

Basic Lease Information

Date: May 15, 2007

Tenant: County of San Mateo, a political subdivision of the State of California

Address: Attn: Real Property Services Division
County Manager's Office
400 County Center
Redwood City, CA 94063
Fax No.: (650) 363-4832

Landlord: Hines REIT 1900/2000 Alameda de Las Pulgas LLC, a Delaware limited liability company

Address: Hines REIT 1900/2000 Alameda de Las Pulgas LLC
c/o Hines Interests Limited Partnership
1900 Alameda de las Pulgas Ste B117
San Mateo, CA 94403

Project address:
2000 Alameda de Las Pulgas
San Mateo, CA 94403

Leased Premises and Rentable Area:

2000 Building: Approximately Thirty-Three Thousand Four Hundred Ninety-Three (33,493) rentable square feet, as depicted on Exhibit A-1

Suites 100 and 240 in the 2000 Building: Approximately Nineteen Thousand Seven Hundred and Ninety-Five (19,795) rentable square feet, as depicted on Exhibit A-1; see Section 2.04 regarding this Expansion Premises

Suite 230 in the 2000 Building: Approximately Three Thousand Six Hundred (3,600) rentable square feet, as depicted on Exhibit A-1; see Section 2.04 regarding Suite 230

1950 Building: Approximately Twenty-Two Thousand Three Hundred Thirty-Three (22,333) rentable square feet, as depicted on Exhibit A-2

The total Rentable Area of office space is 79,221 square feet.

Storage Space: Approximately Two Thousand and Two (2,002) rentable square feet, as depicted on Exhibit A-3 (Note: Tenant shall not pay Basic Operating Cost in respect of the Storage Space)

Term Commencement Date: May 22, 2007

Term Expiration Date: September 30, 2017; subject to Tenant's options to extend for two (2) five (5) year periods pursuant to Section 3.08

Base Rent: 2000 Building: \$1.35 per rentable square foot per month.

1950 Building: \$2.00 per rentable square foot per month.

Storage Space: \$1.50 per rentable square foot per month.

All of the rental rates set forth herein shall be subject to 3% cumulative annual increases on each the anniversary of the date, which shall be the first day of the month in which Tenant is first obligated to pay Rent as set forth in Section 3.01 ("Anniversary Date").

Brokers: Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the lease contemplated herein, except for Cornish & Carey Commercial and Interbay Commercial Real Estate Services, whose commission shall be the sole responsibility of Landlord pursuant to a separate written agreement between Landlord and such brokers, and County shall have no liability therefor. In the event that any other broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes his claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Claims incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Lease.

1900/2000 ALAMEDA DE LAS PULGAS LEASE

This Lease is made and entered into as of the first date specified in the Basic Lease Information sheet attached hereto and incorporated herein by this reference, by and between Hines REIT 1900/2000 Alameda de Las Pulgas LLC, a Delaware limited liability company (“Landlord”), and the Tenant identified in the Basic Lease Information sheet.

In consideration of the mutual covenants and agreements contained in this Lease, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1. **Definitions**

Certain terms used in this Lease and the Exhibits hereto shall have the meaning set forth below for each such term. Certain other terms shall have the meaning set forth elsewhere in this Lease and the Exhibits hereto.

1.01. “Additional Rent” shall mean all monetary obligations of Tenant hereunder other than the obligation for payment of Gross Rent.

1.02. “Affiliate” Except for the express right to make any portion of the Premises available to any multi-jurisdictional entity in which the County of San Mateo is a participant, provided such uses are consistent and in compliance with Section 3.02, Affiliate shall mean any department or agency of the County of San Mateo.

1.03. “Alterations” shall mean those alterations, additions or improvements in or to the Leased Premises described in Section 5.07.

1.04. Omitted.

1.05. “Base Rent” shall mean the basic rent payable by Tenant to Landlord in the amounts shown on the Basic Lease Information sheet and in the manner provided in Section 3.03.

1.06. “Basic Operating Cost” shall have the meaning given in Section 3.05.

1.07. “Basic Operating Cost Adjustment” for any calendar year shall mean the difference, if any, between Estimated Basic Operating Cost and Basic Operating Cost for that calendar year.

1.08. “Basic Services” shall mean the services provided pursuant to Section 4.01.

1.09. “Buildings” shall mean the office buildings (including underground parking garage) located at 1900, 1950, and 2000 Alameda de las Pulgas in San Mateo, California. Such Buildings are referred to herein individually as the “**1900 Building**”, the “**1950 Building**”, and the “**2000 Building**”, respectively.

1.10. “Building Standard Improvements” shall mean those improvements of the Leased Premises that are so defined in Exhibit B-1.

1.11. “Common Areas” shall mean the total square footage of areas of the Buildings devoted to non-exclusive uses such as lobbies, fire vestibules, rest rooms, mechanical areas, tenant and ground

floor corridors, elevator foyers, electrical and janitorial closets, ground floor lobbies, telephone and equipment rooms, and other similar facilities maintained for the benefit of the Buildings' tenants and invitees, but shall not mean Major Vertical Penetrations.

1.12. "Estimated Basic Operating Cost" for any calendar year shall mean Landlord's estimate of Basic Operating Cost for such calendar year, subject to the limitations set forth in Section 3.05(b).

1.13. "Event of Default" shall mean the occurrence of any of the circumstances referred to in Section 7.09(a).

1.14. "Fair Market Rent" shall mean the rate then being charged by Landlord in comparable transactions in the Buildings for comparable space, and by landlords of comparable space in comparable, first class office buildings which are located in the City of San Mateo office market (but not including downtown San Mateo), taking into consideration, without limitation: quality, condition and utility of the space, location in the Buildings or other building, tenant improvements or allowances existing or to be provided, rental abatements, lease takeovers/assumptions, moving expenses and other forms of rental concessions, contractual term of lease, extent of service provided or to be provided, the ownership of the comparable space, whether or not the transaction is a sublease, the timing of the particular rate under consideration and any other relevant terms or conditions. Costs which are incurred by a landlord in connection with the negotiation and documentation of a lease transaction, and other costs incurred by a landlord which are not paid to or for the direct benefit of the tenant, shall not be considered. Comparable transactions in which the rent for a renewal was discounted to a rate below the fair market rate, whether by the application of a percentage to the fair market rate or otherwise, shall be adjusted to reflect the fair market rate before the discount was applied. Renewal transactions in which the rent was either established at a pre-determined amount by reason of the exercise by the tenant of an option to renew or extend at a fixed rental rate or was established due to the operation of a pre-determined minimum or maximum amount shall not be regarded as comparable transactions.

