Tenant at any time other than during weekday Normal Working Hours. The foregoing direct charges shall be payable by Tenant as Rent on the next Rent payment date after submission of an invoice therefor by Landlord.

8.3 **Telephone.** Tenant shall make its own arrangements for telephone and/or other communication services. Landlord shall make adequate space available in the Building for cables and other devices to provide telephone and other normal and usual communication services to the Premises.

8.4 **Interruption in Utility Services.** Landlord shall not be liable for damages or otherwise for failure, stoppage or interruption of any services or utilities or unavailability of access to the Property, nor shall the same be construed either as an eviction of Tenant, or result in an abatement of Rent (except as provided in Article 6), when such failure is caused by accidents, breakage or Force Majeure Events, or by the making of repairs, alterations or improvements to the Premises or the Building, or the limitation, curtailment, rationing or restriction on supply of fuel, steam, water, electricity, labor or other supplies or any other condition beyond Landlord's reasonable control, including, without limitation, any governmental energy conservation program or legal requirement. If any governmental entity imposes mandatory or voluntary controls or guidelines on Landlord or the Property or any part thereof, relating to the services provided by Landlord, or the reduction of emissions, Landlord may make such alterations to the Building or any other part of the Property related thereto and take such other steps as are necessary to comply with such controls and guidelines; the cost of such compliance and alterations shall be included in Operating Expenses except as otherwise specified in Section 12 of Exhibit B; and Landlord shall not be liable, for any damages resulting therefrom, nor shall the same be construed either as an eviction of Tenant, or result in an abatement of Rent.

9. **Alterations.**

9.1 **Restriction on Alterations.** Except for any Tenant Improvements specifically permitted by this Lease, Tenant shall make no alteration, repair, addition or improvement in,

to or about the Premises (collectively, "Alterations"), without the prior written consent of Landlord and Landlord may impose as a condition to such consent such requirements as Landlord, in its reasonable discretion, may deem necessary or desirable, including, without limitation, some or all of the following: (a) the right to approve the plans and specifications for any work; (b) the right to require supplemental insurance satisfactory to Landlord and naming Landlord and Manager as additional insureds; (c) the right to require waivers of liens prior to commencement of work and/or unconditional lien releases for work completed; (d) reasonable requirements as to the manner in which or the time or times at which work may be performed; and (e) the right to approve the contractor or contractors to perform Alterations. However, Tenant shall have the right, without the prior consent of Landlord, to install (i) Alterations that are purely decorative (i.e., paint, carpet, non-built-in shelving, filing systems, work stations, and similar trade fixtures and furniture) and (ii) non-structural Alterations which do not cost in excess of \$75,000.00 in each instance, and which do not adversely affect the function or integrity of Building Systems or the Building or the Premises, provided, in each instance Tenant shall give prior notice of its intention to make such Alterations to Landlord, such notice to include the scope and proposed schedule of work. Tenant shall not be required to remove the foregoing permitted Alterations upon the expiration of this Lease. Landlord's consent and approvals may not be unreasonably withheld, conditioned or delayed. Landlord approves the installation by Tenant of an interior staircase connecting the Expansion Space on the 19th floor if Tenant exercises its option for such space, subject, however, to clauses (a) through (e) above and Tenant's agreement to remove the staircase and restore the Premises, at Tenant's sole cost and expense, at the end of the Term, if Landlord so requests.

9.2 Removal and Surrender of Fixtures and Alterations. All Alterations and all Tenant Improvements installed in the Premises pursuant to Exhibit D, which are attached to, or built into, the Premises, shall at the end of the Term become the property of Landlord and shall be surrendered with the Premises; provided, however, Landlord may, by written notice to Tenant at least 30 days prior to the end of the Term, require Tenant to remove specific Alterations or Tenant Improvements if, but only if, Landlord has specified in writing at the time of Landlord's approval of the relevant plans and/or specifications that such Alterations or Tenant Improvements must be removed at the end of the Term. Tenant will repair any damage to the Premises, the Building and any other part of the Property caused by such removal, all at Tenant's sole expense and to the reasonable satisfaction of Landlord. Tenant shall not be obligated to remove or alter, at the end of the Term, any item or improvement at the Premises as of the date of this Lease (e.g., the existing interior staircases connecting floors 16-18), or any kitchens, bathrooms, closets, interior walls and/or partitions, or dropped ceilings installed as part of Tenant Improvements. With respect to Tenant Improvements installed in the Premises pursuant to Exhibit D, Landlord and Tenant shall each own undivided interests in such Tenant Improvements to the extent, in the case of Landlord, of the Tenant Improvement Allowance paid to or on behalf of Tenant, and, in the case of Tenant, the portion of the cost of such Tenant Improvements paid for by Tenant. For purposes of the insurance requirements of this Lease, Tenant shall be deemed to have an

insurable interest in the Tenant Improvements and Alterations in the Premises, as between Landlord and Tenant, but the same shall be surrendered with the Premises on termination of this Lease, as set forth above.

9.3 **Tenant's Fixtures.** Tenant shall have the right to install trade fixtures, machinery and equipment (excluding Alterations, which are governed by Article 9.1 and 9.2) required by Tenant or used by it in its business, provided that same do not exceed applicable safe floor loads, as indicated in Exhibit J, or otherwise impair the structural strength of the Building and further provided that such trade fixtures, machinery and equipment shall be limited to items normally used for the permitted usage of the Premises. Except to the extent (if any) paid for by Landlord, in cash or by way of any credit or allowance provided hereunder, such trade fixtures, machinery and equipment shall be and remain Tenant's personal property and shall be removed by Tenant prior to the end of the Term. Tenant shall repair and restore any damage to the Premises and Building caused by such installation or removal.

9.4 **Load Bearing Specifications.** Attached hereto as Exhibit J is the Building Design Live Load Structural Specifications for the Building. Tenant understands that such exhibit sets forth design criteria only and that actual conditions may vary and further understands that any atypical structural loads proposed to be placed in the Building must be reviewed and approved by Landlord and its structural engineer.

9.5 **Tenant's Right to Remove.** Notwithstanding any provision to the contrary set forth in this Lease, Tenant shall have the right to remove from the Premises (provided Tenant repairs any damage caused by such removal) the following items: wall sconces (lights) in the 17th floor meeting rooms, common areas and anywhere else in the Premises; etched glass art walls in the 17th floor meeting rooms and common areas; suspended lights in the 18th floor lunchroom; large screen TV and video equipment built into walls; and patio furniture (whether attached or unattached).

10. **Maintenance and Repairs.**

10.1 **Tenant's Obligations.** Tenant shall, at Tenant's sole expense, keep the interior, non-structural portions of the Premises clean and in good condition and repair, except for Landlord's obligations specifically set forth in this Lease and ordinary wear and tear.

10.2 **Landlord's Obligations.** Subject to Article 12.1 ("Damage and Restoration"), Landlord shall repair and maintain in a clean and in good condition, with reasonable diligence after notice thereof from Tenant, the Building Systems, all structural portions of the Premises, and the Property. Except as otherwise provided in Section 11.6, below, if such maintenance and repair is required by a negligent act or omission of Tenant, its agents or employees, contractors, licensees or invitees, Tenant shall pay the cost of such maintenance and repairs.

10.3 **Waiver of Liability.** Landlord shall not be liable for any injury to persons or property arising from any repairs, maintenance, alteration or improvement in or to any

portion of the Property or the Building, including the Premises, or any personal property located therein, unless Landlord is negligent in performing (or failing to perform) such repairs, maintenance, alterations or improvements, and such negligence is a proximate cause of the loss or damage. Further, neither Landlord nor its agents or employees shall be liable for any damage to persons or property caused by other tenants or other persons in or about the Property, or for any consequential damages arising out of any loss of use of the Premises or any equipment or facilities therein by Tenant or any person claiming through or under Tenant, unless caused by the negligence of Landlord or the agents of Landlord.

11. **Insurance; Waiver of Subrogation.** Tenant shall at all times during the Term and at its own cost and expense procure and continue in force insurance as follows:

11.1 **Liability Insurance.** Workers' compensation insurance, employer's liability insurance and commercial general liability insurance and, if necessary, commercial umbrella or excess liability insurance adequate to protect Tenant and Landlord against liability for injury to or death of any person or damage to property in connection with the use, operation or condition of the Premises. The limits of liability under the workers' compensation policy shall be at least equal to the statutory requirements therefor, and the limits of liability under the employer's liability policy shall be at least \$2 million. The commercial general liability policy shall be in an amount of not less than \$3 million per occurrence and \$5 million in the aggregate. Not more frequently than once each two years, if, in the opinion of Landlord's mortgagee or of the independent insurance broker retained by Landlord, the amount of employer's liability or commercial general liability coverage at that time is not adequate, Tenant shall increase the insurance coverage as reasonably required by Landlord, provided, however, such increases shall not exceed commercially reasonable insurance coverages carried by tenants leasing similar first-class Center City Philadelphia high-rise office space. Subject to subparagraph 11.4(c) below, such employer's liability and commercial general liability coverage may be furnished partially by primary insurance and partially by umbrella (excess liability) insurance.

11.2 **Property Insurance.** Insurance covering all leasehold improvements (including, but not limited to, all Tenant Improvements and Alterations) trade fixtures, merchandise and other personal property from time to time in, on or upon the Premises, in an amount not less than 100% of their full replacement cost from time to time during the Term, providing protection against any peril included within the classification "All Risk Coverage," together with insurance against sprinkler water damage (including earthquake caused sprinkler damage), vandalism and malicious mischief. The proceeds of such insurance shall be used for the repair or replacement of the property so insured. Upon termination of this Lease due to any casualty, the proceeds of such insurance shall be paid to Landlord and Tenant, as their interests appear in the insured property. The full replacement value of the items to be insured under this paragraph shall be determined by Tenant and acknowledged by the company issuing the insurance policy by the issuance of an agreed amount endorsement at the time the policy is initially obtained, and shall be increased from time to time if and to the extent necessary to maintain full replacement value coverage.

11.3 **Business Interruption Insurance.** Loss of income or business interruption insurance in such amounts as will reimburse Tenant for direct and indirect loss of earnings attributable to all perils commonly insured against by prudent tenants or attributable to prevention of access to the Premises or to the Building as a result of such perils.

11.4 **Policy Requirements.**

(a) All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies, qualified to do business in the Commonwealth of Pennsylvania and reasonably acceptable to Landlord. Insurance companies rated A VII or better by Best's Insurance Reports shall be deemed acceptable.

(b) Each policy shall be written on an "occurrence" basis and name Landlord, Manager, and Landlord's lender and their respective members, managers, partners, officers, directors, agents and employees as additional insureds, as their interests may appear. Certificates evidencing the existence and amounts of such insurance shall be delivered to Landlord by Tenant at least 30 days prior to commencement of the Term. No such policy shall be cancelable except after 30 days' written notice to Landlord. Tenant shall provide Landlord with originals of the endorsement(s) to Tenant's commercial general liability insurance policy and all risks property insurance policies which include the following exact wording:

It is agreed that Commerce Square Partners-Philadelphia Plaza, L.P., Thomas Development Partners LP, GMAC-CM as master servicer for LaSalle National Bank, Trustee for GS Mortgage Securities Corp. II, Mortgage Pass-Through Certificate Series 1998-GL II, and their respective members, managers, partners, officers, directors, affiliates, agents and employees are additional insureds.

Such endorsements shall be separate from certificates of insurance. It is not acceptable to have the above-referenced language typed or written on the certificate of insurance in lieu of providing Landlord with the required endorsements. Each certificate of insurance and endorsement required hereunder shall have an original signature. Tenant shall, at least 30 days prior to the expiration of any such policy, furnish Landlord with renewals or "binders" thereof. Should Tenant at any time neglect or refuse to provide the insurance required by this Lease, or should such insurance be cancelled, Landlord shall have the right, but not the duty, to procure the same and Tenant shall pay the cost thereof as Rent promptly upon Landlord's demand.

(c) The policies of insurance required to be carried by Tenant (including any umbrella policies) shall be non-contributing with, and not in excess of any other insurance available to Landlord. The cost of defending any claims made against any of the policies required to be carried by Tenant shall not be included in any of the limits of liability

for such policies. Tenant shall promptly report to Landlord, and confirm in writing, the occurrence of any injury, loss or damage incurred by Tenant, or Tenant's receipt of notice or knowledge of any claim by a third party or any occurrence that might give rise to such claims. Tenant will not violate nor knowingly permit any other person or entity to violate any condition of the policies required by this Lease.

(d) If any of the liability insurance policies required to be maintained by Tenant pursuant to this Article contains aggregate limits which apply to operations of Tenant other than those operations which are the subject of this Lease, and such limits are diminished by more than \$200,000.00 after any one or more incidents, occurrences, claims, settlements, or judgments against such insurance, Tenant shall take immediate steps to restore aggregate limits or shall maintain other insurance protection for such aggregate limits. Any policy of property insurance required hereunder may be in "blanket coverage" form, provided any such "blanket coverage" policy (i) specifically provides that the amount of insurance coverage required hereunder shall in no way be prejudiced by other losses covered by the policy or (ii) is in an amount not less than the sum of 100% of the actual replacement costs of all of the properties covered under such "blanket coverage" insurance policy. Neither the issuance of any such property insurance policy nor the minimum limits specified in this Article shall be deemed to limit or restrict in any way Tenant's liability arising under or out of this Lease.

11.5 Landlord's Insurance. Landlord shall, at all times during the Term hereof, maintain in force insurance of the type commonly referred to as an "all risk of physical loss" policy, including earthquake insurance, in an amount equal to the full replacement cost of the Building (with a deductible not exceeding \$100,000 for any loss), insuring the Building and the Property against all risks and hazards as are customarily insured against, in Landlord's reasonable judgment, by others similarly situated and operating like properties, and commercial general liability insurance in an amount not less than \$5 million, and workers' compensation insurance if and to the extent required by law. Landlord shall also maintain in force rent loss insurance in an amount not less than 12 months' Rent for the Building. Without limitation of the foregoing, Landlord shall maintain in force such insurance as may be required by the holder of the Mortgage. The premiums and deductible amounts on the insurance policies referred to in this paragraph will be part of Operating Expenses. Landlord will deliver to Tenant upon request, but not more than once in any 12-month period, certificates or other reasonable evidence that the insurance required by this paragraph is in force.

11.6 Waiver of Subrogation. Landlord and Tenant each hereby releases the other, and waives its right of recovery against the other, for any direct or consequential loss or damage arising out of or incident to the perils covered by the insurance policy or policies required to be carried by the waiving party to the extent such losses or damages are actually covered by such insurance policies (or would be covered had such policies been maintained as required by this Lease), whether or not such damage or loss may be attributable to the negligence of either party or their agents, invitees, contractors, or employees. Each insurance policy carried by either Landlord or Tenant in accordance with this Lease shall

include a waiver of the insurer's rights of subrogation to the extent necessary. Such waiver shall limit any indemnity made under this Lease, but shall not limit any other waiver made under this Lease.

12. Fire or Casualty.

12.1 Damage and Restoration. If the Premises or any Building Systems or common areas of the Building serving or providing access to the Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently restore the Premises (including, without limitation, the Tenant Improvements to the extent paid for by Landlord) and such Building Systems and common areas at Landlord's expense, and not as a part of Operating Expenses. Such restoration shall be to substantially the condition that existed prior to the casualty, except for modifications required by zoning and building codes and other laws, and any other modifications to the common areas reasonably deemed desirable by Landlord (provided access to the Premises and any common rest rooms serving the Premises is not materially impaired). Landlord shall not be required to repair or replace any of Tenant's furniture, furnishing, fixtures or equipment, or any Alterations or Tenant Improvements not originally installed or constructed at Landlord's expense. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof, except that Landlord shall allow Tenant a proportionate abatement of Rent during the time and to the extent the Premises are unfit for occupancy by Tenant as a result thereof.

12.2 Termination. Notwithstanding the foregoing, Landlord may elect not to perform restoration work, and instead terminate this Lease by notifying Tenant in writing of such termination within 60 days after the date the damage occurred (such notice to include a termination date giving Tenant at least 90 days to vacate the Premises), but Landlord may so elect only if the Building shall be damaged by fire or other casualty (whether or not the Premises are affected) such that: (a) restoration cannot reasonably be completed within 12 months after the casualty without the payment of overtime or other premiums; (b) the holder of any Mortgage on the Building shall require that the insurance proceeds or any portion thereof be used to retire the mortgage debt; or (c) the damage (in excess of the deductible amount) is not fully covered by Landlord's insurance policies. If the damage is so extensive that the Premises cannot reasonably be expected to be ready for re-occupancy by Tenant within 12 months after the occurrence without payment of overtime or other premiums, Tenant may terminate this Lease as of the date of the casualty by notice to Landlord given within 60 days after occurrence of the damage. In the event of termination pursuant to this paragraph, Rent will be apportioned as of the date of the casualty.

13. Eminent Domain.

13.1 Taking. If the Building shall be taken (including a temporary taking if the condemning authority requires physical possession of the Premises or any material part thereof) by any lawful power or authority by exercise of the right of eminent domain, or sold to prevent such taking, this Lease shall terminate as of the date possession is required to be surrendered to said authority (or, at Tenant's option, on a date occurring not more than 120

days prior to such possession date). If such portion of the Building or Property is taken or sold as to require, in the reasonable opinion of Landlord, a substantial alteration or reconstruction of the remaining portions thereof, or which renders the Building or Property not economically viable for its use as presently intended, or requires cancellation of substantially all tenant leases in the Building, this Lease may be terminated by Landlord, as of the date of the vesting of title under such taking or sale, by written notice to Tenant within 60 days following notice to Landlord of the date on which said vesting will occur. Except as provided below, Tenant shall not because of such taking assert any claim against Landlord or the taking authority for any compensation because of such taking, and Landlord shall be entitled to receive the entire amount of any award without deduction for any estate or interest of Tenant. If the amount of property or the type of estate taken shall not substantially interfere with Tenant's use of the Premises, Landlord shall be entitled to the entire amount of the award without deduction for any estate or interest of Tenant. In such event, Landlord shall promptly proceed to restore the Premises and the Building to substantially their condition prior to such partial taking, and the Rent shall be abated in proportion to the time during which, and to the part of the Premises of which, Tenant shall be so deprived on account of such taking and restoration. Notwithstanding the foregoing, during any Rent abatement under this Lease, Tenant shall continue to be obligated to pay Landlord for all services and utilities provided to and used by Tenant during the period of the Rent abatement. Nothing contained in this Article shall be deemed to give Landlord any interest in, or prevent Tenant from seeking any award against the taking authority for, the taking of personal property and fixtures belonging to Tenant or for relocation or business interruption expenses recoverable from the taking authority.

Notwithstanding the foregoing, Tenant shall have the right to terminate this Lease in the event that (i) a portion of the Premises is taken and the remaining portion of the Premises cannot be used for its intended purposes, as reasonably determined by Tenant; (ii) access to the Building is taken in a material respect; (iii) vehicular access to the Garage is taken in a material respect; or (iv) the existing parking spaces leased to Tenant are taken (unless Landlord replaces the lost parking spaces with new parking spaces within reasonable proximity to the Building).

14. Assignment and Subletting.

14.1 Limitation.

(a) Tenant shall not directly or indirectly, voluntarily or involuntarily (i) assign, mortgage or otherwise encumber (collectively, "Assignment") all or any portion of its leasehold estate or (ii) permit the Premises to be occupied by anyone other than Tenant or Tenant's employees or sublet the Premises or any portion thereof without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed pursuant to the provisions of Section 14.3(a), below. Any attempted Assignment or sublease (collectively, a "Transfer") without such consent shall be null and void and of no effect.

(b) Notwithstanding the provisions of Section 14.1(a) above, Tenant may, without the prior consent of Landlord, assign this Lease or sublet all or portions of the

Premises to any parent or wholly-owned subsidiary of Tenant or to any successor of the business and affairs of Tenant or The Pew Charitable Trusts (each, a "Permitted Assignee"). Any assignment or subletting pursuant to this Section 14.1(b) is herein called a "Permitted Transfer".

(c) No Transfer (including a Permitted Transfer) shall relieve Tenant of its obligation to pay the Rent and to perform all of the other obligations to be performed by Tenant hereunder. The acceptance of Rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease or a consent to any Transfer. Consent to one Transfer shall not be deemed to constitute consent to any subsequent Transfer.

14.2 Notice of Intent to Assign or Sublet. If Tenant desires at any time to Transfer the Premises or any portion thereof, it shall first give Landlord notice (the "Transfer Notice") specifying (a) the size and location of the space Tenant proposes to Transfer (the "Transfer Space"); (b) the terms and provisions of the proposed Transfer; (c) the date on which Tenant proposes that the Transfer be effective, which shall not be less than 30 days after the Transfer Notice; (d) the name of the proposed assignee, subtenant, transferee or occupant ("Transferee"); (e) the nature of the proposed Transferee's business to be carried on in the Transfer Space; and (f) such financial information as Landlord may reasonably request concerning the proposed Transferee.

14.3 Right of Recapture; Landlord's Consent. At any time within 20 days after Landlord's receipt of all of the information required in the Transfer Notice, Landlord may by written notice to Tenant elect to recapture the Transfer Space and terminate this Lease with respect thereto, unless the Transfer involves a sublease for a term which expires at least one year prior to expiration of the Term of this Lease. If Landlord does not elect to recapture the Transfer Space, or is not entitled to do so, Tenant may transfer the Transfer Space to the Transferee on the terms set forth in the Transfer Notice subject to the following conditions:

(a) Landlord shall have consented to such Transfer, which consent shall not be unreasonably withheld or delayed beyond 20 days following Landlord's receipt of the Transfer Notice, provided, however, that Landlord's refusal to consent to any Transfer shall be deemed reasonable if:

(i) The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Property;

(ii) The Transferee intends to use the Transfer Space for purposes which are not permitted under this Lease;

(iii) The Transferee is a current tenant of the Property or has been involved in bona fide negotiations with Landlord, as evidenced by a specific written proposal to such Transferee, for space in the Property within the preceding nine months;

(iv) The Transfer Space is not suitable for normal renting purposes in conformity with all applicable building and safety codes;

(v) The Transferee is a governmental body (or subdivision or agency thereof);

(vi) The Transferee is, in the reasonable judgment of Landlord, insolvent or does not have the financial capacity to perform the obligations to be assumed for the term of the Transfer.

(b) If the Transfer is not completed within 120 days of Landlord's consent thereto, Tenant shall once again comply with all of the provisions of this Article 14, including, without limitation, the obligation to give Landlord the Transfer Notice and Landlord shall again have the right of recapturing the Transfer Space and terminating this Lease with respect thereto.

(c) Any sublease shall provide that it is subject and subordinate to this Lease and to all underlying Mortgages; that Landlord may enforce the provisions of the sublease, including collection of Rent; that the cost of any modification to the Premises, Building and/or Property arising from or as a result of the sublease shall be the sole responsibility of Tenant; that in the event of termination of this Lease for any reason, including without limitation a voluntary surrender by Tenant, or in the event of any reentry or repossession of the Premises by Landlord, Landlord may, at its option, either (i) terminate the sublease or (ii) take over all of the right, title, and interest of Tenant, as landlord, under such sublease, in which case the Transferee shall attorn to Landlord, but that nevertheless Landlord shall not (1) be liable for any previous act or omission of Tenant under such sublease; (2) be subject to any defense or offset previously accrued in favor of the Transferee against Tenant; or (3) be bound by any previous modification of any sublease made without Landlord's written consent, or by any previous prepayment by the Transferee of more than one month's Rent (except to the extent Landlord has received such advance rent). Tenant waives any right it may have at law or in equity to terminate this Lease as a result of Landlord's failure to consent to a Transfer in a manner consistent with this Article 14, but Tenant may pursue all other rights and remedies available at law or equity by reason of such failure.

(d) Each Transferee by assignment shall assume all obligations of Tenant under this Lease and shall be and remain liable jointly and severally with Tenant for the payment of the Rent, and for the performance of all of the terms, covenants, conditions and agreements herein contained on Tenant's part to be performed for the term of this Lease. No Assignment shall be binding on Landlord unless the Transferee or Tenant shall deliver to Landlord a counterpart of an assignment and an instrument in recordable form which contains a covenant of assumption by the Transferee reasonably satisfactory in substance and form to Landlord consistent with the requirements of this paragraph, but the failure or refusal of the Transferee to execute such instrument of assumption shall not release or discharge the Transferee from its liability as set forth above.

(e) If there are any Profits from any Transfer, Tenant shall pay 50% of such Profits to Landlord as additional Rent. Landlord's share of Profits shall be paid to Landlord within three days after receipt thereof by Tenant. The payment of Profits to Landlord shall be

made on a monthly basis as additional Rent with respect to each Transfer separately, subject to an annual reconciliation on each anniversary date of the Transfer. If the payments to Landlord under this subparagraph during the 12 months preceding each annual reconciliation exceed the amount of Profits determined on an annual basis, then Landlord shall promptly refund to Tenant the amount of such overpayment or credit the overpayment against Tenant's future obligations under this subparagraph, at Tenant's option. If Tenant has underpaid its obligations hereunder during the preceding 12 months, Tenant shall immediately pay to Landlord the amount owing after the annual reconciliation.

For purposes of this Article 14, "Profits" are defined as all cash or cash equivalent amounts and sums which Tenant (including any Affiliate or Successor of Tenant or other entity related to Tenant) receives on a monthly basis from any Transferee, directly or indirectly, attributable to the Premises or any portion hereof, less the sum of (1) the amount for (i) any additional tenant improvement costs paid to Tenant's Transferee by Tenant; (ii) reasonable leasing commissions paid by Tenant in connection with the Transfer; (iii) other economic concessions (planning allowance, lease takeover payments, moving expenses, etc.) paid by Tenant to or on behalf of the Transferee in connection with the Transfer; (iv) reasonable costs incurred by Tenant in advertising the Transfer Space; and (v) Tenant's reasonable attorneys' fees paid by Tenant in connection with the Transfer, and (2) the Rent paid during each such annual period by Tenant attributable pro rata based on Rentable Area to the Transfer space. Any lump sum payment received by Tenant from a Transferee shall be treated like any other amount so received by Tenant for the applicable annual period and shall be utilized in computing Profits in accordance with the foregoing. All Profits and the components thereof shall be subject to audit by Landlord or its representatives at reasonable times. Tenant shall deliver to Landlord, upon request, any information reasonably required by Landlord to calculate and/or substantiate the amount of Profits hereunder.

14.4 **Costs.** Tenant agrees to reimburse Landlord for Landlord's reasonable out-of-pocket costs and attorneys' fees incurred in connection with the processing and documentation of any requested Transfer whether or not Landlord consents to the Transfer or the same is finally consummated.

14.5 **Rights Personal to Tenant.** Rights of Tenant set forth in this Article 14 are personal to Tenant and may not be assigned, except to a Permitted Assignee.

14.6 **No Event of Default.** Tenant's rights of Transfer are specifically contingent upon there being no Event of Default at the time of any proposed Transfer.

14.7 **Not Applicable.** The provisions of Sections 14.2 and 14.3 shall not be applicable to a Permitted Transfer.

15. **Landlord's Reserved Rights.**

15.1 **Right of Entry.** Landlord and its agents and representatives shall have the right, at all reasonable times, but in such manner as to cause as little disturbance to Tenant as reasonably practicable, to enter the Premises for the following purposes: (a) inspecting the physical condition of the Premises; (b) performing all obligations of Landlord under this

Lease or Applicable Law; (c) showing the Premises to prospective purchasers, mortgagees and tenants; (d) maintaining, replacing, extending or otherwise modifying the Building Systems; and (e) access to telephone closets, electrical panels, and similar installations which may serve areas of the Building other than (or in addition to) the Premises. Except for (i) emergencies and (ii) entry to furnish janitorial or other services to be provided by Landlord hereunder, Landlord will give Tenant reasonable notice (which may be oral) prior to any entry, and Tenant shall have the right to have one of its employees accompany Landlord or its agent or representative, as the case may be. No such entry shall be construed under any circumstances as a forcible or unlawful entry into the Premises, or an eviction of Tenant. Tenant hereby waives any claim against Landlord or its agents or representatives for damages for any injury or inconvenience to or interference with, Tenant's business or quiet enjoyment of the Premises, with the exception of any physical damage to the Premises or Tenant's trade fixtures resulting from such entry.

15.2 Building and Common Areas. Without limitation of the preceding paragraph, and provided Landlord does not interfere in any material respect with Tenant's use of the Premises and rights under this Lease, Landlord may: (a) install, repair, replace or relocate pipes, ducts, conduits, wires and appurtenant meters and equipment for service to other parts of the Building above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas of the Premises or the rest of the Building; (b) repair, renovate, alter, expand or improve the Property; (c) make changes to the common areas, including, without limitation, changes in the location, size, shape and number of street entrances, driveways, ramps, entrances, exits, parking spaces, parking areas, loading and unloading areas, halls, passages, stairways and other means of ingress and egress, direction of traffic, landscaped areas and walkways; (d) close temporarily any of the common areas for maintenance purposes as long as reasonable access to the Premises remains available; (e) designate other land outside the boundaries of the Building to be a part of the common areas; (f) use the common areas while engaged in making additional improvements, repairs or alterations to the Building, or any portion thereof; and (g) do and perform such other acts and make such other changes in, to or with respect to the common areas and Building and other portions of the Property as Landlord may deem appropriate. At Tenant's request, Landlord will perform the foregoing work (to the extent it adversely affects Tenant's use of the Premises or Tenant's rights under the Lease) after Normal Working Hours if labor is available at such times.

15.3 Two Commerce Square. Landlord shall have the right, but not the obligation, to enter into other agreements with the owner of Two Commerce Square to provide for (1) reciprocal rights of access, use and enjoyment of the Property and Two Commerce Square; (2) common management, operation, maintenance, improvement and repair of all or any portion of the Property and all or any portion of Two Commerce; and/or (3) allocation of all or any portion of the Operating Expenses and Real Property Taxes for the Property to Two Commerce Square and the allocation and inclusion of similar costs and expenses of Two Commerce to the Operating Expenses and Real Property Taxes for the Property to provide for the efficient management, operation, maintenance, improvement and repair of the

Property and Two Commerce. In the event Tenant becomes responsible for any portion of the Operating Expenses and/or Real Property Taxes attributable to Two Commerce Square, Tenant's Pro Rata Share of Operating Expenses and Real Property Taxes shall not be increased, on a per square foot basis, materially in excess of what Tenant's Pro Rata Share of such amounts would have been but for the addition of Two Commerce Square expenses. In implementing the provisions of this Section 15.3, any increase in Tenant's Pro Rata Share of Operating Expenses and Real Property shall not exceed on a relative basis, any similar increase for other tenants of the Building whose demised premises contain 20,000 square feet or more.

16. Indemnification and Waiver.

16.1 Indemnity by Tenant - Third Party Claims. Tenant shall indemnify, protect, defend and hold harmless, Landlord, its officers, directors, partners, agents, attorneys and employees, and any affiliate of Landlord, including, without limitation, any corporations or any other entities controlling, controlled by or under common control with Landlord (collectively, "Landlord Indemnified Parties"), from and against any and all third party claims, suits, demands, liability, damages and expenses, including attorneys' fees and costs (collectively, "Indemnified Claims"), arising from or in connection with Tenant's use or alteration of the Premises or the conduct of its business or from any activity performed or permitted by Tenant in or about the Premises, the Building or any part of the Property or arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from Tenant's use of the Building Services in excess of their capacity or arising from any other act, neglect, fault or omission of duties hereunder of Tenant or any of its officers, agents, directors, contractors, employees, subtenants, assignees or licensees. If any action or proceeding is brought against any of the Landlord Indemnified Parties in connection with any Indemnified Claims, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense with counsel approved by Landlord, which approval shall not be unreasonably withheld. Tenant's obligations under this Section 16.1 shall survive the expiration or earlier termination of this Lease.

16.2 Waiver - Tenant Claims. As a material part of the consideration to Landlord for entering into this Lease, Tenant hereby assumes all risk of and releases, discharges and holds harmless Landlord from and against any and all liability to Tenant for damage to property or injury to persons in, upon or about the Premises from any cause whatsoever except that which is caused by the negligence or misconduct of Landlord or the failure of Landlord to perform any of its obligations under this Lease. In no event shall Landlord be liable to Tenant for any injury to any person in or about the Premises or damage to the Premises or for any loss, damage or injury to any property of Tenant therein or by any malfunction of any utility or other equipment, installation or system, or by the rupture, leakage or overflow of any plumbing or other pipes, including, without limitation, water, steam and refrigeration lines, sprinklers, tanks, drains, drinking fountains or similar cause in, about or upon the Premises, the Building or any other portion of the Property unless such loss, damage or injury is caused by the negligence or misconduct of Landlord or the failure of Landlord to perform any of its obligations under this Lease.

16.3 Indemnity by Landlord - Third Party Claims. Landlord shall indemnify, protect, defend and hold harmless, Tenant, its officers, directors, partners, agents, attorneys and employees, and any affiliate of Tenant, including, without limitation, any corporations or any other entities controlling, controlled by or under common control with Tenant (collectively, "Tenant Indemnified Parties"), from and against any and all Indemnified Claims arising from or in connection with any breach or default in the performance of any obligation on Landlord's part to be performed under the terms of this Lease, or arising from any other act, neglect, fault or omission of duties hereunder of Landlord or any of its officers, agents, directors, contractors, employees, or licensees. If any action or proceeding is brought against any of the Tenant Indemnified Parties in connection with any Indemnified Claims, Landlord, upon notice from Tenant, shall defend the same at Landlord's expense with counsel approved by Tenant, which approval shall not be unreasonably withheld. Landlord's obligations under this Section 16.3 shall survive the expiration or earlier termination of this Lease. This indemnity shall not cover any damage to Tenant's property which is covered by property insurance or any other insurance required to be maintained by Tenant under Article 11.

17. Definition of Landlord. The term "Landlord" as used in this Lease, so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners, at the time in question, of the fee title to the Premises or the lessees under ground leases of the land or master leases of the Building, if any. In the event of any transfer, assignment or other conveyance of any such title, Landlord herein named (and in case of any subsequent transfer or conveyance, the then grantor) shall be automatically freed and relieved from and after the date of such transfer, assignment or conveyance of all liability for the performance of any covenant or obligation on the part of Landlord contained in this Lease thereafter to be performed. Without further agreement, the transferee of such title shall be deemed to have assumed and agreed to observe and perform any and all obligations of Landlord hereunder, during its ownership of the Premises. Landlord may transfer its interest in the Premises without the consent of Tenant and such transfer or subsequent transfer shall not be deemed a violation on Landlord's part of any term or condition of this Lease.

18. Subordination.

18.1 Subordination. This Lease is subject and subordinate to the currently existing Mortgage dated March 16, 1998, recorded in the Office of the Department of Records of the City of Philadelphia and held by Lasalle National Bank, Trustee ("Existing Mortgage"). This clause shall be self-operative; however, Tenant shall execute promptly the SNDA (as defined in Section 18.4, below) to effectuate, evidence or confirm such subordination, and failure to do so shall be an Event of Default under this Lease. With respect to future Mortgages, this subordination shall only be effective if the holder of the Mortgage executes a subordination, non-disturbance and attornment agreement substantially similar to the one delivered by the holder of the existing Mortgage pursuant to Article 18.4 below. However, this Lease shall not be subordinate to any future Mortgage, if such subordination would be a breach of Section 7.2 of the SNDA.

18.2 **Attornment**. Notwithstanding the foregoing, if Landlord's interest in the Building is sold or conveyed upon the exercise of any remedy provided for in any Mortgage, or otherwise by operation of law: (a) Tenant will attorn to and recognize the new owner as Tenant's landlord under this Lease, and Tenant will confirm such attornment in writing within 10 days after receipt of a written request to do so; and (b) if such sale or conveyance was pursuant to the exercise of any remedy provided for in any Mortgage, and an SNDA was executed by Tenant and the holder of such Mortgage, the provisions of Section 5 of the SNDA shall limit the liability of such holder under the Lease.

18.3 **Notice from Tenant**. Tenant shall give written notice to the holder of any Mortgage whose name and address have been previously furnished to Tenant of any act or omission by Landlord which Tenant asserts as giving Tenant the right to terminate this Lease or to claim a partial or total eviction or reduction in Rent or any other right or remedy under this Lease or provided by law. Tenant further agrees that if Landlord shall have failed to cure any default within the time period provided for in this Lease, then the holder of any Mortgage shall have an additional 30 days within which to cure such default or if such default cannot be cured within that time, then such additional time as may reasonably be necessary if within such 30 days such holder has commenced and is diligently pursuing the remedies necessary to cure such default (including, but not limited to, commencement of foreclosure proceedings, if necessary to effect such cure), in which event this Lease shall not be terminated while such remedies are being so diligently pursued.

18.4 **SNDA**. Landlord agrees to use commercially reasonable efforts obtain a subordination, non-disturbance and attornment agreement ("SNDA") between the current holder of the Existing Mortgage and Tenant, in substantially the form attached hereto as Exhibit H, within 60 days after execution of this Lease, which SNDA Tenant may record at its expense in the Office for the Recording of Deeds in Philadelphia. If Landlord fails or is unable to deliver such an agreement within the aforesaid 60-day period Tenant may, at its option, which may be exercised only within 30 days after expiration of the aforesaid 60-day period, elect to cancel this Lease by written notice to Landlord.

18.5 **Representation**. Landlord represents and warrants to Tenant that the only Mortgage presently encumbering the Property is the Existing Mortgage.

19. **Surrender of Premises and Removal of Property**.

19.1 **No Merger**. The voluntary or other surrender of this Lease by Tenant, a mutual cancellation or a termination hereof, shall not constitute a merger, and shall, at the option of Landlord, terminate all or any existing subleases or shall operate as an assignment to Landlord of any or all subleases affecting the Premises.

19.2 **Surrender of Premises**. Upon the expiration of the Term, or upon any earlier termination hereof, Tenant shall quit and surrender possession of the Premises to Landlord in the condition in which Tenant is obligated to maintain the Premises during the Term, and shall, without expense to Landlord, remove or cause to be removed from the Premises, all debris and rubbish; and (only to the extent required by Sections 9.2 or 9.3 above) all

furniture, equipment, business and trade fixtures, free-standing cabinet work, movable partitioning and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and all similar articles of any other persons claiming under Tenant unless Landlord exercises its option to have any subleases or subtenancies assigned to Landlord; and (only to the extent required by Sections 9.2 and 9.3 above) Tenant shall repair all damage to the Premises and the Property resulting from such removal.

19.3 **Disposal of Property.** In the event of the expiration of this Lease or other re-entry of the Premises by Landlord as provided in this Lease, any property of Tenant required to be removed by Tenant, but not removed by Tenant upon the expiration of the Term of this Lease, or within 72 hours after a termination by reason of Tenant's default, shall be considered abandoned and Landlord may remove any or all of such property and dispose of the same in any manner or store the same in a public warehouse or elsewhere for the account of, and at the expense and risk of, Tenant. If Tenant shall fail to pay the costs of storing any such property after it has been stored for a period of 60 days or more, Landlord may sell any or all of such property at public or private sale, in such manner and at such places as Landlord, in its sole discretion, may deem proper, without notice to or demand upon Tenant. In the event of such sale, Landlord shall apply the proceeds thereof, first, to the cost and expense of sale, including reasonable attorneys' fees; second, to the repayment of the cost of removal and storage; third, to the repayment of any other sums which may then or thereafter be due to Landlord from Tenant under any of the terms of this Lease; and fourth, the balance, if any, to Tenant.

20. **Holding Over.** In the event Tenant holds over after the expiration of the Term, with the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and not a renewal or an extension for any further term, and such month-to-month tenancy shall be subject to each and every term, covenant and agreement contained herein; provided, however, that Tenant shall pay as monthly Rent during the first 90 days of any holding over period, an amount equal to 125% of the monthly Rent payable immediately prior to expiration of the Term, and thereafter the greater of (i) 150% of the monthly Rent payable immediately prior to expiration of the Term or (ii) the then Fair Market Rent for the Premises. Nothing in this Article shall be construed as a consent by Landlord to any holding over by Tenant and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises upon the expiration of the Term or upon the earlier termination hereof and to assert any remedy in law or equity to evict Tenant and/or collect damages in connection with such holding over.

21. **Defaults and Remedies.**

21.1 **Defaults by Tenant.** The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant (each, an "Event of Default"):

(a) If Tenant fails to pay the Rent or make any other payment required to be made by Tenant under this Lease as and when due; provided, however, Landlord shall furnish Tenant with notice of any such default, and if Tenant makes the required payment within five days after receipt of such notice no Event of Default shall be deemed to have

occurred; provided further, however, that Landlord shall not be required to furnish such notice, and/or allow any such grace period, more than twice in any calendar year. Notwithstanding Section 31.6 ("Notices") below, or any other provision of this Lease, notice of non-payment pursuant to this subparagraph (but not any notice pursuant to any other provision of this Lease) may be given by electronic mail to Tenant at cconley@Pewtrusts.com, or such other e-mail address as Tenant may specify by notice given in accordance with Section 31.6 below.