1.15. "Gross Rent" shall mean the total of Base Rent and Tenant's Proportionate Share of Estimated Basic Operating Cost.

1.16. "Hazardous Material" shall mean any (a) oil, other petroleum hydrocarbons, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Project or to persons on or about the Project or (ii) cause the Project to be in violation of any Hazardous Materials Laws; (b) asbestos in any form, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) chemical, material or substance defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste", or "toxic substances" or words of similar import under any applicable local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §9601, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251, et seq.; Sections 25115, 25117, 25122.7, 25140, 25249.8, 25281, 25316, 25501, and 25316 of the California Health and Safety Code; and Article 9 or Article 11 of Title 22 of the Administrative Code, Division 4, Chapter 20; (d) other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of the Project or the owners and/or occupants of property adjacent

to or surrounding the Project, or any other Person coming upon the Project or adjacent property; and (e) other chemicals, materials or substances which may or could pose a hazard to the environment.

1.17. “Hazardous Materials Claims” shall mean any enforcement, cleanup, removal, remedial or other governmental or regulatory actions, agreements or orders instituted pursuant to any Hazardous Materials Laws; and any claims made by any third party against Landlord, Tenant or the Project relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, release or discharge of any Hazardous Materials.

1.18. “Hazardous Materials Laws” shall mean any federal, state or local laws, ordinances, regulations or policies relating to the environment, health and safety, Hazardous Materials (including, without limitation, the use, handling, transportation, production, disposal, discharge or storage thereof) or to industrial hygiene or the environmental conditions on, under or about the Project, including, without limitation, soil, groundwater and indoor and ambient air conditions.

1.19. “Leased Premises” shall mean the floor areas more particularly shown on the floor plans attached hereto as Exhibits A-1, A-2, and A-3, containing the Rentable Area specified on the Basic Lease Information sheet; provided the Rentable Area of the Premises shall be 115% of the useable area of the Premises as computed in accordance with the “Standard Method for Measuring Floor Area in Office Buildings, the American National Standard” (ANSI Z65.1 1996), adopted by the Building Owners and Managers Association (“BOMA Standards”).

1.20. “Major Vertical Penetrations” shall be as defined in accordance with BOMA Standards.

1.21. Omitted.

1.22. “Permitted Hazardous Materials” shall mean Hazardous Materials which are contained in ordinary office supplies of a type and in quantities typically used in the ordinary course of business within executive offices of similar size in the general area of the Buildings, but only if and to the extent that such supplies are transported, stored and used in full compliance with all applicable laws, ordinances, orders, rules and regulations and otherwise in a safe and prudent manner. Hazardous Materials which are contained in ordinary office supplies but which are transported, stored and used in a manner which is not in full compliance with all applicable laws, ordinances, orders, rules and regulations or which are not in any respect safe and prudent shall not be deemed to be “Permitted Hazardous Materials” for the purposes of this Lease.

1.23. “Permitted Use” shall mean counseling services and executive, professional office and administrative office uses in the Leased Premises; provided, however, that for the purpose of limiting the type of use permitted by Tenant, or an assignee of Tenant, but without limiting Landlord’s right to lease any portion of the Buildings to a tenant of Landlord’s choice, “Permitted Use,” shall not include (i) offices of any agency or bureau of the United States or any state or political subdivision thereof (except for the County of San Mateo or such entity as an integrated part of a program of the County of San Mateo); (ii) offices or agencies of any foreign government or political subdivision thereof; (iii) offices of any service organization, except for administrative and counseling offices where no machine based diagnostic services (i.e., x-ray, MRI) or laboratory services are performed; (iv) schools or other training facilities that are not ancillary to a Permitted Use; (v) retail or restaurant uses; (vi) broadcast studios or other broadcast production facilities, such as radio and/or television stations; (vii) product display or demonstration facilities; (viii) offices at which deposits or bills are regularly paid in person by customers (except as is ancillary to the Permitted Use, and in any event only in the 1950 Building); (ix) personnel agencies, except offices of executive search firms; (x) research or testing laboratories; (xi) use as a

hospital or similar health care facility; and (xii) law enforcement and related activities except to the extent used only for executive, professional or corporate administrative offices. Permitted Use shall specifically exclude medical procedures of any kind, except that at the 1950 Building Tenant may perform and dispose of blood tests, take and dispose of urine samples, and dispense and dispose of prescription medication, provided that the foregoing shall be done in full compliance with all applicable laws, ordinances, orders, rules and regulations and otherwise in a safe and prudent manner.

1.24. “Project” shall mean the Buildings, the real property upon which the Buildings are located (Assessor’s Parcel Numbers 039-501-130 and 039-501-140), and all other improvements thereon or used and maintained by Landlord in connection therewith, together with any improvements or facilities now or hereafter located on any contiguous real property which Landlord designates as part of the Project.

1.25. “Real Property Taxes” shall mean those taxes described in Section 3.05(a)(10).

1.26. “Rent” shall mean Gross Rent plus Additional Rent comprising all of Tenant’s monetary obligations arising under this Lease.

1.27. “Rentable Area” is specified on the Basic Lease Information sheet.

1.28. “Substantial Completion” shall mean (and the Leased Premises shall be deemed “Substantially Complete”) when (as reasonably determined by Landlord, which determination shall be made in accordance with industry standards) (i) installation of Building Standard Improvements and Tenant Improvements installed by Landlord has occurred in accordance with the approved Working Drawings as set forth in Exhibit B to an extent sufficient for Tenant to occupy the Premises and conduct its business for the Permitted Uses, (ii) Tenant has direct access from the street to the elevator lobby on the floor (or floors) where the Leased Premises are located or directly to 1950 Building, (iii) Basic Services are available to the Leased Premises, and (iv) appropriate governmental authorities have issued a final or temporary certificate of occupancy (unless the issuance of such a certificate is delayed by acts or omissions of Tenant or its agents or contractors, in which event Substantial Completion shall be deemed to have occurred notwithstanding that such a certificate has not been issued). Substantial Completion shall be deemed to have occurred notwithstanding a requirement to complete “punchlist” or similar corrective work.

1.29. Omitted.

1.30. “Tenant Extra Improvements” shall mean the extent to which the Tenant Improvements in the Leased Premises would exceed in quality or quantity the Building Standard Improvements. In instances where this Lease refers to Tenant Extra Improvements as a standard for the provision of services, maintenance, repair or replacement by Tenant or Landlord, such reference shall be to the difference in required services, maintenance, repairs or replacements between the Tenant Improvements as constructed in the Leased Premises and the Building Standard Improvements, had the Building Standard Improvements been constructed in the Leased Premises.

1.31. “Tenant Improvements” shall mean the Building Standard Improvements and Tenant Extra Improvements installed or to be installed for Tenant by Landlord pursuant to Exhibit B.

1.32. Omitted.

1.33. “Tenant’s Proportionate Share” shall mean Tenant’s share of operating costs and is based on the percentage that the Rentable Area of the Leased Premises bears to ninety-five percent (95%) of the total rentable area of the Buildings or to the total rentable area leased in the Buildings (if such total

is greater than ninety-five percent (95%) of the total rentable area) as calculated for each calendar year of the Term. In no event shall Tenant's Proportionate Share exceed 34.90%.

1.34. "Term" shall mean the period from the Term Commencement Date and, subject to Tenant's Option to Extend as set forth in Section 3.10, ending on the Term Expiration Date, unless sooner terminated pursuant to the terms of this Lease.

1.35. "Term Commencement Date" shall be the date indicated on the Basic Lease Information Sheet.

1.36. "Term Expiration Date" shall be the date indicated on the Basic Lease Information Sheet. If the Term is hereafter extended, the Term Expiration Date shall be postponed thereby until the last day of the calendar month during which the Term, as so extended, would expire. Except to the extent and in the manner, if any, otherwise expressly provided in this Lease, Tenant shall not have any right to extend the Term.

ARTICLE 2. **Leased Premises**

2.01. Lease. Landlord leases to Tenant and Tenant leases from Landlord the Leased Premises upon all of the terms, covenants and conditions set forth herein.

2.02. Access to the Leased Premises. Tenant shall be granted access to the Leased Premises twenty-four (24) hours per day, every day of the year, provided that such access shall: (i) be in accordance with all reasonable security measures as may be imposed by Landlord from time to time and as are generally applicable to tenants of the Buildings and their invitees; and, (ii) be subject to restrictions on access recommended or imposed as a result of casualty or other emergency. Notwithstanding the foregoing, Landlord may, after consultation with the County Manager or the County Manager's designee, interrupt Tenant's access to the Leased Premises or the Building in the event of an immediate risk of danger to the Leased Premises, the Common Areas or any other portion of the Building being rendered unsafe for human occupancy. Landlord shall immediately notify Tenant of such interruption and shall diligently attempt to restore access as promptly as possible and shall keep Tenant apprised of its efforts. In the event Landlord fails to restore access to the Leased Premises for a period of three (3) or more consecutive business days if such failure is in the reasonable control of Landlord or a period of five (5) or more consecutive business days if such failure is not within the reasonable control of Landlord, then the Rent shall be abated based on the extent such interruption impairs Tenant's ability to carry on its business in the Leased Premises and until access is restored.

2.03. Landlord's Reserved Rights. Landlord reserves from the leasehold estate hereunder, in addition to all other rights reserved by Landlord under this Lease: (i) all exterior walls and windows bounding the Leased Premises, and all space located within the Leased Premises for Major Vertical Penetrations, conduits, electric and all other utilities, air-conditioning, sinks or other Building facilities that do not constitute Tenant Extra Improvements, the use thereof and access thereto through the Leased Premises for operation, maintenance, repair or replacement thereof, and (ii) the right from time to time, without unreasonable interference with Tenant's use, to install, remove or relocate any of the foregoing for service to any part of the Buildings to locations that will not materially interfere with Tenant's use of the Leased Premises, to make alterations or additions to and to build additional stories on the Buildings, to alter or relocate any other Common Area facility or any other common facility to make changes or alterations therein or enlargements thereof, and to restrict access to portions of the Common Areas in a manner which does not unreasonably interfere with Tenant's access to the Leased Premises. Landlord shall have the sole and exclusive right to possession and control of the Common Areas and all other areas

of the Project outside the Leased Premises, provided that Tenant shall have the right to the non-exclusive use of those portions of the Common Areas necessary for reasonable access to the Leased Premises or otherwise designated by Landlord from time to time for the non-exclusive use of Tenant.

2.04. Expansion Premises. Suite 100, Suite 230 and Suite 240 (consisting of approximately 23,395 rentable square feet) in the 2000 Building, as more particularly described on Exhibit A-1, shall automatically become a part of and subject to this Lease when Landlord delivers possession to Tenant of same Substantially Complete as set forth in Section 1.28. At such time the Leased Premises, the Base Rent, Tenant's Proportionate Share and the Rentable Area shall be reasonably adjusted by Landlord to incorporate such space and Landlord shall notify Tenant of the same. Base Rent for such additional space shall be charged at the per square foot monthly rental rate then charged at the Building 2000 Leased Premises. Landlord shall at its expense construct "turn key" improvements in Suites 100 and 240 consistent with the improvements made to the Leased Premises in the 2000 Building. Rent payments for such space shall commence on Substantial Completion of such space. Landlord shall use commercially reasonable efforts to cause such Substantial Completion on or before November 1, 2007.

Notwithstanding the foregoing, Tenant acknowledges that there is an existing tenant in Suite 230 at the 2000 Building. In the event that such space is not available as of the Term Commencement Date, (1) Tenant shall have no right to terminate or otherwise amend this Lease and (2) such space shall be removed from definition of the Leased Premises and the Rentable Area and Tenant's Proportionate Share shall be adjusted accordingly. In the event that Suite 230 becomes available for Tenant's occupancy after the Term Commencement Date but during the Term, such definitions shall be adjusted to include such space and Landlord shall notify Tenant of the same. Landlord shall use commercially reasonable efforts to deliver Suite 230 to Tenant as early as practical, but no later than by October 31, 2009.

ARTICLE 3.

Rent, Term, Use And Basic Operating Costs

3.01. Term. The Term shall commence on the Term Commencement Date and shall continue in full force for the Term. Landlord shall provide Tenant as much notice as circumstances allow of the date when Landlord expects to achieve Substantial Completion, based upon the progress of the work. Tenant's obligation to pay Rent and its other obligations under this Lease shall commence upon the Substantial Completion of such relevant part of the Leased Premises (except as expressly otherwise provided herein with respect to obligations arising earlier). Notwithstanding anything herein to the contrary, in the event all of the Leased Premises (except for Suites 100, 230 and 240) are not Substantially Complete at the same time, Base Rent and Tenant's Proportionate Share of Basic Operating Cost for such portion of the Leased Premises that are not Substantially Complete at the Term Commencement Date shall not commence until such portion of the Leased Premises are Substantially Complete. Tenant may, however, elect to take occupancy of all or any portion of the Leased Premises before the Substantial Completion of the same, and at such time Tenant's obligation to pay Rent and its other obligations under this Lease shall commence for such space. Notwithstanding the foregoing, Landlord shall use commercially reasonable efforts to cause Substantial Completion of the Leased Premises in the 1950 Building and the 2000 Building by October 1, 2007 (except as provided in Section 2.04).