(b) If Tenant enters into any assignment or sublease transaction in violation of the terms of this Lease;

(c) If Tenant fails to observe or perform the provisions of Article 9 ("Alterations") and/or Article 11 ("Insurance") and such failure continues for 24 hours after notice thereof from Landlord to Tenant;

(d) If Tenant fails to provide estoppel certificates, or other certificates as herein provided, and such failure continues for three days after notice to Tenant following expiration of the 10-day period provided herein for the delivery of such certificates;

(e) If Tenant fails to observe or perform any other provision of this Lease including the Exhibits hereto, including the Rules and Regulations, to be observed or performed by Tenant, and such failure continues for 15 days after notice thereof by Landlord to Tenant; provided, however, that if the nature of such failure is such that it cannot reasonably be cured within such 15-day period, Tenant shall not be deemed to be in default if Tenant shall within such period commence such cure and thereafter diligently prosecute the same to completion;

(f) If any action is taken by or against Tenant pursuant to any statute pertaining to bankruptcy or insolvency or the reorganization of Tenant (unless, in the case of a petition filed against Tenant, the same is dismissed within 90 days); if Tenant makes any general assignment for the benefit of creditors; if a trustee or receiver is appointed to take possession of all or any portion of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within 30 days; or if all or any portion of Tenant's assets located at the Premises or of Tenant's interest in this Lease is attached, executed upon, or otherwise judicially seized and such seizure is not discharged within 30 days;

(g) If Tenant fails to vacate and surrender the Premises as required by this Lease upon the expiration of the Term or sooner termination of this Lease;

(h) If Tenant submits to Landlord any materially false information on any document required to be given by Tenant to Landlord; and/or

(i) If any surety or guarantor of this Lease fails to comply with all the provisions of the suretyship or guaranty agreement.

21.2 **Landlord's Remedies.** If there shall occur an Event of Default, Landlord shall have and may exercise all remedies available to Landlord at law or in equity or under any

statute or ordinance. Without limitation of the foregoing, Landlord may at its option do one or more of the following:

- (a) Action for Rent: sue for Rent monthly as it accrues; and/or
- (b) Termination: terminate this Lease by giving written notice thereof and, upon the giving of such notice, this Lease and the estate hereby granted shall expire and terminate with the same force and effect as though the date of such notice were the date fixed for the expiration of the Term, and all rights of Tenant hereunder shall expire and terminate, but Tenant shall remain liable as hereinafter provided; and/or
- (c) Recovery of possession; reletting: whether or not this Lease has been terminated as herein provided, re-enter and repossess the Premises or any part thereof by summary proceedings, ejectment or otherwise, and Landlord shall have the right to remove all persons and property therefrom. Landlord shall be under no liability for or by reason of any such entry, repossession or removal; and no such re-entry or taking of possession of the Premises by Landlord shall be construed as an election on Landlord's part to terminate this Lease or to accept a surrender thereof unless a written notice of such intention be given to Tenant. Notwithstanding any law or custom to the contrary, Landlord shall have no legal obligation to mitigate its damages; however, at any time or from time to time after the repossession of the Premises or any part thereof whether or not the Term shall have been terminated, Landlord may at its option relet all or any part of the Premises for the account of Tenant for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term) and on such conditions (which may include concessions or free Rent) and for such uses as Landlord, in its sole discretion, may determine, and Landlord may collect and receive any Rents payable by reason of such reletting and apply the same on account of Rent due and to become due hereunder. Landlord shall not be required to accept any tenant offered by Tenant or observe any instruction given by Tenant about such reletting, or do any act or exercise any care or diligence with respect to such reletting. For the purpose of such reletting, Landlord may decorate or make repairs, changes, alterations or additions in or to the Premises or any part thereof to the extent deemed by Landlord desirable or convenient, and the cost of such decoration, repairs, changes, alterations or additions shall be charged to and be payable by Tenant as Rent hereunder, as well as any reasonable brokerage and legal fees expended by Landlord. Landlord reserves the right to terminate this Lease at any time after taking possession of the Premises as aforesaid. Neither termination nor repossession and reletting shall relieve Tenant of its obligations hereunder, all of which shall survive such termination, repossession or reletting. Tenant agrees that Landlord may file suit to recover any sums falling due under the terms of this Article from time to time and that no suit or recovery of any portion due Landlord hereunder shall be any defense to any subsequent action brought for any amount not theretofore reduced to judgment in favor of Landlord; and/or
- (d) Liquidated damages: terminate this Lease and recover from Tenant upon demand therefor, as liquidated and agreed upon final damages for Tenant's default, an amount equal to the difference, if any, between (a) Rent and other sums which would be

payable under this Lease for the remainder of the Term, discounted to present worth at the rate of 5% per annum, and (b) the then fair rental value for the Premises as reasonably determined by Landlord for the same period, discounted to present worth at a like rate.

(e) Calculation of Rent: In calculating future Rent for purposes of subparagraphs (c) and (d) above, Landlord's reasonable and good faith estimate of future Property Expenses shall be conclusive and binding on the parties. In addition, Landlord may include as an item of Rent its reasonable attorney's fees and costs in enforcing its rights hereunder.

21.3 Waivers by Tenant. In the event of a termination of this Lease as a result of an Event of Default, Tenant hereby waives all right to recover or regain possession of the Premises, to save forfeiture by payment of Rent due or by other performance of the conditions, terms or provisions hereof, and without limitation of or by the foregoing, Tenant waives all right to reinstate or redeem this Lease notwithstanding any provisions of any statute, law or decision now or hereafter in force or effect, and Tenant waives all right to any second or further trial in summary proceedings, ejectment or in any other action provided by any statute or decision now or hereafter in force or effect. Tenant hereby waives all notices required by the Landlord and Tenant Act of 1951, as amended, and as the same may hereafter be amended, and/or any other provision of Pennsylvania law.

21.4 Right of Landlord or Tenant to Injunction; Remedies Cumulative.

(a) Upon any actual or threatened Event of Default, Landlord shall have the right of injunction to restrain the same. The rights and remedies given to Landlord in this Lease are distinct, separate and cumulative remedies, and no one of them, whether or not exercised by Landlord, shall be deemed to be in exclusion of any of the others.

(b) Upon any actual or threatened default by Landlord of its obligations under this Lease, Tenant shall have the right of injunction to restrain the same. The rights and remedies given to Tenant in this Lease are distinct, separate and cumulative remedies, and no one of them, whether or not exercised by Tenant, shall be deemed to be in exclusion of any of the others.

21.5 Waiver of Jury Trial. Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, and/or any claim of injury or damage, or for the enforcement of any remedy under any statute, ordinance or otherwise.

21.6 Definition of Tenant. The term "Tenant" shall be deemed to include all persons or entities named as Tenant under this Lease, or each and every one of them. If any of the obligations of Tenant hereunder is guaranteed by another person or entity, the term "Tenant" shall be deemed to include all of such guarantors and any one or more of such guarantors. If this Lease has been assigned, the term "Tenant" shall be deemed to include both the assignee and the assignor.

21.7 **Landlord's Default.** In the event that Landlord fails to perform its obligations under this Lease, Tenant may give Landlord notice of such failure setting forth in reasonable detail the nature and extent of such failure. In the event that Landlord fails to cure such failure within thirty (30) days following receipt of Tenant's notice thereof (provided that if such violation or failure is not susceptible of being cured or corrected within the aforesaid thirty (30) day period, then if Landlord shall have commenced such cure within the aforesaid thirty (30) day period and diligently and continuously prosecutes same to completion, Landlord shall have such additional time as Landlord may reasonably require to complete such cure) then Landlord shall be in default and Tenant shall thereafter be entitled to pursue all remedies available to it at law or in equity pertaining to such default.

22. **Covenant Against Liens.** Tenant has no authority or power to cause or permit any lien or encumbrance of any kind whatsoever, whether created by act of Tenant, operation of law or otherwise, to attach to or be placed upon the Property or the Premises, or on Tenant's leasehold hereunder. Tenant further agrees not to suffer or permit any lien of mechanics or materialmen or others to be placed against the Property, the Building or the Premises, or any portion thereof, with respect to work or services performed for or materials furnished to Tenant or the Premises (including, without limitation, in connection with the Tenant Improvements and any Alterations). Tenant agrees to cause any such lien to be immediately released and removed of record, at Tenant's expense. Tenant affirms that the Tenant Improvements are solely for the use and benefit of Tenant, and not in any way for the immediate benefit of Landlord.

23. **Interest on Tenant's Obligations; Late Charges.**

23.1 **Interest.** Any amount due from Tenant to Landlord, which is not paid within five calendar days after it is due, shall bear interest at 10% per annum, from the date such payment is due until paid, but the payment of such interest shall not excuse or cure any default or Event of Default by Tenant under this Lease.

23.2 **Late Charge.** In the event Tenant is more than five days late in paying any Basic Rent or Property Expenses due under this Lease, Tenant shall pay Landlord a late charge equal to two percent of each delinquent amount. The parties agree that the amount of such late charge represents a reasonable estimate of the cost and expense that would be incurred by Landlord in processing each delinquent payment of Rent by Tenant and that such late charge shall be paid to Landlord as liquidated damages for each delinquent payment, but the payment of such late charge shall not excuse or cure any default by Tenant under this Lease. The parties further agree that the payment of late charges and the payment of interest provided for in the preceding paragraph are distinct and separate from one another in that the payment of interest is to compensate Landlord for the use of Landlord's money by Tenant, while the payment of a late charge is to compensate Landlord for the additional administrative expense incurred by Landlord in handling and processing delinquent payments, but excluding attorneys' fees and costs incurred with respect to such delinquent payments.

24. **Quiet Enjoyment.** Tenant, upon the paying of all Rent hereunder and performing each of the covenants, agreements and conditions of this Lease required to be performed by Tenant, shall lawfully and quietly hold, occupy and enjoy the Premises during the Term without hindrance or molestation of anyone lawfully claiming by, through or under Landlord, subject, however, to the terms and conditions of this Lease. This covenant of quiet enjoyment is in lieu of any implied covenant of quiet enjoyment under Pennsylvania law.

25. **Parking Garage.** Tenant will contract with the operator of the Garage for two parking spaces on Level P2 and two parking spaces on Level P1 of the Garage during the Term of this Lease. Landlord will cause the Garage operator to provide Tenant such parking spaces at the following rates per space per month during the first eight years of the Term of this Lease: Level P1 - \$350; Level P2 - \$250. After expiration of eight years, Tenant will pay the rate offered to other tenants of the Building for such spaces from time to time. Tenant will have the right to surrender some or all of such spaces as of the end of any calendar month upon 20 days notice to Landlord, whereupon the aforesaid parking charges will be appropriately reduced.

26. **Lease Fees.** Landlord and Tenant each warrants to the other that it has not had any contact or dealings with any real estate broker or other intermediary other than SMITH, MACK & COMPANY and THOMAS REALTY PARTNERS which would give rise to the payment of any fee or brokerage commission in connection with this Lease. Landlord and Tenant shall each indemnify the other from and against any loss, liability or damage (including reasonable counsel fees and costs) with respect to any fee or brokerage commission (except to the persons named above) arising out of any act or omission of the indemnifying party. Landlord agrees to pay any and all brokerage fees due in connection with this Lease to the persons named above in accordance with separate agreements executed by Landlord and such persons.

27. **Rules and Regulations.** The "Rules and Regulations" attached hereto as Exhibit E are hereby incorporated herein and made a part of this Lease. Tenant agrees to abide by and comply with each and every one of said Rules and Regulations and any amendments, modifications and/or additions thereto as may hereafter be adopted by Landlord for the safety, care, security, good order and cleanliness of the Premises, the Building, the Garage or any other portion of the Property. Provided Tenant's rights under this Lease are not materially and adversely affected, Landlord shall have the right to amend, modify or add to the Rules and Regulations in its reasonable discretion. Landlord agrees that the Rules and Regulations shall not be enforced so as to discriminate against Tenant or unreasonably interfere with Tenant's use of the Premises; provided, however, that Landlord shall not be liable to Tenant for Landlord's failure to enforce the Rules and Regulations against any other tenants. Tenant shall not be obligated to comply with any future Rules and Regulations or amendments thereto until Tenant has received a written copy of such Rules and Regulations and/or amendments, as the case may be.

28. **Directory Board and Signs.**

28.1 **Directory Board.** During the Term, Tenant shall have the right to designate one name (a department or individual) per thousand square feet of Rentable Area in the Premises occupied by Tenant for placement on the directory board in the lobby of the Building. Landlord shall have the option to maintain, in place of the directory board in the lobby of the Building, a computerized directory with display screen which has the capacity to accommodate Tenant's designation of names as set forth above.

28.2 **Interior Signs.** Tenant shall be permitted to install, at its own expense, appropriate signs bearing the name "The Pew Charitable Trusts" (or the name of any permitted assignee or subtenant) at the entrance to the Premises on the 16th, 17th and 18th floors, and, so long as Tenant leases all of the Rentable Area on individual floors of the Premises, on the walls of the elevator lobbies on each floor of the Premises leased solely by Tenant. Any such signs will be designed and constructed in a manner compatible with Building standard signs and graphics criteria and shall be subject to Landlord's prior written approval which approval shall not be unreasonably withheld or delayed. Landlord hereby approves the signs currently being used by Tenant.

28.3 **Exterior Signs.** If and when Tenant leases at least 100,000 Rentable Square Feet, Landlord will, if Tenant so requests, install a sign bearing the name and logo of The Pew Charitable Trusts on the existing Market Street exterior sign monument for the Building (or any replacement monument, as the case may be), at Landlord's sole cost and expense. The aforesaid sign shall be consistent with other signs then affixed to the exterior monument.

28.4 **No Obligation (by Tenant) to Remove/Restore/Repair Upon End of Term.** Upon expiration of the Term, Tenant shall not be obligated to remove its interior signs.

28.5 **Rights Personal.** The sign rights set forth in this Article are personal to Tenant and may not be transferred or conveyed to any party.

28.6 **Name of Building.** Landlord reserves the right to change the name and/or the address of the Building and/or the Property or any part thereof at any time.

29. **Expansion Options.**

29.1 **Expansion Options.** Tenant shall have separate options to lease four additional spaces (the "Expansion Spaces") on the 19th floor of the Building, subject to the terms and conditions set forth below. The Expansion Spaces are depicted on the plan of the 19th floor attached hereto as Exhibit I and hereby made a part hereof. The Notice Date and Availability Date for each Expansion Space are as follows:

| EXPANSION SPACE | RENTABLE AREA (SQUARE FEET) | NOTICE DATE | AVAILABILITY DATE |
|-----------------|-----------------------------|------------------|-------------------|
| 1 | 4,374 | November 1, 2002 | September 1, 2003 |
| 2 | 4,583 | December 1, 2005 | October 1, 2006 |
| 3 | 4,466 | July 1, 2006 | April 1, 2007 |
| 4 | 9,614 | October 1, 2006 | August 1, 2007 |

29.2 Terms and Conditions of Options.

(a) Each option may be exercised only by written notice, which must be given by Tenant to Landlord by the Notice Date for that option. Promptly after the giving of Tenant's written notice exercising an option, Landlord shall notify Tenant of the date (the "Delivery Date") on which it will deliver the Expansion Space involved to Tenant. The Delivery Date may be as much as three months prior to, or three months later than, the Availability Date in the chart set forth above. The failure of Tenant to exercise any option for an Expansion Space shall not limit Tenant's right to exercise any subsequent option for another Expansion Space.

Landlord will, solely as a courtesy to Tenant, endeavor to provide Tenant with a written reminder at least 30 days prior to each Notice Date. Failure to give any such reminder will not affect Tenant's obligation to give timely notice if it wishes to exercise an option, nor impose any liability on Landlord if Tenant fails to exercise any option.

(b) Each Expansion Space shall become part of the Premises on the Delivery Date of that space and Tenant agrees to commence paying Rent for each Expansion Space on the Delivery Date for the space in question.

(c) The Basic Rent for each Expansion Space shall be calculated by multiplying the Basic Rent per square foot of Rentable Area in effect for the original Premises on the Delivery Date by the Rentable Area of that Expansion Space.

(d) All of the terms and conditions of this Lease (including, without limitation, Article 5.1(b) through (g)) shall apply to the Expansion Spaces from and after the relevant Delivery Dates.

(e) The Expansion Spaces shall be leased to Tenant in their then existing condition and state of improvement and Landlord shall have no obligation to make any improvements, repairs or alterations thereto. However, Landlord shall provide Tenant with a prorated TI Allowance for each square foot of Rentable Area of Expansion Space equal to 21 cents per Rentable Square Foot per month for each remaining month in the then unexpired original Term plus each month in the Renewal Term, if Tenant has exercised its option for

the Renewal Term; provided, however, that the TI Allowance for each Expansion Space shall not exceed \$27.50 per Rentable Square Foot of each Expansion Space. Such prorated TI Allowance, and the tenant improvements to be performed in the Expansion Spaces, shall be subject to all of the terms and conditions applicable to the original Tenant Improvements and the original TI Allowance.

(f) Notwithstanding anything to the contrary contained herein, Tenant shall have the right to lease any Expansion Space only if no Event of Default has occurred and is continuing on the date of Tenant's notice of its intention to lease the Expansion Space in question and on the Delivery Date of such Expansion Space.

(g) Landlord shall have no liability to Tenant for any damages resulting from any delay in delivering possession of any Expansion Space to Tenant if said delay is caused by the holding over of a previous tenant of the Expansion Space; provided, however, that Landlord shall take all action reasonably necessary, including required legal proceedings, to secure possession of the Expansion Space.

29.3 **Prior Option**. Tenant's option to lease Expansion Space No. 4, as shown on Exhibit I, is subject to the prior rights of another tenant, The Guardian, to lease said space. If The Guardian exercises its option with respect to Expansion Space No. 4 and if The Guardian's lease for Expansion Space No. 4 has not or will not terminate on or prior to the last possible Delivery Date for Expansion Space No. 4, Tenant's option with respect to said space shall automatically terminate, but such termination shall not affect Tenant's options with respect to the other Expansion Spaces nor shall it otherwise affect the rights or obligations of Landlord or Tenant under this Lease.

29.4 **Personal Option**. The options to expand set forth in this paragraph are personal to Tenant and may not be assigned, transferred or conveyed to any party, except to a sublessee of the entire Premises or an assignee of Tenant's entire interest under this Lease (which does not under any circumstances include a party who has become an assignee as the result of Tenant's bankruptcy).

30. **Option to Renew**.

As of the end of the original Term, Tenant shall have the right to renew this Lease for an additional period of five years (the "Renewal Term"), subject to the following terms and conditions:

(a) All terms and conditions of this Lease shall continue in effect during the Renewal Term except that Basic Rent during the Renewal Term shall be the Fair Market Rent for the Premises;

(b) Tenant shall exercise such right to renew by giving written notice thereof to Landlord not less than 12 months before the end of the original Term (that is, on or before September 30, 2012);

(c) Within 30 days after receipt of such notice from Tenant, Landlord shall give written notice to Tenant setting forth the Basic Rent Landlord will charge for the

Premises during the Renewal Term. Within 15 days after receipt of such notice from Landlord, Tenant shall give written notice to Landlord of whether it will accept or reject such Basic Rent. If Tenant rejects either the procedures set forth in the Glossary (Exhibit B) for determining Fair Market Rent will apply or Tenant may rescind its notice of renewal, as Tenant may elect in its notice rejecting the Basic Rent;

(d) Landlord shall have no obligation to make any improvements or alterations to the Premises or to provide any improvement allowance with respect thereto during the Renewal Term;

(e) Notwithstanding anything to the contrary contained herein, Tenant shall only have the right to renew this Lease if no Event of Default has occurred and is continuing on the date of Tenant's notice of its intention to renew or on the date of commencement of the Renewal Term; and

(f) Prior to the commencement of the Renewal Term, Landlord and Tenant shall execute an amendment to this Lease confirming the renewal of this Lease pursuant to this Section; the commencement and expiration of the Renewal Term; and the Basic Rent payable during the second Renewal Term.

(g) Notwithstanding anything else herein contained, Tenant shall have no further option to renew at the end of the Renewal Term.

31. General Provisions.

31.1 No Waiver. The waiver by Landlord of any breach of any provision contained in this Lease, or the failure of Landlord to insist on strict performance by Tenant, shall not be deemed to be a waiver of such provision as to any subsequent breach thereof or of any other provision contained in this Lease. The waiver by Tenant of any breach of any provision contained in this Lease, or the failure of Tenant to insist on strict performance by Landlord, shall not be deemed to be a waiver of such provision as to any subsequent breach thereof or of any other provision contained in this Lease. The acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any breach or default by Tenant regardless of Landlord's knowledge of such breach or default at the time of acceptance of Rent.

31.2 Right to Perform. If Tenant shall fail to perform any act required to be performed by Tenant, Landlord may, after giving any notice and allowing any grace period required by Article 21 ("Defaults and Remedies"), without obligation, and without waiving or releasing Tenant from any default or obligations of Tenant, make any such payment or perform any other act which Tenant should have performed. All sums so paid by Landlord and all costs incurred by Landlord in making such payment or performing such other act or obligation and/or in enforcing this Lease, including attorneys' fees, together with interest thereon at 10% per annum, shall be payable to Landlord on demand and Tenant agrees to pay any such sums, and Landlord shall have (in addition to any other right or remedy hereunder) the same rights and remedies in the event of the non-payment thereof by Tenant as in the case of default by Tenant in the payment of Rent.

31.3 **Terms; Headings.** The words "Landlord" and "Tenant" as used herein shall include the plural, as well as the singular. The words used in neuter gender include the masculine and feminine and words in the masculine or feminine gender include the neuter. If there is more than one Tenant, the obligations hereunder imposed upon Tenant shall be joint and several. The headings or titles of this Lease shall have no effect upon the construction or interpretation of any part hereof.

31.4 **Entire Agreement.** This instrument along with any exhibits and attachments or other documents attached hereto constitutes the entire and exclusive agreement between Landlord and Tenant with respect to the Premises. This instrument and said exhibits and attachments and other documents may be altered, amended, modified or revoked only by an instrument in writing signed by both Landlord and Tenant. Landlord and Tenant hereby agree that all prior or contemporaneous oral and written understandings, agreements or negotiations relative to the leasing of the Premises are merged into and superseded by this instrument.

31.5 **Successors and Assigns.** Subject to the provisions of Article 14 relating to Assignment and Sublease, this Lease is intended to and does bind the heirs, executors, administrators, successors and assigns of any and all of the parties hereto.

31.6 **Notices.** All notices, consents, approvals, requests, demands and other communications (collectively "notices") which Landlord or Tenant are required or desire to serve upon, or deliver to, the other shall be in writing and shall be sent by certified or registered U.S. mail, return receipt requested, or by personal delivery, or by a reputable commercial overnight courier service (such as, but not limited to, Federal Express), or by facsimile transmission, to the appropriate address indicated below, or at such other place or places as either Landlord or Tenant may, from time to time, designate in a written notice given to the other. If the term "Tenant" in this Lease refers to more than one person or entity, Landlord shall be required to make service or delivery, as aforesaid, to any one of said persons or entities only. Notices shall be deemed sufficiently served or given at the time of receipt. Any notice, request, communication or demand by Tenant to Landlord shall be addressed to the Landlord at the management office in the Building (Suite 2300), Attention: Vice President-Property Management (fax number 215-851-6021), and if requested in writing by the Landlord, given or served simultaneously to the Landlord's mortgagee at the address specified in such request. Any notice from Landlord to Tenant shall be addressed as follows:

The Pew Charitable Trusts
One Commerce Square, 16th Floor
2005 Market Street
Philadelphia, Pennsylvania 19103
Attention: Assistant, Director of Administration
Fax: 215-575-4939

Rejection or other refusal to accept a notice, or the inability to deliver the same because of a changed address of which no notice was given, shall be deemed to be receipt of the notice on the date delivery was first attempted.

31.7 **Severability**. If any provision of this Lease, the deletion of which would not adversely affect the receipt of any material benefit by either party hereunder, shall be held invalid or unenforceable to any extent, the remaining provisions of this Lease shall not be affected thereby and each of said provisions shall be valid and enforceable to the fullest extent permitted by law.

31.8 **Time of Essence**. Time is of the essence of this Lease and each provision hereof in which time of performance is established.

31.9 **Governing Law**. This Lease shall be governed by, interpreted and construed in accordance with the laws of the Commonwealth of Pennsylvania applicable to contracts executed and performed entirely within the Commonwealth of Pennsylvania.

31.10 **Attorneys' Fees**. In the event of any litigation between the parties, the prevailing party shall be entitled to obtain, as part of the judgment, all reasonable attorneys' fees, costs and expenses incurred in connection with such litigation, except as may be limited by applicable law.

31.11 **Light and Air**. Any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to the Building or any other portion of the Property shall in no manner affect this Lease or impose any liability whatsoever on Landlord.

31.12 **Bankruptcy Prior to Commencement**. If, at any time prior to the Commencement Date, any action is taken by or against Tenant in any court pursuant to any statute pertaining to bankruptcy or insolvency or the reorganization of Tenant, Tenant makes any general assignment for the benefit of creditors, a trustee or receiver is appointed to take possession of substantially all of Tenant's assets or of Tenant's interest in this Lease, or there is an attachment, execution or other judicial seizure of substantially all of Tenant's assets or of Tenant's interest in this Lease, then this Lease shall *ipso facto* be cancelled and terminated and of no further force or effect. In such event, neither Tenant nor any person claiming through or under Tenant or by virtue of any statute or of any order of any court shall be entitled to possession of the Premises or any interest in this Lease and Landlord shall, in addition to any other rights and remedies under this Lease, be entitled to retain any Rent, security deposit or other monies received by Landlord from Tenant as liquidated damages.

31.13 **Force Majeure**. Neither party shall be liable for any failure to comply or delay in complying with its obligations hereunder (other than the obligation to pay sums of money) if such delay is due to *Force Majeure* Events. Landlord shall not be obliged to settle any strike to avoid a *Force Majeure* Event from continuing.

31.14 **Applicable Laws**. At its sole cost and expense, Tenant shall promptly comply with all requirements of Applicable Laws, other than making structural changes and other than with respect to the Building Systems, relating to or arising out of the use, occupancy,

repair or alteration of the Premises. At its sole cost and expense, Landlord shall promptly comply (or use commercially reasonable efforts to cause other tenants to comply, as the case may be) with all requirements of Applicable Laws with respect to the Property, other than the obligations of Tenant pursuant to the preceding sentence.

31.15 **Estoppel Certificates.** Either party shall, without charge, at any time and from time to time hereafter, within 10 days after written request of the other, certify by written instrument duly executed and acknowledged to any mortgagee or purchaser, or proposed mortgagee or proposed purchaser, or any other person, firm or corporation specified in such request: (a) as to whether this Lease has been supplemented or amended, and, if so, the substance and manner of such supplement or amendment; (b) as to the validity and force and effect of this Lease, in accordance with its tenor as then constituted; (c) as to the existence of any default thereunder; (d) as to the existence of any offsets, counterclaims or defenses thereto on the part of such other party; (e) as to the commencement and expiration dates of the term of this Lease and the date to which Rent has been paid; and (f) as to any other matters as may reasonably be so requested. Any such certificate may be relied upon by the party requesting it and any other person, firm or corporation to whom the same may be exhibited or delivered and the contents of such certificate shall be binding on the party executing same.

31.16 **Examination of Lease.** The submission of this instrument for examination or signature by Tenant, Tenant's agents or attorneys, does not constitute a reservation of, or an option to lease, and this instrument shall not be effective or binding as a lease or otherwise until its execution and delivery by both Landlord and Tenant.

31.17 **Landlord Liability.** Notwithstanding anything in this Lease or any law to the contrary, the liability of Landlord hereunder (including any successor landlord hereunder) and any recourse by Tenant against Landlord shall be limited solely to the interest of Landlord in the Property, and neither Landlord, nor any of its constituent members, nor any of their respective affiliates, partners, directors, officers, employees, agents or shareholders shall have any personal liability therefor, and Tenant, for itself and all persons claiming by, through or under Tenant, expressly waives and releases Landlord and such related persons and entities from any and all personal liability.

31.18 **Execution by Tenant.** Tenant represents and warrants to Landlord that the persons executing this Lease on behalf of Tenant are duly authorized to execute and deliver this Lease on Tenant's behalf, and that this Lease is binding upon Tenant in accordance with its terms. Landlord represents and warrants to Tenant that the persons executing this Lease on behalf of Landlord are duly authorized to execute and deliver this Lease on Landlord's behalf, and that this Lease is binding upon Landlord in accordance with its terms.

32. **Class A Building.** Landlord agrees to operate and maintain the Building as a Class A high-rise office building comparable to other Class A high-rise office buildings in downtown Philadelphia; to operate and maintain the Garage, either directly or through an independent contractor in a manner which is consistent with the operation of a Class A high-rise office building; and to maintain the courtyard area between the Building and Two Commerce

Square (the "Courtyard"), and the other common areas forming part of the Property, in a manner consistent with operation of a Class A high-rise office building. However, Landlord reserves the right, in its discretion, to replace the existing fountain in the Courtyard with some other common amenity which is of a character and quality consistent with a Class A high-rise office building. "Class A" shall mean the highest quality.

33. Confidentiality; Publicity Releases.

(a) Landlord and Tenant will treat the terms and conditions of this Lease (but not the existence of the Lease itself) as confidential information, which each party will protect with reasonable care, but not less care than they apply to their other confidential and proprietary information. Neither party will disclose the rent or other financial terms of this Lease to any person or entity without the prior written consent of the other, and they will instruct their employees and other agents not to disclose any of the business terms of this Lease to any party. This Article shall be enforceable in equity. This Article shall not prevent disclosure to accountants, auditors, other professionals, to either party's institutional lenders, or to other similar persons who have a need to know such business terms, nor shall it prohibit normal and usual disclosures in Tenant's financial statements prepared by Tenant's accountants for submission to shareholders and/or government agencies. In the event either party is requested or required by subpoena or similar process to disclose the business terms of this Lease, it will notify the other, and either party may seek an appropriate protective order and/or take other appropriate legal action provided, however, if in the reasonable opinion of counsel, a party is compelled to disclose such information, then it may do so in accordance with a written opinion of its counsel.

(b) Tenant agrees that in any press releases or other publicity it may issue with respect to this Lease or the Premises, it will not use photographs or other representations of the Building or the Property without the prior written consent of Landlord, which will not be unreasonably withheld.

(c) A breach by either party of the provisions of this Section 33 shall not permit the other party to terminate this Lease. The sole right and remedy of the non-breaching party shall be to seek equitable relief or monetary damages for its actual direct and foreseeable loss.

34. Waiver of Distraint. Landlord agrees to execute customary waivers of Landlord's right to distraint, and Landlord's inchoate lien for rent, in conjunction with the financing of Tenant's fixtures, machinery, inventory and/or equipment, in form reasonably satisfactory to Tenant and any institutional lender providing such financing for Tenant, provided no Event of Default has occurred and remains uncured at the time a waiver is requested. This paragraph will not apply to personal property improvements paid for by Landlord through the TI Allowance.

35. Right of First Offer.

(a) Landlord hereby grants to Tenant a right of first offer ("Right of First Offer") to lease from Landlord during the Term any office space that becomes available for tenancy

on the 20th floor of the Building. Tenant's right to exercise its Right of First Offer is conditioned upon there being no Event of Default in effect at the time of the exercise. The Right of First Offer is subject to any existing rights of first offer, rights of first refusal, expansion options and/or renewal options Landlord has heretofore granted with respect to such space. Space subject to any such existing rights and/or options shall not be deemed Available Space unless and until such rights and options are waived or expire.

(b) The space described in Section 35(a) above is herein referred to as "Available Space", and shall be offered to Tenant in an "as is" condition on the following terms and conditions. Before offering to any other party any Available Space, Landlord shall give to Tenant notice that Landlord intends to offer such Available Space for lease, setting forth a floor plan of the Available Space; the Rentable Area thereof; and the proposed term of the lease and all other terms and conditions of the proposed lease (an "Offer"). Tenant shall have 15 business days following receipt of each Offer within which to elect by notice to Landlord to lease the Available Space on the terms contained in the Offer. Failure of Tenant to give such notice to Landlord within such 15 business day period shall be deemed Tenant's waiver of such right with respect to the Offer in question. If Tenant does not elect to so lease any Available Space, Landlord may thereafter complete the leasing of such Available Space to any third party in accordance with the terms of the Offer and without material modification of any such terms (unless such modification is favorable to Landlord) within a period not to exceed 365 days. If any terms of the Offer shall be materially modified in a manner favorable to the tenant prior to the completion of such leasing of the Available Space, Tenant's Right of First Offer with regard to such Available Space shall be fully reinstated, but Tenant shall be required to accept the more favorable terms by returning Landlord's Offer duly executed by Tenant within 15 business days after receipt or shall be deemed to have rejected same. Promptly after Tenant's exercise of a Right of First Offer, Landlord and Tenant shall execute an amendment to this Lease to reflect the terms thereof.

36. **Counterparts.** This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute the same agreement.

37. **Telecommunications Equipment and Rooftop Antenna.** During the Term of this Lease, Tenant shall have the right to install, maintain, repair, replace and operate satellite,

microwave and/or other antenna and communications equipment (collectively, the "Rooftop Equipment") on the roof of the Building pursuant to a separate license agreement which the parties will execute simultaneously with this Lease.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the date set forth in the first paragraph above.

**COMMERCE SQUARE PARTNERS-PHILADELPHIA
PLAZA, L.P.**, a Delaware limited partnership

By: _____

James A. Thomas, authorized signatory

THE GLENMEDE TRUST COMPANY, a corporation
organized and existing pursuant to the Pennsylvania Banking
Code

By: _____

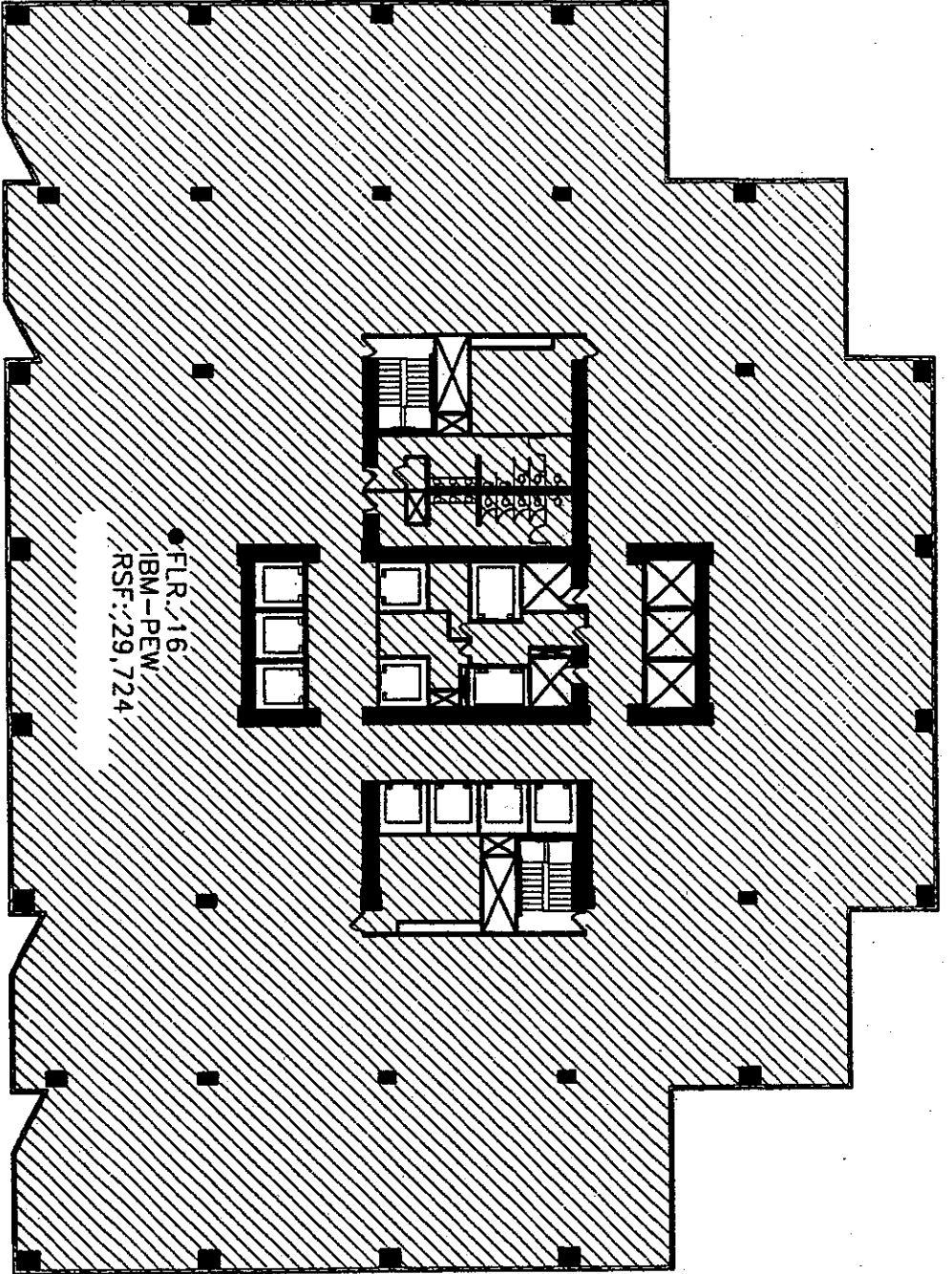
Name: Rebecca W. Rimel

Title: Executive Vice President

EXHIBIT A
FLOOR PLANS

Thomas
Properties
Group

One Commerce Square



FLOOR NUMBER

16

April 2000
NOT TO SCALE

EXHIBIT D
(Part 2)

EXHIBIT B

GLOSSARY OF DEFINED TERMS

1. **Applicable Laws.** All laws, statutes, ordinances and other governmental rules, regulations and requirements, now or hereafter in effect, which apply to the Building and/or the Premises and/or Tenant's operations within the Premises, including, without limitation, those pertaining to environmental protection.
2. **Building.** The 41-story office building known as One Commerce Square, located at 2005 Market Street, Philadelphia, Pennsylvania.
3. **Building Standard Window Coverings.** The Mecho Shade System roll-down shade (gray) currently installed and used in the Building.
4. **Building Systems.** The electrical, mechanical, vertical transportation, sprinkler, fire and life safety, structural, security, heating, ventilation and air conditioning systems serving the Building, including pipes, ducts and conduits forming an integral part of such systems..
5. **Fair Market Rent.** The amount of annual Basic Rent, expressed in dollars and cents per rentable square foot, equal to the fair market rental then being negotiated for comparable leases for comparable space in Class A office buildings in the Center City Philadelphia office sub-market, as such space is then improved, and taking into account: (a) the value of any rent or equivalent concessions then usually and customarily given in connection with the leasing of comparable space for a comparable lease term, such as free rent periods and tenant improvement allowances and the level of any escalation base or "stop" for such comparable space; and (b) other relevant factors. In the event that Landlord and Tenant are unable to agree on the Fair Market Rent for the Renewal Term within 30 days after Tenant's exercise of the renewal option, either party may require determination of the Fair Market Rent for the Renewal Term by giving written notice to that effect to the other party, which notice shall designate a commercial real estate broker having at least 10 years' experience in the office leasing business in the Center City Philadelphia office sub-market who (and whose firm) is not then employed as a leasing broker or management agent by either party or any of their respective affiliates (a "Qualified Broker") selected by the initiating party. Within 10 days after receipt of such notice, the other party to this Lease shall select a Qualified Broker meeting the same requirements and give written notice of such selection to the initiating party. Within 10 days after selection of the second Qualified Broker, the two Qualified Brokers so selected shall select a third Qualified Broker. Each of the Qualified Brokers shall determine the Fair Market Rent rate for the Premises as of the commencement of the Renewal Term for a term equal to the Renewal Term within 15 days after the appointment of the third Qualified Broker. The Fair Market Rent shall be equal to the arithmetic average of such three determinations; provided, however, that if any such Qualified Broker's

determination deviates more than five percent from the median of such determinations the Fair Market Rent shall be an amount equal to the average of the two closest determinations. Landlord shall pay the costs and fees of Landlord's Qualified Broker in connection with any determination hereunder, and Tenant shall pay the costs and fees of Tenant's Qualified Broker in connection with such determination. The cost and fees of the third Qualified Broker shall be paid one-half by Landlord and one-half by Tenant. If a party fails to designate a Qualified Broker within the time period required by this paragraph, the second Qualified Broker shall be selected by the Qualified Broker designated by the initiating party, and those two Qualified Brokers shall determine the Fair Market Rental by averaging their determinations.

6. **Force Majeure Events.** Acts of God; inability to obtain labor; strikes; lockouts; lack of materials; governmental restrictions; enemy actions; civil commotion; riots; insurrection; war; fire; earthquake; unavoidable casualty; or other similar causes beyond a party's reasonable control.

7. **Garage.** The subterranean parking garage located below the Building.

8. **Gross Property Income.** Includes all income from the Property whether or not characterized as rent, including parking charges, operating expense reimbursements and fees, amounts paid for after-hours or excess utilities, air conditioning service or other services, amounts paid for special services rendered to tenants of the Building, and vending machine rental charges, but Gross Property Income shall not include any amounts received in settlement of insurance claims by Landlord; awards in litigation or other proceedings (other than such amounts which compensate Landlord for income which Landlord otherwise would have received from the Property), as costs and fees recovered in litigation; refunds or return of taxes paid or amounts paid under construction or service contracts; security deposits or advance rentals (unless and until applied to earned rent); or interest derived from funds on deposit with financial institutions.

9. **Mortgage.** All existing and future mortgages, ground leases, and/or other similar security instruments which may now or hereafter encumber the Property and/or the Building, and all renewals, modifications, consolidations, replacements and extensions thereof.

10. **Manager.** Thomas Development Partners, LP, or any successor manager of the Building.

11. **Normal Working Hours.** The periods from 8:00 a.m. to 6:00 p.m., Monday through Friday, and 9:00 a.m. to 2:00 p.m. Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized in Philadelphia, Pennsylvania.

12. **Operating Expenses.** The total of all actual costs incurred by Landlord, calculated in accordance with generally accepted accounting principles, consistently applied, in connection with the management, operation, maintenance, cleaning, protecting, servicing and

repair of the Property. Operating Expenses shall include, without limitation, (i) the cost of providing, managing, operating, maintaining and repairing air conditioning, sprinkler, fire and life safety, electricity, steam, heating, mechanical, ventilation, common area lighting, elevator systems and all other utilities and the cost of supplies and equipment and maintenance and service contracts in connection therewith; (ii) the cost of repairs, general maintenance and cleaning, trash removal, telephone service, janitorial service, and supplies, security and parking shuttle and other Property services, if any; (iii) the cost of fire, extended coverage, boiler, sprinkler, apparatus, public liability, property damage, rent, earthquake and other insurance; (iv) wages, salaries and other labor costs including taxes, insurance, retirement, medical and other employee benefits, including, without limitation, such costs for a transportation system manager and/or rideshare coordinator for the Building; (v) fees, charges and other costs, including management fees, consulting fees, legal fees and accounting fees, of all independent contractors engaged by Landlord or reasonably charged by Landlord if Landlord performs management services in connection with the Property, provided that the management fee charged by Landlord or any independent management company retained by Landlord to manage the Property shall not at the Commencement Date exceed 3% of Gross Property Income; (vi) the fair market rental value of the Manager's offices and storage areas in the Building, provided said offices and storage areas are devoted solely to the management, operation, maintenance or repair of the Property; (vii) the cost of business taxes and licenses; (viii) fees imposed by any federal, state or local government for fire and police protection, trash removal or other similar services which do not constitute Real Property Taxes as defined below; (ix) any charges which are payable by Landlord pursuant to a service agreement with the City of Philadelphia, under a special assessment district or pursuant to any other lawful means; (x) the costs of contesting the validity or applicability of any governmental enactment which would increase Operating Expenses; (xi) capital costs incurred in connection with any equipment, device or other improvement reasonably anticipated to achieve economies in the operation, maintenance or repair of the Property or a portion thereof, or to comply with Applicable Laws not effective with respect to the Property as of the Commencement Date; provided, however, the same shall be amortized (including interest on the unamortized cost) over the cost recovery period (i.e., the anticipated period to recover the full cost of such capital item from cost savings achieved by such capital item), of the relevant capital item as reasonably determined by Landlord; and (xii) depreciation of the cost of acquiring, or the rental expense of, personal property used in the maintenance, operation and repair of the Building or Property.

In calculating Operating Expenses per square foot of Rentable Area, total Operating Expenses may be adjusted to reflect 100% occupancy of the Building for any period in which it is not 100% occupied. However, Landlord shall use a method of calculation structured, and consistently applied, so that the aggregate amount of Operating Expenses charged to all tenants and occupants of the Building (including Tenant) does not exceed one hundred percent (100%) of the actual Operating Expenses for such period. Landlord shall have the right, from time to time, to allocate some or all of the Operating Expenses for the Property among different portions, such as office, retail or other appropriate portions, of the

Property ("Cost Pools"). The Operating Expenses within each such Cost Pool shall be allocated and charged to the tenants within such Cost Pool as an amount per square foot of Rentable Area, based on the total Rentable Area within such Cost Pool.

Operating Expenses shall **not** include the following:

(a) The cost of repair to the Building including the Premises, to the extent the cost of the repairs is reimbursed by insurance or condemnation proceeds;

(b) Leasing commissions paid to agents of Landlord, other brokers or any other persons in connection with the leasing of space in the Building or any other portion of the Property;

(c) The cost of improving or renovating space for tenants (including Tenant) or space vacated by any tenant (including Tenant);

(d) The cost of utilities charged to individual tenants (including Tenant) and payroll, material and contract costs of other services charged to tenants (including Tenant);

(e) The cost of painting and decorating the Premises or premises of other tenants;

(f) Depreciation of the Building and other real property structures in the Property;

(g) Interest, points, and fees on debt, or amortization payments on any mortgages on the Property or any part thereof;

(h) Legal and other related expenses associated with the negotiation or enforcement of leases or the defense of (i) Landlord's title to the Land, the Building or other portions of the Property; or (ii) any action based solely on an alleged breach by Landlord of a lease pertaining to space within the Building;

(i) Advertising costs incurred directly for leasing individual space in the Building or other portions of the Property;

(j) Landlord's general corporate overhead, including salaries of officers or other employees of Landlord, and Landlord's general administrative expenses not directly related to the operation of the Property;

(k) Any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord;

(l) All items and services for which Tenant or any other tenant in the Building reimburses Landlord, provided that, any item or service supplied selectively to Tenant shall be paid for by Tenant;

(m) To the extent reimbursed by parking fees, the cost of payroll for clerks, attendants and other persons, bookkeeping, garage keepers liability insurance, parking management fees, tickets and uniforms directly incurred in operating the Garage;

(n) Costs of capital improvements to the Building and other portions of the Property, except to the extent included in Operating Expenses pursuant to (xi) above;

(o) Amounts paid to any party, including a division or affiliate of Landlord, providing materials, services (except Building management), labor, or equipment to the extent that such amounts exceed the competitive costs of such materials, services (except Building management), labor or equipment when provided by an independent party in an arm's-length transaction;

(p) Any costs, fines or penalties imposed due to Landlord's deliberate or negligent actions or omissions with respect to any governmental rule or authority;

(q) Costs of installing any specialty service, such as a conference center or other facility which is made available to tenants on a non-fee (or nominal fee) basis; however, if any such service or facility, such as an athletic club, is made available on the basis of material payment for use or membership, then the costs of maintenance and operation, as well as the cost of installation, of such service or facility, will be excluded from Operating Expenses; and

(r) The cost of any environmental clean-up of the Property ordered by any applicable environmental authority or agency having jurisdiction over the Property.

Operating Expenses attributable to the items set forth in (iv), (v) and (vi) above in any calendar year shall not increase more than five percent from the immediately prior calendar year. Management fees payable pursuant to (v) will fluctuate with annual Gross Property Income, but the percentage payable for management (3%) will not increase more than 5% (e.g., from 3% to 3.15%) in any given calendar year.

13. **Property.** The Building, the Garage, and the land on which they are constructed, which land consists of approximately 64,610 square feet located at the northeast corner of 21st and Market Streets, Philadelphia, Pennsylvania.

14. **Pro Rata Share.** A percentage calculated by dividing the Rentable Square Feet in the Premises by the total Rentable Square Feet of office space in the Building.

15. **Real Property Taxes.** All taxes, assessments (special or otherwise) and charges levied upon or with respect to the Property and any *ad valorem* taxes on personal property used in connection therewith. Real Property Taxes shall include, without limitation, any tax, fee or excise on the act of entering into this Lease, on the occupancy of Tenant, the Rent hereunder or in connection with the business of owning and/or Renting space in the Property which are now or hereafter levied or assessed against Landlord by the United States of America, the Commonwealth of Pennsylvania, the City of Philadelphia or any political subdivision, public corporation, district or other political or public entity, and shall also include any other tax, assessment, fee or excise, however described (whether general or special, ordinary or extraordinary, foreseen or unforeseen), which may be levied or assessed in lieu of, or as a substitute for, any Real Property Taxes. Landlord may pay any such special assessments in installments when allowed by law, in which case Real Property Taxes shall include any interest charged thereon. Real Property Taxes shall also include any private assessments or the Building's contribution towards a private or quasi-public cost-sharing agreement for the purpose of augmenting or improving the quality of service and

amenities normally provided to the Property by governmental agencies. Real Property Taxes shall also include legal fees, costs and disbursements incurred in connection with proceedings to contest, determine or reduce Real Property Taxes. Real Property Taxes shall not include: (a) income, profit, franchise, transfer, sales, use, inheritance or capital stock taxes, or any tax applicable to or measured by business income or activity generally, unless, due to a change in the method of taxation, any of such taxes are levied or assessed against Landlord, in whole or in part, in lieu of, as a substitute for, any other tax which would otherwise constitute a Real Property Tax; or (b) any interest, penalty or fee charged or imposed by reason of the late payment of any Real Property Taxes. In the event that at any time during the term of this Lease the assessment for the Property is reduced on appeal with a result that Landlord receives a refund of any real estate taxes, Landlord shall pay to Tenant its Pro Rata Share of any such refund (net of Landlord's out-of-pocket expenditures in connection with such appeal). Landlord will exercise commercially reasonable efforts to contest the amount or validity of Real Property Taxes by appropriate proceedings diligently conducted in good faith, but this shall not be construed to require Landlord to appeal an assessment in any year in which its counsel advises it not to do so. Neither Real Property Taxes nor Operating Expenses shall include Use and Occupancy Taxes. In calculating the amount of Real Property Taxes to be charged to Tenant and other tenants or occupants of the Property for any period, Landlord shall use a method of calculation which is structured so that the aggregate amount of Real Property Taxes charged to Tenant and all other tenants and occupants of the Building does not exceed one hundred percent (100%) of the actual Real Property Taxes for such period.

16. **Rentable Area or Rentable Square Feet.** The square footage on any given floor of the Building computed in accordance with BOMA by measuring from the centerline of the glass windows in exterior Building walls and encompassing all areas within the Building exterior walls including, without limitation, all janitor closets, elevator lobbies, vestibules, toilets, electrical, telephone and mechanical closets, fan rooms, air conditioning rooms and maintenance rooms plus Tenant's Pro Rata Share of the main Building lobby and mechanical areas of the Building, excluding only vertical pipe shafts, flues, ducts, public stairs controlled by Landlord and shafts for public elevators. No deductions shall be made for any private internal stairs, or flues, pipes, ducts or shafts of elevators required solely for Tenant or for columns or projections to the Building. The Rentable Area of premises on a multi-tenant floor shall be computed by multiplying the Rentable Area of such floor, determined as if it were a single-tenancy floor, by a fraction, the numerator of which is defined by BOMA as "Usable Area" of the premises in question and the denominator of which is the aggregate "Usable Area" of all premises on said floor. The Rentable Area of the Building (presently 942,866 square feet) shall be computed by totaling the Rentable Area of all space in the Building. The office portion of the Building is presently 919,975 Rentable Square Feet. Rentable Square Feet will exceed actual square feet within the Premises because Rentable Square Feet allocates to the space occupied by Tenant a portion of the common areas and non-usable areas of the Building.

17. **Service Facilities.** The janitorial, security and building maintenance services used in the Building.

18. **Tenant Improvements.** Physical improvements to the Premises, including, without limitation, partitions, wiring, floor coverings, wall coverings, kitchens, HVAC, lighting, ceilings, outlets and millwork, all as specifically shown or described in Tenant's Final Plans (defined in Exhibit D).

EXHIBIT B-1

[LIST OF TERMS DEFINED IN THE LEASE (WITH REFERENCE TO WHERE DEFINED) BUT NOT LISTED IN EXHIBIT B]

- "Alterations" - Section 9.1 of Lease.
- "Architect" - Exhibit D to Lease.
- "As-builts" - Exhibit D to Lease.
- "Assignment" - Section 14.1(a) of Lease.
- "Base Building Improvements" - Exhibit D to Lease.
- "Basic Rent" - Section 5.1(a) of Lease.
- "Building Standard Window Covering" - Exhibit E to Lease.
- "Change Order" - Exhibit D to Lease.
- "Class A" - Section 32 of Lease.
- "Commencement Date" - Section 4 of Lease.
- "Cost Pools" - Exhibit B to Lease.
- "Court Yard" - Section 32 of Lease.
- "Damages" or "Destruction" - Section 10.2 of Lease.
- "Deleted Portion" - Section 38(a) of Lease.
- "Delivery Date" - Section 29.2(a) of Lease.
- "Eligibility Period" - Section 6 of Lease.
- "Event of Default" - Section 21.1 of Lease.
- "Existing Mortgage" - Section 18.1 of Lease.
- "Expansion Spaces" - Section 29.1 of Lease.
- "Final Plans" - Exhibit D to Lease.
- "HVAC" - Section 8.1(a) of Lease.
- "Indemnified Claims" - Section 16.1 of Lease.
- "Indemnified Claims" - Section 16.3 of Lease.
- "Landlord" - introductory paragraph to Lease.
- "Landlord Indemnified Parties" - Section 16.1 of Lease.
- "Landlord Obligations" - Exhibit G to Lease.
- "Notices" - Section 31.6 of Lease.
- "Other Expenses" - Section 5.4(a) of Lease.

"Permits" - Exhibit D to Lease.
"Permitted Transfer" - Section 14.19b) of Lease.
"Premises" - Section 2 of Lease.
"Profit" - Article 14 of Lease.
"Property Expenses" - Section 5.3 of Lease.
"Regulatory Requirements" - Exhibit F to Lease.
"Renewal Term" - Section 30 of Lease.
"Rent" - Section 5 of Lease.
"Rules and Regulations" - Section 27 of Lease.
"safe floor loads" - Section 9.3 of Lease.
"SNDA" - Section 18.4 of Lease.
"Tenant" - introductory paragraph to lease.
"Tenant Indemnified Parties" - Section 16.3 of Lease.
"Tenant's Plans" - Exhibit D to Lease.
"Term" - Section 4 of Lease.
"Termination Date" - Section 38(a) of Lease.
"Termination Notice" - Section 38(a) of Lease.
"TI Allowance" - Section 7.2 of Lease.
"TI Allowance" - Exhibit D to Lease.
"Transfer" - Section 14.4(a) of Lease.
"Transfer Notice" - Section 14.2 of Lease.
"Transfer Space" - Section 14.2 of Lease.
"Transferee" - Section 14.2 of Lease.

EXHIBIT C

MEMORANDUM OF LEASE COMMENCEMENT

THIS MEMORANDUM is dated as of _____, by and between COMMERCE SQUARE PARTNERS-PHILADELPHIA PLAZA, L.P., a Delaware limited partnership, ("Landlord"), and THE GLENMEDE TRUST COMPANY, a Pennsylvania corporation ("Tenant") with respect to that certain Lease between Landlord and Tenant dated as of _____, 2001, (the "Lease").

The Term of the Lease with respect to [describe space] commenced on _____, 2002. The Rent Commencement Date (as defined in the Lease) for such space was _____, 2002.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum as of the date set forth in the first paragraph above.

LANDLORD:

COMMERCE SQUARE PARTNERS-PHILADELPHIA PLAZA, L.P., a Delaware limited partnership

By: _____

James A. Thomas, authorized signatory

TENANT:

THE GLENMEDE TRUST COMPANY, a corporation organized and existing pursuant to the Pennsylvania Banking Code

Attest: _____

Name:

Title:

EXHIBIT D
TENANT IMPROVEMENT LETTER

This Improvement Letter supplements the Lease dated _____, 2001, by and between COMMERCE SQUARE PARTNERS-PHILADELPHIA PLAZA, L.P., a Delaware limited partnership ("Landlord") and THE GLENMEDE TRUST COMPANY, a trust company chartered under the Pennsylvania Banking Code ("Tenant"). Terms capitalized, but not otherwise defined herein, shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. **Construction of the Building**

1.1 **Base Building Definition.** The Building consists of the following: (a) the Building shell and exterior, (b) the core area, including all existing mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, (c) finished core area toilet rooms including all existing plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, (d) unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows, (e) public stairways, (f) passenger and freight elevators, (g) parking facilities, (h) ground floor lobby, (i) unfinished elevator lobbies (except for dry-wall, taped walls, and prime painted elevator doors), (j) exterior plazas and landscaping, (k) loading dock, (l) sprinkler main loop from the core into the Premises, (m) Building standard window coverings and (n) drinking fountains as required by code (collectively referred to as the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Tenant Improvements (as defined below). Any items provided by Landlord in the Premises in addition to the Base Building Improvements shall be paid for by Tenant, subject to paragraph 3 below.

1.2 **Exclusions From Base Building Improvements.** Base Building Improvements shall include all of the items described in paragraph 1.1 and shall not include any Tenant Improvements. Without limiting the generality of the foregoing, Base Building Improvements shall exclude the following:

- (a) Tenant ceilings and lighting in the Premises;
- (b) Floor finish in the Premises;
- (c) Interior finishes of any kind within the Premises (including elevator lobbies);
- (d) Interior partitions, doors, and hardware within the Premises;

- (e) Terminal boxes and reheat coils or other HVAC or air distribution devices, including distribution duct work and controls, beyond the core of the Building;
- (f) Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (g) Distribution of electrical services, plumbing services and sprinklers from the core, and domestic hot water heater and associated hot water piping in the Premises;
- (h) Any and all signs for Tenant and the power therefor; and
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers.

2. Tenant's Plans and Specifications.

2.1 (a) Submission of Plans and Specifications

(1) Tenant and Landlord, and their engineers and architects, shall coordinate with each other in the design of Tenant's Plans (defined below) prior to the initial submission of Tenant's Plans to Landlord.

(2) Tenant shall submit preliminary plans for the Tenant Improvements prepared by Tenant's architect (the "Architect"), to Landlord for Landlord's review and approval (which approval shall not be unreasonably withheld or delayed). Thereafter, Tenant shall submit to Landlord for Landlord's approval fully completed and engineered working drawings and specifications suitable for review and permitting by local agencies having jurisdiction (if applicable), for the layout, improvement and finish of the Premises (in phases, at Tenant's option) consistent with the design and construction of the Base Building Improvements, and the aforesaid preliminary plans, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans, showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements (including voltage, amps, phase, and special plugs and G-2 connections), wall finishes, floor coverings, millwork and other Tenant Improvements required by Tenant. (The aforesaid preliminary plans and engineered drawings and specifications are hereinafter collectively referred to as "Tenant's Plans"). The Tenant Improvements shall include, and Tenant's Plans shall provide for, electricity and BTU meters (if necessary and to the extent not presently in the Premises) for measuring electricity and supplemental HVAC use within the Premises.

(b) Engineering of Plans. For any necessary engineering of Tenant's Plans, Tenant shall directly employ only mechanical, electrical and structural engineers approved by Landlord, which approval shall not be unreasonably withheld or delayed.

Landlord shall have no responsibility for any of such engineering of Tenant's Plans. Tenant's Plans shall be prepared by a licensed architect, shall be sufficient for Tenant to secure the approval of governmental authorities with jurisdiction over the approval thereof (if applicable), and shall be in a form meeting Landlord's reasonable requirements. Tenant's architect and engineers shall coordinate with Landlord's architect, engineers and tenant improvement manager to make all of Tenant's Plans consistent with the plans and specifications for the Building. Landlord's engineers shall have the right to review each phase of Tenant's design development and Tenant's Plans to assure their compatibility and coordination with Building Systems. Tenant shall be solely responsible for the design and function of Tenant's plans, including their integration with Building Systems, notwithstanding Landlord's review and approval thereof.

(c) Notwithstanding anything contained herein, or in the Lease, and notwithstanding that any of Tenant's Plans are reviewed and/or approved by Landlord or any of its space planners, architects, engineers or consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or any of its space planners, architects, engineers or consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in Tenant's Plans, and Tenant's indemnification and waiver contained in Sections 16.1 and 16.2 of the Lease shall specifically apply to Tenant's Plans.

2.2 Approval by Landlord.

(a) Approval. Tenant's Plans shall be subject to Landlord's approval, which approval shall not be unreasonably withheld, delayed or conditioned. Landlord agrees to approve or disapprove Tenant's plans within 15 business days after receipt of preliminary plans and within 10 business days after receipt of final plans. Failure to respond within the aforesaid periods shall be deemed approval.

(b) Substitutions After Plans Approved. If during the course of construction and after the approval of the Final Plans (as defined below), Landlord reasonably determines that the procurement of particular materials or construction of portions of the Tenant Improvements specified in the Final Plans will violate any applicable codes, rules, laws or regulations (and if Landlord provides to Tenant reasonable evidence thereof), then Landlord shall give notice thereof to Tenant and Tenant shall make reasonable substitutions of such materials and construction, which such substitutions will not themselves cause such violation of applicable codes, rules, laws and regulations, subject to Landlord's approval (which approval will not be unreasonably withheld, conditioned or delayed).

(c) Landlord Disapproval; Tenant Revisions. If Landlord disapproves Tenant's Plans, or any portion thereof, Landlord shall promptly notify Tenant thereof (with an explanation of the reasons for such disapproval) and of the revisions which Landlord reasonably requires in order to obtain Landlord's approval. As promptly as reasonably possible thereafter, Tenant shall submit to Landlord plans and specifications incorporating the revisions required by Landlord. Said revisions shall be subject to Landlord's approval, which shall not be unreasonably withheld, delayed or conditioned. If Landlord disapproves

the revised Tenant's Plans, Landlord shall so notify Tenant within 15 days of receipt thereof and of the further revisions Landlord reasonably requires in order to grant approval. The foregoing process shall be repeated until Landlord finally approves all of Tenant's Plans required for the Tenant Improvements in all of the Premises, so that Landlord and Tenant have an agreed upon set of final plans and specifications. The final plans and specifications approved by Landlord shall be referred to as the "Final Plans." Approval by Landlord shall not be deemed to be a representation by Landlord as to the adequacy or correctness of the design of the Tenant Improvements.

2.3 Construction of Tenant Improvements. The Tenant Improvements shall be constructed by contractors approved in advance by Landlord, which approval shall not be unreasonably withheld or delayed. In addition to any amounts for which Tenant may be responsible under Article 7 of the Lease, Tenant shall be solely responsible for (a) any delay or increased cost in completing the Tenant Improvements; (b) the design, function and maintenance of all Tenant Improvements, (c) all costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses; and (d) incidental costs of construction such as hoisting and utility consumption. No construction shall be commenced until Tenant has delivered to Landlord (i) a certificate evidencing liability insurance coverages for Tenant's general contractor, in form and substance reasonably satisfactory to Landlord and (ii) a time-stamped copy of a waiver of liens signed by Tenant's general contractor and filed with the Prothonotary of Philadelphia, along with a copy of the Prothonotary's receipt for the filing fee.

2.4 (a) Permits; Commencement of Construction. Tenant, or Tenant's representative, shall secure the approval of governmental authorities and all permits required by governmental authorities having jurisdiction over such approvals and permits in order to commence and fully complete the construction of the Tenant Improvements (the "Permits"). Tenant hereby agrees that neither Landlord nor any of its space planners, architects, engineers or consultants shall be responsible for obtaining any Permits or certificates of occupancy for the Premises and that the obtaining of same shall be Tenant's responsibility; provided, however, that Landlord shall, in any event, cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such Permits or certificates of occupancy. Tenant shall commence construction of the Tenant Improvements as soon as practicable after issuance of all such necessary permits; provided, however, that Tenant may construct the Tenant Improvements in such stages as Tenant shall designate as long as Tenant uses diligent efforts to cause the Tenant Improvements to be substantially complete not later than December 31, 2003.

(b) Tenant shall cooperate diligently with Landlord to complete all phases of Tenant's Plans and the permitting process and to receive the Permits. Landlord shall cooperate, and cause its engineers to cooperate, in the performance of the review and approval process for Tenant's Plans.

2.5 Construction Management; Reimbursement of Certain Costs. Only if Tenant so requests, Landlord agrees to request that Manager (as herein defined) supervise the construction of the Tenant Improvements in consideration of Tenant's payment to Manager of a construction supervision fee equal to one percent of the total cost of the Tenant Improvements. Such fee shall be paid to Manager periodically and pro rata with the disbursement of the TI Allowance pursuant to paragraph 3.1 hereof. In any event, Tenant shall reimburse Manager for out-of-pocket costs incurred by Manager for architectural and/or engineering fees necessary to review the structural, mechanical, electrical and plumbing plans forming part of Tenant's Plans. Landlord shall not be liable to Manager in respect of any services provided by Manager to Tenant pursuant to this Section 2.5.

2.6 Conformed Plans. Within 60 days after substantial completion of the Tenant Improvements and receipt from the general contractor of all field changes, if any, Tenant shall submit to Landlord a set of conformed plans ("as-builts") on mylar incorporating all field changes made and all changes and revisions that have been made subsequent to the submission of the Final Plans specified in paragraph 2.2.

2.7 Tenant's Covenants.

(a) All work shall be performed in conformity with a valid building permit when required, a copy of which shall be furnished to Landlord prior to the commencement of the work;

(b) All work shall be performed in accordance with the reasonable rules and regulations of Landlord, which shall be applied uniformly to all contractors working in the Building;

(c) Tenant's contractors' construction material, tools equipment, and debris shall be stored on or within the Premises, or in areas reasonably designated for that purpose by Landlord. Tenant will be responsible for all clean up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Tenant or its contractors, and agrees to reimburse Landlord for any and all reasonable expenses incurred by Landlord by reason of or as a result of inadequate clean up;

(d) Construction of the Tenant Improvements shall comply with all Applicable Laws and shall be subject to the general inspection of Landlord; and

(e) All work shall be performed by union contractors and scheduled through Landlord, so as to avoid any disruption of any other construction work on or about the Building.

3. **Periodic Payments.**

3.1 **Tenant Improvement Allowance.**

(a) Landlord will make available the sum of \$15.00 per square foot of Rentable Area (the "TI Allowance") to defray the cost of the Tenant Improvements and certain related expenses, as more fully set forth in (and subject to) Article 7 of the Lease.

(b) Beginning not sooner than January 1, 2002 or 30 days after commencement of the Tenant Work, whichever is later, and continuing not more often than once every 30 days thereafter, Tenant shall prepare and submit to Landlord a statement showing in reasonable detail amounts expended or incurred by Tenant pursuant to Article 7.2 of the Lease which have not previously been paid for by Landlord. Each such statement shall be accompanied by canceled checks or receipted invoices and, prior to the final disbursement, lien releases from any person or entity that has provided supplies or services to the Premises. In addition, each such statement shall include a certification from Tenant that all sales taxes applicable to the Tenant Improvements have been paid, and that all labor and material for which payment is sought have been furnished and are satisfactory to Tenant.

(c) Within 30 days after submission by Tenant of each such statement, Landlord shall reimburse Tenant for the expenses covered by Tenant's statement, up to the amount of the TI Allowance.

(d) Notwithstanding the foregoing, Landlord will, as an accommodation to Tenant, and upon Tenant's request, pay directly to any contractor or vendor amounts due for labor and/or materials furnished in connection with the Tenant Improvements. In such event, Tenant shall submit invoices in lieu of canceled checks or paid bills as required by paragraph (b) above, accompanied by Tenant's request for payment. Each such request shall include Tenant's statement that it has approved the work for which payment is requested. Any such payments shall be for the account of Tenant and shall not create any contractual relationship between Landlord and any contractor or vendor, or in any way obligate Landlord to any contractor or vendor or any subcontractor or supplier.

4. **Changes, Additions or Alterations.** If Tenant shall request any material change, addition, deletion or alteration in the Final Plans ("Change Order"), Tenant shall prepare and submit to Landlord plans, specifications and permits (if required) with respect to such Change Order for Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed.

5. **Landlord's Representative.** Landlord may appoint Manager as its representative with respect to the matters set forth in this Work Letter pursuant to a separate agreement between Landlord and Manager. Manager will, if so appointed, coordinate matters set forth in this Improvement Letter on behalf of Landlord in a manner to be agreed upon by Landlord and Manager. Manager shall have no liability of any kind or nature to Tenant in contract, unless Manager and Tenant enter into a written construction management agreement pursuant to paragraph 2.5 above, or in tort, unless Manager is negligent.

6. **Access.** Landlord shall provide access to the Premises to complete the work under this Improvement Letter, subject to the rules and regulations referred to in 2.7(b) above, including, without limitation, access by way of freight elevators (with an operator being provided by Landlord), loading docks and all other common areas necessary to complete construction of the Tenant Improvements. Use of the freight elevator shall be subject to the charges therefor set forth in Section 8 of the Lease.

7. **Reasonable Diligence.** Both Landlord and Tenant agree to use reasonable diligence in performing all of their respective obligations and duties under this Improvement Letter and in proceeding with the construction and completion of the Tenant Improvements in the Premises.

HVAC equipment in the Building to maintain temperatures which may be required for, or because of, any special equipment of Tenant, and Landlord shall have no liability for loss or damage in connection therewith. Landlord will grant Tenant a license to use the Chilled Water System which currently provides supplementary cooling to the 16th floor pursuant to a separate license agreement to be signed contemporaneously with this Lease.

In addition to the foregoing, Landlord will furnish HVAC to the Premises at times other than during Normal Working Hours upon Tenant's request, but Landlord may impose a charge therefor, which shall be due and payable upon presentation of a bill in accordance with Section 5.1(d) above. Landlord's charges shall be calculated on an hourly basis, based upon Landlord's costs, and shall be no higher than Landlord charges other tenants for the same service. Landlord represents to Tenant that Landlord's current charge for such HVAC service is \$75 per hour for one floor and \$48 per hour per floor if service is required on more than one floor. Tenant understands that Landlord's costs (and therefore such HVAC charges) may increase during the Term to the extent Landlord incurs increases in electricity, maintenance, wages, and other applicable costs of operating and maintaining the HVAC system serving the Premises.

(b) Electricity. Landlord shall furnish to the Premises, seven days per week, 24 hours per day, electric current for HVAC (the cost of which shall be included in Operating Expenses) and an average of six (6) watts of electric current (connected load) per square foot of Rentable Area for power and lighting. Without the prior written consent of Landlord, which Landlord may refuse in its reasonable discretion, Tenant shall not install or operate any machinery, appliances or equipment in the Premises which will in any way increase the amount of electricity usually furnished or supplied for use of the Premises as general office space; nor connect any apparatus, device, machinery, appliances or equipment (except through existing electrical outlets in the Premises), for the purpose of using electric current; provided, however, that the provisions of this sentence shall not apply to any machinery, appliances or equipment which are presently located within the Premises nor any machinery, appliances or equipment which are now normal and customary to the use and operation of a business office. Landlord will use commercially reasonable efforts to obtain the best electrical rate from competing suppliers selected by Landlord. Landlord shall promptly replace all light bulbs and tubes and ballasts in the Premises when required, at Tenant's expense.

(c) Passenger Elevators. Landlord shall furnish passenger elevator service to the Premises during Normal Working Hours. During all other hours, Landlord shall furnish passenger elevator service in the elevator bank(s) serving the Premises on an as needed basis. Landlord agrees to take no action (such as, by way of example, dedicating an elevator cab to serve one or more floors occupied by tenants other than Tenant) which would materially diminish the quality of the current elevator service to the Premises.

(d) Freight Elevators. Landlord shall furnish freight elevator service to the Premises during Normal Working Hours, excluding Saturdays (with an operator provided by Landlord), without charge to Tenant. In addition, Landlord will furnish freight elevator

service (with an operator provided by Landlord) at other times, upon Tenant's request, but Landlord may impose a charge therefore, which shall be due and payable upon presentation of a bill in accordance with Section 5.1(d) above; provided, however, if Tenant and another party share use of the freight elevator during any period for which Landlord may impose charges therefor, Landlord will allocate its charges equitably among those using the elevator, in proportion to their respective usage. Landlord's charges shall be calculated on an hourly basis, based upon Landlord's costs, and shall be no higher than Landlord charges other tenants for the same service. Landlord represents to Tenant that Landlord's current charge for such freight elevator service is \$65.62 per hour. Tenant understands that Landlord's costs may increase during the Term, to the extent Landlord incurs increases in electricity, elevator maintenance, elevator operators' wages, and other applicable costs. Use of the freight elevator shall be subject to such reasonable rules and regulations as Landlord may establish for the comfort and convenience of tenants and other occupants of the Building, provided such rules and regulations shall be in writing and furnished to Tenant and shall apply uniformly to all tenants in the Building.

Notwithstanding the foregoing, Tenant shall have an allowance of \$10,000.00 toward the cost of use of the freight elevator in connection with construction of the Tenant Improvements. Such allowance shall be in addition to the TI Allowance, but any portion of the freight elevator allowance which is not used in connection with construction of the Tenant Improvements shall be considered extinguished for all purposes. Landlord will provide Tenant with periodic bills based on usage, which Tenant shall promptly return marked "apply against allowance", or with a similar legend, so that the parties will know to what extent the allowance has been applied at any given time.

(e) Water. Landlord shall make available cold and heated water for normal lavatory and drinking purposes to be drawn from the public lavatory in the core of the floors on which the Premises are located, 24 hours per day, seven days per week.

(f) Janitorial. Landlord shall provide janitorial service in accordance with the specifications attached hereto as Exhibit G and made a part hereof. Landlord shall not be required to provide more than Building standard janitorial services for portions of the Premises used for storage, mail room, kitchen or other non-office purposes, nor shall Landlord be required to provide janitorial services to areas obstructed or locked by Tenant, or used as a lavatory, other than the lavatory rooms shown on the floor plan of the Premises attached hereto as Exhibit A. Landlord agrees to provide such additional janitorial services as Tenant may reasonably request from time to time, upon reasonable prior notice from Tenant, at Tenant's sole cost and expense. Landlord will in each instance furnish Tenant with a written estimate of the cost of such additional services for Tenant's approval before providing any such services. If Tenant approves the estimate Landlord will perform the services and the amount due from Tenant therefore shall be considered rent due under subparagraph 5.1(d) above.

(g) Access. Landlord shall furnish Tenant's employees access to the Premises and the Garage on a seven-day per week, 24-hour per day basis, subject to

EXHIBIT E

RULES AND REGULATIONS

1. No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building without the prior written consent of Landlord. Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice, unless Landlord has given written consent, without notice to and at the expense of Tenant. Landlord shall not be liable in damages for such removal. All approved signs or lettering on doors and walls to the Premises shall be printed, painted, affixed or inscribed at the expense of Tenant; and, on floors (if any) not occupied exclusively by Tenant, by Landlord or by a person approved by Landlord and according to building standards as determined by Landlord. Tenant shall not use any blinds, shades, awnings, or screens in connection with any window or door of the Premises unless approved in writing by Landlord. Tenant shall use the Building standard window covering specified by Landlord and Landlord reserves the right to disapprove interior improvements visible from the ground level outside the Building on wholly aesthetic grounds. Such improvements must be submitted for Landlord's written approval prior to installation, or Landlord may remove or replace such items at Tenant's expense.

2. Tenant shall not obtain for use upon the Premises, food, milk, soft drinks, bottled water, plant maintenance or any other services, except at the hours and under regulations fixed by Landlord. No vending machines shall be installed, maintained or operated upon the Premises without the prior written consent of Landlord, which shall not be unreasonably withheld.

3. The bulletin board or directory of the Building shall be provided exclusively for the display of the name and location of tenants only and Landlord reserves the right to exclude any other names therefrom.

4. The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by any tenants nor used by them for any purpose other than for ingress to and egress from their respective premises. The halls, passages, exits, entrances, elevators, stairways, balconies and roof are not for the use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence in the judgment of Landlord shall be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing

herein contained shall be construed to prevent such access to persons with whom Tenant normally deals in the ordinary course of Tenant's business unless such persons are engaged in illegal activities. No tenant and no employees or invitees of any tenant shall go upon the roof of the Building.

5. Tenant, upon the termination of its tenancy, shall deliver to Landlord all keys of offices, rooms and toilet rooms which shall have been furnished to Tenant or which Tenant shall have made, and in the event of loss of any access cards or keys so furnished, shall pay Landlord therefor. Tenant shall not alter any lock or install any new or additional locks or any bolts on any door of the Premises without prior notice to Landlord.

6. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage, or damage resulting from the violation of this rule shall be borne by Tenant who, or whose employees or invitees, shall have caused it.

7. Tenant shall not use the Premises in any manner which exceeds the floor load capacity of the floor on which the Premises are located or mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof, normal art work excepted.

8. No furniture, packages, supplies, merchandise, freight or equipment which cannot be hand carried shall be brought into the Building without the consent of Landlord. All moving of the same into or out of the Building shall be via the Building's freight handling facilities, unless otherwise directed by Landlord, at such time and in such manner as Landlord shall prescribe. No hand trucks or vehicles (other than a wheelchair for an individual) shall be used in passenger elevators. Any hand trucks permitted in the Building must be equipped with soft rubber tires.

9. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on a platform of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause, and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of Tenant. Tenant's business machines and mechanical equipment shall be installed,

maintained and used so as to minimize vibration and noise that may be transmitted to the Building structure or beyond the Premises.

10. Tenant shall not use the Premises in any manner which would injure or annoy, or obstruct or interfere with the rights of other tenants or occupants of the Building.

11. Tenant shall not employ any person or persons other than the janitor of Landlord for the purpose of cleaning the Premises unless otherwise agreed to by Landlord. Except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be permitted to enter the Building for the purpose of cleaning the same. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to Tenant for any loss of property on the Premises, however occurring, or for any damage done to the effects of Tenant by the janitor or any other employee or other person. Janitor service shall include ordinary dusting and cleaning by the janitor assigned to such work and shall not include shampooing of carpets or rugs or moving of furniture or other special services. Janitor service may not be furnished on nights when rooms are occupied after 6:00 p.m., except by special arrangement with Landlord, provided, however, that the janitor must recheck the rooms unable to be serviced before leaving the applicable floor. Window cleaning shall be done only by Landlord.

12. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in any manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals (other than as required for handicapped persons) or birds be brought in or kept in or about the Premises or the Building.

13. Other than heating and reheating in areas designed for such use, no cooking shall be done or permitted by Tenant on the Premises, nor shall the Premises be used for the manufacture or storage of merchandise, for washing clothes, for lodging, or for any improper, objectionable or immoral purpose.

14. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or inflammable, explosive or combustible fluid or material (other than for use in equipment to cook and heat food), or use any method of heating or air-conditioning other than that supplied by Landlord.

15. Landlord will direct electricians as to where and how telephone and telegraph

wires are to be introduced. No boring or cutting for wires or stringing of wires will be allowed without written consent of Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.

16. Tenant shall not lay linoleum, tile, carpet or other similar floor covering so that the same shall be affixed to the floor of the Premises in any manner except as approved by Landlord. The expenses of repairing any damage resulting from violation of this rule or removal of any floor covering shall be borne by Tenant.

17. Landlord shall have the right to close and keep locked all entrance and exit doors and otherwise regulate access of all persons to the halls, corridors, elevators and stairways in the Building on Saturdays, Sundays and legal holidays and on other days between the hours of 7:00 p.m. and 7:00 a.m., and at such other times as Landlord may deem advisable for the adequate protection and safety of the Building, its tenants and property in the Building. Access to the Premises may be refused unless the person seeking access is known to the employee of the Building in charge, and has a pass or is otherwise properly identified. Landlord shall not be liable for damages for any error with regard to the admission or exclusion from the Building of any person.

18. Tenant shall see that the doors of the Premises are closed and securely locked before leaving the Building and must observe strict care and caution that all water apparatus are entirely shut off before Tenant or Tenant's employees leave the Building, and that all electricity, gas or air shall likewise be carefully shut off, so as to prevent waste or damage.

19. Tenant shall not use the Premises in any manner which would increase the amount of water typically furnished for office use, nor connect any appliance directly to the water pipes.