3.02. Use. Tenant shall use the Leased Premises solely for the Permitted Use and for no other use or purpose without the prior consent of Landlord; provided, however, that any counseling or similar services shall only be permitted in the 1950 Building.

3.03. Payment of Base Rent And Tenant's Proportionate Share Of Estimated Basic Operating Cost. Tenant shall pay the Base Rent with adjustments and in the manner hereinafter set forth.

(a) Base Rent of \$92,147.36 for the first full month of the Term shall be paid upon execution of this Lease. Tenant's obligation to pay Rent hereunder shall be credited against such amount during the initial period when portions of the Leased Premises become available or occupied by Tenant pursuant to the following paragraph.

(b) Thereafter, Tenant shall pay Rent with respect to each portion of the Leased Premises commencing on the earlier of (i) Substantial Completion of such portion, or (ii) the date Tenant occupies such portion of the Leased Premises. In the event that Rent commences for any portion of the Leased Premises on any date other than the first day of the calendar month, then the Rent due hereunder for such partial calendar month of the Term shall be prorated for such month. Commencing with the first day of the first full calendar month, Tenant shall pay Gross Rent (consisting of Base Rent plus Tenant's Proportionate Share of Estimated Basic Operating Cost) in twelve (12) equal installments on the first day of each calendar month of each year during the Term and any extensions or renewals thereof, in advance, without demand and without reduction, abatement, counterclaim or setoff, at the address specified on the Basic Lease Information sheet or at such other address as may be designated by Landlord in the manner provided for giving notice under Section 7.19 hereof.

3.04. Net Lease. This is a Net Lease. Base Rent shall be paid to Landlord absolutely net of all costs and expenses. The provisions for payment of Basic Operating Cost by means of periodic payment of Tenant's Proportionate Share of Estimated Basic Operating Cost and the Basic Operating Cost Adjustment are intended to pass on to Tenant and reimburse Landlord for Tenant's Proportionate Share of all costs and expenses of the nature described in Section 3.05. Notwithstanding anything herein to the contrary, no Basic Operating Costs shall be charged in respect of the Storage Space.

3.05. Basic Operating Cost.

(a) Basic Operating Cost shall mean all expenses and costs (but not specific costs that are separately billed to and paid by specific tenants) of every kind and nature that Landlord shall have paid or incurred or become obligated to pay or incur (including, without limitation, costs incurred by managers and agents that are reimbursed by Landlord) because of or in connection with the management, maintenance, preservation, ownership and operation of the Project and its supporting facilities directly servicing the Project (as allocated to the Project in accordance with accounting principles generally accepted in the real estate industry, consistently applied) including, but not limited to the following:

(1) Wages, salaries and reimbursable expenses and benefits of all on-site and off-site personnel engaged in the operation, maintenance and security of the Project and the direct costs of training such employees limiting such charges only to amounts directly allocable to services rendered by the employees and personnel for the benefit of the Project.

(2) Costs of the property management office and office operation.

(3) All supplies, materials and rental equipment used in the operation and maintenance of the Project, including, without limitation, temporary lobby displays and events, the cost of erecting, maintaining and dismantling art work and similar decorative displays commensurate with operation of a first-class office building, but excluding the capital cost of acquisition of works of art and other display materials.

(4) Utilities, including, without limitation, water, power, gas, sewer, waste disposal, communication and cable T.V. facilities, heating, cooling, lighting and ventilation of the Project.

(5) All maintenance, janitorial and service agreements for the Project and the equipment therein, including, but not limited to, alarm service, window cleaning, elevator maintenance, and maintenance and repair of sidewalks, landscaping, Building exterior and service areas.

(6) A management cost recovery equal to three percent (3%) of all income (excluding such management cost recovery) derived from the Project, without limitation, all Rent hereunder, all rent and other payments derived from other tenants in the Buildings, parking revenues and other revenues derived from licensees of any other part of or right in the Buildings.

(7) Legal and accounting services for the Project, including, but not limited to, the costs of audits by certified public accountants of Basic Operating Cost records; provided, however, that legal expense shall not include the cost of (i) negotiating lease terms for prospective tenants, (ii) negotiating termination or extension of leases with existing tenants, (iii) proceedings against any other specific tenant relating to enforcement of such tenant's lease including, without limitation, the collection of rent or other sums due to Landlord from such tenant, or (iv) legal costs incurred in connection with development and/or construction of the Project.

(8) All insurance premiums and costs, including but not limited to, the premiums and cost of fire, casualty, liability, rental loss and earthquake insurance applicable to the Project and Landlord's personal property used in connection therewith (and all amounts paid as a result of loss sustained that would be covered by such policies but for "deductible" or self-insurance provisions); provided, however, that Landlord may, but shall not be obligated to, carry earthquake insurance.

(9) Repairs, replacements and general maintenance (except for repairs and replacements (i) paid for from the proceeds of insurance, (ii) paid for directly by Tenant, other tenants or any third party, or (iii) for the benefit solely of tenants of the Project other than Tenant to the extent that Tenant could not obtain similar services from Landlord without an obligation to reimburse Landlord for the entire cost thereof under the provisions of this Lease).

(10) All real estate or personal property taxes, possessory interest taxes, business or license taxes or fees, service payments in lieu of such taxes or fees, annual or periodic license or use fees, including, but not limited to, all of the following: (i) all real estate taxes and assessments, and all other taxes relating to, or levied, assessed or imposed on, the Project, or any portion thereof, or interest therein; (ii) all taxes, assessments, charges, levies, fees, excises or penalties, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature imposed, levied upon, measured by or attributable to Landlord's equipment, furniture, fixtures and other property located in, or used in connection with, the Project, or levied upon, measured by or reasonably attributable to the cost or value of any of the foregoing; (iii) all other taxes (including, without limitation, value added taxes), assessments, charges, levies, fees, or penalties, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature imposed, levied, assessed, charged or collected by any governmental authority or other entity either directly or indirectly (A) for or in connection with public improvements, user, maintenance or development fees, transit, parking, housing, employment, police, fire, open space, streets, sidewalks, utilities, job training, child care or other governmental services or benefits, (B) upon or with respect to the development, possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of, or business operations in, the Project (C) upon, against or measured by the area of the Project, or uses made thereof, or leases made to tenants thereof, or all or any part of the rents or other charges collected or collectible from tenants or other users thereof, and (D) for environmental matters or as a result of the imposition of mitigation measures, including, without limitation, parking taxes, employer parking regulations, or fees, charges or assessments as a result of the treatment of the Project, or any portion thereof or interest therein, as a source of pollution or storm water runoff; (iv) any tax or excise, however described, imposed in addition to, or in substitution partially or totally of, any or all of the foregoing taxes, assessments, charges or fees; and (v) any and all costs, expenses and attorneys' fees paid or incurred by Landlord in connection with any proceeding or action to contest in whole or in part, formally or informally, the imposition, collection or validity of any of the foregoing taxes, assessments, charges or fees. If by law any real property taxes may be paid in installments at the option of the taxpayer, then Landlord shall include within real property taxes only those installments (including interest, if any) which would become due by exercise of such option. Notwithstanding the foregoing, real property taxes shall exclude (1) franchise, transfer, inheritance, or capital stock taxes or income taxes measured by the net income of Landlord from all sources unless, due to a change in the method of taxation, any of such taxes is levied or assessed against Landlord as a substitute for, or as an addition to, in whole or in part, any other tax that would otherwise constitute a real property tax, (2) any penalties, fines, interest or charges attributable to the late payment of any taxes, except to the extent attributable to Tenant's failure to pay its portion of real property taxes hereunder, (3) any personal property taxes