20. Landlord may refuse admission to the Building outside of ordinary business hours to any person not known to the watchman in charge or not having a pass issued by Landlord or not properly identified, and may require all persons admitted to or leaving the Building outside of ordinary business hours to register. Any person whose presence in the Building at any time shall, in the sole judgment of Landlord, be prejudicial to the safety, character, reputation and interests of the Building or its tenants may be denied access to the Building or may be ejected therefrom. Landlord may require any person leaving the Building with any package or other object to exhibit a pass from the tenant from whose premises the package or object is being removed, but the establishment and

enforcement of such requirement shall not impose any responsibility on Landlord for the protection of any tenant against the removal of property from the premises of any tenant.

21. The requirements of Tenant shall be attended to only upon application at the office of the Building. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from the Landlord.

22. No person shall be allowed to transport or carry (except for individual, personal consumption) beverages, food, food containers, smoking objects, etc., on any passenger elevators. The transportation of such items shall be via the service elevators in such manner as prescribed by Landlord.

23. Tenant shall cooperate with Landlord in obtaining maximum effectiveness of the cooling system by closing the window coverings when the sun's rays fall directly on windows of the Premises. Tenant shall not obstruct, alter or in any way impair the efficient operation of Landlord's heating, ventilating and air-conditioning system and shall not place bottles, machines, parcels or other articles on the induction unit enclosure, intake or other vents so as to interfere with air flow. Tenant shall not tamper with or change the setting of any thermostats or temperature control valves.

24. Landlord shall have the right to prohibit any advertising by any tenant which, in Landlord's opinion, tends to impair the reputation of the Building or its desirability as a location for offices, and upon written notice from Landlord, any tenant shall refrain from or discontinue such advertising.

25. Canvassing, soliciting and peddling within the entire Property is prohibited unless specifically approved by Landlord and Tenant shall cooperate to prevent such activity.

26. All parking ramps and areas plus other public areas forming a part of the Property shall be under the sole and absolute control of Landlord with the exclusive right to regulate and control these areas. Tenant agrees to conform to the reasonable rules and regulations that may be established by Landlord for these areas from time to time.

27. The Premises shall not be used for manufacturing or the storage of merchandise except as such storage may be incidental to the use of the Premises for general office purposes. Tenant shall not occupy nor permit any portion of the Premises to be occupied for the manufacture or sale of narcotics, liquor, or tobacco in form, or as a barber or manicure shop. Tenant shall not engage or pay any employees on its Premises except those actually working for such tenant on the Premises nor advertise for laborers giving

an address at the Premises or Property. The Premises shall not be used for lodging or sleeping or for any immoral or illegal purposes.

28. Tenant shall not conduct any auction, fire, bankruptcy, going out of business, liquidation or similar sales at the Property.

29. Tenant shall not place any radio or television antennae on the roof of the Property without consent of Landlord, which consent will not be unreasonably withheld, or on any exterior part of the Premises or the Property.

EXHIBIT F

HVAC SPECIFICATIONS

Landlord shall provide a high-quality air conditioning system on a year-round basis throughout the Premises and the Building. Interior space shall be provided with thermostatically controlled zones. The system shall maintain an average inside temperature of 75 degrees +/-2 degrees during summer outdoor temperatures of 90 degrees F.D.B. and 74 degrees F.W.B. and 70 degrees F.D.B. at winter outside temperatures of 14 degrees F.D.B. and in accordance with an occupancy of one person per 200 square feet (average per floor) and an electrical load of 4 watts per square foot (lighting and power). These temperatures are subject to the conditions and requirements of State and Federal Energy Regulating Bodies for non-residential buildings (collectively "regulatory requirements").

All conditions are 1975 ASHRAE Standard for energy conservation and building design.

EXHIBIT G

JANITORIAL SPECIFICATIONS

OFFICE AREAS:

Daily:

Five (5) days each week, including Monday through Friday, and excluding the holidays set forth in Section 8.1 ("Landlord Obligations") of the Lease:

1. Empty and clean all waste receptacles; remove waste materials from the Premises.
2. Dry-mop all uncarpeted areas.
3. Vacuum all rugs and carpet areas in offices, lobbies and corridors.
4. Hand-dust all office furniture, fixtures and all other horizontal surfaces (but only to the extent surfaces are cleared of all materials such as papers, documents and files).
5. Sweep all private stairways, vacuum if carpeted.
6. Police all stairwells throughout the entire Building and keep in clean condition.
7. Spot-clean spill marks on resilient floor tile.
8. Spot-clean all water coolers and fountains.
9. It is understood that Landlord shall have no obligations to (a) wash or otherwise clean dishes, glasses and other utensils used for preparing food or beverages, or (b) to remove or store such dishes, glasses and other utensils in order to clean any area, fixture or surface of the Premises.
10. Clean glass on doors and around tenant entrances, including conference rooms and other interior rooms. However, Landlord shall not clean any etched glass windows.

Weekly:

1. Hand-dust all door louvers.
2. Dust and/or wash directory boards and display glass.
3. Wipe clean and polish all metal and bright work.
4. Damp-mop and polish all resilient flooring in the Premises, public corridors and elevator lobbies.
5. Wash, clean and polish all water coolers and fountains.
6. Dust in place all picture frames, charts, graphs and similar wall hangings.
7. Clean glass around tenant entrances, including conference rooms and other interior rooms.
8. Wipe and dust all windowsills in meeting rooms.

9. Remove all finger marks and smudges from doors, door frames, around light switches, private entrance glass and partitions.

Monthly

1. Dust all paneled walls, doors and other similar surfaces not reached in nightly or weekly cleaning.
2. Vacuum high moldings and other areas not reached in nightly or weekly cleaning.
3. Remove all finger marks and smudges from doors, door frames, around light switches, private entrance glass and partitions.
4. Edge clean with vacuum all meeting rooms and elevator lobbies.

Quarterly:

1. Vacuum all ventilating and air conditioning louvers.
2. Dust exterior of lighting fixtures.

LAVATORIES:

Daily:

Five (5) days each week, including Monday through Friday, and excluding the holidays set forth in Section 8.1 ("Landlord Obligations") of the Lease:

1. Clean and damp-mop floors.
2. Wash and polish all mirrors, bright work and enameled surfaces.
3. Wash and sanitize all basins, bowls and urinals.
4. Wash and sanitize toilet seats.
5. Dust, clean and wash, where necessary, all partitions, tile walls, dispensers and receptacles.
6. Empty and sanitize all receptacles and sanitary disposals.
7. Provide materials and fill towel, sanitary napkin and soap dispensers.

Monthly:

1. Machine-scrub lavatory floors, apply floor finishing where applicable.
2. Wash and polish all partitions, tile walls and enamel surfaces.

Quarterly:

1. Dust light fixtures.
2. Vacuum all louvers and ventilating grills.

MISCELLANEOUS SERVICES:

1. Maintain building lobby, corridors and other public areas in a clean and orderly condition.
2. Damp-mop spillage in office and public areas as required.
3. Interior curtain-wall window washing two times per year.

These janitorial specifications may be changed or altered from time to time to facilitate the inclusion of the latest methods of maintenance and cleaning technology generally recognized as acceptable for a first-class office building.

EXHIBIT H
SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT

THIS AGREEMENT, dated the _____ day of _____, 2001, by and between _____, a _____, with an office at _____ ("Tenant") and _____, a _____ corporation, with an office at _____ (as mortgagee of record, servicer and attorney-in-fact for the certificate holders pursuant to that certain Pooling and Servicing Agreement dated _____ by and among _____, "Pooling and Servicing Agreement") ("Mortgagee")

WITNESSETH:

A. Tenant has entered into a certain lease, dated _____ (the "Lease") with Commerce Square Partners-Philadelphia Plaza, L.P., a Delaware limited partnership ("Landlord"), covering certain premises more fully described in the Lease (the "Premises"), within the building known as One Commerce Square, 2005 Market Street, Philadelphia, Pennsylvania (the "Property");

B. Mortgagee is the servicer for the certificate holders under the Pooling and Servicing Agreement of a Mortgage dated as of March 16, 1998, in the original principal amount of \$112 million, which has been recorded in the Office of the Recorder of Deeds of Philadelphia County, Pennsylvania (the "Public Records") and which Mortgage constitutes a first lien against the Property (as the same may be modified, supplemented, extended and/or renewed from time to time, the "Mortgage") and Mortgagee as servicer under the Pooling and Servicing Agreement is also the servicer for the certificate holders with respect to Assignment of Leases and Rents (the "Assignment") of Landlord's interest in the Lease dated the date of the Mortgage, also recorded among the Public Records; and

C. Mortgagee desires that the Lease be subordinated to the Mortgage (but not to any financing secured by the Property and provided by any lender or person other than Mortgagee) and the other documents evidencing and securing the debt under the Mortgage (as they may be amended, collectively, the "Loan Documents") and that Tenant agree to attorn to Mortgagee or any Successor (hereinafter defined), and Tenant is willing to agree to so attorn if Mortgagee or such Successor will recognize Tenant's rights under the Lease subject to the terms of the Mortgage, the Loan Documents and this Agreement.

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00) by each of the parties to the other, the receipt of which is hereby acknowledged, for and in consideration of the mutual promises, covenants and agreements herein made, the parties hereto, intending to be legally bound, hereby promise, covenant and agree as follows:

1. Subordination. The Lease and all estates, rights, options, liens and charges therein contained or created thereunder are and shall be subject and subordinate to the lien, operation and effect of the Mortgage, the Loan Documents and to all the terms, conditions and provisions thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof, and to all advances made or to be made thereunder, to the full extent of the principal sum and future advances secured thereby and interest thereon and any other amounts required to be paid by the terms of the Mortgage or the Loan Documents, and as though the Mortgage and the Loan Documents and all renewals, modifications, consolidations, replacements and extensions thereof, and all advances made or to be made thereunder, had been made, executed, delivered and recorded before the execution and delivery of the Lease.

2. Non-Disturbance. If Mortgagee takes possession of the Premises and/or the Property, as mortgagee-in-possession or otherwise, or forecloses the Mortgage or otherwise causes the Premises and/or Property to be sold pursuant to the Mortgage, Mortgagee agrees not to terminate or affect the Lease nor to affect or disturb all or any rights of Tenant under the Lease, including, but not limited to, the rights of possession, occupancy and use of the Premises and/or the Property at the rental and upon the terms and conditions set forth in the Lease, so long as an Event of Default (as defined in the Lease) is not then continuing under the Lease as would entitle Landlord under the Lease to terminate the Lease or would cause, without any further action of such Landlord, the termination of the Lease or entitle Landlord to dispossess Tenant thereunder; provided that Mortgagee shall have no liability to Tenant in the event that any Successor takes any action, or fails to perform any required act in violation of this Section. Notwithstanding the foregoing, or anything else contained herein or in the Lease, if Tenant has any option to purchase, right of first refusal or other right to purchase any or all of the Premises and/or Property, such right shall not be enforceable against Mortgagee or any Successor).

3. Attornment. Tenant agrees that it will attorn and recognize: (i) Mortgagee, whether as mortgagee in possession or otherwise; (ii) any purchaser at a foreclosure sale or other sale under the Mortgage; (iii) any transferee who acquires possession of or title to the Premises and/or Property; and (iv) the successor and assigns of such purchasers and/or transferees (each of the foregoing parties, a "Successor"), as its landlord for the unexpired balance (and any extensions, if exercised) of the term of the Lease upon the same terms and conditions as set forth in the Lease.

4. Acknowledgment of Assignment of Leases and Mortgagee's Election Thereunder.

4.1 Tenant acknowledges notice of and consents to the Assignment. Tenant agrees that from and after the date hereof, unless Mortgagee has first consented thereto expressly and in writing, Tenant will (a) pay no rent or installment thereof or other sums due or to become due under the Lease more than 30 days prior to the due date of such

rent or installment; (b) except as may be expressly permitted by the Lease, pay such rent or such other sums when due, without any deduction, set-off or counterclaim whatsoever, and (c) not alter, amend, modify, supplement, terminate, extend or cancel the Lease or consent to the same by Landlord.

4.2 If Mortgagee, pursuant to the Assignment, and whether or not it becomes a mortgagee-in-possession, shall give notice to Tenant that Mortgagee has elected to require Tenant to pay to Mortgagee the rent and other charges payable by Tenant under the Lease, Tenant shall, until Mortgagee shall have cancelled such election, be similarly bound to Mortgagee and similarly attorn to Mortgagee and shall thereafter pay to Mortgagee all rent and other sums payable under the Lease.

5. Limitation of Liability.

5.1 So long as an Event of Default (as defined in the Lease) is not then continuing under the Lease as would entitle Landlord under the Lease to terminate the Lease or would cause, without any further action of such Landlord, the termination of the Lease or entitle Landlord to dispossess Tenant thereunder, in the event that Mortgagee or any Successor succeeds to the interest of Landlord under the Lease, or title to the Premises and/or the Property, then Mortgagee and any Successor shall assume and be bound by the obligations of Landlord under the Lease which accrue from and after such party's succession to Landlord's interest in the Premises and/or the Property (except that at Mortgagee's option, the provisions of the Mortgage shall govern with respect to the disposition of proceeds of insurance or condemnation or eminent domain awards), but Mortgagee and such Successor shall not be:

(a) liable for any breach, act or omission of any prior landlord (including Landlord) or any other person under the Lease; provided, however, that to the extent the obligation of the Landlord which was in default is an obligation under the Lease which is non-monetary and continues in effect after the Mortgagee's or the Successor's acquisition of the Landlord's interest in the Lease, the Mortgagee or such Successor shall be obligated to comply with such obligation;

(b) subject to any offsets, claims or defenses which Tenant might have against any prior landlord (including Landlord) or any other person under the Lease;

(c) bound by any payment of rent or additional rent paid by Tenant to Landlord more than 30 days in advance of its due date; or bound by or any termination payment made by Tenant to any prior landlord (including Landlord) or any other person under the Lease;

(d) liable for any security deposit or other pre-paid charge paid by Tenant under the Lease, unless (i) Landlord has actually delivered it in cash to Mortgagee or a Successor, as the case may be, and (ii) it has been specifically identified, and

accepted by Mortgagee or a Successor, as the case may be, as such and for such purpose;

(e) bound by any amendment, modification or termination of the Lease or any other agreement concerning the Lease made without Mortgagee's or a Successor's prior express written consent;

(f) bound by any notice given by Tenant to Landlord pursuant to the Lease or otherwise, unless and until a copy of it is given to Mortgagee or Successor, as the case may be;

(g) obligated or liable (financially or otherwise) on account of any representation, warranty or indemnification obligation of any prior landlord (including Landlord) with respect to hazardous materials, asbestos, or other environmental laws, claims or liabilities, whether expressly stated as such or subsumed within general obligations to comply with laws or preserve the benefits of Tenant's use and enjoyment of the Premises;

(h) obligated to cure any defaults of any prior landlord (including Landlord) or any other person under the Lease which occurred prior to the date on which Mortgagee or a Successor succeeded to Landlord's interest under the Lease; provided, however, that to the extent the obligation of the Landlord which was in default is an obligation under the Lease which is non-monetary and continues in effect after Mortgagee's or the Successor's acquisition of the Landlord's interest in the Lease, Mortgagee or such Successor shall be obligated to comply with such obligation; or

(i) liable for any defects in the design, workmanship or materials of any improvements constructed, or to be constructed, on the Premises and/or the Property.

Nothing in this section shall be deemed to waive any of Tenant's rights and remedies against any prior landlord.

5.2 Tenant agrees that any person or entity which at any time thereafter becomes the landlord under the Lease, including, without limitation, Mortgagee or any Successor, shall be liable only for the performance of the obligations of the landlord under the Lease which arise during the period of its or their ownership of the Premises and/or the Property and shall not be liable for any obligations of the landlord under the Lease which arise prior to or subsequent to such ownership. Tenant further agrees that any such liability shall be limited to the interest of Mortgagee or such Successor in the Premises and the Property, and Tenant shall not be able to enforce any such liability against any other assets of Mortgagee or such Successor.

6. Notice; Right to Cure Default.

6.1 Notwithstanding anything in the Lease to the contrary, Tenant shall provide to Mortgagee or a Successor, as the case may be, copies of each notice which Tenant may from time to time serve on Landlord pursuant to the Lease or otherwise in connection therewith, and no such notice given to Landlord shall be effective unless such copy is provided to Mortgagee or such Successor.

6.2 Before the Lease is terminated or any of Landlord's rights thereunder in connection therewith are forfeited or adversely affected because of any default by Landlord thereunder, Tenant shall give express notice of such default to Mortgagee or a Successor, as the case may be, specifying the nature of such default, and thereupon Mortgagee or such Successor shall have the right (but not the obligation) to cure such default, and Tenant shall not exercise any rights afforded by the Lease (if any) including, without limitation, terminating the Lease and abating the rent payable thereunder by reason of such default unless and until it has afforded Mortgagee or such Successor 30 days after the expiration of such time as Landlord was permitted to cure such default, and a reasonable period of time in addition thereto (i) if the circumstances are such that said default cannot reasonably be cured within said 30-day period and Mortgagee or such Successor has commenced and is diligently pursuing such cure, or (ii) during and after any litigation action, including a foreclosure, bankruptcy, possessory action or a combination thereof. Tenant shall not require Mortgagee or such Successor to cure any default which is not susceptible to cure by Mortgagee or such Successor.

7. Additional Representations, Warranties, Covenants and Agreement. Tenant hereby warrants and represents, covenants and agrees to and with Mortgagee:

7.1 Tenant is now the sole owner of the leasehold estate created by the Lease and shall not hereafter assign the Lease except as permitted by the terms thereof, and that notwithstanding any such assignment or any sublease, Tenant shall remain primarily liable for the observance and performance of all of its agreements under the Lease.

7.2 Tenant has not subordinated the Lease or its rights thereunder to any other mortgage or lien. Tenant agrees not to subordinate the Lease or any of its rights thereunder to any other mortgage or lien without the prior express written consent of Mortgagee.

7.3 Tenant will promptly certify in writing to Mortgagee, in connection with any proposed assignment of the Mortgage, whether or not any default on the part of Landlord then exists under the Lease and will deliver to Mortgagee any tenant estoppel certificates required under the Lease.

7.4 To the best of Tenant's knowledge, Landlord is not now in default under the Lease nor are there any circumstances which but for the giving of notice or the passage of time would constitute a default under the Lease; the Lease is a complete statement of the parties thereto with respect to the letting of the Premises and/or the Property; and the

Lease is presently in full force and effect according to its original terms with no right of set-off or abatement against Tenant's obligations to pay the rent thereunder, except as expressly provided in the Lease, with no right on the part of Tenant to terminate the Lease at the present time.

8. Miscellaneous.

8.1 Although all of the foregoing provisions of this Agreement shall be effective and self-operative without the execution of any further instruments by any party hereto, Tenant agrees to execute and deliver to Mortgagee, any Successor or any other person to whom Tenant agrees to attorn, such other instrument or instruments as Mortgagee, any Successor or such other person shall from time to time reasonably request in order to confirm said provisions.

8.2 No determination by any court, governmental body or otherwise that any provision of this Agreement or any amendment hereof is invalid or unenforceable in any instance shall affect the validity or enforceability of (a) any other such provision, or (b) such provision in any circumstance not controlled by such determination. Each such provision shall be valid or enforceable to the fullest extent allowed by, and shall be construed wherever possible as being consistent with, all laws of the Commonwealth of Pennsylvania and the United States.

8.3 This Agreement may be executed in counterparts, all of which when taken together shall constitute one document and any party hereto may execute this document by signing such counterpart.

8.4 This Agreement shall become effective on, and only on, its execution and delivery by each party hereto. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement may not be amended, modified, supplemented, extended or terminated in any manner other than by an agreement in writing, signed by the parties hereto or their respective successors in interest.

8.5 Any notice, demand, consent, approval, request or other communication or document to be provided hereunder to a party hereto (each of which is referred to herein as "Notice") shall be (a) in writing, and (b) deemed to have been provided (i) on the third business day after being sent as certified or registered mail in the United States mail, postage prepaid, return receipt requested, or (ii) on the next business day after being deposited (in time for delivery by such service on such business day) via Federal Express or another national courier service, or (iii) (if such party's receipt thereof is acknowledged in writing) on being sent by telefax or another means of immediate electronic communication, in each case to the address of such party set forth on the first page of this Agreement or to such other address as such party may designate from time to time by

Notice to each other party hereto, or (iv) (if such party's receipt thereof is acknowledged in writing) on being given by hand or other actual delivery to such party.

8.6 This Agreement shall be governed by and construed in accordance with the substantive laws of the Commonwealth of Pennsylvania without reference to the choice of law provisions thereof.

8.7 EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY RIGHT SUCH PARTY MAY HAVE UNDER ANY LAW TO A TRIAL BY JURY WITH RESPECT TO ANY SUIT OR LEGAL ACTION WHICH MAY BE COMMENCED BY OR AGAINST SUCH PARTY OR OTHER PARTIES CONCERNING THE INTERPRETATION, CONSTRUCTION, VALIDITY, ENFORCEMENT OR PERFORMANCE OF THIS AGREEMENT TO THE FULLEST EXTENT PERMITTED BY LAW.

8.8 No party hereto shall be deemed to have waived the exercise of any right which it holds hereunder unless such waiver is made expressly and in writing (and no delay or omission by any party hereto in exercising any such right shall be deemed a waiver of its future exercise), and then only to the extent set forth in such writing. No such waiver made as to any instance involving the exercise of any such right shall be deemed a waiver as to any other such instance, or any other such right.

8.9 This Agreement represents the complete understanding among the parties hereto as to the subject matter hereof, and supersedes all prior negotiations, representations, guaranties, warranties, promises, statements or agreements, either written or oral, among them as to the same. Nothing contained in this Agreement shall in any way affect or impair the lien created by the Mortgage or the Loan Documents, except as specifically set forth herein.

IN WITNESS WHEREOF, each party has executed and sealed this Agreement or caused this Agreement to be duly executed and sealed on its behalf by its duly authorized representatives the day and year first above written.

[TENANT]

By: _____

Name:

Title:

**LASALLE NATIONAL BANK, as Trustee for GSMSC I
Series 1998-GL II**

By: **GMAC COMMERCIAL MORTGAGE
CORPORATION, its authorized agent**

By: _____

Name:

Title:

ACKNOWLEDGMENT AND CONSENT OF LANDLORD

Landlord acknowledges and consents to the terms and conditions of this Agreement and agrees that Tenant, upon receipt from Mortgagee of notice that Landlord has defaulted under the Mortgage and has failed to cure the default within any applicable grace period set forth in the Mortgage, shall pay to Mortgagee directly all rent and other sums due and to become due under the Lease regardless of whether such notice is consented to or contested by Landlord; and Landlord hereby waives any right to demand from Tenant payment to Landlord of such rent and other sums after Mortgagee has sent any such notice to Tenant.

**COMMERCE SQUARE PARTNERS -PHILADELPHIA
PLAZA, L.P., a Delaware limited partnership**

By: PHILADELPHIA PLAZA ASSOCIATES,
a Pennsylvania partnership, its general partner

By: MAGUIRE/THOMAS PARTNERS -
PHILADELPHIA LTD., a California limited
partnership, its general partner

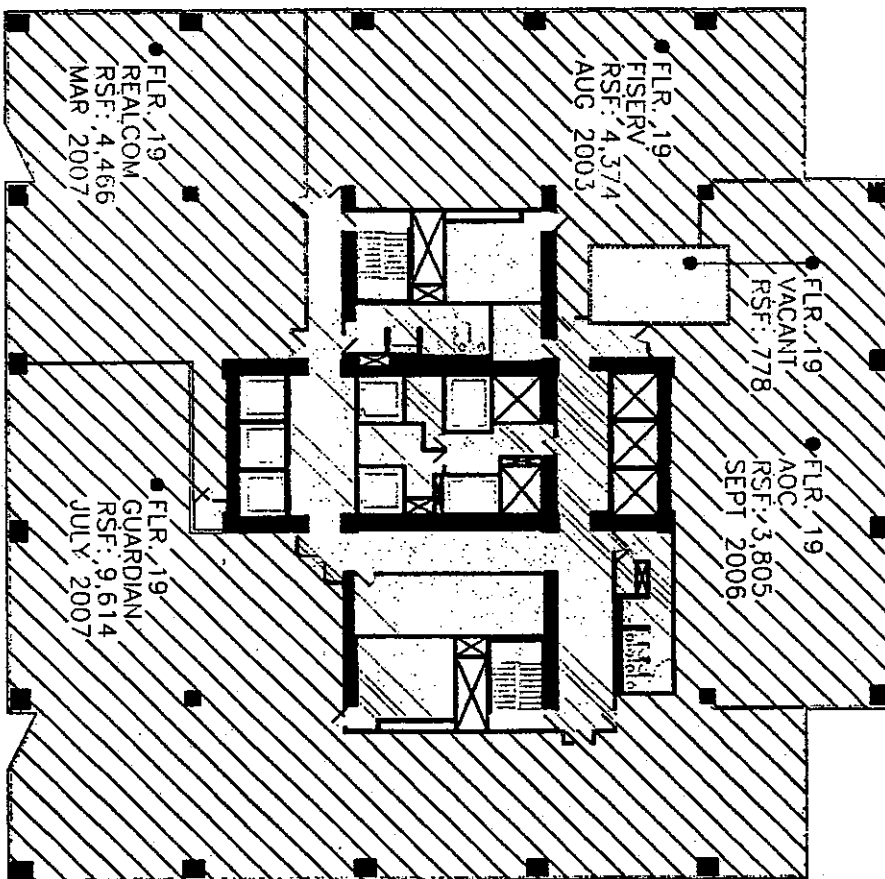
By: THOMAS DEVELOPMENT PARTNERS -
PHASE I, INC.,
a California corporation, its general partner

By: _____
Name:
Title:

EXHIBIT I
EXPANSION SPACE

EXHIBIT "I"

Thomas
Realty
Partners



One Commerce Square



FLOOR NUMBER

19

09-13-01
NOT TO SCALE

EXHIBIT J
BUILDING DESIGN LIVE LOAD STRUCTURAL SPECIFICATIONS

EXHIBIT J

DESIGN LIVE LOADS:

| | POUNDS PER SQ. FT. |
|---|--|
| TYPICAL FLOORS | 50 + 20 PARTITION |
| ROOF | SNOW LOAD VARYING FROM 20 TO 60 + 30 FOR FILL |
| 2ND, EMERGENCY GEN. ROOM & SWITCH ROOMS FLOOR | 150 |
| STAIRS, ELEVATOR LOBBIES, AND MECHANICAL AREAS | 100 |
| GROUND FLOOR AND PLAZA | 100 |
| 16TH FLOOR BOUNDED BY GRIDLINES C, H, 14, AND 16 | 125 |
| STORAGE AT P-1 LEVEL, SOUTH OF G AND EAST OF 13 | 125 |
| ARCADES, SIDEWALKS AND TRUCK DOCK | 250 |
| TRUCK DRIVE | HS20-44 CF AASHTO |
| P-1 LEVEL PARKING | 50 |
| CHILLER PLANT AT P-1 LEVEL | 250 PSF OR ACTUAL WT. OF CHILLERS |
| SUPERIMPOSED DEAD LOAD | |
| MECHANICAL AND CEILING AT TYP. FLOORS | 10 |
| MECHANICAL AT P-1 LEVEL | 2 |
| MECHANICAL AT GROUND FLOOR | 20 |
| MECHANICAL AND CEILING AT 2ND FLOOR | 20 |
| ROOFING AND INSULATION | 10 |
| FINISHES WHEREVER SHOWN ON ARCH. DWGS. ... | AS REQUIRED |

LIVE LOAD REDUCTIONS

FOR ALL BEAMS, GIRDERS AND COLUMNS HAVING AN INFLUENCE AREA OF 400 SQ. FT. OR MORE SHALL BE REDUCED IN ACCORDANCE WITH THE FOLLOWING EQUATIONS.

$$L = L_o \left(0.25 + \frac{15}{\sqrt{A_i}} \right) \text{ WHERE,}$$

L = REDUCED DESIGN LIVE LOAD IN POUNDS PER SQ. FT.

L_o = UNREDUCED DESIGN LIVE LOAD IN POUNDS PER SQ. FT.

A_i = INFLUENCE AREA IN SQUARE FEET, TAKEN AS FOUR TIMES THE TRIBUTARY AREA FOR A COLUMN, TWO TIMES THE TRIBUTARY AREA FOR A BEAM OR GIRDER.

FOR 100 P.S.F. OF LIVE LOADS OR LESS THE MAXIMUM LIMIT OF REDUCTION IS 50 PERCENT OF THE LIVE LOAD FOR MEMBERS SUPPORTING ONE FLOOR, 60 PERCENT FOR MEMBERS SUPPORTING MORE THAN ONE FLOOR.

FOR LIVE LOADS GREATER THAN 100 P.S.F. MINIMUM DESIGN LIVE LOADS ON MEMBERS SUPPORTING MORE THAN ONE FLOOR SHALL BE REDUCED BY 20 PERCENT AND NO REDUCTION IS ALLOWED FOR MEMBERS SUPPORTING ONE FLOOR.

EXHIBIT K
BUILDING SECURITY SPECIFICATIONS

Landlord shall at all times provide security services to the Building at a level consistent with security services provided at other Class A high-rise office buildings. Without limiting the foregoing, Landlord agrees that it shall (i) provide a security desk in the lobby of the Building with an attendant on duty 24 hours per day, 365/6 days per year which security desk shall be equipped with a system to monitor all Building exits and entrances, fire towers, elevators, life safety systems; (ii) maintain a closed circuit television system to monitor the base of all stair towers and exterior entrances to the Building; (iii) cause all visitors to sign-in at the security desk after Normal Business Hours; and (iv) provide card key access to the Building after Normal Business Hours. If some or all of the foregoing become unnecessary, in Landlord's reasonable judgment, Landlord may make such changes as Landlord deems advisable so long as Landlord provides comparable security by newer or other means.

EXHIBIT K
BUILDING SECURITY SPECIFICATIONS

Landlord shall at all times provide security services to the Building at a level consistent with security services provided at other Class A high-rise office buildings. Without limiting the foregoing, Landlord agrees that it shall (i) provide a security desk in the lobby of the Building with an attendant on duty 24 hours per day, 365/6 days per year which security desk shall be equipped with a system to monitor all Building exits and entrances, fire towers, elevators, life safety systems; (ii) maintain a closed circuit television system to monitor the base of all stair towers and exterior entrances to the Building; (iii) cause all visitors to sign-in at the security desk after Normal Business Hours; and (iv) provide card key access to the Building after Normal Business Hours. If some or all of the foregoing become unnecessary, in Landlord's reasonable judgment, Landlord may make such changes as Landlord deems advisable so long as Landlord provides comparable security by newer or other means.

EXHIBIT D
(Part 3)



1150 Connecticut Avenue, NW • Suite 801 • Washington, DC 20036-4104
Telephone: 202.778.0400 • Facsimile: 202.223.9636

LEASE AGREEMENT

BY AND BETWEEN

B.G.W. LIMITED PARTNERSHIP

AND

THE GLENMEDE TRUST COMPANY

DATED

June 19, 2002

PROPERTY LOCATION

1425 K Street, N.W.
Washington, D.C.

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is dated as of June 19, 2002, by and between B.G.W. LIMITED PARTNERSHIP, a Washington, D.C. limited partnership ("Landlord"), and THE GLENMEDE TRUST COMPANY, a trust company chartered under the Pennsylvania Banking Code ("Tenant").

ARTICLE I DEFINITIONS

1.1 The following terms shall have the meanings set forth below for all purposes in this Lease:

- (A) **BUILDING:** The building located at 1425 K Street, N.W., Washington, D.C.
- (B) **PREMISES:** Approximately seven thousand seventeen (7,017) square feet of rentable area consisting of a portion of the ninth (9th) floor as shown on Exhibit A.
- (C) **LEASE TERM:** Ten (10) years.
- (D) **ANTICIPATED OCCUPANCY DATE:** October 1, 2002.
- (E) **BASE RENT:** See Addendum I
- (F) **BASE RENT ANNUAL ESCALATION PERCENTAGE:** Two and one half percent (2 ½)
- (G) **REAL ESTATE TAXES BASE YEAR:** Washington, D.C. Fiscal Year 2003.
- (H) **TENANT'S PROPORTIONATE SHARE:** Three and forty-eight hundredths percent (3.48%).
- (I) **SECURITY DEPOSIT AMOUNT:** Twenty six thousand eight hundred ninety eight dollars and fifty cents (\$26,898.50)
- (J) **ADDRESS FOR NOTICES TO TENANT: Prior To Occupancy:**
The Pew Charitable Trusts
One Commerce Square
2005 Market Street, Suite 1700
Philadelphia, PA 19103-7077
Attn: Cheryl Conley
- FOLLOWING OCCUPANCY** At the Premises and the above address
- (K) **ADDRESS FOR NOTICES TO LANDLORD:** Attention:
c/o Blake Real Estate, Inc.
1150 Connecticut Avenue, N.W., Suite 801
Washington, D.C. 20036.

- (L) **BROKER(S):** Blake Real Estate, Inc. and Newmark/Bank.
- (M) **OPERATING CHARGES BASE YEAR:** First (1st) 12 months of the Lease Term.
- (N) **BUILDING HOURS:** Between 8:00 a.m. and 8:00 p.m., Monday through Friday (except Holidays) and between 8:00 a.m. and 4:00 p.m. of Saturdays (except Holidays).

**ARTICLE II
PREMISES**

2.1 Landlord leases to Tenant and Tenant rents from Landlord, for the term herein provided, the Premises. Tenant will have the non-exclusive right to use the common and public areas (which shall include the terrace area on the roof) of the Building for their intended purposes, subject to any rules and regulations that Landlord may promulgate from time to time. Except as may otherwise be expressly provided in this Lease, the lease of the Premises does not include the right to use the roof, mechanical rooms, electrical closets, janitorial closets, telephone rooms or parking areas of the Building.

**ARTICLE III
TERM**

3.1 The Lease Term shall commence on the Lease Commencement Date, as determined pursuant to Section 3.2, below. If the Lease Commencement Date is not the first day of a month, then the Lease Term shall be the period set forth in Section 1.1(c), above, plus the partial month in which the Lease Commencement Date occurs. In addition, the Lease Term shall include any and all renewals and extensions of the term of this Lease.

3.2 The "Lease Commencement Date" shall be the date that Landlord tenders possession of the Premises to Tenant. The "Rent Commencement Date" shall be the earlier of the following dates (i) the date on which the Tenant Work to be provided by Landlord pursuant to Exhibit B (if any) is substantially complete, (ii), the date on which Tenant commences beneficial use of the Premises, or (iii) October 1, 2002. Tenant shall be deemed to have commenced beneficial use of the Premises when Tenant begins to conduct its business from the Premises. Promptly after the Rent Commencement Date is ascertained, Landlord and Tenant shall execute the certificate confirming the Lease Commencement Date and Rent Commencement Date attached to this Lease as Exhibit D. All of the provisions of this Lease shall apply from and after the date hereof, except that Tenant shall have no obligation to pay rent with respect to any period prior to the Rent Commencement Date.

3.3 It is presently anticipated that the Premises will be delivered to Tenant on or about the date that is five (5) business days after the date hereof; provided, however, that if Landlord does not deliver possession of the Premises by such date, then Landlord shall not have any liability whatsoever, and this Lease shall not be rendered void or voidable, on account thereof.

3.4 "Lease Year" shall mean a period of twelve (12) consecutive months commencing on the Lease Commencement Date, and each successive twelve (12) month period thereafter; provided, however, that if the Lease Commencement Date is not the first day of a month, then the second Lease Year shall commence on the first day of the month in which the first anniversary of the Lease Commencement Date occurs.

ARTICLE IV BASE RENT

4.1 During each Lease Year of the Lease Term, Tenant shall pay the Base Rent as shown on Addendum I, attached hereto. The Base Rent shall be due and payable in advance, on the Rent Commencement Date and on the first day of each month thereafter during each Lease Year. On the first day of the second Lease Year and on the first day of every Lease year thereafter during the Lease Term, the Base Rent shall be adjusted, as follows: the Base Rent in effect as of the last day of the immediately preceding Lease Year shall be increased by the product of (a) the Base Rent Annual Escalation Percentage (as defined in Section 1.1, above), multiplied by (b) the Base Rent so then in effect. Each adjusted rental shall remain in effect until the next adjustment pursuant to this Section 4.1. Concurrently with Tenant's execution of this Lease, Tenant shall pay an amount equal to one (1) monthly installment of the Base Rent payable for the first full calendar month of the Lease Term. If the Rent Commencement Date is a day other than the first day of a month, then the Base Rent from the Rent Commencement Date until the first day of the following month shall be prorated on a per diem basis at the rate of one-thirtieth (1/30th) of the monthly installment of Base Rent payable during the first Lease Year, and Tenant shall pay such prorated installment of Base Rent in advance on the Rent Commencement Date.

4.2 All sums payable by Tenant under this Lease, whether or not stated to be Base Rent, additional rent, or otherwise, shall be paid to Landlord, without notice or demand and without deduction, counterclaim or set off of any amount of for any reason whatsoever, to Landlord at c/o Blake Real Estate, Inc., 1120 Connecticut Avenue, N.W., Suite 1200, Washington, D.C. 20036 or by written election to Landlord by electronic transfer immediately available fund to Bank of America Account #000002206498 (Account Name-BGW Limited Partnership). Any payment by check shall be by the check of the Tenant only and Landlord shall not be required to accept the check of any other person. Any check received by Landlord shall be deemed received on the date of receipt notwithstanding the date such check is mailed and shall be subject to collection. Tenant assumes the risk of delay or failure of delivery of the mail. If Landlord receives two (2) or more checks from Tenant which are returned by Tenant's bank unpaid for any reason or, if there shall exist an Event of Default, Tenant agrees that all payments thereafter shall be by either bank certified or bank cashier's check.

ARTICLE V INCREASES IN OPERATING CHARGES AND REAL ESTATE TAXES

5.1 For the purposes of this Article V, (a) the term "Building" shall be deemed to include the site upon which the Building is constructed (which site is sometimes referred to herein as the "Land"), and (b) the term "Real Estate Taxes Statement Year" shall mean a period of twelve (12) consecutive months commencing on January 1 of the year in which the Lease Commencement Date occurs (i.e., a calendar year), and each successive twelve (12)

month period (i.e., calendar year) thereafter, unless Landlord designates a different twelve (12) month period by giving Tenant written notice of such designation (in which case appropriate adjustments will be made therefor).

5.2 (a) Tenant shall pay as additional rent Tenant's Proportionate Share (as defined in Section 1.1, above) of the amount by which Real Estate Taxes (as defined below) during each Real Estate Taxes Statement Year falling entirely or partly within the Lease Term exceed a base amount (the "**Real Estate Taxes Base Amount**") equal to the Real Estate Taxes incurred during the Real Estate Taxes Base Year.

(b) "**Real Estate Taxes**" shall mean (i) all real estate taxes, vault and/or public space rentals, rates and assessments and Business Improvement District (B.I.D.) charges (including general and special assessments, if any) which are imposed upon Landlord or assessed against the Building or the Land, (ii) any other present or future taxes or governmental charges that are imposed upon Landlord or assessed against the Building or the Land which are in the nature of or in substitution for real estate taxes, including any tax levied on or measured by the rents payable by tenants of the Building; (iii) taxes imposed or assessed on any personal property or equipment used in connection with the Building or Land; and (iv) expenses (including, without limitation, attorneys' and consultants' fees and court costs) incurred in reviewing, protesting or seeking a reduction of real estate taxes, whether or not such protest or reduction is ultimately successful.

(c) Tenant shall make estimated monthly payments to Landlord on account of the amount by which Real Estate Taxes that are expected to be incurred during each Real Estate Taxes Statement Year would exceed the Real Estate Taxes Base Amount. At the beginning of the Lease Term and at the beginning of each Real Estate Taxes Statement Year thereafter, Landlord may but shall not be obligated to submit a statement setting forth Landlord's reasonable estimate of such excess and Tenant's Proportionate Share thereof. Tenant shall pay to Landlord on the first day of each month following receipt of such statement, until Tenant's receipt of the next succeeding statement, an amount equal to one-twelfth (1/12) of such share (estimated on an annual basis without proration pursuant to Section 5.3 hereof). From time to time during any Real Estate Taxes Statement Year, Landlord may revise Landlord's estimate and adjust Tenant's monthly payments to reflect Landlord's revised estimate.

(d) Within approximately one hundred twenty (120) days after the end of each Real Estate Taxes Statement Year, Landlord shall submit a statement showing (1) Tenant's Proportionate Share of the amount by which Real Estate Taxes incurred during the preceding Real Estate Taxes Statement Year exceeded the Real Estate Taxes Base Amount, and (2) the aggregate amount of Tenant's estimated payments during such year. If such statement indicates that the aggregate amount of such estimated payments exceeds Tenant's actual liability, then Landlord shall credit the net overpayment toward Tenant's next estimated payment(s) pursuant to this Section. If such statement indicates that Tenant's actual liability exceeds the aggregate amount of such estimated payments, then Tenant shall pay the amount of such excess as additional rent.