payable by Tenant hereunder or by any other tenant or occupant of the Building, and (4) any increases in real estate taxes due to any reassessment upon a transfer of any of Landlord's interest in the Building or the real property on which the Building is located during the first five (5) years of the Lease term.

(11) Amortization (together with reasonable financing charges) of capital improvements made to the Project (i) to comply with the requirements of law, ordinance rule or regulation; (ii) to replace items which Landlord would be obligated to maintain under this Lease; or (iii) to improve the operating efficiency of the Project; provided, however, that in the case of improvements made solely for efficiency purposes, the amount chargeable as a Basic Operating Cost in any year shall not exceed Landlord's reasonable determination of the efficiency achieved either in direct cost savings, avoidance of cost increases or a combination of both. As used in this Section 3.05(a)(11), "amortization" shall mean allocation of the cost (together with interest thereon at the rate of ten percent (10%) per annum or such higher rate as may have been paid by Landlord on funds borrowed for the purpose of funding such improvements) equally to each year of useful life of the items being amortized or a shorter period equal to the number of years required to recover the cost of said item of capital improvement out of the savings in operating efficiency derived therefrom; however, such shorter period shall only be used if there are direct cost savings during each year that such costs are passed through. Notwithstanding the foregoing, however, Landlord may treat as expenses (chargeable in the year incurred) and not as capital costs items that are less than two percent (2%) of Basic Operating Cost for the year in question.

(b) Notwithstanding any other provision herein to the contrary, if at any point during any year of the Term less than ninety-five percent (95%) of the total rentable area of the Buildings is actively occupied and used by tenants or other occupants, an adjustment shall be made in computing Basic Operating Cost for such year so that Basic Operating Cost shall be computed as though ninety-five percent (95%) of the total rentable area of the Buildings was occupied during periods when actual occupancy was less; provided, however, that in no event shall Landlord collect in total, from Tenant and all other tenants of the Project, an amount greater than one hundred percent (100%) of the actual Basic Operating Cost during any year of the Term.

Notwithstanding the foregoing, (i) Basic Operating Costs shall exclude the items described on the attached Exhibit E and (2) Basic Operating Costs for the calendar year 2007 shall not exceed \$1.085 per square foot per month.

3.06. Adjustment For Variation Between Estimated And Actual. If the Basic Operating Cost Adjustment for any calendar year is a positive number (i.e., actual cost exceeds estimated cost) Tenant shall pay to Landlord, pursuant to Landlord's billing therefor (submitted pursuant to Section 3.07), Tenant's Proportionate Share of the Basic Operating Cost Adjustment within thirty (30) days after presentation of Landlord's statement. If the Basic Operating Cost Adjustment for any calendar year is a negative number (i.e., estimated cost exceeds actual cost), then Landlord shall credit Tenant's Proportionate Share of the Basic Operating Cost Adjustment against the next installment(s) of Estimated Basic Operating Cost payable by Tenant hereunder. Should the Term commence or terminate at any time other than the first day of a calendar year, Tenant's Proportionate Share of the Basic Operating Cost Adjustment shall be prorated for the exact number of calendar days during such calendar year that fall within the Term.

3.07. Computation Of Basic Operating Cost Adjustment. Landlord shall use commercially reasonable efforts to provide within 120 days after the end of any calendar year for which Estimated Basic Operating Cost differs from Basic Operating Cost, give written notice thereof to Tenant. The notice shall contain or be accompanied by a statement of the Basic Operating Cost during such calendar year (prepared by a certified public accountant), and a computation of Tenant's Proportionate Share of Basic Operating Cost Adjustment. Landlord's failure to give such notice and statement within 365 days after the

end of any calendar year for which a Basic Operating Cost Adjustment is due shall release Tenant from its obligations to pay for any adjustment pursuant for in Section 3.06.

3.08. Tenant's Right to Inspect Records. If Tenant objects in writing to an annual statement from Landlord given pursuant to Section 3.07 within one hundred eighty (180) days of the receipt of such statement by Tenant, Landlord shall permit Tenant to examine, at the sole expense of Tenant (except as provided below) and at the offices of Landlord and during regular business hours, such of Landlord's books and records pertaining directly to the determination of Basic Operating Cost as are relevant to the Landlord's statement in question. Subject to the limitations of the California Public Records Act, in making such examination, Tenant agrees, and shall cause its agents and employees conducting the examination to agree in writing, to keep confidential any and all information contained in such books and records, save and except that Tenant may disclose such information to a trier of fact in the event of any dispute between Tenant and Landlord with regard to Basic Operating Cost or as otherwise required by law; provided, however, that Tenant shall stipulate to such protective or other orders in any proceeding as may be reasonably required to preserve the confidentiality of such information. Such inspection may be made either by employees of Tenant or by a nationally recognized certified public accounting firm that is not compensated on a contingent fee basis. If Tenant shall not give such notice within the one hundred eighty (180) day period provided herein, then the Landlord's statement, as furnished by Landlord, shall be conclusive and binding upon Tenant as to the Basic Operating Cost shown thereon. If it is finally determined that the amount of Basic Operating Cost, as shown on Landlord's statement for the year as to which the inspection is undertaken, was overstated, and, as a result thereof, Tenant overpaid Tenant's Proportionate Share of Basic Operating Cost in respect of such year, then Landlord shall refund to Tenant the amount of such overpayment within thirty (30) days of such final determination. If such overstatement exceeds 5% of Tenant's Proportionate Share of Basic Operating Cost in respect of such year, Landlord shall pay the reasonable costs of such audit. If it is finally determined that the amount of Basic Operating Cost, as shown on Landlord's statement for the year as to which the inspection is undertaken, was understated, and, as a result thereof, Tenant underpaid Tenant's Proportionate Share of Basic Operating Cost in respect of such year, then Tenant shall pay to Landlord the amount of such underpayment within thirty (30) days of such final determination. The foregoing notwithstanding, Tenant shall not have the right to inspect such books and records during any period when there exists an Event of Default under this Lease.

3.09. Option to Extend.

(a) Tenant shall have the option to extend the Term for two (2) periods of five (5) years (each, an "Extended Term" and collectively, the "Extended Terms"). An Extended Term, if any, shall commence on the day following the last day of the prior term (as previously extended in the case of the second Extended Term) and shall continue for a period of five (5) years thereafter. Tenant's right to exercise the option to extend the Term of this Lease shall be both: (i) upon condition (which may be waived by Landlord in its sole discretion) that no Event of Default exists hereunder at the time of the giving by Tenant of its notice of exercise; and, (ii) upon the further condition (which may be waived by Landlord in its sole discretion) that no Event of Default exists hereunder at the time of the commencement of an Extended Term. Base Rent per month for the Extended Term shall be 95% of Fair Market Rent determined as provided below, and shall increase each year of Extended Term on the Anniversary Date, by an amount equal to three percent (3%) of the Base Rent for the prior lease year, which increase shall be considered in establishing the Fair Market Rent.

(b) To exercise an option to extend the Term, Tenant shall give Landlord written notice of its election at least twelve (12) months but not more than eighteen (18) months prior to expiration of the then current term. Within sixty (60) days of receipt of Tenant's election to extend, Landlord shall notify Tenant of Landlord's determination of the Fair Market Rent (and thus the Base Rent) for such Extended Term. If Tenant disputes Landlord's determination of the Fair Market Rent,

Tenant shall so notify Landlord within fourteen (14) days following Landlord's notice to Tenant of the Fair Market Rent and such dispute shall be resolved as follows:

(i) Within thirty (30) days following Landlord's notice to Tenant of the Fair Market Rent, Landlord and Tenant shall attempt in good faith to meet no less than two (2) times, at a mutually agreeable time and place, to attempt to resolve any such disagreement.

(ii) If within this thirty (30) day period Landlord and Tenant cannot reach agreement as to the Fair Market Rent, they shall each select one appraiser to determine the Fair Market Rent. Each such appraiser shall arrive at a determination of the Fair Market Rent and submit his or her conclusions to Landlord and Tenant within thirty (30) days of the expiration of the thirty (30) day consultation period described in (a) above.

(iii) If only one appraisal is submitted within the requisite time period, it shall be deemed to be the Fair Market Rent. If both appraisals are submitted within such time period, and if the two appraisals so submitted differ by less than ten percent (10%) of the higher of the two, then the average of the two shall be the Fair Market Rent. If the two appraisals differ by more than ten percent (10%) of the higher of the two, then the two appraisers shall immediately select a third appraiser who will within thirty (30) days of his or her selection make a determination of the Fair Market Rent and submit such determination to Landlord and Tenant. This third appraisal will then be averaged with the closer of the two previous appraisals and the result shall be the Fair Market Rent.

(iv) All appraisers specified herein shall be members of the American Institute of Real Estate Appraisers (MAI) with not less than five (5) years' experience appraising leases of commercial properties similar to the Premises in the San Mateo. Landlord and Tenant shall pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser plus one-half of any other costs incurred in the arbitration.

(c) Tenant shall have no other option, right or obligation to extend the Term or otherwise remain in the Leased Premises after the Term Expiration Date. From and after commencement of any Extended Term, all of the other terms, covenants and conditions of the Lease shall apply, and references to the Term shall be deemed to include such Extended Term; provided, however, that Base Rent shall be revised as herein provided, and Tenant shall have no option or right to further extend the Term beyond the Extended Terms.

ARTICLE 4. **Landlord Covenants**

4.01. Basic Services. Landlord shall:

(a) Administer initial improvement of the Leased Premises in accordance with Exhibit B.

(b) Furnish Tenant during Tenant's occupancy of the Leased Premises:

(i) Hot and cold water at those points of supply provided for general use of other tenants in the Project; central heat and air conditioning in season, at such times as Landlord normally furnishes these services to other tenants in the Project and at such temperatures and in such amounts as are considered by Landlord to be standard or as may be permitted or controlled by applicable laws, ordinances, rules and regulations.

(ii) Routine maintenance, repairs, structural and exterior maintenance (including, without limitation, exterior glass and glazing), painting and electric lighting service for all public areas and special service areas of the Project in the manner and to the extent deemed by Landlord to be standard, subject to the limitation contained in Section 4.06.

(iii) Janitorial service as specified in Exhibit D attached hereto.

(iv) An electrical system to convey power delivered by public utility providers selected by Landlord in amounts sufficient for normal office operations as provided in similar office buildings, but not to exceed a total allowance of four (4) watts per square foot of Rentable Area during normal office hours (which includes an allowance for lighting of the Leased Premises at the maximum wattage per square foot of Rentable Area permitted under applicable laws, ordinances, orders, rules and regulations), provided that no single item of electrical equipment consumes more than 0.5 kilowatts at rated capacity or requires a voltage other than 120 volts, single phase (except as identified in the Design Development Drawings and constructed pursuant to the initial Tenant Improvements). If Tenant's electrical requirements, as estimated by Landlord based upon rated capacity (or based upon metered consumption measured by meters installed as a result of Landlord's determination that Alterations made by or for Tenant (except for electric meters installed as part of the Tenant Improvements, which shall be installed at Landlord's expense) cause excess use that requires the installation of additional meter(s), which shall be installed at Tenant's expense), exceed such amounts, Tenant shall pay the full amount of such excess together with any additional cost necessary to provide such excess capacity; and provided that if the installation and operation of said electrical equipment requires additional air conditioning capacity above that provided by the building standard improvements, then the additional air conditioning installation and operating costs shall be paid by Tenant.

(v) New initial lamps, bulbs and ballasts used in the Leased Premises.

(vi) Limited security services for the Project, subject to the provisions of

Section 7.05;

(vii) Public elevator service and a freight elevator serving the floors on which the Leased Premises are situated, during hours designated by Landlord.