5.3 If the Lease Term commences or expires on a day other than the first day or the last day of a Real Estate Taxes Statement Year, respectively, then Tenant's liabilities pursuant to this Article for such Real Estate Taxes Statement Year shall be apportioned by multiplying

the amount of Tenant's Proportionate Share thereof for the full Real Estate Taxes Statement Year by a fraction, the numerator of which is the number of days during such Real Estate Taxes Statement Year falling within the Lease Term, and the denominator of which is three hundred sixty-five (365).

5.4 (a) Tenant shall pay as additional rent Tenant's Proportionate Share (as defined in Section 1.1, above) of the amount by which Operating Charges (hereinafter defined) during each calendar year falling entirely or partly within the Lease Term exceed a base amount (the "**Operating Charges Base Amount**") equal to the Operating Charges incurred during the Operating Charges Base Year.

(b) "**Operating Charges**" shall mean the sum of the following expenses incurred by Landlord in the ownership and operation of the Building: (1) electricity, gas, water, sewer and other utility charges of every type and nature; (2) premiums and other charges for insurance; (3) management fees equal to three percent (3.0%) of the gross income from the Building. Said fees may increase to three and one half percent (3.5%) of the gross income from the Building if in Landlord's reasonable judgement such three and one half percent (3.5%) is comparable to the management fees charged in connection with the management of other first class office buildings in Downtown Washington, DC providing services similar to and to the same level as those provided for the Building and reasonable personnel costs of the Building; (4) costs of service and maintenance contracts; (5) maintenance and repair expenses and supplies which are deducted by Landlord in computing its federal income tax liability; (6) depreciation for capital expenditures made by Landlord to reduce operating expenses if Landlord reasonably estimates that the annual reduction in operating expenses shall exceed such depreciation or to comply with legal requirements imposed after the Lease Commencement Date; (7) charges for janitorial and cleaning services and supplies furnished to the Building; (8) any business, professional and occupational license tax payable by Landlord with respect to the Building; (9) reasonable reserves for replacements, repairs and contingencies; and (10) any other expense incurred by Landlord in maintaining, repairing or operating the Building. Notwithstanding anything in this Lease to the contrary, Operating Charges shall not include: (A) any tenant work performed or alteration of space leased to Tenant or other tenants or occupants of the Building (specifically excluding base building systems and structures and the common areas of the Building), unless such items are similarly provided to, or benefit generally, other tenants in the Building; (B) costs incurred by Landlord for alterations which are considered capital improvements and replacements under generally accepted accounting principles, except to the extent such costs are included in Operating Charges pursuant to clause (6) above; (C) interest and amortization of indebtedness or ground rent with respect to the Building; (D) leasing and brokerage commissions; (E) any cost or expense for which Landlord receives reimbursement directly from Tenant or a third party, to the extent of the reimbursement received by Landlord; (F) expenses in connection with services or other benefits provided by Landlord of a type which are not made available to Tenant but which are provided to another tenant or occupant of the Building; and (G) advertising and promotional expenses (H) income tax payments made by the Landlord to the extent such taxes are not imposed as a substitute for Real Estate Taxes.

(c) If the average occupancy rate for the Building during any calendar year is less than ninety-five percent (95%), or if any tenant is separately paying for electricity or janitorial services furnished to its premises, then Operating Charges for such calendar year shall be deemed to include all additional expenses, as reasonably estimated by Landlord, which would have been incurred during such calendar year if such average occupancy rate had been ninety-five percent (95%) and if Landlord paid for electricity and janitorial services furnished to such premises.

(d) Tenant shall make estimated monthly payments to Landlord on account of the amount by which Operating Charges that are expected to be incurred during each calendar year would exceed the Operating Charges Base Amount. At the beginning of the Lease Term and at the beginning of each calendar year thereafter, Landlord may submit a statement setting forth Landlord's reasonable estimates of such excess and Tenant's proportionate share thereof. Tenant shall pay to Landlord on the first day of each month following receipt of such statement, until Tenant's receipt of the succeeding annual statement, an amount equal to one-twelfth (1/12) of such share (estimated on an annual basis without proration pursuant to Section 5.3, above). From time to time during any calendar year, Landlord may reasonably revise Landlord's estimate and adjust Tenant's monthly payments to reflect Landlord's revised estimate.

(e) Within approximately one hundred twenty (120) days after the end of each calendar year, Landlord shall submit a statement showing (1) Tenant's proportionate share of the amount by which Operating Charges incurred during the preceding calendar year exceeded the Operating Charges Base Amount, and (2) the aggregate amount of Tenant's estimated payments during such year. If such statement indicates that the aggregate amount of such estimated payments exceeds Tenant's actual liability, then Landlord shall credit the net overpayment toward Tenant's next estimated payment(s) pursuant to this Section. If such statement indicates that Tenant's actual liability exceeds the aggregate amount of such estimated payments, then Tenant shall pay the amount of such excess as additional rent.

ARTICLE VI USE OF PREMISES

6.1 Tenant shall use and occupy the Premises solely for general office purposes compatible with first class office buildings in the Washington, D.C. business district and for no other use or purpose without the prior written consent of Landlord, which consent may be withheld or granted in Landlord's sole and absolute discretion. Tenant shall not use or occupy the Premises for any unlawful purpose or in any manner that will violate the certificate of occupancy for the Premises and/or the Building or that will constitute nuisance or annoyance to Landlord or other tenants or users of the Building. Tenant shall comply with all present and future laws (including, without limitation, the Americans with Disabilities Act of 1990 (and the regulations promulgated thereunder), as the same may be amended from time to time), ordinances (including zoning ordinances and land use requirements), regulations, orders and recommendations (including those made by any public or private agency having authority over insurance rates) (collectively, "Laws") concerning the use, occupancy and condition of the Premises and all machinery, equipment, and furnishings and improvements therein. If any such Law present or future law, ordinance, regulation or order requires an occupancy or use permit or license for the Premises or the operation of any business conducted therein, Tenant shall obtain and keep

current such permit or license at Tenant's own expense and shall promptly deliver a copy thereof to Landlord. Use of the Premises is subject to all covenants, conditions and restrictions of record. Tenant shall not use any space in the Building for the sale of goods to the public at large or for the sale at auction of goods or property of any kind.

6.2 Tenant shall pay before delinquency any business, rent or other taxes that are now or hereafter levied, assessed or imposed upon Tenant's use or occupancy of the Premises, the conduct of Tenant's business at the Premises, or Tenant's equipment, fixtures, furnishings, inventory or personal property. If any such taxes are enacted, changed or altered so that any of such taxes are levied against Landlord, or the mode of collection of such taxes is changed so that Landlord is responsible for collection or payment of such taxes, then Tenant shall pay as additional rent due hereunder the amount of any and all such taxes.

6.3 Tenant shall not cause or permit any Hazardous Materials to be generated, used, released, stored or disposed of in or about the Building; provided, however, that Tenant may use and store reasonable quantities of such materials as may be reasonably necessary for Tenant to conduct normal business operations in the Premises, provided that such materials are used, stored and disposed of in accordance with any and all laws, rules, regulations and requirements of any governmental entity having jurisdiction over the Building. Hazardous Materials shall mean (a) "hazardous wastes," as defined by the Resource Conservation and Recovery Act of 1976, as amended from time to time, (b) "hazardous substances," as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, (c) "toxic substances," as defined by the Toxic Substances Control Act, as amended from time to time, (d) "hazardous materials," as defined by the Hazardous Materials Transportation Act, as amended from time to time, (e) oil or other petroleum products, (f) chlorofluorocarbons, and (g) any substance whose presence could be detrimental to the Building or hazardous to health or the environment. Notwithstanding any termination of this Lease, Tenant shall indemnify and hold Landlord, its employees and agents harmless from and against any damage, injury, loss, liability, charge, demand or claim based on or arising out of the presence or removal of, or failure to remove, Hazardous Materials generated, used, released, stored or disposed of by Tenant or any Invitee (as defined in Section 8.1 herein) in or about the Building, whether before or after Lease Commencement Date.

ARTICLE VII ASSIGNMENT AND SUBLETTING

7.1 Tenant shall not assign, transfer, mortgage or otherwise encumber this Lease or all or any of Tenant's rights hereunder or interest herein, or sublet or permit anyone to occupy the Premises, without obtaining the prior written consent of Landlord, which consent may be withheld or granted in Landlord's sole and absolute discretion. No assignment or transfer of this Lease or the right of occupancy hereunder may be effectuated by operation of law or otherwise without the prior written consent of Landlord. **Notwithstanding any of the foregoing to the contrary, provided Tenant is not in an Event of Default hereunder, and subject to Landlord's rights pursuant to Sections 7.4 and 7.5 below, Landlord shall not unreasonably withhold its consent to any proposed subletting of the Premises, provided (i) the proposed use of the Premises (or portion thereof) pursuant to such sublease is in compliance with Article VI hereof and is compatible with the other uses within the Building and the terms of all other leases with respect to the Building; (ii) Landlord is satisfied with the financial condition of the proposed sublessee under such sublease; (iii) the initial Tenant remains fully liable as a primary obligor for the**

payment of all rent and other charges payable by Tenant hereunder and for the performance of all other obligations of Tenant hereunder; and (iv) the proposed subtenant is not a domestic or foreign governmental or quasi-governmental agency or other entity. The consent by Landlord to any assignment, subletting or occupancy shall not be construed as a waiver or release of Tenant from liability for the performance of any covenant or obligation to be performed by Tenant under this Lease, nor shall the collection or acceptance of rent from any assignee, subtenant or occupant constitute a waiver or release of Tenant from any of its liabilities or obligations under this Lease. Landlord's consent to any assignment, subletting or occupancy shall not be construed as relieving Tenant or any assignee, subtenant or occupant from the obligation of obtaining Landlord's prior written consent to any subsequent assignment, subletting or occupancy. For any period during which Tenant is in default hereunder, Tenant hereby assigns to Landlord the rent due from any assignee, subtenant or occupant of Tenant and hereby authorizes each such assignee, subtenant or occupant to pay said rent directly to Landlord. Tenant shall pay to Landlord or Landlord's managing agent an administrative fee equal to Five Hundred Dollars (\$500.00) plus all other expenses (including reasonable attorneys' fees and accounting costs) incurred by Landlord in connection with Tenant's request for Landlord to give its consent to any assignment, subletting, occupancy or mortgage.

7.2 If Tenant is a partnership, then any dissolution of Tenant or a withdrawal or change, whether voluntary, involuntary or by operation of law, of partners owning a controlling interest in Tenant shall be deemed a voluntary assignment of this Lease and subject to the provisions of Section 7.1 hereof. If Tenant is a corporation, then any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or transfer of a controlling interest of the capital stock of Tenant, shall be deemed a voluntary assignment of this Lease. Notwithstanding anything contained in this Article VII to the contrary, provided Tenant is not in default hereunder, Tenant may, upon prior written notice to Landlord but without Landlord's prior written consent and without being subject to Landlord's rights and Tenant's obligations set forth in Sections 7.4 and 7.5 below, assign this Lease or sublet all or a portion of the Premises to any parent or wholly owned subsidiary of Tenant or to any successor of the business and affiliates of Tenant or The Pew Charitable Trusts (a "Pew Affiliate").

7.3 If at any time during the Lease Term Tenant desires to assign, sublet or otherwise transfer or encumber all or part of this Lease or the Premises, then in connection with Tenant's request to Landlord for Landlord's consent thereto, Tenant shall give notice to Landlord in writing ("Tenant's Request Notice") of: the identity of the proposed assignee, subtenant or other party and its business; the terms of the proposed assignment, subletting or other transaction; the commencement date of the proposed assignment, subletting or other transaction (the "Proposed Sublease Commencement Date"); and the area proposed to be assigned, sublet or otherwise encumbered (the "Proposed Sublet Space"). Tenant shall also transmit therewith the most recent financial statement or other evidence of financial responsibility of such assignee, subtenant or other party and a certification executed by Tenant and such party stating whether or not any premium or other consideration is being paid for the assignment, sublease or other transaction.

7.4 Should Tenant elect to sublease over fifty percent (50%) of the Premises, to an entity which is not a Pew Affiliate, then Landlord shall have the right in its sole and absolute discretion to terminate this Lease with respect to the Proposed Sublet Space by sending Tenant written notice of such termination within thirty (30) days after Landlord's receipt of Tenant's Request Notice. If the Proposed Sublet Space does not constitute the

entire Premises and Landlord exercises its option to terminate this Lease with respect to the Proposed Sublet Space, then (a) Tenant shall tender the Proposed Sublet Space to Landlord on the Proposed Sublease Commencement Date and such space shall thereafter be deleted from the Premises, and (b) as to that portion of the Premises which is not part of the Proposed Sublet Space, this Lease shall remain in full force and effect except that Base Rent and additional rent shall be reduced pro rata. The cost of any construction required to permit the operation of the Proposed Sublet Space separate from the balance of the Premises shall be paid by Tenant to Landlord as additional rent hereunder. If the Proposed Sublet Space constitutes the entire Premises and Landlord elects to terminate this Lease, then Tenant shall tender the Proposed Sublet Space to Landlord, and this Lease shall terminate, on the Proposed Sublease Commencement Date.

7.5 If any sublease, assignment or other transfer (whether by operation of law or otherwise) provides that the subtenant, assignee or other transferee thereunder is to pay any amount in excess of the sum of (a) the rent and other charges due under this Lease, plus (b) the reasonable out-of-pocket expenses which Tenant reasonably incurred in connection with such sublease, assignment or other transfer (including tenant improvement costs, leasing commissions and marketing costs, but excluding costs due to vacancy periods and rent abatements), then whether such excess be in the form of an increased monthly or annual rental, a lump sum payment, payment for the sale, transfer or lease of Tenant's fixtures, leasehold improvements, furniture and other personal property, or any other form (and if the subleased or assigned space does not constitute the entire Premises, the existence of such excess shall be determined on a pro rata basis), Tenant shall pay fifty percent (50%) of any such excess to Landlord as additional rent upon such terms as shall be reasonably specified by Landlord and in no event later than ten (10) days after any receipt thereof by Tenant. Acceptance by Landlord of any payments due under this Article shall not be deemed to constitute approval by Landlord of any sublease, assignment or other transfer, nor shall such acceptance waive any rights of Landlord hereunder. Landlord shall have the right to inspect and audit Tenant's books and records relating to any sublease, assignment or other transfer. Any sublease, assignment or other transfer shall, at Landlord's option, be effected on forms supplied or approved by Landlord. Tenant shall deliver to Landlord a fully executed copy of each agreement evidencing a sublease, assignment or other transfer within ten (10) days after Tenant's execution thereof.

7.6 All restrictions and obligations imposed pursuant to this Lease on Tenant shall be deemed to extend to any subtenant, assignee, licensee, concessionaire or other occupant or transferee, and Tenant shall cause such persons to comply with such restrictions and obligations.

ARTICLE VIII MAINTENANCE AND REPAIRS

8.1 Subject to Landlord's obligations to repair and maintain the Building and the obligations of the Landlord set forth in Article XIV, Tenant, at Tenant's sole cost and expense, shall promptly make all repairs, perform all maintenance, and make all alterations and replacements in and to the Premises that are necessary or desirable to keep the Premises in first class condition and repair, in a safe and tenantable condition, and otherwise in accordance with all Laws and the requirements of this Lease. Tenant shall give Landlord prompt notice of any defects or damage to the structure of, or equipment or fixtures in, the Building and the Premises. Tenant shall maintain all fixtures, furnishings and equipment

located in, or exclusively serving, the Premises in clean, safe and sanitary condition, shall take good care thereof and make all required repairs and replacements thereto. Tenant shall suffer no waste or injury to any part of the Premises, and shall, at the expiration or earlier termination of the Lease Term, surrender the Premises in an order and condition equal to or better than their order and condition on the Lease Commencement Date, ordinary wear and tear excepted. Except as otherwise provided in Article XVII, all injury, breakage and damage to the Premises and to any other part of the Building or the Land caused by any act or omission of any invitee, agent, employee, subtenant, assignee, contractor, client, family member, licensee, customer or guest of Tenant (collectively, "Invitees") or Tenant, shall be repaired by and at Tenant's expense, except that Landlord shall have the right at Landlord's option to make any such repair and to charge Tenant for all costs and expenses incurred in connection therewith.

ARTICLE IX ALTERATIONS

9.1 The original improvement of the Premises shall be accomplished by Landlord or its designated contractor(s) or subcontractor(s) in accordance with **Exhibit B**. Landlord is under no obligation to make any structural or other alterations, decorations, additions, improvements or other changes (collectively, "Alterations") in or to the Premises or the Building except as set forth in **Exhibit B** or as otherwise expressly provided in this Lease.

9.2 Tenant will not make or permit anyone to make any Alterations in or to the Premises or the Building, without the prior written consent of Landlord, which consent may be withheld or granted in Landlord's sole and absolute discretion with respect to structural Alterations and non-structural Alterations which are visible from the exterior of the Premises, and which consent shall not be unreasonably withheld with respect to all other non-structural Alterations. Structural Alterations shall be deemed to include without limitation any Alteration that will or may necessitate any changes, replacements or additions to the walls, ceilings, partitions, columns or floor, or the water, electrical, mechanical, plumbing or HVAC systems of the Premises or the Building.

Any Alterations made by Tenant shall be made: (a) in a good, workmanlike, first-class and prompt manner; (b) using new materials only; (c) by a contractor and in accordance with plans and specifications approved in writing by Landlord; (d) in accordance with all Laws applicable legal requirements and the requirements of any insurance company insuring the Building or any portion thereof; (e) after having obtained any required consent of the holder of any Mortgage (as defined in Section 21.1, below); (f) after Tenant has obtained public liability and worker's compensation insurance policies approved in writing by Landlord, which policies shall cover every person who will perform any work with respect to such Alteration; and (g) after Tenant has obtained and delivered to Landlord written, unconditional waivers of mechanics' and materialmen's liens against the Premises and the Building from all proposed contractors, subcontractors, laborers and material suppliers for all work, labor and services to be performed and materials to be furnished in connection with Alterations. If, notwithstanding the foregoing, any mechanics' or materialmen's lien (or a petition to establish such lien) is filed against the Premises, any equipment within the Premises, and/or the Building, for work claimed to have been done for, or materials claimed to have been furnished to, the Premises, such lien shall be discharged by Tenant within ten (10) days thereafter, at Tenant's sole cost and expense, by the payment thereof or by the

filing of a bond acceptable to Landlord. If Landlord gives its consent to the making of any Alteration, such consent shall not be deemed to be an agreement or consent by Landlord to subject its interest in the Premises or the Building to any mechanics' or materialmen's liens which may be filed in connection therewith. All Alterations (including, without limitation, those involving structural, electrical, mechanical or plumbing work, the heating, ventilation and air conditioning system of the Premises or the Building, and the roof of the Building) shall, at Landlord's election, be performed by Landlord's designated contractor or subcontractor at Tenant's expense. **The expenses charged by Landlord or Landlord's designated contractor shall be comparable to those expenses charged by other contractors performing similar work in similar first class office buildings in Downtown Washington, DC.** If Landlord elects not to so perform such work, then Landlord shall be paid a construction supervision fee equal to **five percent (5%)** of the cost of such work.

9.3 If any Alterations are made without the prior written consent of Landlord, Landlord shall have the right at Tenant's expense to remove and correct such Alterations and restore the Premises and the Building to their condition immediately prior thereto, or to require Tenant to do the same. All Alterations to the Premises or the Building made by either party shall immediately become the property of Landlord and shall remain upon and be surrendered with the Premises as a part thereof at the expiration or earlier termination of the Lease Term; provided, however, that if Tenant is not in default under this Lease, then Tenant shall have the right to remove, prior to the expiration or earlier termination of the Lease Term, all movable furniture, furnishings and equipment installed in the Premises solely at the expense of Tenant, and Tenant shall remove all Alterations in the Premises or the Building which Landlord designates in writing for removal. Landlord shall have the right at Tenant's expense **which expense shall be comparable to those expenses charged by other contractors performing work in similar first class office buildings in Downtown Washington, D. C.** to repair all damage and injury to the Premises or the Building caused by such removal or to require Tenant to do the same. If such furniture, furnishings and equipment are not removed by Tenant prior to the expiration or earlier termination of the Lease Term, the same shall become the property of Landlord and shall be surrendered with the Premises as a part thereof; provided, however, that Landlord shall have the right at Tenant's expense to remove from the Premises such furniture, furnishings and equipment and any Alteration which Landlord designates in writing for removal or to require Tenant to do the same.

ARTICLE X SIGNS AND FURNISHINGS

10.1 Landlord will: (a) at Landlord's cost, list Tenant's name in the Building directory and install on one suite entry door Building standard lettering depicting the designated suite number of the Premises; and (b) at Tenant's cost, install on one suite entry door Building standard lettering depicting Tenant's trade name. No other sign, advertisement or notice referring to Tenant shall be inscribed, painted, affixed or otherwise displayed on any part of the exterior or the interior of the Building (including Tenant's windows and doors) without the prior written approval of Landlord, which may be granted or withheld in Landlord's **reasonable** discretion. If any sign, advertisement or notice that has not been approved by Landlord is exhibited or installed, Landlord shall have the right to remove the same at Tenant's expense or to require Tenant to do the same. Landlord reserves the right to affix, install and display signs, advertisements and notices on any part of the exterior or interior of the Building. **Landlord shall use reasonable efforts to assure that such signs,**

advertisements, and notices do not materially interfere with Tenant's use of the Premises, or materially detract from the aesthetics of the Premises of the Building.

ARTICLE XI SECURITY DEPOSIT

11.1 Simultaneously with Tenant's execution of this Lease, Tenant shall deposit with Landlord the Security Deposit Amount (as defined in Section 1.1) as a security deposit which shall be security for the performance by Tenant of all of Tenant's obligations, covenants, conditions and agreements under this Lease. Landlord shall be required to maintain such security deposit in a separate **interest bearing** account. Within approximately thirty (30) days after the later of the expiration or earlier termination of the Lease Term or Tenant's vacating the Premises, Landlord shall return such security deposit to Tenant **together with all accrued interest**, less such portion thereof as Landlord shall have appropriated to satisfy any of Tenant's obligations, or any default by Tenant, under this Lease. If there shall be any default under this Lease by Tenant, then Landlord shall have the right, but shall not be obligated, to use, apply or retain all or any portion of the security deposit for the payment of any (a) Base Rent, additional rent or any other sum as to which Tenant is in default, or (b) amount Landlord may spend or become obligated to spend, or for the compensation of Landlord for any losses incurred, by reason of Tenant's default (including, but not limited to, any damage or deficiency arising in connection with the reletting of the Premises). If any portion of the security deposit is so used or applied, then within three (3) business days after Landlord gives written notice to Tenant of such use or application, Tenant shall deposit with Landlord cash in an amount sufficient to restore the security deposit to the original Security Deposit Amount, and Tenant's failure to do so shall constitute an Event of Default under this Lease.

11.2 If Landlord transfers the security deposit to any purchaser or other transferee of Landlord's interest in the Property, then Tenant shall look only to such purchaser or transferee for the return of the security deposit, and Landlord shall be released from all liability to Tenant for the return of such security deposit. Landlord shall provide Tenant with written notice of any transfer of the security deposit.

11.3 Tenant acknowledges that the holder of any Mortgage shall not be liable for the return of any security deposit made by Tenant hereunder unless such holder actually receives such security deposit.

ARTICLE XII **INSPECTION BY LANDLORD**

12.1 Subject to Tenant's right to quiet enjoyment referred to in Section 23.1, Tenant shall permit Landlord, its agents and representatives, and the holder of any Mortgage, to enter the Premises, at reasonable times with reasonable notice to Tenant, without charge therefor and without diminution of the rent payable by Tenant in order to examine, inspect and protect the Premises and the Building, to make such alterations and/or repairs as in the sole and absolute judgment of Landlord may be deemed as necessary or desirable, or to exhibit the same to brokers, prospective tenants, lenders, purchasers and others. In connection with any such entry, Landlord shall endeavor to minimize the disruption to Tenant's normal business operations in the Premises; however, Landlord shall have access at anytime in cases of emergency.

**ARTICLE XIII
INSURANCE**

13.1 Tenant shall not conduct or permit to be conducted any activity, or place or permit to be placed any equipment or other item in or about the Premises or the Building, which will in any way increase the rate of fire insurance or other insurance on the Building. If any increase in the rate of fire insurance or other insurance is due to any activity, equipment or other item of Tenant, then (whether or not Landlord has consented to such activity, equipment or other item) Tenant shall pay as additional rent due hereunder the amount of such increase. The statement of any applicable insurance company or insurance rating organization (or other organization exercising similar functions in connection with the prevention of fire or the correction of hazardous conditions) that an increase is due to any such activity, equipment or other item shall be conclusive evidence thereof.

13.2 (a) Throughout the Lease Term, Tenant shall obtain and maintain for the Premises (i) commercial general liability insurance (written on an occurrence basis) including contractual liability coverage insuring the obligations assumed by Tenant pursuant to Section 15.2, below, premises and operations coverage, broad form property damage coverage and independent contractors coverage, and containing an endorsement for personal injury, (ii) business interruption insurance, (iii) all-risk property insurance, (iv) worker's compensation insurance, and (v) employer's liability insurance. Such commercial general liability insurance shall be in minimum amounts typically carried by prudent tenants engaged in similar operations, but in no event shall be in an amount less than One Million Dollars (\$1,000,000.00) combined single limit per occurrence with a Two Million Dollars (\$2,000,000.00) annual aggregate. Business interruption insurance shall be in the amount of Five Million Dollars (5,000,000.00). Such property insurance shall be in an amount not less than that required to replace all of the original tenant improvements installed in the Premises pursuant to **Exhibit B**, all Alterations and all other contents of the Premises (including, without limitation, Tenant's trade fixtures, decorations, furnishings, equipment and personal property). Such worker's compensation insurance shall carry minimum limits as defined by the law of the jurisdiction in which the Building is located (as the same may be amended from time to time). Such employer's liability insurance shall be in an amount not less than Five Hundred Thousand Dollars (\$500,000.00) for each accident, Five Hundred Thousand Dollars (\$500,000.00) disease-policy limit, and Five Hundred Thousand Dollars (\$500,000.00) disease-each policy.

(b) All such insurance shall: (i) be issued by a company that is licensed to do business in the jurisdiction in which the Building is located, that has been approved in advance by Landlord **provided however that any insurance company rated A:VII or better by Best's Insurance Guide shall be deemed approved**; (ii) contain an endorsement that such policy shall remain in full force and effect notwithstanding that the insured may have waived its right of action against any party prior to the occurrence of a loss, and provide that the insurer thereunder waives all right of recovery by way of subrogation against Landlord, its partners, agents, employees, and representatives, in connection with any loss or damage covered by such policy; (iii) be **reasonably acceptable in form and content to Landlord**; (iv) be primary and non-contributory; **with respect to any liability or claims based on the actions or conduct of Tenant or arising from incidents**

occurring within the Premises, and (v) contain an endorsement prohibiting cancellation, failure to renew, reduction of amount of insurance or change in coverage without the insurer first giving Landlord thirty (30) days' prior written notice (by certified or registered mail, return receipt requested) of such proposed action. No such policy shall contain any deductible provision except as otherwise approved in writing by Landlord, which approval shall not be unreasonably withheld. Landlord reserves the right from time to time to require Tenant to obtain higher minimum amounts of insurance if **such higher insurance amounts are commercially reasonable**. Tenant shall deliver a certificate of all such insurance (and, upon request, copies of all required insurance policies, including endorsements and declarations) to Landlord on or before the Lease Commencement Date and at least annually thereafter.

13.3 Notwithstanding anything to the contrary contained in this Lease Agreement, Tenant hereby waives its right of recovery against Landlord and releases Landlord from any and all liabilities, claims and losses for which Landlord may otherwise be liable to the extent Tenant either is required to maintain insurance pursuant to this Article XIII, or receives insurance proceedings on account thereof. Landlord hereby waives its right of recovery against Tenant and releases Tenant from any and all liabilities, claims and losses for which Tenant may otherwise be liable to the extent Landlord is required to maintain insurance or Landlord receives insurance proceeds on account thereof.

ARTICLE XIV SERVICES AND UTILITIES

14.1 Landlord will furnish to the Premises air-conditioning, ventilation and heating during the seasons they are required in accordance with Exhibit G attached hereto; (a) Landlord will provide janitorial service on Monday through Friday (or, at Landlord's option, Sunday through Thursday) only (excluding legal public holidays), in accordance with Exhibit H, attached hereto, electricity sufficient for lighting purposes and normal office use only, water, elevator service, and exterior window-cleaning service. The normal hours of operation of the Building will be the Building Hours set forth in Section 1.1 and such other hours, if any, as Landlord from time to time determines. **Landlord will provide security for the Building in accordance with Exhibit I, attached hereto.** If Tenant requires air-conditioning or heat beyond the normal hours of operation, then Landlord will furnish the same, provided Tenant gives Landlord sufficient advance written notice of such requirement. Tenant shall pay for such extra service in accordance with Landlord's then current schedule.

14.2 Landlord may install checkmeters to electrical circuits serving Tenant's equipment to verify that Tenant is not consuming excessive electricity. If such checkmeters indicate that Tenant's electricity consumption is excessive, then Landlord may install at Tenant's expense submeters to ascertain Tenant's actual electricity consumption, and Tenant shall thereafter pay for such consumption directly to Landlord. Tenant's electricity consumption shall be deemed excessive if the electricity consumption in the Premises per square foot of rentable area (including, without limitation, electricity consumed in connection with outlets, lighting and HVAC use) exceeds five (5.0) watts per square foot.

14.3 Landlord shall provide Tenant with access to and use of the Commercial Condenser Water Loop for the Building. The cost of such usage shall be determined by the size of Tenant's connection to the Building's Commercial Condenser Water Loop. Tenant shall reimburse Landlord for the actual cost of any excess water usage in the Premises. Excess water usage shall mean the excess of the estimated water usage in the Premises (per square foot of rentable area) during any billing period over the average water usage (per square foot of rentable area) during the same period for the entire Building, as calculated by Landlord.

**ARTICLE XV
LIABILITY OF LANDLORD**

15.1 Landlord, its employees and agents shall not be liable to Tenant, any Invitee or any other person or entity for any damage (including indirect and consequential damage), injury, loss, or claim (including claims for the interruption of or loss to Tenant's business) based on or arising out of any cause whatsoever (except as otherwise provided in this Section 15.1), including but not limited to the following: repair to any portion of the Premises or the Building; interruption in the use of the Premises or any equipment therein; any accident or damage resulting from the use or operation (by Landlord, Tenant or any other person or entity) of the heating, cooling, electrical, sewerage, or plumbing equipment or apparatus; termination of this Lease by reason of the destruction of the Premises or the Building; failure or inability to furnish any service specified in this Lease; any fire, robbery, theft, vandalism, mysterious disappearance and/or any other casualty; actions of any other tenants of the Building or of any other person or entity; and leakage in any part of the Premises or the Building from water, rain, ice or snow that may leak into, or flow from, any part of the Premises or the Building, or from drains, pipes or plumbing fixtures in the Premises or the Building. If any condition exists which may be the basis of a claim of constructive eviction, then Tenant shall give Landlord written notice thereof and a reasonable opportunity to correct such condition, and in the interim Tenant shall not claim that it has been constructively evicted or is entitled to a rent abatement. Any property placed by Tenant or any Invitee in or about the Premises or the Building shall be at the sole risk of Tenant, and Landlord shall not in any manner be held responsible therefor. If any employee of Landlord receives any package or article delivered for Tenant, then such employee shall be acting as Tenant's agent for such purpose and not as Landlord's agent. For purposes of this Article, the term "**Building**" shall be deemed to include the Land. Notwithstanding the foregoing provisions of this Section 15.1, Landlord shall not be released from liability to Tenant for any physical injury to any natural person or damage to personal property caused by the gross negligence or willful misconduct of Landlord or its employees to the extent such injury or damage is not covered by insurance (a) carried by Tenant or such person, or (b) required by this Lease to be carried by Tenant; provided, however, that Landlord shall not under any circumstances be liable for any interruption of or loss to Tenant's business or any indirect or consequential damages.

15.2 Tenant shall reimburse Landlord for (as additional rent), and shall indemnify, defend upon request and hold Landlord, its employees and agents harmless from and against, all costs, damages, claims, liabilities and expenses (including reasonable attorneys' fees), losses and court costs suffered by or claimed against Landlord, directly or indirectly, based on or arising out of, in whole or in part, (i) use and occupancy of the Premises or the business conducted therein, (ii) any act or omission of Tenant or any Invitee, (iii) any breach or default in the performance or observance of Tenant's covenants or obligations under this

Lease, or (iv) any entry by Tenant or any Invitee upon the Land prior to the Lease Commencement Date.

15.3 If any landlord hereunder transfers the Building or such landlord's interest therein, said landlord shall not be liable to Tenant for any obligations or liabilities based on or arising out of events or conditions occurring on or after the date of such transfer. Within five (5) **business** days after request, Tenant shall attorn to such transferee and execute, acknowledge and deliver any document submitted to Tenant confirming such attornment.

15.4 Tenant shall not have the right to set off or deduct any amount allegedly owed to Tenant pursuant to any claim against Landlord from any rent or other sums payable to Landlord. Tenant's sole remedy for recovering upon such claim shall be to institute an independent action against Landlord, which action shall not be consolidated with any action of Landlord. If Tenant or any Invitee is awarded a money judgment against Landlord, then recourse for satisfaction of such judgment shall be limited to execution against the estate and interest of Landlord in the Building. No other asset of Landlord, any partner, director, trustee, or officer of Landlord (collectively, "officer") or any other person or entity shall be available to satisfy or subject to such judgment, nor shall any officer or any other person or entity have personal liability for satisfaction of any claim or judgment against Landlord or any officer.

ARTICLE XVI RULES AND REGULATIONS

16.1 Tenant and Invitees shall at all times abide by and observe the rules and regulations attached hereto as Exhibit C and incorporated by reference herein. In addition, Tenant and Invitees shall abide by and observe all rules or regulations that Landlord may promulgate from time to time for the operation and maintenance of the Building. All rules and regulations promulgated by Landlord after the date of this Lease shall be effective upon written notice thereof from Landlord to Tenant. All such rules and regulations shall be binding upon Tenant and enforceable by Landlord as if they were contained herein and shall be enforced in a non-discriminatory manner by Landlord. Nothing contained in this Lease shall be construed as imposing upon Landlord any duty or obligation to enforce such rules and regulations, or the terms, conditions or covenants contained in any other lease, as against any other tenant, and Landlord shall not be liable to Tenant for the violation of such rules or regulations by any other tenant or its employees, agents, assignees, subtenants, invitees or licensees. Landlord will use reasonable efforts not to enforce any rule or regulation in a manner, which unreasonably and adversely discriminates among tenants. Notwithstanding the foregoing, in the event of a conflict between the terms of this Lease and any rules and regulations, the Lease terms shall govern.

ARTICLE XVII DAMAGE OR DESTRUCTION

17.1 If the Premises or the Building is totally or partially damaged or destroyed thereby rendering the Premises totally or partially inaccessible or unusable, Landlord shall diligently restore and repair the Premises and the Building to substantially the same condition they were in prior to such damage; provided, however, that if in Landlord's sole judgment such repairs and restoration cannot be completed within one hundred twenty (120) days after the occurrence of such damage or destruction (taking into account the time needed for effecting a satisfactory settlement with any insurance company involved, removal of debris,

preparation of plans and issuance of all required governmental permits), then Landlord shall have the right, at its sole option, to terminate this Lease by giving written notice of termination to Tenant within sixty (60) days after the occurrence of such damage or destruction. If this Lease is terminated pursuant to the immediately preceding sentence, then rent shall be apportioned and paid to the date of **damage or destruction**. If this Lease is not terminated as a result of such damage or destruction, then until such repair and restoration of the Premises are substantially complete, Tenant shall be required to pay rent only for those portions of the Premises that Tenant is able to use while such repair and restoration are being made; provided, however, that if such damage or destruction was caused by the act or omission of Tenant or any Invitee, then Tenant shall not be entitled to any such rent reduction. If this Lease is not terminated as a result of such damage or destruction, then Landlord shall bear the costs and expenses of such repair and restoration of the Premises and the Building; provided, however, that if such damage or destruction was caused by the act or omission of Tenant or any Invitee, then Tenant shall pay to Landlord the amount by which such costs and expenses exceed the insurance proceeds, if any, actually received by Landlord on account of such damage or destruction; and provided further, however, that Landlord shall not be required to repair or restore any of the Tenant Work installed pursuant to **Exhibit B**, any Alterations or any other contents of the Premises (including, without limitation, Tenant's trade fixtures, decorations, furnishings, equipment or personal property). Notwithstanding anything above to the contrary, Landlord shall have the right to terminate this Lease **which termination shall be effective as of the date of the damage or destruction** in the event (a) Landlord's insurance is insufficient to pay the full cost of such repair and restoration, (b) the holder of any Mortgage fails or refuses to make such insurance proceeds available for such repair and restoration, (c) zoning or other applicable Laws or regulations do not permit such repair and restoration, or (d) the damage to the Building exceeds twenty-five percent (25%) of the replacement value of the Building.

ARTICLE XVIII CONDEMNATION

18.1 If one-third or more of the Premises, or the use or occupancy thereof, shall be taken or condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose (including a sale thereof under threat of such a taking or condemnation), then this Lease shall terminate on the date title thereto vests in such governmental or quasi-governmental authority, and all rent payable hereunder shall be apportioned as of such date. If less than one-third of the Premises, or the use or occupancy thereof, is taken or condemned by any governmental or quasi-governmental authority for any public or quasi-public use or purpose (including a sale thereof under threat of such a taking or condemnation), then this Lease shall continue in full force and effect as to the portion of the Premises not so taken or condemned. Notwithstanding anything to the contrary contained herein, if twenty-five percent (25%) or more of the Building is taken, condemned, or sold under threat of such a taking or condemnation, then, whether or not any portion of the Premises is so taken or condemned, Landlord shall have the right, in Landlord's sole discretion, to terminate this Lease as of the date title vests in the governmental or quasi-governmental authority.

18.2 All awards, damages and other compensation paid by the condemning authority on account of such taking or condemnation (or sale under threat of such a taking or condemnation) shall belong to Landlord, and Tenant hereby assigns to Landlord all rights to such awards, damages and compensation. Tenant agrees not to make any claim against Landlord or the condemning authority for any portion of such award or compensation

attributable to damages to the Premises, the value of the unexpired Lease Term, the loss of profits or goodwill, leasehold improvements or severance damages. Nothing contained herein, however, shall prevent Tenant from pursuing a separate claim against the condemning authority for relocation expenses and the value of furnishings, equipment and trade fixtures installed in the Premises at Tenant's expense and which Tenant is entitled pursuant to this Lease to remove at the expiration or earlier termination of the Lease Term, provided that such claim shall in no way diminish the award or compensation payable to or recoverable by Landlord in connection with such taking or condemnation.

ARTICLE XIX DEFAULT

19.1 An "Event of Default" is: (a) Tenant's failure to make when due any payment of Base Rent, additional rent or other sum, which failure shall continue for a period of five (5) days after the due date without any notice or demand being required; (b) Tenant's failure to perform or observe any other covenant or condition of this Lease, which failure shall continue for a period of **twenty (20)** days after Landlord gives Tenant written notice thereof; (c) Tenant's **(or a successor tenant under sublease approved by Landlord)** failure to continuously occupy the Premises; (d) an Event of Bankruptcy as specified in Article XX; (e) a dissolution or liquidation of Tenant; or (f) Tenant's failure to timely restore the security deposit in accordance with Section 11.1, above.

19.2 If there shall be an Event of Default, including without limitation an Event of Default prior to the Lease Commencement Date, then the provisions of this Section shall apply, and Landlord shall have the right, at its sole option, to terminate this Lease. In addition, with or without terminating this Lease, Landlord may re-enter, terminate Tenant's right of possession and take possession of the Premises. The provisions of this Article shall operate as a notice to quit, any other notice to quit or of Landlord's intention to re-enter the Premises or terminate this Lease being hereby expressly waived. If necessary, Landlord may proceed to recover possession of the Premises under applicable laws, or by such other proceedings, including re-entry and possession, as may be applicable. If Landlord elects to terminate this Lease and/or elects to terminate Tenant's right of possession, everything contained in this Lease on the part of Landlord to be done and performed shall cease without prejudice provided, however, Tenant's shall remain liable for all Base Rent, additional rent and other sums accrued through the later of termination or Landlord's recovery of possession, whether or not this Lease and/or Tenant's right of possession is terminated, Landlord shall have the right, at its sole option, to terminate any renewal or expansion right contained in this Lease and to grant or withhold any consent or approval pursuant to this Lease in its sole and absolute discretion. Landlord may relet the Premises or any part thereof, alone or together with other premises, for such term(s) (which may extend beyond the date on which the Lease Term would have expired but for Tenant's default) and on such terms and conditions (which may include concessions or free rent and alterations of the Premises) as Landlord, in its sole discretion, may determine, but Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished by reason of, any failure by Landlord to relet all or any portion of the Premises or any failure by Landlord to collect any rent due upon such reletting. Whether or not this Lease is terminated, Tenant nevertheless shall remain liable for any Base Rent, additional rent, damages or other sum which may be due or sustained prior to such default, and all costs, fees and expenses (including, but not limited to, attorneys' fees, brokerage fees, expenses incurred in placing the Premises in first-class rentable condition, advertising expenses, and any concessions given to any successor tenant such as a rental abatement or an improvements allowance) incurred by Landlord in

pursuit of its remedies hereunder and in recovering possession of the Premises and renting the Premises to others from time to time. Tenant shall also be liable for additional damages, which at Landlord's election shall be either:

(a) An amount equal to the Base Rent and additional rent which would have become due during the remainder of the Lease Term, less the amount of rental, if any, which Landlord receives during such period from others to whom the Premises may be rented (other than any additional rent received by Landlord as a result of any failure of such other person to perform any of its obligations to Landlord), which amount shall be computed and payable in monthly installments, in advance, on the first day of each calendar month following Tenant's default and continuing until the date on which the Lease Term would have expired but for Tenant's default. Separate suits may be brought from time to time to collect any such damages for any month(s) (and any such separate suit shall not in any manner prejudice the right of Landlord to collect any damages for any subsequent month(s)), or Landlord may defer initiating any such suit until after the expiration of the Lease Term (in which event Tenant hereby agrees that such deferral shall not be construed as a waiver of Landlord's rights as set forth herein). OR

(b) An amount equal to the difference between (i) all Base Rent, additional rent and other sums which would be due and payable under this Lease as of the date of Tenant's default through the end of the scheduled Lease Term, and (ii) the fair market value rental of the Premises over the same period (net of all expenses (including reasonable attorneys' fees) and all vacancy periods reasonably projected by Landlord to be incurred in connection with the reletting of the Premises) as determined by Landlord in its sole discretion, which difference shall be discounted at the rate of seven percent (7%) per annum, and which resulting amount shall be payable to Landlord in a lump sum on demand. Upon payment of such liquidated and agreed final damages, Tenant shall be released from further liability under this Lease with respect to the period after the date of such payment. Landlord may bring suit to collect any such damages at any time after an Event of Default shall have occurred.

Tenant shall pay all expenses (including attorneys' fees) incurred by Landlord in connection with or as a result of any Event of Default whether or not a suit is instituted. Whether or not Tenant is in default under the terms of this Lease, Landlord reserves the right to redecorate, remodel, repair, alter or otherwise prepare the Premises for reoccupancy during the last one hundred eighty (180) days of the Lease Term, provided Tenant has vacated the Premises prior to the date Landlord commences such work. Landlord's exercise of its rights under the immediately preceding sentence shall in no way relieve Tenant of its obligation to pay all Base Rent, additional rent and other charges due under this Lease through the last day of the Lease Term. The provisions contained in this Section shall be in addition to, and shall not prevent the enforcement of, any claim Landlord may have against Tenant for anticipatory breach of this Lease. Nothing herein shall be construed to affect or prejudice Landlord's right to prove, and claim in full, unpaid rent accrued prior to termination of this Lease.

19.3 All rights and remedies of Landlord set forth in this Lease are cumulative and in addition to all other rights and remedies available to Landlord at law or in equity. The exercise by Landlord of any such right or remedy shall not prevent the concurrent or subsequent exercise of any other right or remedy. No delay or failure by Landlord to exercise or enforce any of Landlord's rights or remedies or Tenant's obligations shall constitute a waiver of any such rights, remedies or obligations. Landlord shall not be

deemed to have waived any default by Tenant unless such waiver expressly is set forth in a written instrument signed by Landlord. If Landlord waives in writing any default by Tenant, such waiver shall not be construed as a waiver of any covenant, condition or agreement set forth in this Lease except as to the specific circumstances described in such written waiver.

19.4 If Landlord shall institute proceedings against Tenant and a compromise or settlement thereof shall be made, then the same shall not constitute a waiver of the same or of any other covenant, condition or agreement set forth herein, nor of any of Landlord's rights hereunder. Neither the payment by Tenant of a lesser amount than the monthly installment of Base Rent, additional rent or of any sums due hereunder nor any endorsement or statement on any check or letter accompanying a check for payment of rent or other sums payable hereunder shall be deemed an accord and satisfaction. Landlord may accept the same without prejudice to Landlord's right to recover the balance of such rent or other sums or to pursue any other remedy. Notwithstanding any request or designation by Tenant, Landlord may apply any payment received from Tenant to any payment then due. No re-entry by Landlord, and no acceptance by Landlord of keys from Tenant, shall be considered an acceptance of a surrender of this Lease.

19.5 If Tenant fails to make any payment to any third party or to do any act herein required to be made or done by Tenant, then Landlord may, but shall not be required to, make such payment or do such act. The taking of such action by Landlord shall not be considered a cure of such default by Tenant or prevent Landlord from pursuing any remedy it is otherwise entitled to in connection with such default. If Landlord elects to make such payment or do such act, then all expenses incurred by Landlord, plus interest thereon at a rate (the "Default Rate") equal to the greater of eighteen percent (18%) per annum or the rate per annum which is five (5) whole percentage points higher than the prime rate published in the Money Rates section of the *Wall Street Journal*, from the date incurred by Landlord to the date of payment thereof by Tenant, shall constitute additional rent due hereunder; provided, however, that nothing contained herein shall be construed as permitting Landlord to charge or receive interest in excess of the maximum rate then allowed by law.

19.6 If Tenant fails to make any payment of Base Rent, additional rent or any other sum on or before the date such payment is due and payable (without regard to any grace period specified in Section 19.1, above), then Tenant shall pay to Landlord a late charge of five percent (5%) of the amount of such payment. In addition, such payment and such late fee shall bear interest at the Default Rate from the date such payment or late fee, respectively, became due to the date of payment thereof by Tenant; provided, however, that nothing contained herein shall be construed as permitting Landlord to charge or receive interest in excess of the maximum rate then allowed by law. Such late charge and interest shall constitute additional rent due hereunder without any notice or demand.

19.7 Tenant hereby expressly waives, for itself and all persons claiming by, through or under it, any right of redemption, re-entry or restoration of the operation of this Lease under any present or future Law, including without limitation any such right which Tenant would otherwise have in case Tenant shall be dispossessed for any cause, or in case Landlord shall obtain possession of the Premises as herein provided.

19.8 If more than one natural person or entity shall constitute Tenant, then the liability of each such person or entity shall be joint and several. If Tenant is a general partnership or other entity the partners or members of which are subject to personal liability, then the liability of each such partner or member shall be joint and several. At any time upon not less than five (5) days' prior written notice, Tenant shall submit such information concerning the

financial condition of Tenant, any Guarantor and any General Partner as Landlord may **reasonably** request. Tenant warrants that all such information heretofore and hereafter submitted is and shall be correct and complete **in all material respects, unless otherwise disclosed to Landlord.**

19.9 Without limiting any of the foregoing remedies of Landlord and whether or not Tenant is in default of this Lease, if Tenant shall vacate the Premises for more than forty-five (45) days (**and no sublessee approved by the Landlord is occupying the Premises**), then Tenant shall, at Tenant's sole cost, make such alterations to the suite entry area of the Premises and take such other action as Landlord reasonably determines appropriate to minimize the adverse affect the vacant Premises may have on security and the aesthetics of the floor on which the Premises are located, which alterations and action may include without limitation, the replacement of any glass suite entry area in the Premises with Building standard wood doors and any conforming replacements of any other glass portion of the suite entry area and restricting access to the Premises.

ARTICLE XX BANKRUPTCY

20.1 An "Event of Bankruptcy" is: (a) Tenant's, a Guarantor's or any general partner (a "General Partner") of Tenant's becoming insolvent, as that term is defined in Title 11 of the United States Code (the "Bankruptcy Code"), or under the insolvency laws of any state (the "Insolvency Laws"); (b) appointment of a receiver or custodian for any property of Tenant, a Guarantor or a General Partner, or the institution of a foreclosure or attachment action upon any property of Tenant, a Guarantor or a General Partner; (c) filing of a voluntary petition by Tenant, a Guarantor or a General Partner under the provisions of the Bankruptcy Code or Insolvency Laws; (d) filing of an involuntary petition against Tenant, a Guarantor or a General Partner as the subject debtor under the Bankruptcy Code or Insolvency Laws, which either (1) is not dismissed within **sixty (60)** days after filing, or (2) results in the issuance of an order for relief against the debtor; or (e) Tenant's, a Guarantor's or a General Partner's making or consenting to an assignment for the benefit of creditors or a composition of creditors.

20.2 Upon occurrence of an Event of Bankruptcy, Landlord shall have all rights and remedies available pursuant to Article XIX; provided, however, that while a case (the "Case") in which Tenant is the subject debtor under the Bankruptcy Code is pending, Landlord's right to terminate this Lease shall be subject, to the extent required by the Bankruptcy Code, to any rights of Tenant or its trustee in bankruptcy (collectively, "Trustee") to assume or assign this Lease pursuant to the Bankruptcy Code. Any person or entity to which this Lease is assigned pursuant to the Bankruptcy Code shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of assignment, and any such assignee shall upon request execute and deliver to Landlord an instrument confirming such assumption. Trustee shall not have the right to assume or assign this Lease unless Trustee promptly (a) cures all defaults under this Lease, (b) compensates Landlord for damages incurred as a result of such defaults, (c) provides adequate assurance of future performance on the part of Tenant as debtor in possession or Tenant's assignee, and (d) complies with all other requirements of the Bankruptcy Code. If Trustee fails to assume or assign this Lease in accordance with the requirements of the Bankruptcy Code within sixty (60) days after the initiation of the Case, then Trustee shall be deemed to have rejected this Lease. Adequate assurance of future performance shall require that the following minimum criteria be met: (1) Tenant's gross

receipts in the ordinary course of business during the thirty (30) days preceding the Case must be greater than ten (10) times the next monthly installment of Base Rent and additional rent due; (2) Both the average and median of Tenant's monthly gross receipts in the ordinary course of business during the seven (7) months preceding the Case must be greater than the next monthly installment of Base Rent and additional rent due; (3) Trustee must pay its estimated pro-rata share of the cost of all services performed or provided by Landlord (whether directly or through agents or contractors and whether or not previously included as part of Base Rent) in advance of the performance or provision of such services; (4) Trustee must agree that Tenant's business shall be conducted in a first-class manner, and that no liquidating sale, auction or other non-first-class business operation shall be conducted in the Premises; (5) Trustee must agree that the use of the Premises as stated in this Lease shall remain unchanged and that no prohibited use shall be permitted; (6) Trustee must agree that the assumption or assignment of this Lease shall not violate or affect the rights of other tenants of the Building; (7) Trustee must pay at the time the next monthly installment of Base Rent is due, in addition to such installment, an amount equal to the monthly installments of Base Rent, and additional rent due for the next six (6) months thereafter, such amount to be held as a security deposit; (8) Trustee must agree to pay, at any time Landlord draws on such security deposit, the amount necessary to restore such security deposit to its original amount; and (9) All assurances of future performance specified in the Bankruptcy Code must be provided.

ARTICLE XXI SUBORDINATION

21.1 This Lease is subject and subordinate to the lien, provisions, operation and effect of all mortgages, deeds of trust, ground leases or other security instruments which may now or hereafter encumber the Building (collectively, "**Mortgages**"), to all funds and all indebtedness intended to be secured by such Mortgages, and to all and any renewals, extensions, modifications, recastings or refinancings thereof. The holder of any Mortgage to which this Lease is subordinate shall have the right (subject to any required consents or approvals of the holders of superior Mortgages, if any) at any time to declare this Lease to be superior to the lien, provisions, operation and effect of such Mortgage and Tenant agrees to execute all documents required by such holder in confirmation thereof.

21.2 In confirmation of the foregoing subordination, Tenant shall, at Landlord's request, promptly execute any requisite or appropriate certificate or other document. Tenant hereby constitutes and appoints Landlord as Tenant's attorney-in-fact to execute any such certificate or other document for or on behalf of Tenant, **if Tenant does not execute such certificate or other document within ten (10) days after Landlord has delivered to Tenant such request therefor.** If the Building or Landlord's interest therein is sold at a foreclosure sale or by deed in lieu of foreclosure, and this Lease is not extinguished upon such sale or by the purchaser following such sale, then, at the request of such purchaser, Tenant shall attorn to such purchaser and shall recognize such purchaser as the landlord under this Lease, and Tenant waives the provisions of any statute or rule of law, now or hereafter in effect, which may give or purport to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event any such foreclosure proceeding is prosecuted or completed or in the event of any such sale. Tenant agrees that upon such attornment, such purchaser shall not be (a) bound by any payment of Base Rent, or additional rent for more than one (1) month in advance, except prepayments in the nature of security for the performance by Tenant of its obligations under this Lease but only to the extent such prepayments have been delivered to such purchaser, (b) bound by any

amendment of this Lease made without the consent of the holder of each Mortgage existing as of the date of such amendment, (c) liable for damages for any breach, act or omission of any prior landlord, or (d) subject to any offsets or defenses which Tenant might have against any prior landlord; provided, however, that after succeeding to Landlord's interest under this Lease, such purchaser shall perform in accordance with the terms of this Lease all obligations of Landlord arising after the date such purchaser acquires title to the Building or Landlord's interest therein. Within five (5) days after request by such purchaser, Tenant shall execute and deliver an instrument or instruments confirming its attornment.

21.3 If any lender providing construction or permanent financing or any refinancing for the Building requires, as a condition of such financing or refinancing, that modifications to this Lease be obtained, and provided that such modifications (a) are reasonable, (b) do not adversely affect in a material manner Tenant's use of the Premises as herein permitted, and (c) do not increase the rent and other sums to be paid by Tenant, then Landlord may submit to Tenant an amendment to this Lease incorporating such required modifications, and Tenant shall execute, acknowledge and deliver such amendment to Landlord within ten (10) days after Tenant's receipt thereof.

21.4 Landlord agrees that it shall obtain a subordination, non-disturbance and attornment agreement for Tenant from any current holder of a mortgage encumbering the Building substantially in the form attached hereto to Exhibit E. In addition, upon written request from Tenant in each instance, Landlord shall exercise reasonable efforts to obtain a subordination, non-disturbance and attornment agreement for Tenant from any future mortgagee in such mortgagee's customary form. In the event that Landlord is charged any costs or expenses by any mortgagee or ground lessor in connection with any revisions to such subordination, non-disturbance and attornment agreement requested by Tenant, then Tenant shall reimburse Landlord for such costs and expenses.

ARTICLE XXII HOLDING OVER

22.1 Tenant acknowledges that it is extremely important that Landlord have substantial advance notice of the date on which Tenant will vacate the Premises because Landlord will require an extensive period to locate a replacement tenant and because Landlord plans its entire leasing and renovation program for the Building in reliance on its lease expiration dates. Tenant also acknowledges that if Tenant fails to surrender the Premises without securing the written permission of Landlord to remain in the Premises at the expiration or earlier termination of the Lease Term, then it will be conclusively presumed that the value to Tenant of remaining in possession, and the loss that will be suffered by Landlord as a result thereof, far exceed the Base Rent and additional rent that would have been payable had the Lease Term continued during such holdover period. Therefore, if Tenant or any assignee, subtenant or licensee of Tenant shall not immediately surrender the Premises, or any part thereof, on the date of the expiration or earlier termination of the Lease Term, then (a) Tenant shall automatically forfeit all rights to the security deposit held by Landlord pursuant to this Lease, and (b) the rent payable by Tenant hereunder shall be increased to equal the greater of (i) fair market rent for the entire Premises, or (ii) double the Base Rent, additional rent and other sums that were payable pursuant to the terms of this Lease during the last twelve (12) months prior to such holdover period. Such rent shall be computed by Landlord on a monthly basis and shall be payable by Tenant on the first day of such holdover period

and the first day of each calendar month thereafter during such holdover period until the Premises have been vacated. Landlord's acceptance of such rent from Tenant shall not in any manner impair or adversely affect Landlord's other rights and remedies here-under, including, but not limited to Landlord's right to evict Tenant from the Premises and Landlord's right to recover damages pursuant to this Lease and such other damages as are available to Landlord at law or in equity (including but not limited to any and all damage caused by such holdover).

ARTICLE XXIII COVENANTS OF LANDLORD

23.1 Landlord covenants that it has the right to make this Lease for the Lease Term, and that if Tenant shall pay all rent when due and punctually perform all the covenants, terms, conditions and agreements of this Lease to be performed by Tenant, Tenant shall, during the Lease Term, freely, peaceably and quietly occupy and enjoy the full possession of the Premises without hindrance by Landlord or any party claiming through or under Landlord, subject, however, to the provisions of this Lease.

23.2 Landlord hereby reserves to itself and its successors and assigns the following rights: (i) to change the street address and/or name of the Building; (ii) to change the arrangement and location of entrances, passageways, doors, doorways, corridors, elevators, stairs, toilets or other public parts of the Building, **Landlord shall use reasonable efforts not to interfere with Tenant's use of the Premises;** (iii) to erect, use and maintain pipes, wires, structural supports, ducts and conduits in and through the Premises, **Landlord shall use reasonable efforts to assure that such installations are not in plain view;** (iv) to grant to anyone the exclusive right to conduct any particular business or undertaking in the Building not inconsistent with Tenant's permitted use of the Premises; (v) the exclusive right to use and/or lease the roof areas, and the sidewalks and other exterior areas; (vi) the right to resubdivide the Building, to combine the Building with other lands, and to sell all or a portion of the Building; (vii) to relocate any parking area designated for Tenant's use, **Landlord shall not reduce the number of parking contracts designated for purchase by Tenant;** and (viii) to construct improvements on the Land and in the public and common areas of the Building. **Landlord will use reasonable efforts not to interfere with the conduct of Tenant's business.** Landlord may exercise any or all of the foregoing rights without being deemed to be guilty of an eviction, actual or constructive, or a disturbance or interruption of the business of Tenant or of Tenant's use or occupancy of the Premises.

ARTICLE XXIV GENERAL PROVISIONS

24.1 Tenant acknowledges that neither Landlord nor any broker, agent or employee of Landlord has made any representations or promises with respect to the Premises or the Building except as herein expressly set forth, and no rights, privileges, easements or licenses are being acquired by Tenant except as herein expressly set forth.

24.2 Nothing contained in this Lease shall be construed as creating any relationship between Landlord and Tenant other than that of landlord and tenant.

24.3 Landlord and Tenant each warrants to the other that neither of them has employed or dealt with any broker, agent or finder, other than the Broker(s) (as defined in Section 1.1(P) hereof) in connection with this Lease. Tenant shall indemnify and hold Landlord harmless from and against any claim or claims for brokerage or other commissions asserted by any

broker, agent or finder employed by Tenant or with whom Tenant has dealt, other than the Broker(s).

24.4 From time to time, upon not less than **ten (10)** days prior written notice, Tenant and each subtenant, assignee, licensee, concessionaire or occupant of Tenant shall execute, acknowledge before a notary public, and deliver to Landlord and/or any other person or entity designated by Landlord, a written statement certifying: (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and stating the modifications); (ii) the dates to which the rent and any other charges hereunder have been paid by Tenant; (iii) whether or not, to the best knowledge of Tenant, Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease, and if so, specifying the nature of such default; (iv) the address to which notices to Tenant are to be sent; (v) that this Lease is subject and subordinate to all Mortgages encumbering the Building; (vi) that Tenant has accepted the Premises and that all work thereto has been completed by Landlord (or if such work has not been completed, specifying the incomplete work); (vii) the Lease Commencement Date and the date the initial term of this Lease will expire; and (viii) such other matters as Landlord may request. Any such statement delivered by Tenant may be relied upon by any owner of the Building, any prospective purchaser of the Building, any holder or prospective holder of a Mortgage, any prospective assignee any of such holder or any other person or entity. Tenant acknowledges that time is of the essence to the delivery of such statements and Tenant's failure to deliver timely such statements may cause substantial damages resulting from, for example, delays in obtaining financing secured by the Building. **If Tenant shall fail for two (2) business days after Landlord provides Tenant with notice of such failure, then Tenant shall be liable for all such damages, and failure to timely provide Landlord with such statements shall specifically constitute an Event of Default entitling Landlord to pursue all rights and remedies available pursuant to Article XIX hereof.**

24.5 LANDLORD, TENANT, GUARANTORS AND GENERAL PARTNERS EACH WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT IN CONNECTION WITH ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT HEREUNDER, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM OF INJURY OR DAMAGE. TENANT HEREBY CONSENTS TO SERVICE OF PROCESS AND ANY PLEADING RELATING TO ANY SUCH ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM AT THE PREMISES; PROVIDED, HOWEVER, THAT NOTHING HEREIN SHALL BE CONSTRUED AS REQUIRING SUCH SERVICE AT THE PREMISES. LANDLORD, TENANT, GUARANTORS AND GENERAL PARTNERS EACH WAIVE ANY OBJECTION TO THE VENUE OF ANY ACTION FILED BY EITHER PARTY IN ANY COURT SITUATED IN THE JURISDICTION IN WHICH THE BUILDING IS LOCATED, AND EACH PARTY FURTHER WAIVES ANY RIGHT, CLAIM OR POWER, UNDER THE DOCTRINE OF FORUM NON CONVENIENS OR OTHERWISE, TO TRANSFER ANY SUCH ACTION FILED BY ANY PARTY IN ANY SUCH COURT TO ANY OTHER COURT.

24.6 All notices or other communications required hereunder shall be in writing and shall be deemed duly given when delivered in person (with receipt therefor), on the next business day after deposit with a recognized overnight service, or on the second (2nd) day after being sent by certified or registered mail, return receipt requested, postage prepaid, to the

addresses of Landlord and Tenant set forth in Section 1.1, provided that after the Lease Commencement Date, all notices to Tenant may, at Landlord's option, be sent to the Premises. Either party may change its address for the giving of notices by notice given in accordance with this Section. If Landlord or the holder of any Mortgage notifies Tenant that a copy of each notice to Landlord shall be sent to such holder at a specified address, then no notice to Landlord shall be considered duly given unless such copy is simultaneously given in accordance with this Section to such holder.

24.7 Each provision of this Lease shall be valid and enforced to the fullest extent permitted by law. If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, then such provision shall be deemed to be replaced by the valid and enforceable provision most substantively similar to such invalid or unenforceable provision, and the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby.

24.8 Feminine, masculine or neuter pronouns shall be substituted for those of another form, and the plural shall be substituted for another number, in any place in which the context may require.

24.9 The provisions of this Lease shall be binding upon, and shall inure to the benefit of, the parties hereto and each of their respective representatives, successors and assigns, subject to the provisions hereof restricting assignment or subletting by Tenant.

24.10 This Lease contains and embodies the entire agreement of the parties hereto and supersedes all prior agreements, negotiations, letters of intent, proposals, representations, warranties, understandings and discussions between the parties hereto. Any representation, inducement, warranty, understanding or agreement that is not contained in this Lease shall not be of any force or effect. This Lease may not be modified or changed in whole or in part in any manner other than by an instrument in writing duly signed by both parties hereto.

24.11 This Lease shall be governed by, and construed in accordance with, the laws of the jurisdiction in which the Building is located.

24.12 Headings are used herein for convenience and shall not be considered when construing this Lease.

24.13 The submission of an unsigned copy of this document to Tenant shall not constitute an offer or option to lease the Premises. THIS LEASE SHALL BECOME EFFECTIVE AND BINDING ONLY UPON EXECUTION AND DELIVERY BY BOTH LANDLORD AND TENANT.

24.14 Time is of the essence with respect to each of Tenant's and Landlord's obligations under this Lease.

24.15 This Lease may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document.

24.16 This Lease shall not be recorded, except that upon the request of Landlord, Tenant shall execute, in recordable form, a short-form memorandum of this Lease. Such memorandum may be recorded at Landlord's expense in the land records of the jurisdiction in which the Building is located.

24.17 Landlord reserves the right to make reasonable changes and modifications to the plans and specifications for the Building without Tenant's consent, provided such changes or modifications do not materially and adversely change the character of the Building.

24.18 The deletion of any printed, typed or other portion of this Lease shall not evidence an intention to contradict such deleted portion. Such deleted portion shall be deemed not to have been inserted in this Lease.

24.19 Except as otherwise provided in this Lease, any additional rent or other sum owed by Tenant to Landlord, and any cost, expense, damage or liability incurred by Landlord for which Tenant is liable, shall be considered additional rent payable pursuant to this Lease and paid by Tenant no later than the later of (a) ten (10) days after the date Landlord notifies Tenant of the amount of such additional rent, sum, cost, expense, damage or liability, or (b) the first day of the first calendar month following the date Landlord so notifies Tenant.

24.20 Any liability of Tenant to Landlord existing hereunder as of the expiration or earlier termination of the Lease Term shall survive such expiration or earlier termination.

24.21 If Landlord is in any way delayed, interrupted or prevented from performing any of its obligations under this Lease, and such delay, interruption or prevention is due to fire, act of God, governmental act or failure to act, strike, labor dispute, inability to procure materials, or any cause beyond Landlord's reasonable control (whether similar or dissimilar to the foregoing), then the time for performance of the affected obligation(s) by Landlord shall be excused for the period of the delay and extended for a period equivalent to the period of such delay, interruption or prevention.

24.22 At the expiration or earlier termination of the Lease Term, Tenant shall deliver to Landlord all keys and security cards to the Building or the Premises, whether such keys were furnished by Landlord or otherwise procured by Tenant, and shall inform Landlord of the combination of each lock, safe and vault, if any, in the Premises.

24.23 The person executing and delivering this Lease on Tenant's behalf represents and warrants that he or she is duly authorized to so act; that Tenant is duly organized, is qualified to do business in the jurisdiction in which the building is located, is in good standing under the laws of the state of its organization and the laws of the jurisdiction in which the Building is located, and has the power and authority to enter into this Lease; and that all action required to authorize Tenant to enter into this Lease has been duly taken.

24.24 This Lease shall be executed under seal and the law of sealed instruments shall apply.

24.25 Tenant upon receipt of written request of Landlord, shall provide Landlord with a then current financial statement prepared by an independent certified public accountant in accordance with generally accepted accounting principles.

ARTICLE XXV PARKING

25.1 During the Lease Term, upon the request of Tenant, Landlord agrees to make available to Tenant and its employees six (6) monthly parking permits for the parking of standard-sized passenger automobiles in the garage on the lower levels of the Building (the "Garage"). The charge for such permits shall be the prevailing rate charged from time to time by Landlord or the operator of the Garage. Notwithstanding the foregoing, Landlord

does not guarantee the availability of such monthly parking permits to Tenant during the second (2nd) or any subsequent month of the Lease Term if and to the extent that Tenant does not purchase such monthly parking permits during the first (1st) month and each subsequent month of the Lease Term.

25.2 Landlord reserves the right to institute either a valet parking system or a self-parking system.

25.3 Tenant and its employees shall observe reasonable safety precautions in the use of the Garage and shall at all times abide by all rules and regulations governing the use of the Garage promulgated by Landlord or the Garage operator.

25.4 The Garage will remain open on Monday through Friday (excluding legal holidays) during the normal hours of operation of the Building on such days. Landlord reserves the right to close the Garage during periods of unusually inclement weather. At all times when the Garage is closed, monthly permit holders shall be afforded access to the Garage by means of a magnetic card or other procedure³ provided by Landlord or the Garage operator.

25.5 Landlord does not assume any responsibility, and shall not be held liable, for any damage or loss to any automobile or personal property in or about the Garage, or for any injury sustained by any person in or about the Garage.

ARTICLE XXVI ANTENNA RIGHTS

26.1 Within the first twenty-four (24) months of the Lease Term and subject to the availability of rooftop space at the time Tenant wishes to install its rooftop antenna, Tenant shall have the right to use a portion of the roof of the Building for the installation of one (1) antennae (the "Antenna"), provided that (i) the Antenna is permitted under the laws, rules and regulations of the Federal Communications Commission, the Federal Aviation Administration and the District of Columbia and any other governmental and quasi-governmental authorities having jurisdiction over the Building or the Landlord; (ii) the Antenna conforms to all such laws, rules and regulations; (iii) Tenant has obtained all permits, licenses, variances, authorizations and approvals that may be required in order to install such Antenna and any insurance required by Landlord; (iv) the Antenna is not more than twenty-four inches (24") in diameter and thirty-six inches (36") in height and not more than the weight that Landlord shall determine is appropriate for the roof (which Landlord shall specify to Tenant upon Tenant's written request); (v) Tenant and Landlord have executed Landlord's antenna license agreement delivered by Landlord to Tenant (the "Antenna License Agreement"), which agreement shall, among other things, provide that Tenant shall pay Landlord a fee in connection therewith; (vi) Tenant installs any screen or other covering for the Antenna that Landlord in its reasonable discretion may require (the size, type and style of which shall be subject to Landlord's prior written approval) in order to camouflage or conceal the Antenna; (vii) Landlord performs the installation of any such Antenna; (viii) Tenant has not assigned this Lease; and (ix) Tenant pays Landlord (within 30 days after receipt of an invoice therefor) an amount equal to all cost incurred by Landlord to have an engineer review the plans and specifications for the Antenna, the location specifications for the Antenna and the plans, specifications and method for attaching the Antenna to the Building. The rights set forth in this Article XXVI and the Antenna License Agreement shall be personal to The Glenmede Trust Company and shall not be transferable to any other tenant, subtenant, assignee or third party.

IN WITNESS WHEREOF, Landlord has caused this Lease to be signed in its name by one of its Limited Partners, under seal, and Tenant has caused this Lease to be signed in its corporate name by its [Vice] President, attested by its Secretary, its corporate seal to be hereunto affixed and does hereby constitute and appoint _____ its true and lawful attorney-in-fact for it and in its name to acknowledge and deliver these presents as the act and deed of said corporation, all on the day and year first hereinabove written.

WITNESS:

LANDLORD:

B.G.W. LIMITED PARTNERSHIP

By:

[Redacted Signature]

[Seal]

[Redacted Signature]

[Seal]

ATTEST:

TENANT:

THE GLENMEDE TRUST COMPANY

By: _____

[Seal]

By:

[Redacted Signature]

[Seal]

ADDENDUM I

The Base Rent to be paid for the Premises will be paid in accordance with Article IV of the Lease is as follows:

| Period | Monthly Rent |
|-----------------------------|--------------|
| Oct. 1, 2002-Sept. 30, 2003 | \$26,898.50 |
| Oct. 1, 2003-Sept. 30, 2004 | \$27,570.96 |
| Oct. 1, 2004-Sept. 30, 2005 | \$28,260.24 |
| Oct. 1, 2005-Sept. 30, 2006 | \$28,966.74 |
| Oct. 1, 2006-Sept. 30, 2007 | \$29,690.91 |
| Oct. 1, 2007-Sept. 30, 2008 | \$30,433.18 |
| Oct. 1, 2008-Sept. 30, 2009 | \$31,194.01 |
| Oct. 1, 2009-Sept. 30, 2010 | \$31,973.86 |
| Oct. 1, 2010-Sept. 30, 2011 | \$32,773.21 |
| Oct. 1, 2011-Sept. 30, 2012 | \$33,592.54 |

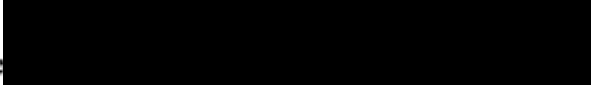
Said schedule specifically excludes any expansions of the Premises and additional rent provided in the Lease (including without limitation the additional rent set forth in Article V of the Lease, which shall be payable monthly pursuant to Article V of the Lease).

WITNESS:

LANDLORD:

B.G.W. LIMITED PARTNERSHIP

By: 

[Seal]  [SEAL]

ATTEST:

TENANT:

THE GLENMEDE TRUST COMPANY

By: _____ [Seal]

 [SEAL]

EXHIBIT B
WORK AGREEMENT

This Work Agreement is attached to and made a part of that certain Lease Agreement (the "Lease"), between **B.G.W. Limited Partnership ("Landlord")**, and **The Glenmede Trust Company ("Tenant")** for the premises (the "Premises") described therein and consisting of approximately seven thousand seventeen (7,017) rentable square feet of office space in the building located at 1425 K Street, N.W., Washington, D.C. (the "**Building**"). The terms used in this Exhibit that are defined in the Lease shall have the same meanings as provided in the Lease.

1. Authorized Representatives.

- (a) **Purpose.** This Agreement sets forth the terms and conditions governing the design and construction of the Tenant Work (hereinafter defined) to be installed in the Premises.
- (b) Tenant acknowledges that Tenant has appointed **Cheryl Conley** as its authorized representative ("**Tenant's Representative**") with full power and authority to bind Tenant for all actions taken with regard to the Tenant Work. Tenant hereby ratifies all actions and decisions with regard to the Tenant Work that the Tenant's Representative may have taken or made prior to the execution of this Work Agreement. Landlord shall not be obligated to respond to or act upon any plan, drawing, change order or approval or other matter relating to the Tenant Work until it has been executed by Tenant's Representative.

2. Tenant Work; Improvement Allowance.

- (a) Tenant, at Tenant's sole cost and expense, shall construct the Premises in strict accordance with the Tenant Plans ("**Tenant Work**"). The Tenant Work shall incorporate all of the Required Minimum Standards for Tenant Work as set forth in **Exhibit B-1** hereof. Tenant shall construct the Tenant Work in a good and workmanlike manner and in strict compliance with the Tenant Plans and in accordance with the terms and conditions of this Work Agreement. Tenant shall bear all costs of designing and constructing the Tenant Work including the costs for review of all plans and drawings by Landlord's architect and engineer, subject to application of the Improvement Allowance (hereinafter defined).
- (b) Landlord agrees to provide Tenant with an allowance not to exceed Fifty Dollars (\$50.00) per rentable square foot of the Premises for the Tenant Work ("**Improvement Allowance**"). The Improvement Allowance may be applied only against the following ("**Permitted Allowance Costs**"): work, services and materials which are incurred in connection with Landlord's construction of the Tenant Work (including Landlord's Administrative Fee, hereinafter defined); provided, however, that a portion of the Improvement Allowance, not to exceed Ten and ^{zero}/₁₀₀ Dollars (\$10.00) per square foot of the Premises, may be applied against the out-of-pocket costs architectural and engineering fees incurred in connection with the design of the Tenant Work. Landlord shall pay the Improvement Allowance to or on behalf of Tenant as follows. After Tenant has incurred costs against which the Improvement Allowance may be applied, Tenant may deliver to Landlord a written request for partial payment of the Improvement Allowance and evidence of satisfaction of the following conditions (the "**Allowance Request**"): (i) receipt by Landlord of a signed statement from Tenant

and Tenant's architect certifying that Tenant has incurred Permitted Allowance Costs (for which Tenant has not previously been reimbursed) against which the Improvement Allowance may be applied in the amount requested to be paid from the Improvement Allowance and certifying that all amounts previously paid to Tenant have been paid to the appropriate contractors and vendors as set forth in the applicable Allowance Requests; (ii) receipt by Landlord of appropriate paid receipts or invoices approved by Tenant and lien waivers in a form satisfactory to Landlord from the contractors and subcontractors performing the Tenant Work, which lien waivers must cover the work then provided by such contractors and subcontractors; and (iii) Tenant shall not be in default of any term, condition or provision of this Lease. Landlord shall disburse from the Improvement Allowance the amount Landlord is required to disburse to Tenant (but in no event more than the Improvement Allowance) as set forth below. Tenant shall only be permitted to submit one (1) Allowance Request per calendar month. If a complete Allowance Request (complying with the foregoing requirements) is received by Landlord from Tenant on or before the 20th day of any month, Landlord shall pay to Tenant the amount covered by the Allowance Request by the 16th day of the next month, and if a complete Allowance Request (complying with the foregoing requirements) is received by Landlord from Tenant after the 20th day of any month, Landlord shall pay to Tenant the amount covered by the Allowance Request by the 16th day of the month after the next month. Landlord shall be entitled to withhold up to 10% of the Improvement Allowance until submission of a Final Allowance Request (hereinafter defined). After Tenant has completed the Tenant Work and received all final lien waivers, Tenant may deliver to Landlord a written request for final payment of the Improvement Allowance and evidence of satisfaction of the following conditions (the "**Final Allowance Request**"): (a) receipt by Landlord of a signed statement from Tenant and Tenant's architect certifying that Tenant has completed the Tenant Work and Tenant has incurred Permitted Allowance Costs (for which Tenant has not previously been reimbursed) in the amount requested to be paid from the Improvement Allowance (which requested amount shall not exceed the remaining available Improvement Allowance), (b) receipt by Landlord from Tenant of an occupancy permit for the Premises, and Tenant's occupancy of the Premises, (c) Landlord's receipt and approval of the "as-built" drawings for the Premises, (d) receipt by Landlord of appropriate paid receipts and invoices for the total amount of Permitted Allowance Costs incurred by Tenant, (e) final unconditional lien waivers with respect to all work performed in the Premises and the Building from the Leasehold Contractor as well as any other contractors performing any Tenant Work, including without limitation any subcontractors of the Leasehold Contractor, in a form satisfactory to Landlord and (f) Tenant shall not be in default of any of its obligations under this Work Agreement or the Lease. If a complete Final Allowance Request (complying with the foregoing requirements) is received by Landlord from Tenant, Landlord shall pay to Tenant the amount covered by the Final Allowance Request (but no more than the remaining unapplied Improvement Allowance) in the same manner and time period as required of the Allowance Request. To the extent the full Improvement Allowance is not used by the Tenant **within thirty (30) days following the Rent Commencement Date** for the purposes set forth herein as of the occurrence of the Rent Commencement Date and Tenant taking possession of the entire Premises, the balance of the Improvement Allowance shall be retained by Landlord and Tenant shall have no rights with respect thereto.

3. **Architect and Engineers for Tenant Work.** Tenant shall employ an architect reasonably acceptable to Landlord (the "Leasehold Architect") to prepare all plans for the Tenant Work. Landlord hereby approves AI/Interspace as an acceptable Leasehold Architect. Tenant shall employ engineers (the "Leasehold Engineers") designated by Landlord to prepare the engineering drawings relating to the Tenant Work.

4. **Plans for Tenant Work.**

(a) Tenant shall promptly (as necessary to meet the requirements of Paragraph 4 (c) hereof) cause the Leasehold Architect to prepare programming and space plans for the Tenant Work and Tenant shall approve such plans in writing and submit such plans to Landlord. If Landlord has any comments with respect to the programming and space plans, Landlord shall make such comments known to Tenant in writing within five (5) business days following submission of the programming and space plans to Landlord. If Landlord desires that the programming and space plans be modified in any manner, then Tenant shall promptly make such modifications to address Landlord's concerns.

(b) Tenant shall cause the Leasehold Architect to prepare design development drawings for the Tenant Work and Tenant shall approve such drawings in writing and submit such drawings to Landlord promptly (as necessary to meet the requirements of Paragraph 4 (c) hereof) after Landlord has approved the programming and space plans. If Landlord has any comments with respect to the design development drawings, Landlord shall make such comment known to Tenant in writing within five (5) business days following submission of the design development drawings to Landlord. If Landlord desires that the design development drawings be modified in any manner, then Tenant shall promptly make such modifications to address Landlord's concerns.

(c) On or before June 14, 2002, Tenant shall cause the Leasehold Architect and the Leasehold Engineers to prepare final construction documents (including without limitation, all mechanical, electrical, telephone, finishes selections and fire/life safety plans and specifications) for the Tenant Work (the "construction documents") and Tenant shall approve such final construction documents in writing and submit such construction documents to Landlord for its approval promptly after Landlord has approved the design development drawings. The final construction documents shall be based upon the programming and space plans previously approved by Landlord and Tenant. If Landlord has any comment with respect to the construction documents, Landlord shall make such comments known to Tenant in writing within five (5) business days following submission of the construction documents to Landlord. If Landlord desires that the construction documents be modified in any manner, then Tenant shall promptly make such modifications to address Landlord's concerns and resubmit the final construction documents to Landlord for its approval. The construction documents for the Tenant Work that have been submitted by Tenant and approved by Landlord shall be referred to herein as the "Tenant Plans." Tenant shall be entitled to change the Tenant Plans, only with Landlord's prior written consent.

(d) All Tenant Plans for the Tenant Work shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld, except that Landlord shall have complete discretion with regard to granting or withholding approval of Tenant Plans to the extent they impact the Building's structure or systems or would be visible from the exterior of the Building or any common area within the Building. Any changes, additions or modifications that Tenant desires to make to the Tenant Plans also shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld except as provided above for Building structure, system or appearance impact.