(viii) 3.3 parking spaces for each 1,000 square feet of Rentable Area in the 2000 Building and in the 1950 Building (but not including the Rentable Area of the Storage Space), from time to time, on a non-exclusive basis but subject to the reserved parking rights of other tenants at the Project, provided such reserved parking rights do not restrict the number of parking spaces available to Tenant to fewer than 3.3 parking spaces for each 1,000 square feet of Rentable Area. Such parking shall be located on surface lots in the Project and in the parking structure for the Buildings, and no separate charge shall be made for such parking. Landlord shall furnish Tenant with a separate parking card for each employee who maintains regular working hours at the Leased Premises which will permit Tenant to enter into the parking garage after hours for parking purposes.

(ix) Cool and warm air through an HVAC system from 7:30 a.m. to 5:30 p.m., Monday through Friday, holidays excluded. Landlord shall also provide after-hours HVAC service and shall charge Tenant the actual cost to Landlord of providing such service, which is on the date hereof \$55 per hour; and

(c) Except as specifically set forth in Section 4.08, Landlord shall not be liable for damages to either person or property, nor for injury to or interference with Tenant's business (including, without limitation, interruptions or inconveniences in business operations and loss of profits), nor shall Landlord be deemed to have evicted Tenant, nor shall there be any abatement of Rent, nor shall Tenant be relieved from performance of any covenant on its part to be performed hereunder by reason of (i) deficiency in the provision of Basic Services, (ii) breakdown or malfunction of lines, cables, wires, pipes, equipment or machinery utilized in supplying or permitting Basic Services or telecommunications, or (iii) curtailment or cessation of Basic Services due to causes or circumstances beyond the reasonable control of Landlord. Landlord shall use reasonable diligence to make such repairs as may be required to lines, cables, wires, pipes, equipment or machinery within the Project to provide restoration of Basic Services and, where the cessation or interruption of Basic Service has occurred due to circumstances or conditions beyond Project boundaries, to cause the same to be restored, by diligent application or request to the provider thereof. In no event shall any mortgagee or the beneficiary under any deed of trust referred to in Section 5.12 be or become liable for any default of Landlord under this Section 4.01(c).

4.02. Extra Services. Landlord shall provide to Tenant at Tenant's sole cost and expense (and subject to the limitations hereinafter set forth) the following:

- (a) Such extra cleaning and janitorial services required if Tenant Improvements are not consistent in quality and quantity with Building Standard Improvements;
- (b) Additional air conditioning and ventilating capacity required by reason of any electrical, data processing or other equipment or facilities or services required to support the same, in excess of that which would be required for Building Standard Improvements;
- (c) Maintaining and replacing lamps, bulbs, and ballasts after initial installation;
- (d) Heating, ventilation, air conditioning or extra electrical service provided by Landlord to Tenant (i) during hours other than normal business hours, (ii) on Saturdays (after normal business hours), Sundays, or holidays, said heating, ventilation and air conditioning or extra service to be furnished solely upon the prior written request of Tenant given with such advance notice as Landlord may reasonably require;
- (e) Repair and maintenance service which is the obligation of Tenant hereunder;
- (f) Building security dedicated primarily to Tenant and Tenant's Permitted Use of the Leased Premises, subject to the provisions of Section 7.05(a);
- (g) Any Basic Service in amounts reasonably determined by Landlord to exceed the amounts required to be provided under Section 4.01(b), but only if Landlord elects to provide such additional or excess service. Tenant shall pay Landlord the cost of providing such additional services (or an amount equal to Landlord's reasonable estimate of such cost, if the actual cost is not readily ascertainable) within ten (10) days following presentation of an invoice therefor by Landlord to Tenant. The cost chargeable to Tenant for all extra services shall constitute Additional Rent.

4.03. Window Coverings. All window coverings shall be provided by Landlord as Building Standard Improvements. Tenant shall not place or maintain any window coverings, blinds or drapes on any exterior window (other than those supplied by Landlord) without Landlord's prior written approval which Landlord shall have the right to grant or withhold in its absolute and sole discretion. Tenant acknowledges that breach of this covenant will directly and adversely affect the exterior appearance of the Project or the operation of the heating, ventilation or air conditioning systems.

4.04. Graphics And Signage. Landlord shall provide the initial identification of Tenant's name in the main lobby of the 2000 Building, which sign will comply with the ADA requirements. Tenant shall have the right to identification on the exterior monument signage at the 1950 Building and the 2000 Building. All signs, notices and graphics of every kind or character, visible in or from public corridors, the Common Area or the exterior of the Leased Premises shall be subject to Landlord's prior written approval which Landlord shall have the right to withhold in its reasonable discretion. Landlord hereby agrees that the following language shall be acceptable wording for the 1950 Building: "San Mateo County Department of Public Health Alameda Service Center".

4.05. Tenant Extra Improvements. All Tenant Extra Improvements shall be installed at Tenant's cost, such installation to be made and paid for pursuant to the provisions of Exhibit B. For purposes hereof, "costs" shall include, but without limitation, all building permit fees for Tenant Extra Improvements (not included in the permit fees paid with respect to the Buildings), payments to design consultants for services and disbursements, and such inspection fees as Landlord may incur and reimbursement to Landlord for permit and other fees Landlord has prepaid that are fairly attributable to the Tenant Extra Improvement Work. Landlord shall not seek the benefits of depreciation deductions or income tax credit allowances for federal or state income tax reporting purposes with respect to any Tenant Extra Improvements for which Tenant has fully reimbursed Landlord under this Section 4.05.

4.06. Repair Obligation. Subject to applicable construction warranties in connection with the Tenant Improvements, Landlord's obligation with respect to repair as part of Basic Services shall be limited to (i) the structural portions of the Buildings, (ii) the exterior walls of the Buildings, including, without limitation, glass and glazing, (iii) the roof, (iv) mechanical, electrical, plumbing and life safety systems, and (v) Common Areas. Landlord shall not be deemed to have breached any obligation with respect to the condition of any part of the Project unless Tenant has given to Landlord written notice of any required repair and Landlord has not made such repair within a reasonable time following the receipt by Landlord of such notice. The foregoing notwithstanding: (i) Landlord shall not be required to repair damage to any of the foregoing to the extent caused by the acts or omissions of Tenant or its agents, employees or contractors, except to the extent covered by insurance carried by Landlord; and (ii) the obligations of Landlord pertaining to damage or destruction by casualty shall be governed by the provisions of Section 7.08. After providing reasonable notice to Tenant of its intent to do so, Landlord shall have the right but not the obligation to undertake work of repair that Tenant is required to perform under this Lease and that Tenant fails or refuses to perform in a timely and efficient manner. All costs incurred by Landlord in performing any such repair for the account of Tenant shall be repaid by Tenant to Landlord upon demand, together with an administration fee equal to fifteen percent (15%) of such costs; provided, however, that (1) administration fees will only be payable by Tenant if Tenant was given prior written notice of such work by Landlord and (2) administration fees shall not be included in "income" for purposes of calculating Landlord's management cost recovery under Section 3.05(a)(6).