(e) Tenant shall pay the cost of preparing the Tenant Plans. Promptly after the construction documents have been approved by Landlord, Tenant shall provide to Landlord a CAD diskette of the construction documents and, upon any revisions to the construction documents pursuant to this Work Agreement, provide to Landlord a CAD diskette of the revised construction documents

(f) Tenant shall deliver to Landlord copies of all building permits and other governmental permits or approvals required for the performance of the Tenant Work promptly after Landlord has approved the final construction documents for the Tenant Work.

5. **Selection of Leasehold Contractor.** After approval of the construction documents, Tenant shall solicit bids for construction of the Tenant Work from at least three (3) licensed, bondable and insured general contractors approved by Landlord; provided, however, that at least one (1) of which shall be Blake Real Estate, Inc. or such affiliate thereof or other contractor as may be designated by Landlord. Tenant shall contract directly with the winning contractor who will be employed to perform the Tenant Work (the "**Leasehold Contractor**"). The Leasehold Contractor shall be selected by Tenant.

6. **Tenant's Project Manager.** Tenant shall have the right to engage project management services with respect to the Tenant Work, and shall pay any fees due to the project manager for such services. The project manager selected by Tenant, if any, shall have experience in successfully managing comparable projects and shall be reasonably acceptable to Landlord. Landlord shall be paid an administrative fee ("**Administration Fee**") in connection with the reviewing of Tenant Plans (whether or not any affiliate of Landlord is selected as the Leasehold Contractor) in the amount of three percent (3%) of the total cost incurred in connection with the design and construction of the Tenant Work. **Tenant Work shall not include Tenant's purchase of furniture or telephone and computer equipment.** The Administration Fee shall be deducted from the available Improvement Allowance.

7. **Performance of Tenant Work.** Tenant covenants and agrees to satisfy (or cause to be satisfied) the following conditions and requirements in connection with its construction of the Tenant Work:

(a) All work performed by Tenant's contractors (including without limitation, the Leasehold Contractor) and all subcontractors shall be performed in a good and workmanlike manner, in accordance with all applicable laws and regulations and in strict accordance with the approved Tenant Plans;

- (b) No contractors, subcontractors or laborers employed in connection with the Tenant Work shall perform any work in the Building, unless and until Landlord shall have approved of such contractors, subcontractors or laborers for such work in writing (which approval shall not be unreasonably withheld, conditioned or delayed);
- (c) Tenant, and its contractors and their subcontractors, shall provide such insurance, bonding and/or indemnification as Landlord may require for its protection from defaults, negligence or malfeasance on the part of such contractors and subcontractors;
- (d) Tenant and all contractors and subcontractors performing the Tenant Work shall comply with any and all applicable governmental requirements and any work rules and regulations established by Landlord from time to time for all work in the Building;
- (e) The nature and extent of the work to be performed by each contractor or subcontractor must be approved by Landlord prior to the performance of such work (which approval shall not be unreasonably withheld, conditioned or delayed), but such approval shall not relieve Tenant of its responsibility to comply with the applicable provisions of this **Exhibit B** nor constitute a waiver by Landlord of any of its rights under the Lease;
- (f) Tenant shall ensure that the Tenant Work, and the presence of the contractors and subcontractors performing such Tenant Work, will not result in delays, stoppages or other action or the threat thereof which may interfere with construction progress or delay in completion of other work in the Building or on or about the rest of the Property, or in any manner impair any guaranty or warranty from Landlord's contractor or its subcontractors, or conflict with any labor agreements applicable to the construction of the Building or the improvement of the rest of the Property;
- (g) Tenant shall indemnify, hold harmless, and defend Landlord from any loss, damage, cost or expense (including attorneys' fees and court costs) incurred by Landlord, whether before or after the Lease Commencement Date, as a result of the performance by Tenant of any work by Tenant or its contractors or their subcontractors, and Landlord shall have the right to invoice Tenant for the same as Additional Rent, which shall be payable within five (5) business days after receipt of such invoice. Landlord shall have the right to inspect Tenant's contractor's work on a regular basis;
- (h) The Tenant Work (including all Tenant Plans), must be approved by Landlord, in writing, prior to commencement of such Tenant Work, and Landlord's prior written approval shall be required for any equipment installed in the Premises; and Tenant's contractor shall construct the Tenant Work in strict conformity with the Tenant Plans in a good and workmanlike manner;

- (i) Tenant must promptly make available to Landlord for Landlord's prior review, and at Landlord's request, all construction documentation as Landlord deems necessary;
- (j) Landlord shall have the right to monitor the Tenant Work throughout the construction process to insure that the contractor(s) and subcontractor(s) performing the work are adhering to the Landlord-approved Tenant Plans for the Premises and to insure that the Building's systems (plumbing, electrical, HVAC, etc.) are not being affected adversely during such construction process and will not be affected adversely after completion of Tenant Work;
- (k) All of Tenant's contracts with any contractors shall be in the name of Tenant and nothing contained herein shall create any direct or indirect relationship between Landlord and said contractors nor any obligations or liability by Landlord to said contractors, nor shall this provision create any direct or indirect liability for Landlord in connection with the improvements to the Premises;
- (l) If any work performed by Tenant or any of its contractor(s) and/or subcontractor(s) does not comply with the Tenant Plans for the Premises or the provisions hereof or if such work adversely affects any plumbing, HVAC, fire and life/safety, electrical or other systems or structures in the Building or the functioning thereof, then Landlord shall have the right to correct any such item and invoice Tenant for the cost of same as Additional Rent, which shall be payable by Tenant to Landlord within five (5) business days after receipt of such invoice;
- (m) Upon the expiration or earlier termination of the Lease, Tenant shall remove, at its sole cost and expense and in accordance with the provisions of Section 9 and 15, any items of Tenant's Tenant Work **designated and agreed to in writing to be removed prior to the Rent Commencement Date.**
- (n) Tenant's contractor and subcontractors shall not post any signs on any part of the Premises or the Building.

8. Work Rules and Coordination. Tenant shall cause the Leasehold Contractor and all subcontractors employed by the Leasehold Contractor to comply with the work rules and regulations attached hereto as **Exhibit B-2**, and to any additional or modified work rules that may be reasonably adopted by Landlord for the Building, and shall coordinate on an ongoing basis with Landlord's project manager concerning construction-related matters. Tenant and the Leasehold Contractor shall conduct its activities in the Building in a manner that will not delay or interfere with any work being performed in the Building by any other contractor.

9. Possession of the Premises. Tenant shall accept the Premises in their "as is" condition as of the date that Tenant takes possession of the Premises. Provided Tenant has delivered to Landlord evidence reasonably satisfactory to Landlord that all insurance required to be carried by Tenant and its contractor hereunder is effective, Tenant shall have access to the Premises to commence the Tenant Work in the Premises immediately upon Landlord tendering possession of the Premises to Tenant; provided, however, Tenant shall not be entitled to make any alterations or improvements to the Premises until the Tenant Plans have been finally approved by Landlord in accordance herewith and Tenant shall have obtained all building permits and other governmental permits and approvals required for the

construction of the Tenant Work.. Except for purposes of constructing the Tenant Work in accordance with Exhibit B, Tenant shall not be permitted to occupy the Premises for purposes of conducting its business therein or for any other purpose, unless and until Tenant delivers to Landlord a certificate of occupancy and any other approvals required for Tenant's occupancy of the Premises from any governmental authorities having jurisdiction over the Premises, all of which shall be obtained by Tenant at Tenant's sole cost and expense. If Landlord notifies Tenant that the Premises are otherwise available for Tenant to take possession thereof, but Tenant is not permitted to take possession of the Premises because Tenant has failed to delivered to Landlord evidence reasonably satisfactory to Landlord that all insurance required hereunder to be carried by Tenant and its contractor is effective, then (i) Landlord shall be deemed to have tendered possession of the Premises to Tenant, (ii) the Lease Commencement Date shall not be delayed as a result thereof, and (iii) Tenant shall be entitled to access the Premises when such evidence of insurance has been delivered to Landlord.; provided, however, if at the time that Tenant requested Landlord's approval of the Tenant Work, Tenant requests in writing that Landlord identify those items of the Tenant Work that Tenant will be required to remove, then Landlord shall so identify such items.

10. Landlord's Approval of Subcontractors. The Leasehold Contractor shall employ for the performance of structural, mechanical, fire and life-safety, electrical and plumbing work in the Premises, and for any work affecting the exterior, electrical, mechanical, plumbing, structural, heating, ventilating and air conditioning, roofing, glazing and sprinkler and life/safety systems of the Building, only those subcontractors reasonably approved by Landlord.

11. Leasehold Contractor's Insurance. The Leasehold Contractor and its subcontractors shall maintain insurance coverages as set forth on **Exhibit B-3** attached hereto. All policies of insurance shall be issued by insurers reasonably acceptable to Landlord, shall name Landlord, Landlord's lender, architect and engineers and any other persons identified by Landlord as having an interest in the Property as additional insureds and shall otherwise be in a form reasonably acceptable to Landlord.

12. Utilities. Tenant shall be charged for utilities during such construction.

13. Liens. Should any mechanic's or materialman's lien be filed against the Premises or the Property with respect to the Tenant Work, Tenant shall bond or pay off such lien within ten (10) days after Tenant has notice thereof.

14. Responsibilities for Work. Tenant shall be solely responsible for the progress of construction of the Tenant Work and for the quality or fitness thereof. In addition, Tenant shall cause the Leasehold Contractor to comply with all of the provisions of this Work Agreement and shall be responsible for any violation, default, failure or noncompliance therewith **provided that if Blake Real Estate, Inc., or another Contractor designated by Landlord, is the Leasehold Contractor, Landlord shall take all reasonable efforts to assure that the Leasehold contractor is in compliance with the provisions of this work agreement.** If Tenant completes the Tenant Work after the Rent Commencement Date, Tenant's obligation to pay Rent hereunder shall not be delayed. Tenant shall be liable for any damage to the Building or the base-building systems caused by Tenant, the Leasehold Contractor, or any of its subcontractors or vendors. Tenant shall be solely responsible for the content of the Tenant Plans and coordination of the Tenant Plans with base building design. In addition, Landlord's approval of the Tenant Plans shall not constitute a warranty, covenant or assurance by Landlord that (i) any equipment or system

shown thereon will have the features or perform the functions for which such equipment or system was designed, (ii) the Tenant Plans satisfy applicable code requirements and are sufficient to enable Tenant's contractor to obtain a building permit for the Tenant Work, or (iii) the Tenant Work described thereon will not interfere with, and/or otherwise adversely affect, base Building systems. Tenant shall be solely responsible for the Plans' compliance with all applicable laws, rules and regulations of any governmental entity having jurisdiction over the Property and the Premises.

15. **Permits.** Tenant shall obtain all required governmental permits and approvals relating to the performance of the Tenant Work. Copies of all building permits, non-residential use permits, and other governmental notices, permits or license received with respect to the Tenant Work shall be promptly furnished to Landlord. In no event shall Tenant occupy the Premises for business operations prior to furnishing Landlord with a copy of the non-residential use or other permit for the Premises allowing such occupancy.

16. **As-Built Drawings.** Within thirty (30) days after completion of the Tenant Work, Tenant shall cause the Leasehold Contractor to furnish a set of "as-built" drawings to the Leasehold Architect, who shall prepare the record set of "as-built" drawings in Mylar-reproducible form and in CADD form and deliver same to Landlord for review and approval within thirty (30) days after substantial completion of the Tenant Work.

17. **Approval of Construction Documents:** If (i) Landlord fails to respond to Tenant's request for Landlord's approval of the construction documents within ten (10) days after the receipt of Tenant's written request for such approval (together with all documentation and other information required to be provided to Landlord in connection therewith), and, thereafter, Tenant delivers notice ("CD Response Failure Notice") to Landlord of the request and such failure, which CD Response Failure Notice must refer to this provision and state in capital bold letters in the CD Response Failure Notice and on the outside of the envelope containing the CD Response Failure Notice the following: "LANDLORD MUST RESPOND TO TENANT'S REQUEST CONTAINED HEREIN WITHIN FIVE (5) BUSINESS DAYS OF RECEIPT OR SUCH REQUEST SHALL BE DEEMED APPROVED," and, (ii) Landlord fails to respond to such request within five (5) business days after Landlord's receipt of the CD Response Failure Notice, then Landlord's consent to the request shall be deemed given. The construction documents for the Tenant Work that have been submitted by Tenant and approved by Landlord (or deemed approved) shall be referred to herein as the "Tenant Plans".

EXHIBIT B-1

REQUIRED MINIMUM STANDARDS FOR TENANT WORK

Following are the minimum Building Standards for any Tenant Improvements:

Partitioning:

Demising wall partitioning on multi-tenant floors shall be 2½", metal studs with one-half inch drywall on each side, 2 ½" sound insulation slab to slab height. One-half (½) of any demising partition separating the Premises from space occupiable by another tenant (other than common corridor space) shall be charged against the tenant allowance.

Interior Partitioning shall be 2½", metal studs with one-half inch drywall on each side from slab to underside of hung ceiling.

Painting: Walls, partitions, columns, peripheral enclosures shall be painted. All non-metal surfaces to be painted with one coat of primer and two flat finish coats. All metal surfaces to be painted with one enamel undercoat and an enamel semi-gloss finish coat over prime coat.

Doors:

Suite entry door shall be 3'-0" x 8'-0" solid core African Mahogany wood door with clear finish, installed in a painted metal frame and furnished with a mortised lever handled lock set (bright stainless steel finish equal to Schlage L9453 Series) master keyed to Owner's Building Standard System, chrome plated hinges (US 26 Finish) and bright chrome closers (US 26 Finish).

Interior doors shall be 3'-0" x 8'-0" solid core installed in a painted metal frame and furnished with a cylindrical passage lever set (bright chrome US 26 finish equal to Schlage D series), chrome plated hinges (US 26 Finish).

Ceiling: 2'-0" x 2'0" x 3/4" lay-in acoustic tile, (brand name) with exposed Donn Fine Line grid or equal.

Light Fixtures: 2'x 4' (or 2' x 2') lay-in, three fluorescent T-8 lamp, 18 cell 3" deep parabolic light fixture with white single pole rocker type switch (Leviton Decora Series, or equal), mounted at standard height. Fixtures shall have electronic ballasts. Orientation of light fixtures to match Building Standard.

Electrical Outlets: Non-dedicated 120 volt, 20 amp wall mounted duplex outlet with white plastic cover plate (Leviton Decora Series or equal).

Telephone Outlets: Wall mounted opening with plaster ring and pull string will be installed with white plastic cover plate. Conduit to be installed in all insulated partitions stubbed above ceiling line.

Flooring Covering: All carpeted areas to have material with a minimum of 30-ounce face weight.

Base: Resilient straight base at carpet areas, 4" cove base at VCT areas.

Window Covering: Building Standard mini-blinds will be furnished by Landlord and are required on all exterior windows.

Sprinklers: Fully recessed sprinkler heads with white sprinkler head covers installed with piping as required by Code.

Heating, Ventilation and Air-Conditioning: The Building shall be heated and cooled by a variable air-volume system. Air supply and return shall be through Tenant's light fixtures, where possible. All demising and interior partitions shall have appropriate openings required for the return air.

Tenant Signage: Per Landlord specifications.

EXHIBIT B-2

RULES FOR TENANT'S CONTRACTORS

1. Contractors and construction personnel will use the loading dock area for all deliveries and will not use the loading dock area for vehicle parking. All contractor's personnel are responsible for their own parking and associated costs.
2. No utilities (electricity, water, gas, plumbing) or services to the tenants are to be cut off or interrupted without first having requested, in writing, and secured, in writing, the permission of Landlord. Landlord may request that any cutoffs be after normal building hours.
3. Contractors will remove their trash and debris daily or as often as necessary to maintain cleanliness in the Building and such trash and debris must be removed in suitable containers. Building trash containers are not to be used for construction debris. Removal must be accomplished in a manner, which does not cause damage to the Building, create any disturbance to tenants or create additional cleaning for Building personnel. Further, the building staff is instructed to hold the driver's license of any employee of the Contractor while using the freight elevator to ensure that all debris is removed from the elevator.
4. The contractor will supply Landlord with copies of all permits prior to the start of any work.
5. The Contractor will post the building permit on a wall of the construction site while work is being performed.
6. Sufficient measures must be taken to protect finishes in the path of removal. Public area corridors and carpet are to be protected by plastic runners or a series of walk-off mats from the elevator to the area under construction. Elevators and wall coverings are to be protected with padding or masonite boards. Damages resulting from negligence will result in an assessment to the contractor for damages..
7. Contractors are responsible for timely cleaning of all public areas affected by their construction activities. Contractors are further responsible for providing and promptly removing their own trash containers.
8. Landlord will be notified of all work schedules of all workmen in the job and will be notified, in writing, of names of those who may be working in the building after "normal" business hours. Contractor personnel must wear ID badges or uniforms including their name and that of their company, at all times when working in the Building.
9. Passenger elevators shall not be used for moving building materials and shall not be used by construction personnel. The designated freight elevator is the only elevator to be used for moving materials and construction personnel. Use of this elevator may be shall be coordinated with the Building Engineer and may be used only when it is completely protected, as determined by Landlord's building engineer.
10. Contractors will be responsible for daily removal of waste foods, milk, and soft drink containers, etc., to trash room and will not use any Building trash receptacles, but trash receptacles supplied by them.

11. No building materials are to enter the Building by way of the main lobby, and no materials are to be stored in the lobbies at any time
12. Construction personnel are not to eat in empty suites, storage areas, in the lobby or in front of the Building, nor are they to congregate in the lobby or in front of the Building. Workers may eat in their work areas or leave the Building area for lunch. There will be no smoking, eating, or open food containers in the elevators, carpeted areas, or public lobbies.
13. The Building restrooms may be utilized by the contractor's staff, but must be maintained in a clean state at all time. Restroom doors may not be propped open. A key will be provided for the duration of the project.
14. Landlord is to be contacted when work is completed for inspection. All damage to Building will be determined at that time.
15. All key access, fire alarm work, or interruption of security hours must be arranged with Landlord's building engineer.
16. There will be no radios allowed on job site. All workers are required to wear a shirt, shoes, and full-length trousers. All workmen must conduct themselves in a reasonable manner at all times. There will be no yelling or boisterous activities. There will be no alcohol or controlled substances allowed or tolerated. The removal of any workman using profanity, yelling, loitering in the Building or creating a nuisance or disturbance will be required
17. No smoking is permitted in the Building at any time. This includes the loading dock and sidewalk areas adjacent to the Building.
18. Public spaces, corridors, elevators, bathrooms, lobby, etc. must be cleaned immediately after use. Construction debris or materials found in public areas will be removed at Contractor's cost.
19. All construction materials or debris must be stored within the Premises. Under no circumstances are construction materials or debris to be stored, even temporarily, in any elevator, or public corridor of the Building at any time.
20. The Building mechanical rooms, electrical telephone, and janitorial closets may not be used to store construction debris. No exceptions.
21. All Contractors shall be licensed and bonded in the District of Columbia. Contractor shall indemnify Landlord, its managing agent, any Mortgagee and their agents, against all claims, damage, injury or loss (including without limitation reasonable attorneys fees) arising out of the presence of, or work undertaken by, any contractor, subcontractor, or materialmen hired by Contractor to undertake work and/or install equipment in the Premises. Contractor shall require, in writing, all of its subcontractor(s) to indemnify and hold such parties harmless from all claims, damage, injury and loss (including without limitation reasonable attorneys fees) which may or might arise by reason of the actions or omissions of said contracting party, its agents or employees in the performance of construction work in the Premises.
22. Contractors shall not post any signs on any part of the Building or the Premises.
23. Contractor shall at all times ensure that work is performed so as to avoid disruption of the business of the Building or its tenants.

24. All demolition and/or construction work generating sufficient noise to disturb Building occupants (e.g., core drilling and ramset shots) must be accomplished before or after normal operating hours. Determination of sufficient noise levels to cause a disturbance shall be made at the Landlord's sole discretion. All such work must be scheduled with the building engineer.
25. When electrical services are performed, panel covers must be reinstalled immediately. Covers should be kept on except when work is actually in progress. All breakers shall be clearly and properly labeled.
26. Any work not to be installed in strict adherence with the construction contract documents must be approved by the Landlord prior to installation.
27. All work requiring connection to the Building fire alarm system is subject to the Landlord's requirements. The completion of the tie-in must be accomplished utilizing the Landlord's specified contractor. Any warranties voided as a result of the contractor's or subcontractor's failure to comply with this requirement will result in the contractor's replacing the voided warranty in compliance with the Landlord's requirements.
28. Any roof penetrations required must be performed and repaired by the Landlord's designated subcontractor. Any warranties voided as a result of failure to comply with this requirement will result in the contractor's replacing the voided warranty in compliance with the Landlord's requirements.
29. Any work requiring the partial or full shutdown of any base Building systems, including electrical, mechanical or plumbing, must be scheduled with and approved by the building engineer 24 hours in advance. The Landlord may require that any shutdown be scheduled after normal building operating hours.
30. All painting utilizing oil-based or polymer-based paints shall be performed before or after Building operating hours. The contractor shall be responsible for scheduling with the building engineer any HVAC required for proper ventilation of work areas and adjacent tenant spaces.
31. The protection of existing mechanical equipment, including but not limited to baseboard heaters, heat pumps, air handlers, air conditioners, ductwork and distribution equipment, from physical damage or damage from dust and debris is the responsibility of the contractor. Damage as a result of failure to protect equipment will result in an assessment against the contractor for such damages and the resulting required repairs.
32. All penetrations to slab materials require the review and approval of the Landlord's structural engineer without exception. The cost of this review and approval is the Contractor's responsibility. X-rays of the slab may be required. The cost of x-rays shall be the Contractor's responsibility.
33. All testing of fire alarm equipment requiring the sounding of bells, sirens, or voice annunciation must be scheduled with the Property Manager 48 hours in advance of the test. Pre-testing of new fire alarm work is mandatory. Rescheduled test as a result of the contractor's failure to coordinate with the Property Manager, the contractor's failure to completely pre-test the system, or the contractor's failure to pass municipal test shall be the contractor's responsibility. The Landlord may require that tests be conducted after normal building operating hours.

34. Blake's project manager and the building staff will monitor these conditions during the course of the project. If these conditions are not met, Blake will undertake whatever action is necessary to correct them, and all costs incurred as a result will be deducted from the contractor's invoice. Repeated failure to comply may result in the removal of the contractor from the project.
35. These rules are subject to reasonably change at the Landlord's reasonable discretion.

EXHIBIT B-3

INSURANCE REQUIREMENTS

Prior to the commencement of Work, Contractor shall provide a certificate of insurance to the Owner with the following minimum limits of liability and additional insureds:

1. Workers' Compensation and Statutory limits Employer's Liability
2. Comprehensive General Liability (including Premises-Operations; Independent Contractors' Protective; Products and Completed Operations (two years); Broad Form Property Damage):
 - a: Bodily Injury:
 - \$1,000,000 each occurrence
 - \$1,000,000 aggregate
 - b: Property Damage (remove X,C,U exclusions):
 - \$1,000,000 each occurrence
 - \$1,000,000 aggregate
- Contractual Liability (Hold Harmless coverage)
 - a: Bodily Injury:
 - \$1,000,000 each occurrence
 - b: Property Damage:
 - \$1,000,000 each occurrence
 - \$1,000,000 aggregate
3. Umbrella Excess Liability
 - \$5,000,000 each occurrence and aggregate
4. Automobile Liability (including hired and non-owned coverage):
 - a: Bodily Injury:
 - \$1,000,000 each person
 - \$1,000,000 each accident
 - b: Property Damage:
 - \$1,000,000 each occurrence
5. Builders' Risk insurance in an amount at least equal to the total cost of the Tenant Work

The certificate of insurance shall name the following as additional insureds:

1. Bank of America, N.A.
2. B.G.W. Limited Partnership and all affiliates

EXHIBIT D
(Part 4)

apparatus that may be occasioned by the operation of such equipment of machinery. Tenant shall not install any equipment of any type or nature that will or may necessitate any changes, replacements or additions to, or changes in the use of, the water system, heating system, plumbing system, air-conditioning system or electrical system of the Premises or the Building, without obtaining Landlord's prior written consent, which consent may be granted or withheld in Landlord's sole and absolute discretion. If any machine or equipment of Tenant causes noise or vibration that may be transmitted to such a degree as to be objectionable to Landlord or any tenant in the Building, then Landlord shall have the right to install at Tenant's expense vibration eliminators or other devices sufficient to reduce such noise and vibration to a level satisfactory to Landlord or to require Tenant to do the same.

12. Landlord reserves the right to exclude from the Building at all times any person who does not properly identify himself to the Building management or attendant on duty. Landlord shall have the right to exclude any undesirable or disorderly persons from the Building at any time. Landlord may require all persons admitted to or leaving the Building to show satisfactory identification and to sign a register.
13. Tenant shall not permit or encourage any loitering in or about the Premises and shall not use or permit the use of the Premises for lodging, dwelling or sleeping.
14. Tenant shall use reasonable efforts before closing and leaving the Premises at any time, to see that all windows are closed and all lights and equipment are turned off, including, without limitation, coffee machines.
15. Tenant shall not request Landlord's employees to perform any work or do anything outside of such employees' regular duties without Landlord's prior written consent. Tenant's special requirements will be attended to only upon application to Landlord, and any such special requirements shall be billed to Tenant in accordance with the schedule of charges maintained by Landlord from time to time or as is agreed upon in writing in advance by Landlord and Tenant. Tenant shall not employ any of Landlord's employees for any purpose whatsoever without Landlord's prior written consent.
16. Canvassing, soliciting and peddling in the Building are prohibited and Tenant shall cooperate to prevent the same.
17. There shall not be used in any space, or in the public halls of the Building, either by any tenant or by jobbers or others in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and side guards. Tenant shall be responsible for any loss or damage resulting from any deliveries made by or for Tenant.
18. Drapes (whether installed by Landlord or Tenant) which are visible from the exterior of the Building, shall be cleaned by Tenant at least once a year, without notice from Landlord, at Tenant's own expense.
19. Tenant shall not install or permit the installation of any wiring for any purpose on the exterior of the Premises.
20. Tenant acknowledges that it is Landlord's intention that the Building be operated in a manner which is consistent with the highest standards of cleanliness, decency and morals in the community which it serves. Toward that end, Tenant shall not sell, distribute, display or offer for sale any item which, in Landlord's judgment, is inconsistent with the quality of operation of the Building or may tend to impose or

detract from the moral character or image of the Building. Tenant shall not use the Premises for any immoral or illegal purpose.

21. Unless otherwise expressly provided in the Lease, Tenant shall not use, occupy or permit any portion of the Premises to be used or occupied for the storage, manufacture, or sale of liquor.
22. Tenant shall purchase or contract for waxing, rug shampooing, venetian blind washing, interior glass washing, furniture polishing, janitorial work, removal of any garbage from any dining or eating facility or for towel service in the Premises, only from contractors, companies or persons approved by Landlord.
23. Tenant shall not remove, alter or replace the ceiling light diffusers, ceiling tiles or air diffusers in any portion of the Premises without the prior written consent of Landlord.
24. Tenant shall not purchase water, ice, coffee, soft drinks, towels, or other merchandise or services from any company or person whose repeated violation of Building regulations has caused, in Landlord's reasonable opinion, a hazard or nuisance to the Building and/or its occupants.
25. Tenant shall not pay any employee on the Premises except those actually employed therein; nor shall Tenant use the Premises as headquarters for large scale employment of workers for other locations.
26. Landlord shall have the right, upon written notice to Tenant, to require Tenant to refrain from or discontinue any advertising by Tenant which, in Landlord's opinion, tends to impair the reputation of the Building or its desirability for offices.
27. Tenant shall not mark, paint or in any manner deface any part of the Premises or the Building. No stringing of wires, boring or cutting shall be permitted except with Landlord's prior written consent. Any floor covering installed by Tenant shall have an under layer of felt rubber, or similar sound deadening substance, which shall not be affixed to the floor by cement or any other non-soluble adhesive materials.
28. Should Tenant's use and occupancy of the Premises require the installation of supplemental cooling, and should the Building contain a closed loop, Tenant agrees that its supplemental cooling requirements will be serviced by tapping into the Building's closed loop. Tenant shall be responsible for the cost of connecting into the loop and agrees to pay to Landlord as additional rent the monthly tap fee in accordance with Landlord's then-current rate schedule. Should the Building not contain a closed loop, Tenant agrees to be responsible for fees associated with placing equipment on the roof of the Building.
29. Each Tenant shall handle its newspapers and "office paper" in the manner required by the District of Columbia Recycling Act (as the same may be amended from time to time) and shall conform with any recycling plan instituted by Landlord.
30. Tenant shall not bring or keep, or permit to be brought or kept, in the Building any flammable, combustible or explosive fluid, chemical or substance **other than such substances routinely used in an office environment.**
31. Tenant shall comply with all workplace smoking laws and regulations. There shall be no smoking in bathrooms, elevator lobbies, elevators, and other common areas.

32. Landlord may, upon request of Tenant, waive Tenant's compliance with any of the rules, provided that (a) no waiver shall be effective unless signed by Landlord, (b) no waiver shall relieve Tenant from the obligation to comply with such rule in the future unless otherwise agreed in writing by Landlord, (c) no waiver granted to any tenant shall relieve any other tenant from the obligation of complying with these rules and regulations, and (d) no waiver shall relieve Tenant from any liability for any loss or damage resulting from Tenant's failure to comply with any rule.

EXHIBIT E
SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT
(The Glenmede Trust Company)

This Subordination, Non-Disturbance and Attornment Agreement (this "Agreement") dated _____, _____, is made among _____ ("Tenant"), B.G.W. LIMITED PARTNERSHIP ("Landlord"), and Bank of America, N.A., a national banking association ("Mortgagee").

WHEREAS, Mortgagee is the owner of a promissory or deed of trust note (herein, as it may have been or may be from time to time renewed, extended, amended, supplemented, or restated, called the "Note") dated June 12, 2000, executed by Landlord payable to the order of Mortgagee, in the principal face amount of \$37,000,000.00, bearing interest and payable as therein provided, secured by, among other things, a Deed of Trust, Assignment of Rents and Leases and Security Agreement (herein, as it may have been or may be from time to time renewed, extended, amended or supplemented, called the "Mortgage"), recorded or to be recorded in the land records of the District of Columbia covering, among other property, the land (the "Land") described in Exhibit "A" which is attached hereto and incorporated herein by reference, and the improvements ("Improvements") thereon (such Land and Improvements being herein together called the "Property");

WHEREAS, Tenant is the tenant under a lease from Landlord dated _____, as amended on _____, (herein, as it may from time to time be renewed, extended, amended or supplemented, called the "Lease"), covering a portion of the Property (said portion being herein referred to as the "Premises"); and

WHEREAS, the term "Landlord" as used herein means the present landlord under the Lease or, if the landlord's interest is transferred in any manner, the successor(s) or assign(s) occupying the position of landlord under the Lease at the time in question.

NOW, THEREFORE, in consideration of the mutual agreements herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Subordination. Tenant agrees and covenants that the Lease and the rights of Tenant thereunder, all of Tenant's right, title and interest in and to the property covered by the Lease, and any lease thereafter executed by Tenant covering any part of the Property, are and shall be subordinate and inferior to (a) the Mortgage and the rights of Mortgagee thereunder, and all right, title and interest of Mortgagee in the Property, and (b) all other security documents now or hereafter securing payment of any indebtedness of the Landlord (or any prior landlord) to Mortgagee which cover or affect the Property (the "Security Documents"). This Agreement is not intended and shall not be construed to subordinate the Lease to any mortgage, deed of trust or other security document other than those referred to in the preceding sentence, securing the indebtedness to Mortgagee.

2. Non-Disturbance. Mortgagee agrees that so long as the Lease is in full force and effect and Tenant is not in default in the payment of rent, additional rent or other payments or in the performance of any of the other terms, covenants or conditions of the Lease on Tenant's part to be performed (beyond the period, if any, specified in the Lease within which Tenant may cure such default),

(a) Tenant's possession of the Premises under the Lease shall not be disturbed or interfered with by Mortgagee in the exercise of any of its foreclosure rights under the Mortgage, including any conveyance in lieu of foreclosure, and

(b) Mortgagee will not join Tenant as a party defendant for the purpose of terminating Tenant's interest and estate under the Lease in any proceeding for foreclosure of the Mortgage.

3. Attornment.

(a) Tenant covenants and agrees that in the event of foreclosure of the Mortgage, whether by power of sale or by court action, or upon a transfer of the Property by conveyance in lieu of foreclosure (the purchaser at foreclosure or the transferee in lieu of foreclosure, including Mortgagee if it is such purchaser or transferee, being herein called "New Owner"), Tenant shall attorn to the New Owner as Tenant's new landlord, and agrees that the Lease shall continue in full force and effect as a direct lease between Tenant and New Owner upon all of the terms, covenants, conditions and agreements set forth in the Lease and this Agreement, except for provisions which are impossible for New Owner to perform and the New Owner will recognize the Lease and Tenant's rights thereunder and will accept Tenant's attornment thereunder and upon such attornment the Lease shall continue as if it were a direct lease between Tenant and New Owner on the same terms and conditions as set forth in the Lease; provided, however, that in no event shall the New Owner be:

(i) liable for any act, omission, default, misrepresentation, or breach of warranty, of any previous landlord (including Landlord) or obligations accruing prior to New Owner's actual ownership of the Property; provided, however, subject to the provisions of paragraph 5(i), the foregoing shall not limit any obligation that New Owner may have under the Lease to correct any physical condition that exists after the date of attornment, and that breaches New Owner's continuing obligations as Landlord under the Lease;

(ii) subject to any offset, defense, claim or counterclaim which Tenant might be entitled to assert against any previous landlord (including Landlord); provided, however, subject to the provisions of Section 5(i), the foregoing shall not limit any obligation that New Owner may have under the Lease to correct any physical condition that exists after the date of attornment, and that breaches New Owner's continuing obligations as Landlord under the Lease;

(iii) bound by any payment of rent, additional rent or other payments, made by Tenant to any previous landlord (including Landlord) for more than one (1) month in advance;

(iv) bound by any amendment, or modification of the Lease hereafter made, or consent, or acquiescence by any previous landlord (including Landlord) under the Lease to any assignment or sublease hereafter granted, without the written consent of Mortgagee, not to be unreasonably withheld, conditioned or delayed (provided any such amendment or modification does not have a material adverse impact on the economic terms, operating covenants or duration of the Lease); or

(v) liable for any deposit that Tenant may have given to any previous landlord (including Landlord) which has not, as such, been transferred to New Owner.

(b) The provisions of this Agreement regarding attornment by Tenant shall be self-operative and effective without the necessity of execution of any new lease or other document on the part of any party hereto or the respective heirs, legal representatives, successors or assigns of any such party. Tenant agrees, however, to execute and deliver upon the request of New Owner, any instrument or certificate which in the reasonable judgment of New Owner may be necessary or appropriate to evidence such attornment, including a new lease of the Premises on the same terms and conditions as the Lease for the unexpired term of the Lease.

4. Estoppel Certificate. Tenant agrees to execute and deliver from time to time, upon the request of Landlord or of any holder(s) of any of the indebtedness or obligations secured by the

Mortgage, a certificate regarding the status of the Lease, consisting of statements, if true (or if not, specifying why not), (a) that the Lease is in full force and effect, (b) the date through which rentals have been paid, (c) the date of the commencement of the term of the Lease, (d) the nature of any amendments or modifications of the Lease, (e) to the best of Tenant's knowledge no default, or state of facts which with the passage of time or notice (or both) would constitute a default, exists under the Lease, (f) to the best of Tenant's knowledge, no setoffs, recoupments, estoppels, claims or counterclaims exist against Landlord, and (g) such other matters as may be reasonably requested.

5. Acknowledgment and Agreement by Tenant. Tenant acknowledges and agrees as follows.

(a) Tenant acknowledges that the Mortgage contains or will contain an assignment of rents and leases. Tenant hereby expressly consents to such assignment. Tenant will not amend, alter or waive any provision of, or consent to the amendment, alteration or waiver of any provision of the Lease without the prior written consent of Mortgagee, not to be unreasonably withheld, conditioned or delayed (provided any such amendment or modification does not have a material adverse impact on the economic terms, operating covenants or duration of the Lease). Tenant shall not prepay any rents or other sums due under the lease for more than one (1) month in advance of the due date therefor. Tenant acknowledges that Mortgagee will rely upon this instrument in connection with such financing.

(b) Mortgagee, in making any disbursements to Landlord, is under no obligation or duty to oversee or direct the application of the proceeds of such disbursements, and such proceeds may be used by Landlord for purposes other than improvement of the Property.

(c) From and after the date hereof, in the event of any act or omission by Landlord which would give Tenant the right, either immediately or after the lapse of time, to terminate the Lease or to claim a partial or total eviction, Tenant will not exercise any such right (i) until it has given written notice of such act or omission to the Mortgagee; and (ii) until the same period of time as is given to Landlord under the Lease to cure such act or omission shall have elapsed following such giving of notice to Mortgagee and following the time when Mortgagee shall have become entitled under the Mortgage to remedy the same, but in any event 30 days after receipt of such notice or such longer period of time as may be necessary to cure or remedy such default, act, or omission including such reasonable period of time necessary to obtain possession of the Property and thereafter cure such default, act, or omission, provided Mortgagee commences efforts to obtain possession and thereafter to cure within the time provided and pursues the same with due diligence and promptness during which period of time Mortgagee shall be permitted to cure or remedy such default, act or omission; provided, however, that Mortgagee shall have no duty or obligation to cure or remedy any breach or default. It is specifically agreed that Tenant shall not, as to Mortgagee, require cure of any such default which is personal to Landlord, and therefore not susceptible to cure by Mortgagee.

(d) In the event that Mortgagee notifies Tenant of a default (beyond any notice and cure period) under the Mortgage, Note, or Security Documents and demands that Tenant pay its rent and all other sums due under the Lease directly to Mortgagee, Tenant shall honor such demand and pay the full amount of its rent and all other sums due under the Lease directly to Mortgagee, without offset, or as otherwise required pursuant to such notice beginning with the payment next due after such notice of default, without inquiry as to whether a default (beyond any notice and cure period) actually exists under the Mortgage, Security Documents or otherwise in connection with the Note, and notwithstanding any contrary instructions of or demands from Landlord.

(e) Tenant shall send a copy of any notice or statement under the Lease to Mortgagee at the same time such notice or statement is sent to Landlord if such notice or statement has a material impact on the economic terms, operating covenants or duration of the Lease.

(f) Tenant has no right or option of any nature whatsoever, whether pursuant to the Lease or otherwise, to purchase the Premises or the Property, or any portion thereof or any interest therein, and to the extent that Tenant has had, or hereafter acquires, any such right or option, same is hereby acknowledged to be subject and subordinate to the Mortgage and is hereby waived and released as against Mortgagee and New Owner.

(g) This Agreement satisfies any condition or requirement in the Lease relating to the granting of a non-disturbance agreement and Tenant waives any requirement to the contrary in the Lease.

(h) Intentionally Omitted.

(i) Mortgagee and any New Owner shall have no obligation nor incur any liability with respect to the erection or completion of the improvements in which the Premises are located or for completion of the Premises or any improvements for Tenant's use and occupancy, either at the commencement of the term of the Lease or upon any renewal or extension thereof or upon the addition of additional space, pursuant to any expansion rights contained in the Lease; provided, however, in the event a breach of any obligation of Landlord contained in the Lease to erect or complete the improvements in which the Premises are located or to complete the Premises or any improvements for Tenant's use and occupancy shall materially adversely affect the delivery of the physical Premises provided for in the Lease and/or Tenant's ability to occupy and use the Premises for its intended use, Tenant's sole right against Mortgagee or New Owner shall be to terminate the Lease.

(j) Mortgagee and any New Owner shall have no obligation nor incur any liability with respect to any breach of any warranties of any nature whatsoever, whether pursuant to the Lease or otherwise to the extent that such breach occurred or accrued prior to the date such Mortgagee or such New Owner becomes owner of the Property, including, without limitation, any warranties respecting use, compliance with zoning, Landlord's title, Landlord's authority, habitability, fitness for purpose or possession; provided, however, in the event a breach of any such warranties of Landlord contained in the Lease shall materially adversely affect Tenant's ability to occupy and use the Premises for its intended use, Tenant's sole right against Mortgagee or New Owner shall be to terminate the Lease.

(k) In the event that Mortgagee or any New Owner shall acquire title to the Premises or the Property, Mortgagee or such New Owner shall have no obligation, nor incur any liability, beyond Mortgagee's or New Owner's then equity interest, if any, in the Property or the Premises, and Tenant shall look exclusively to such equity interest of Mortgagee or New Owner, if any, for the payment and discharge of any obligations imposed upon Mortgagee or New Owner hereunder or under the Lease or for recovery of any judgment from Mortgagee, or New Owner, and in no event shall Mortgagee, New Owner, nor any of their respective officers, directors, shareholders, agents, representatives, servants, employees or partners ever be personally liable for such judgment.

(l) Intentionally Omitted.

6. Acknowledgment and Agreement by Landlord. Landlord, as landlord under the Lease and grantor under the Mortgage, acknowledges and agrees for itself and its heirs, representatives, successors and assigns, that: (a) this Agreement does not constitute a waiver by Mortgagee or Landlord of any of their respective rights under the Mortgage, Note, or Security Documents, or in any way release Landlord or Mortgagee from its obligations to comply with the terms, provisions,

conditions, covenants, agreements and clauses of the Mortgage, Note, or Security Documents; (b) the provisions of the Mortgage, Note, or Security Documents remain in full force and effect and must be complied with by Landlord and Mortgagee; and (c) Tenant is hereby authorized to pay its rent and all other sums due under the Lease directly to Mortgagee upon receipt of a notice of Landlord's default (beyond any applicable notice and cure period) as set forth in paragraph 5(d) above from Mortgagee and that Tenant is not obligated to inquire as to whether a default (beyond any applicable notice and cure period) actually exists under the Mortgage, Security Documents or otherwise in connection with the Note. Landlord hereby releases and discharges Tenant of and from any liability to Landlord resulting from Tenant's payment to Mortgagee in accordance with this Agreement. Landlord represents and warrants to Mortgagee that a true and complete copy of the Lease has been delivered by Landlord to Mortgagee.

7. Lease Status. Landlord and Tenant certify to Mortgagee that neither Landlord nor Tenant has knowledge of any default on the part of the other under the Lease, that the Lease is bona fide and contains all of the agreements of the parties thereto with respect to the letting of the Premises and that all of the agreements and provisions therein contained are in full force and effect.

8. Notices. All notices, requests, consents, demands and other communications required or which any party desires to give hereunder shall be in writing and shall be deemed sufficiently given or furnished if delivered by personal delivery, by telegram, telex, or facsimile, by expedited delivery service with proof of delivery, or by registered or certified United States mail, postage prepaid, at the addresses specified at the end of this Agreement (unless changed by similar notice in writing given by the particular party whose address is to be changed). Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or, in the case of telegram, telex or facsimile, upon receipt. Notwithstanding the foregoing, no notice of change of address shall be effective except upon receipt. This Paragraph 8 shall not be construed in any way to affect or impair any waiver of notice or demand provided in this Agreement or in the Lease or in any document evidencing, securing or pertaining to the loan evidenced by the Note or to require giving of notice or demand to or upon any person in any situation or for any reason.

9. Miscellaneous.

(a) This Agreement supersedes any inconsistent provision of the Lease.

(b) Nothing contained in this Agreement shall be construed to derogate from or in any way impair, or affect the lien, security interest or provisions of the Mortgage, Note, or Security Documents.

(c) This Agreement shall inure to the benefit of the parties hereto, their respective successors and permitted assigns, and any New Owner, and its heirs, personal representatives, successors and assigns; provided, however, that in the event of the assignment or transfer of the interest of Mortgagee, all obligations and liabilities of the assigning Mortgagee under this Agreement shall terminate, and thereupon all such obligations and liabilities shall be the responsibility of the party to whom Mortgagee's interest is assigned or transferred; and provided further that the interest of Tenant under this Agreement may not be assigned or transferred without the prior written consent of Mortgagee.

(d) THIS AGREEMENT AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION SHALL BE GOVERNED BY THE LAWS OF THE DISTRICT OF COLUMBIA AND APPLICABLE UNITED STATES FEDERAL LAW EXCEPT ONLY TO THE EXTENT, IF ANY, THAT THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED NECESSARILY CONTROL.

(e) The words "herein", "hereof", "hereunder" and other similar compounds of the word "here" as used in this Agreement refer to this entire Agreement and not to any particular section or provision.

(f) This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest.

(g) If any provision of the Agreement shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not apply to or affect any other provision hereof, but this Agreement shall be construed as if such invalidity, illegibility, or unenforceability did not exist.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and sealed as of the date first above written.

ADDRESS OF MORTGAGEE:

8300 Greensboro Drive
Suite 300
McLean, Virginia 22102

By: _____
Attention: Real Estate Loan Administration

MORTGAGEE:

Bank of America, N.A.

ADDRESS OF TENANT:

1425 K Street, NW
Suite 900
Washington, D.C. 20005

TENANT: THE GLENMEDE
TRUST COMPANY

By: _____
Name:
Title:

ADDRESS OF LANDLORD:

c/o Blake Real Estate, Inc.
1150 Connecticut Avenue, N.W.
Suite 801
Washington, D.C. 20036

LANDLORD:

B.G.W. LIMITED PARTNERSHIP

By: _____
Name:
Title:

Attention: Stephen F. Lustgarten

_____) SS:
_____)

On this the ____ day of _____, 2002, before me, _____, the undersigned officer, personally appeared _____, a general partner of B.G.W. Limited Partnership, a District of Columbia limited partnership, known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument, and on behalf of such partnership acknowledged that he executed the foregoing instrument for the purposes therein contained.

In witness hereof, I hereunto set my hand and official seal.

[Notarial Seal]

Notary Public

My Commission expires:

_____))
_____)) SS:
_____))

On this the ____ day of _____, 2002, before me, _____, the undersigned officer, personally appeared _____, a _____ of Bank of America, N.A., a national banking association, known to me (or satisfactorily proven) to be the person whose name is subscribed to the foregoing instrument, and on behalf of such banking association acknowledged that he/she executed the foregoing instrument for the purposes therein contained.

In witness hereof, I hereunto set my hand and official seal.

[Notarial Seal]

Notary Public

My Commission expires:

_____))
_____)) SS:
_____))

On this the ____ day of _____, 2002, before me,
_____, the undersigned officer, personally appeared
_____, a _____ of _____, a
_____, known to me (or satisfactorily proven) to be the person whose
name is subscribed to the foregoing instrument, and on behalf of such
_____ acknowledged that he/she executed the foregoing instrument for
the purposes therein contained.

In witness hereof, I hereunto set my hand and official seal.

[Notarial Seal]

Notary Public

My Commission expires:

EXHIBIT F
Estoppel Certificate

The undersigned, _____ ("Tenant") hereby certify, jointly and severally, to Bank of America, N.A. (the "Lender"), as follows as of the date set forth below:

1. Lease. Tenant is the current tenant under that certain Lease dated _____, _____ (the "Original Lease") by and between _____ (the "Landlord") and Tenant, pursuant to which Tenant leases approximately _____ square feet (the "Premises") in the building (to be built) at _____ (the "Building").

2. No Modifications. The Original Lease has not been modified, changed, altered, supplemented, amended or terminated in any respect, except as indicated below (if none, please state "none"; the Original Lease, as modified, changed, altered, supplemented or amended as indicated below, is referred to collectively as the "Lease"):

3. Copy. A true, correct and complete copy of the Lease is attached hereto as Exhibit A.

4. Validity. The Lease is in full force and effect on the date hereof. The Lease represents the entire agreement and understanding between Landlord and Tenant with respect to the Premises, the Building and the land on which the Building is situated (the "Lot"). Tenant has not exercised any right or option to terminate the Lease.

5. No Concessions. Except as set forth in the Lease, Tenant is not entitled to, and has made no agreement with Landlord or its agents or employees concerning, free rent, partial rent, rebate of rent payments, credit or offset or reduction in rent, or any other type of rental concession including, without limitation, lease support payments, lease buy-outs, or assumption of any leasing or occupancy agreements of Tenant.

6. Term. All conditions precedent to the commencement of the initial term of the Lease have been fully satisfied or waived. The initial term of the Lease commenced on _____, 2002. The scheduled expiration date of the initial term of the Lease, excluding unexercised renewal terms, is _____ months after the commencement date. Tenant has accepted possession of and currently occupies the entire Premises. Tenant has not sublet all or any portion of the Premises to any sublessee, has not assigned, transferred, mortgaged, hypothecated or otherwise encumbered any of its rights or interests under the Lease and has not entered into any license or concession agreements with respect thereto.

7. Options. Except as set forth in the Lease, Tenant has no outstanding options or rights to renew or extend the term of the Lease, or expansion options, or cancellation options, rights of first refusal, or rights of first offer to lease other space within the Building. Tenant has no outstanding options, rights of first refusal or rights of first offer to purchase the Premises or any part thereof or all or any part of the Building and/or the Lot.

8. Rents. The obligation to pay rent began (or begins) on _____, 2002. The monthly base rent payable under the Lease for the first lease year under the Lease is \$ _____. The monthly base rental payment (excluding escalations) has been paid through _____. A rent deposit for the month(s) of _____ in the amount of \$ _____ has been paid to

Landlord. Tenant's estimated share of ad valorem taxes, insurance and operating expenses on the Building has been paid by Tenant through _____, ___ (if any). Except for payments of any estimated share of ad valorem taxes, insurance and operating expenses being paid in accordance with the Lease and except for the rent deposit referred to in the second sentence of this paragraph, no rent (excluding security deposits described in Paragraph 9 below) or other amounts have been paid more than one (1) month in advance of their respective due dates.

9. Security Deposits. In addition to the rent deposit, if any, described in Paragraph 8 above, Tenant's security deposit, if any, which has been previously deposited with Landlord is \$ _____ (if none, please state "none"). The security deposit ___ is, or ___ is not, represented by a letter of credit.

10. No Default. No event has occurred and no condition exists that constitutes, or that with the giving of notice or the lapse of time or both, would constitute, a default by Landlord or, to the best knowledge of Tenant, Tenant under the Lease. As of the date set forth below, to the best knowledge of Tenant, Tenant has no existing claims against Landlord or defenses to the enforcement of the Lease by Landlord and, except as set forth in the Lease, Tenant is not currently entitled to any rent abatements or offsets against the rents owing under the Lease.

11. Allowances. All required allowances, contributions or payments (whether or not currently due and payable) by Landlord to Tenant on account of Tenant's tenant improvements have been received by Tenant, except as indicated below (if none, please state "none"):

12. No Bankruptcy Proceedings. No voluntary actions or, to Tenant's best knowledge, involuntary actions are pending against Tenant under the bankruptcy, insolvency, or reorganization laws of the United States or any state thereof.

13. Address. The current address for notices to be sent to Tenant under the Lease is set forth at the end of this document.

14. Reliance. Tenant acknowledges that Lender has or will hereafter make a loan to Landlord, secured by a deed of trust on the Lot, and thus Lender is indirectly acquiring an interest in the Lease, the Premises, the Building and the Lot and that Lender is relying upon this Estoppel Certificate in connection therewith. Tenant further acknowledges that this Estoppel Certificate may be relied upon by, and inures to the benefit of, Lender.

15. Authority. The undersigned are duly authorized to execute this Estoppel Certificate on behalf of Tenant.

16. Accuracy. The information contained in this Estoppel Certificate is true, correct and complete as of the date below written.

Executed as of the ___ day of _____, _____

TENANT:

_____, a

By:

Name:

Title:

Tenant's Current Address for Notices:

EXHIBIT G

BASE BUILDING HVAC SPECIFICATIONS

A. Summer:

Room conditions at 75°F +/-2° dry bulb and 50% relative humidity when outside conditions do not exceed 90°F dry bulb and 74°F wet bulb, provided that Tenant complies with the following conditions:

1. Light-colored blinds, fully drawn, with slats at 45° angle coincident with peak sun load;
2. Electrical load does not exceed 4 watts per square foot; and
3. People load does not exceed an average one person per 200 rentable square feet for office space.

B. Winter:

Room conditions at 70°F +/-2° when the outside dry bulb temperature is not less than 14°F.

Note: The base Building HVAC system has not been designed to comply with the foregoing specifications in any kitchen, conference room, computer room, copy room or other areas of the Premises in which excessive heat is produced or in which the Tenant Work or Alterations or the configuration thereof or the placement of any of Tenant's furniture or equipment adversely affects the ability of the HVAC system to efficiently function, which areas may require supplemental air-conditioning and/or additional VAV boxes or special exhausting in order to comply with the foregoing specification.

EXHIBIT H

JANITORIAL SERVICES

1. Contractor will provide all necessary equipment material and bathroom supplies used in the building.
2. Contractor will provide all labor and supervision to clean the building according to specifications on a Monday through Friday basis except agreed upon Holidays.
3. Remove trash to truck nightly.

4. **WASTE PAPER - ASH TRAYS - DAILY**

Empty all wastebaskets, ashtrays, and other waste receptacles. Damp wipe ashtrays. Wash receptacle when needed.

5. **DUSTING - DAILY (Between 6:00 & 8:00 P.M.)**

All furniture, office equipment and appliances, windowsills, blinds, will be dusted daily with a treated cloth or yarn duster. This shall include all horizontal surfaces daily and enough vertical surfaces daily to complete all vertical surfaces within each month. Desks and tables not cleared of paper work will only be dusted where desk is exposed. If desks are free of paper and work, entire surface under blotter will be dusted.

6. **DUST MOPPING - (FLOORS) - DAILY**

All floors (office and public areas) will be dust mopped with a treated yarn dust mop daily. Special attention being given to areas under desks, furniture and weather-masters to prevent accumulation of dust and dirt. Floor dusting will be done after furniture has been dusted.

7. **STAIRWAYS AND LANDINGS - DAILY - WEEKLY**

All stairways and landings will be dust mopped with a treated yarn dust mop daily. Railings, ledges and equipment will be dusted weekly. Spot cleaning of walls and doors will be done weekly. These areas will be damp mopped each night, and scrubbed when necessary.

8. **REST ROOMS - DAILY (Between 9:00 & 10:00 P.M.)**

- a. Wash and polish all mirrors, powder shelves, soap dispensers, brightwork and enamel surfaces.
- b. Wash hand basins and hardware.

- c. Wash urinals.
- d. Wash toilet seats using disinfectant in water.
- e. Wash toilet bowls - inside and outside.
- f. Mop floors using disinfectant in water.
- g. Damp wipe, clean and disinfect all tile surfaces and partitions. Spot wipe and clean where necessary in stalls. Walls and partitions are to be free of handprints and dust.
- h. Replenish hand soap, towels and tissue once each evening and at mid-day. The mid-day check will include picking up trash and wipe sink clean as required.

Toilet bowl brush shall be used on toilet bowls and care shall be given to flush holes under rim of bowls and passage trap. Bowl cleaner shall be used at least once each month and more often if necessary.

- i. Empty paper towel receptacles.
- j. High dusting, i.e.: top of stalls, light fixtures, ledges, etc.

9. VACUUMING - DAILY - WEEKLY (Between 8:00 & 9:00 P.M.)

All rugs in office areas and public spaces will be vacuum cleaned daily. Hard-to-get spots and corners shall be cleaned weekly or more often if needed with accessory tools. Spot clean, where necessary, on a daily basis.

10. All carpeted corridors and elevator lobby areas to be shampooed monthly.

11. FLOOR WASHING AND BUFFING - AS NECESSARY

All floors within the building will be waxed with an approved slip resistant wax as approved by the Underwriters Laboratories. The frequency of the waxing will be governed by the amount of wear due to weather and other conditions, and the floor and traffic areas will be waxed so as to maintain a uniform appearance throughout the entire building. Office floors will be buffed as necessary and all corridors will be buffed weekly. In addition to a scheduled buffing, the areas above will be wet mopped and cleaned if necessary. All furniture must be moved and replaced when scrubbing and waxing floors.

12. WET MOPPING - DAILY AND AS NEEDED

All waxed floors will be damp mopped when dirt cannot be swept or dusted and spots will be removed daily. A scrubbing or wet mopping of waxed floors will be accomplished whenever required to prevent a wax build-up. The entrance lobby (terrazzo floors), (concrete floor), and elevator lobby (concrete), lower level, will be dry mopped, wet mopped and buffed if necessary to maintain a hard lustrous finish. An approved neutral cleaner shall be used in all mopping operations.

13. STRIPPING AND MACHINE SCRUBBING - AS NEEDED

This operation shall be accomplished as frequently as necessary depending on the need to remove dirt-embedded finishes, stains, spillage and wax build-up. All furniture must be moved and replaced when stripping and machine scrubbing.

14. WATER COOLERS - DAILY

Shall be cleaned and polished daily.

15. SPOT CLEANING - DAILY - WEEKLY - MONTHLY

Doors, light switches, walls, woodwork, and all interior glass will be washed as needed.

16. SAND URNS - DAILY

Sand urns, ash receivers shall be cleaned as necessary, sanitized and, where required, the sand level shall be maintained.

17. ENTRANCE LOBBY - DAILY

Entrance lobby to be serviced daily. Lobby floor to be washed and cleaned as necessary. Particular attention to be given floor during inclement weather. Runner or carpet shall be placed on floor during wet weather. Glass shall be cleaned as necessary.

18. POLISHING - MONTHLY

All door plates, kick plates, brass and metal fixtures and wood furniture within the building will be wiped and polished monthly or as necessary.

19. LIGHTING FIXTURES

The exterior of all lighting fixtures will be dusted as needed. The entire lighting fixtures will be washed annually.

20. ELEVATORS

The interior surfaces and fixtures will be dusted as needed. The entire light fixtures will be washed every other month. Polish sills and tracks daily. Cleaning shall be done so as not to interfere with rush hours.

21. PARKING LEVELS

Entire parking area to be vacuumed with commercial litter vac and brooms.

22. PARKING GARAGE OFFICE

Office to be cleaned daily and glass partitions cleaned as needed.

EXHIBIT I

BUILDING SECURITY SPECIFICATIONS

Landlord shall at all times provide security services to the Building at a level consistent with security services provided at other First Class high-rise office buildings in downtown Washington, DC. Landlord agrees that it shall (i) provide a security desk in the lobby of the Building with an attendant on duty 24 hours per day, 365/6 days per year (ii) monitored card or key access system to the Building; (iii) cameras in designated locations inside and outside of the Building; and, (iv) use reasonable efforts to cause visitors to sign-in at the security desk after the Building Hours; Landlord may make such changes as Landlord deems advisable.

Arthur E. Pew, III



Richard F. Pew



Rebecca W. Rimel



Ethel Benson Wister



EXHIBIT E

Exhibit E

| <u>Name of Trust</u> | <u>Employer Identification Number</u> |
|-------------------------------|---------------------------------------|
| Pew Memorial Trust | 23-6234669 |
| Mary Anderson Trust | 23-6234670 |
| J. Howard Pew Freedom Trust | 23-6234671 |
| J.N. Pew Jr. Charitable Trust | 23-6299309 |
| Knollbrook Trust | 23-6407577 |
| Mabel Pew Myrin Trust | 23-6234666 |
| Medical Trust | 23-2131641 |

EXHIBIT F

Exhibit F

Trusts' Grantee

Program

| | |
|---|---|
| University of the Arts | Pew Fellowships in the Arts |
| Johns Hopkins University | Pew Fellowships in International Journalism |
| New England Aquarium | Pew Fellows Program in Marine Conservation |
| University of California, San Francisco | Pew Scholars in the Biomedical Sciences Pew Latin American Fellows Program |

EXHIBIT G

Exhibit G

| Trusts' Grantee | Title of Scholarly Study | Date of Publication |
|---|---|---------------------|
| Johns Hopkins University | Attack Asthma: Why America Needs a Public Health Defense System to Battle Environmental Threats | April 2000 |
| | America's Environmental Health Gap: Why the Country Needs a Nationwide Health Tracking Network | September 2000 |
| University of California, San Francisco | Critical Challenges: Revitalizing the Health Professions for the Twenty-First Century. The Third Report of the Pew Health Professions Commission | December 1995 |
| | Charting a Course for the 21 st Century: Physician Assistants and Managed Care. A joint report of the Pew Health Professions Commission and the Center for the Health Professions | June 1998 |
| | Charting a Course for the 21 st Century: The Future of Midwifery. A joint report of the Pew Health Professions Commission and the University of California, San Francisco, Center for the Health Professions | April 1999 |
| Strategies for the Global Environment | Introduced Species in U.S. Coastal Waters | October 2001 |
| | Coastal Sprawl: The Effects of Urban Design on Aquatic Ecosystems in the United States | April 2002 |
| | Ecological Effects of Fishing in Marine Ecosystems of the United States | October 2002 |

| | | |
|--------------------------------------|---|----------------|
| RAND Corporation | An Assessment of the Visual Arts in a New Era | July 2001 |
| Higher Education Policy Institute | Measuring Up-The State-by-State Report Card on higher Education | October 2002 |
| Georgetown University | Lift Every Voice: A Report on Religion in American Public Life | December 2001 |
| University of Richmond | A Snapshot of Federal Research on Food Allergy: Implications for Genetically Modified Food | June 2002 |
| | Harvest on the Horizon: Future Uses of Agricultural Biotechnology | September 2002 |
| Trust for America's Health | Public Health Preparedness: Progress and Challenges Since September 11, 2001 | September 2002 |
| National Commission on Civic Renewal | A Nation of Spectators: How Civic Disengagement Weakens America and What We Can Do About it: Final Report of the National Commission on Civic Renewal | June, 1998 |
| The Brookings Institution | Posts of Honor: How America's Corporate and Civic Leaders View Presidential Appointments | January 2001 |

EXHIBIT H

Statement of Revenues and Expenses

Fiscal periods ending 6/30/03, 6/30/04 and 6/30/05

| | For the period 11/13/02- 6/30/03 | 7/1/03- 6/30/04 | 7/1/04- 6/30/05 |
|--|---|----------------------|----------------------|
| Gifts, grants, and contributions received | \$ 250,000 | \$ 187,000,000 | \$ 188,000,000 |
| Investment income | 608 | 1,168,750 | 1,175,000 |
| Contributions, gifts, grants, and similar amounts paid | | 140,000,000 | 140,000,000 |
| Compensation of officers, directors, and trustees (attach schedule) | | 13,986,240 | 14,545,690 |
| Other salaries and wages | | 2,620,730 | 2,699,352 |
| Occupancy (rent, utilities, etc.) | | 1,003,835 | 1,033,950 |
| Depreciation and depletion | | 8,331,415 | 8,642,768 |
| Other (attach schedule) | 250,000 | 165,942,220 | 166,921,760 |
| Total expenses | 250,000 | 21,057,780 | 21,078,240 |
| Excess of revenue over expenses | \$ - | \$ 21,057,780 | \$ 21,078,240 |
| <u>Schedule of Other Expenses</u> | | | |
| Payroll taxes and employee benefits | | \$ 4,482,535 | \$ 4,678,422 |
| Publications and communications | | 781,550 | 804,997 |
| Professional services | \$ 250,000 | 1,340,815 | 1,381,039 |
| Equipment leasing and maintenance | | 315,665 | 325,135 |
| Dues and subscriptions | | 218,225 | 224,772 |
| Office supplies and other office expenses | | 254,765 | 262,408 |
| Travel, conferences and meetings | | 937,860 | 965,996 |
| check total expenses | \$ 250,000 | \$ 8,331,415 | \$ 8,642,768 |
| check total expenses | | 25,942,220 | 26,921,760 |

April 8, 2003

VIA FEDERAL EXPRESS

BOSTON

Mr. Gregory Woo
Internal Revenue Service
Attn: TE/GE Division, 2nd Floor
EOG-7886:GW
9350 Flair Drive
El Monte, CA 91731-2885

BRUSSELS

FRANKFURT

HARRISBURG

HARTFORD

Re: The Pew Charitable Trusts
E.I.N 56-2307147

LONDON

LUXEMBOURG

Dear Mr. Woo:

NEW YORK

I am responding to your letter of March 20, 2003, requesting additional information concerning the Application for Recognition of Exemption filed by The Pew Charitable Trusts on December 30, 2002 (the "Form 1023"). For your convenience I am attaching a copy of your March 20 letter as Exhibit A. Kindly acknowledge receipt of this letter by date-stamping the enclosed "receipt copy" and returning it to me in the envelope provided.

NEWPORT BEACH

PARIS

PHILADELPHIA

PRINCETON

Your questions are repeated below and are addressed in the order in which they appear in your letter. Please note that all capitalized terms have the definitions assigned to them in the Form 1023, its Attachment and Exhibits.

SAN FRANCISCO

WASHINGTON

1. Please state what will happen if the Pennsylvania Orphans' Court does not approve the petition of the seven Trusts to dedicate their charitable support to you.

Response: Two courts have jurisdiction over the seven Trusts—five Trusts are subject to the jurisdiction of the Philadelphia County Orphans' Court and two are subject to the jurisdiction of the

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Montgomery County Orphans' Court. We are confident that both Courts will approve the Trusts' petition. However, we can not rule out the possibility that one or even both Courts might deny the Trusts' petition. In the event that neither court approves the petition, TPCT would no longer serve its intended purpose and would likely be dissolved. If one Court approves the petition and the other does not, it is likely that TPCT will proceed as described in its Form 1023 to expand its role as a community resource.

2. Please submit a chronology and description of your organization's activities for the coming year.

Response: In the coming year, TPCT's activities will focus primarily on making grants for charitable causes in the areas of culture, education, environment, health and human services, public policy and religion, as well as in multi-disciplinary areas. As the successor to the programs of the PCT Division, it is anticipated that TPCT's grantmaking process will substantially resemble that of the PCT Division, which is described below.

The PCT Division's board reviews and approves requests for funding at its quarterly board meetings every March, June, September and December. It evaluates information on each proposed grant's purpose, fit with strategy, expected results, and project budget, as well as the proposed grantee's finances. Throughout the grant term, staff formally monitors each grantee's activities, project budget and management to ensure that the project's performance measures are being met. On an ongoing basis, the planning and evaluation department examines the effectiveness of projects in meeting agreed-upon goals. The board of directors and staff use this assessment information to clarify program priorities annually.

In addition to continued grantmaking with the funds from the seven Trusts, TPCT will actively seek to obtain and administer additional public funding for its charitable programs from unrelated foundations, businesses, governmental units and individuals. The Attachment to the

Form 1023 includes a discussion of several projects currently funded by the PCT Division that would benefit from a designation of public charity status for TPCT by creating greater efficiencies in implementation and administration. For example, the first project in which TPCT would be involved is the very significant Barnes Foundation project. Assuming a favorable court ruling on the petitions filed in that matter, the Barnes Foundation will move its principal collection, now located in a suburban area, to a new facility on the Benjamin Franklin Parkway in the heart of Philadelphia's museum mile. Although this may not happen in the coming year, TPCT anticipates providing greater administrative support for this important cultural project by receiving grants and contributions, and holding and administering them until the project comes to fruition.

3. Please submit copies of any brochures, pamphlets, newsletters, fliers, advertisements, or any literature regarding your organization.

Response: TPCT has not yet itself prepared any such materials. However, materials that the PCT Division has prepared are illustrative of the kinds of materials that TPCT can be expected to prepare in the future. Attached as Exhibit B are materials previously prepared by the PCT Division, including *Sustaining the Legacy, A History of The Pew Charitable Trusts; The Pew Charitable Trusts 2002 Program Resource Guide*; the past six quarterly issues of *Trust* magazine; *The Pew Fund Story: A Decade of Grantmaking in Local Health and Human Services*, which is a ten-year retrospective publication of the work of the Pew Fund (a subprogram that supports the work of agencies in a five-county area with a focus on the elderly, children and youth, and at-risk populations) and two publications outlining PCT Division support in the local cultural arena: *Philadelphia Culture* and *The Pew Charitable Trusts and Culture: The Philadelphia Program*.

The TPCT Web site is expected to contain the most up-to-date information about the organization, provide a more general resource on certain issues in its areas of funding interest, and resemble the PCT Division's current Web Site, located at www.pewtrusts.com.

4. Please provide a breakdown of your estimated income for fiscal years 2003, 2004, and 2005.

Response: Attached as Exhibit C to this letter is a breakdown of the estimated income shown on Exhibit H to TPCT's Form 1023.

5. Will any officers, directors, members, or their relatives, receive a salary, reimbursement for expenses, or any other form of payment from your organization? If yes, explain fully, and include the recipients' names, their duties and the number of hours each week that they will devote to such duties. State the amount of compensation each will receive and the basis for arriving at the amounts of such payments.

Response: Three separate responses are provided below for officers, directors and members. There are no current plans for TPCT to compensate or make other payments to relatives of TPCT's officers, directors or members.

TPCT's Officers:

TPCT's officers will receive a salary and benefits for their services. Each will devote more than 50 hours per week to the duties of their respective offices. The officers and their projected annual compensation are set forth on Exhibit C to Form 1023. The officers will also be reimbursed for reasonable expenses related to the performance of their duties.

Every three years, the PCT Division has retained an objective third-party expert to benchmark the compensation of its officers and each of its 60 staff positions against comparable positions in peer organizations. Since 1999, the PCT Division has hired a nationally-recognized firm, Mercer Human Resource Consulting, to perform this assessment. The PCT Division has adopted a policy of rotating compensation consultants every six years to promote objective and independent assessments.

TPCT plans to adopt these same policies and procedures to ensure reasonable compensation for its officers and staff.

TPCT's Directors:

TPCT's directors will be reimbursed for their out-of-pocket travel expenses to attend TPCT meetings. Any compensation paid to directors, whose names are listed on Exhibit C to the Form 1023, would be limited to a per diem for attending board meetings. It has not yet been determined whether the directors will receive such a per diem or the amount but, if one is paid, it will be appropriately benchmarked to those paid to the directors of TPCT's peer organizations.

The director, who is also the President and Chief Executive Officer of TPCT, will be compensated in her capacity as an officer, as described above, and she will not receive additional compensation for her board service.

TPCT's Members:

TPCT's members will not receive any compensation for serving in their capacity as members. Those members who are also directors of TPCT may receive compensation in their capacity as directors, as described above.

6. *Please state whether the organization will provide management and consultant services to other tax-exempt organizations. If yes, please explain.*

Response. The PCT Division sometimes provides technical assistance to a grantee along with grant funding. For example, a start-up grantee may need assistance in establishing effective outreach and dissemination capacity in addition to its need for funding, and, where appropriate, the PCT Division has donated its services to assist such grantees.

The PCT Division also has funded educational programs that provide technical assistance to other nonprofits. For example, the PCT Division has made grants to a public charity for the purpose of providing interactive educational programs for the leadership of local nonprofit health and human service providers. In these programs, leading experts discuss the latest thinking in selected topic areas, provide an understanding of the implications for programs and clients, and offer guidance on how to cope with the challenges these topics pose. Attendees receive extensive educational resource materials to reinforce the session presentations and discussions.

In addition, the PCT division has provided, without charge, technical assistance to private foundations and other charitable organizations on a range of topics including how to evaluate charitable investments, how to identify programmatic and funding priorities, and how to effectively track and monitor grants.

It is anticipated that TPCT will continue similar activities. We cannot rule out the possibility that, in the future, TPCT will in some situations provide such services for a fee to organizations with which it does not otherwise have a relationship. However, no decision in that regard has been made and we could only speculate at this point whether, or in what circumstances, such a fee might be charged. In any event, any such charges in the aggregate would be insubstantial in relation to TPCT's total revenues.

7. Please state whether you will provide or create a donor-advised distribution account. If yes, please explain.

Response. As described in the Form 1023, TPCT is expected to attract significant public support for its charitable programs. The public support described in the Form 1023 would be for specific charitable programs that TPCT develops. A donor would be free to choose which of TPCT's many charitable programs to support, but once received by TPCT, the donation would be used for the selected program.

A donor-advised fund is very different, in that a donor contributes a fund to a charity and then makes suggestions for contributions from that fund to unrelated charities. Although creating a donor-advised fund has not been ruled out, no decision has been made in that regard. Before creating such a vehicle, TPCT would have to research whether it is viable, whether there would be sufficient donor interest, the costs of operating such a program, and numerous other issues, and no such research has been undertaken. If TPCT were ever to create a donor-advised fund program, it would be structured so that it complied fully with all Internal Revenue Service guidelines and procedures for such programs.

8. *To what extent do the seven Trusts have a significant voice in your organization's investment policies, in the making and timing of grants, and in otherwise directing the use of your income or assets?*

Response: TPCT has complete discretion in choosing its investment advisors and otherwise directing the use of its income and assets. The seven Trusts will not have a voice in these matters. However, two of the Trusts (the J. Howard Pew Freedom Trust and the Medical Trust) have certain restricted purposes set forth in their indentures. In these two cases, TPCT will certify to the trustee of the Trusts that the grant funds have been disbursed in a manner consistent with the requirements of the indentures.

9. *You have indicated that you would not charge any administrative fees for the various projects conducted by PCT Division. Please explain how you would pay for the salaries/wages and all of the related expenses*

Response: Historically, the PCT Division would not have charged a fee for administering projects that it has funded. This is because by the time outside support was appropriate, the PCT Division had already fully developed the project and incurred the salaries and related expenses necessary to do so. Moreover, the PCT Division would normally have already budgeted the expenses for administering the

project. The additional expense of holding and applying outside funding for the project would be modest in comparison to the cost of developing and implementing the project. However, a third-party charity unfamiliar with the project would face much higher expenses in learning about the project and the parties involved before being in a position to administer the outside funding.

Likewise, should TPCT be granted public charity status, it does not anticipate charging a fee to administer the Barnes Foundation project referenced in the attachment to the Form 1023. TPCT would itself be involved in the Barnes Foundation project and would be partially funding the project, so that it would already be incurring many of the expenses of administration. However, we have not ruled out the possibility that TPCT might charge fees for administering outside funding for future projects in which it is serving as a community resource. If such fees are charged, they would be modest and would probably represent a savings compared to administrative fees that would be required to get a third-party charity to administer a project.

* * * * *

We hope the foregoing material fully responds to your questions. If you have further questions, please do not hesitate to contact me.

Sincerely,

Frederick J. Gerhart

FJG/bs
Enclosure

cc: Joy A. Horwitz, Esquire (w/encl.)
James R. Belanger, Esquire (w/encl.)

EXHIBIT A

Department of the Treasury

2 Cupania Circle
Monterey Park, CA 91755-7431
Attn: TE/GE:EOG-7886:GW

**Internal Revenue Service
Pacific Coast Area (TE/GE)**

RECEIVED

MAR 27 2003

F.J.G.

THE PEW CHARITABLE TRUSTS
C/O FREDERICK J. GERHART, ESQ
DECHERT
4000 BELL ATLANTIC TOWER - 1717 ARCH ST
PHILADELPHIA, PA 19103-2793

RECEIVED

MAR 27 2003

F.J.G.

Date:

March 20, 2003

Employer Identification Number:

56-2307147

DLN:

17053003026043

Person to Contact:

Gregory Woo - ID #95340

Telephone Number:

(323) 869-3939 x 2056

Fax Number:

(323) 869-3951

Response Due Date:

April 14, 2003

Dear Applicant:

Before we can recognize your organization as being exempt from Federal income tax, we must have enough information to show that you have met all legal requirements. You did not include the information needed to make that determination on your Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

To help us determine whether your organization is exempt from Federal income tax, please send us the requested information by the above date. We can then complete our review of your application.

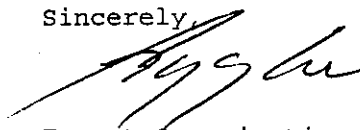
If we do not hear from you within that time, we will assume you do not want us to consider the matter further and will close your case. In that event, as required by Code section 6104(c), we will notify the appropriate state officials that, based on the information we have, we cannot recognize you as an organization of the kind described in Code section 501(c)(3). As a result, the Internal Revenue Service will treat your organization as a taxable entity. If we receive the information after the response due date, we may ask you to send us a new Form 1023.

In addition, if you do not provide the requested information in a timely manner, we will consider that you have not taken all reasonable steps to secure the determination you requested. Under Code section 7428(b)(2), your not taking all reasonable steps in a timely manner to secure the determination may be considered as failure to exhaust administrative remedies available to you within the Service. Therefore, you may lose your rights to a declaratory judgment under Code section 7428.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Thank you for your cooperation.

Sincerely,



Exempt Organization Specialist

THE PEW CHARITABLE TRUSTS

Please answer or explain the following items over the signature of one of your principal officer or your designated representative.

1. Please state what will happen if the Pennsylvania Orphan's Court does not approve the petition of the seven Trusts to dedicate their charitable support to you.
2. Please submit a chronology and description of your organization's activities for the coming year.
3. Please submit copies of any brochures, pamphlets, newsletters, fliers, advertisements, or any literature regarding your organization.
4. Please provide a breakdown of your estimated income for fiscal years 2003, 2004, and 2005.
5. Will any officers, directors, members, or their relatives, receive a salary, reimbursement for expenses, or any other form of payment from your organization? If yes, explain fully, and include the recipients' names, their duties and the number of hours each week that they will devote to such duties. State the amount of compensation each will receive and the basis for arriving at the amounts of such payments.
6. Please state whether the organization will provide management and consultant services to other tax exempt organizations. If yes, please explain.
7. Please state whether you will provide or create a donor-advised distribution account. If yes, please explain.
8. To what extent do the seven Trusts have a significant voice in your organization's investment policies, in the making and timing of grants, and in otherwise directing the use of your income or assets?
9. You have indicated that you would not charge any administrative fees for the various projects conducted by PCT Division. Please explain how you would pay for the salaries/wages and all of the related expenses.

Please submit your response to the following address:

Internal Revenue Service
Attn: TE/GE Division, 2nd Floor
EOG-7886:GW
9350 Flair Dr.
El Monte, CA 91731-2885

Telephone No.: 626-312-3616
Fax No.: 626-312-2926

EXHIBIT B

[The original printed versions of the numerous booklets and brochures referenced as Exhibit B in the attached letter were sent to the IRS. The PCT Division has copies of those materials in its files.]

EXHIBIT C

Exhibit C

The estimated income from gifts, grants and contributions set forth on Exhibit H to the Form 1023 will have the following origins: grants to TPCT from the Trusts, as reflected below, and contributions from outside donors for the Barnes project, as manifested by firm pledges already made. All investment income for each of the three periods set forth on Exhibit H comprises interest on investments.

Total Gifts, grants, and contributions received:

| For the period: | 11/13/02-6/30/03 | 7/1/03-6/30/04 | 7/1/04-6/30/05 |
|-----------------|------------------|----------------|----------------|
| Grants: | \$250,000 | \$167,000,000 | \$168,000,000 |
| Contributions: | \$0 | \$20,000,000 | \$20,000,000 |

Grants received, broken down by source:

| For the period: | 11/13/02-6/30/03 | 7/1/03-6/30/04 | 7/1/04-6/30/05 |
|-----------------------------------|------------------|----------------|----------------|
| Pew Memorial Trust: | \$50,000 | \$110,500,000 | \$111,300,000 |
| Mary Anderson Trust: | \$50,000 | \$1,600,000 | \$1,600,000 |
| J. Howard Pew Freedom Trust: | \$0 | \$22,600,000 | \$22,700,000 |
| J.N. Pew Jr. Charitable Trust: | \$50,000 | \$11,100,000 | \$11,100,000 |
| Knollbrook Trust: | \$50,000 | \$300,000 | \$300,000 |
| Mabel Pew Myrin Trust: | \$50,000 | \$14,100,000 | \$14,200,000 |
| Medical Trust: | \$0 | \$6,800,000 | \$6,800,000 |

Contributions received, broken down by source:

| For the period: | 11/13/02-6/30/03 | 7/1/03-6/30/04 | 7/1/04-6/30/05 |
|----------------------------|------------------|----------------|----------------|
| Contribution from Donor A: | \$0 | \$500,000 | \$500,000 |
| Contribution from Donor B: | \$0 | \$10,000,000 | \$10,000,000 |
| Contribution from Donor C: | \$0 | \$125,000 | \$125,000 |
| Contribution from Donor D: | \$0 | \$250,000 | \$250,000 |
| Contribution from Donor E: | \$0 | \$500,000 | \$500,000 |
| Contribution from Donor F: | \$0 | \$1,000,000 | \$1,000,000 |
| Contribution from Donor G: | \$0 | \$500,000 | \$500,000 |
| Contribution from Donor H: | \$0 | \$250,000 | \$250,000 |
| Contribution from Donor I: | \$0 | \$500,000 | \$500,000 |
| Contribution from Donor J: | \$0 | \$1,000,000 | \$1,000,000 |
| Contribution from Donor K: | \$0 | \$500,000 | \$500,000 |
| Contribution from Donor L: | \$0 | \$500,000 | \$500,000 |
| Contribution from Donor M: | \$0 | \$500,000 | \$500,000 |
| Contribution from Donor N: | \$0 | \$500,000 | \$500,000 |
| Contribution from Donor O: | \$0 | \$375,000 | \$375,000 |
| Contribution from Donor P: | \$0 | \$500,000 | \$500,000 |
| Contribution from Donor Q: | \$0 | \$2,500,000 | \$2,500,000 |