4.07. Peaceful Enjoyment. Tenant shall peacefully have, hold and enjoy the Leased Premises, subject to the other terms hereof, provided that Tenant pays the Rent and performs all of Tenant's covenants and agreements herein contained. This covenant and the other covenants of Landlord contained in this Lease shall be binding upon Landlord and its successors only with respect to breaches occurring during its and their respective ownerships of Landlord's interest hereunder.

4.08. Disruption in Essential Utilities or Services. No other provision of this Lease to the contrary withstanding, in the event of any failure, stoppage or interruption of any utilities or services to be furnished by Landlord hereunder, Landlord shall immediately notify Tenant of such failure, stoppage or interruption, diligently attempt to restore service as promptly as possible and shall keep Tenant apprised of its efforts. In the event Landlord is unable to supply any of the Buildings' sanitary, electrical, heating, air conditioning, water, elevator, fire protection and security, audio, video or electronic communications, hazard detection and alarm, or other essential services serving the Leased Premises (collectively, "Essential Services") and such inability of Landlord impairs Tenant's ability to carry on its business in the Leased Premises for a period of three (3) or more consecutive business days if such failure is in the reasonable control of Landlord or a period of five (5) or more consecutive business days if such failure is not within the reasonable control of Landlord, then the Rent shall be abated based on the extent such inability of Landlord impairs Tenant's ability to carry on its business in the Leased Premises, or, alternatively at Tenant's election, Tenant shall have the option to provide such services and offset the reasonable cost thereof against the Rent next due under this Lease. Such abatement, or right to provide the services and offset against Rent, shall continue until the Essential Services have been restored so that the lack of any remaining services no longer materially impairs Tenant's ability to carry on its business in the Leased Premises. Landlord shall use its best efforts to restore disrupted Essential Services as soon as possible. However, if such failure to provide any Essential Services continues for any reason for thirty (30) days and such failure interferes with Tenant's ability to carry on its business in the Leased Premises, then Tenant may, without limiting any of its other rights or remedies hereunder or at law or in equity, terminate this Lease upon written notice to Landlord, unless Landlord supplies Tenant with evidence reasonably satisfactory to Tenant that the Essential Services will be restored within sixty (60) days of the date Tenant's use was interrupted, and the Essential Services is actually restored within such 60-day period. Tenant shall not be entitled to any abatement of Rent or right to terminate if Landlord's inability

to supply Essential Services to Tenant is due solely to the acts, omissions or negligence of Tenant and its agents, employees, invitees and licensees.

ARTICLE 5.
Tenant's Covenants

5.01. Payments By Tenant. Tenant shall pay Rent at the times and in the manner herein provided. All obligations of Tenant hereunder to make payments to Landlord shall constitute Rent and failure to pay the same when due shall give rise to the rights and remedies provided for in Section 7.09.

5.02. Construction Of Tenant Improvements. Landlord shall cause its contractor to install Tenant Improvements pursuant to Exhibit B. All additions to or improvements of the Leased Premises, whether of Building Standard Improvements or Tenant Extra Improvements installed pursuant to Section 4.05, shall be and become the property of Landlord upon installation and shall be surrendered to Landlord upon termination of this Lease by lapse of time or otherwise, subject to Tenant's rights of removal with respect thereto in the same manner as provided in Section 5.07 hereof. Although Tenant Extra Improvements become the property of Landlord upon installation, they are intended to be for the convenience of Tenant and are not intended to be a substitute for Rent or any part thereof.

5.03. Taxes On Personal Property And Tenant Extra Improvements. In addition to, and wholly apart from its obligation to pay Tenant's Proportionate Share of Basic Operating Costs, Tenant shall be responsible for and shall pay prior to delinquency taxes or governmental service fees, possessory interest taxes, fees or charges in lieu of any such taxes, capital levies, or other charges imposed upon, levied with respect to or assessed against its personal property, on the value of its Tenant Extra Improvements or Alterations, on its interest pursuant to this Lease or on any use made of the Leased Premises or the Common Areas by Tenant in accordance with this Lease. To the extent that any such taxes are not separately assessed or billed to Tenant, Tenant shall pay the amount thereof as invoiced to Tenant by Landlord provided that Landlord has given Tenant reasonable supporting evidence of the such taxes.

5.04. Repairs By Tenant. Subject to Landlord's obligations set forth in Article 4 above, Tenant shall maintain and repair the Leased Premises and keep the same in good condition. Tenant's obligation shall include, without limitation, the obligation to maintain and repair all interior walls, floors, entry doors, ceilings and fixtures and to repair all damage caused by Tenant, its agents, employees, invitees and licensees to the utility outlets and other installations in the Leased Premises or anywhere in the Project, whatever the scope of the work of maintenance or repair required. Tenant shall repair all damage caused by removal of Tenant's movable equipment or furniture or the removal of any Tenant Extra Improvements or Alterations permitted or required by Landlord, all as provided in Section 5.17. At the request of Tenant, Landlord shall perform the work of maintenance and repair constituting Tenant's obligation pursuant to this Section 5.04 and as an "extra service" to be rendered pursuant to Section 4.02(e) at Tenant's sole cost and expense including, without limitation, the administration fee referred to therein. Any work of repair and maintenance performed by or for the account of Tenant by persons other than Landlord shall be performed by contractors approved by Landlord prior to commencement of the work and in accordance with procedures Landlord shall from time to time establish. All such work shall be performed in compliance with all applicable laws, ordinances, rules and regulations and Tenant shall provide to Landlord copies of all permits and records of inspection issued or obtained by Tenant in connection therewith to establish such compliance. Tenant shall also comply with all Landlord's construction procedures and requirements for the Project (including, without limitation, Landlord's requirements relating to insurance). Nothing herein contained, however, shall be deemed to

impose upon Tenant the obligation to perform work of maintenance or repair required by reason of Landlord's negligence or wrongful acts or those of Landlord's agents or employees. Landlord may require by written notice to Tenant that Tenant shall install and maintain all required intrabuilding network cable and other communications wires and cables necessary to serve the Leased Premises from the point of presence in the Buildings of a telecommunications provider.

5.05. Waste. Tenant shall not commit or allow any waste or damage to be committed in any portion of the Leased Premises.

5.06. Assignment Or Sublease.

(a) Tenant shall not have the right to directly or indirectly sell, assign, sublet, encumber, pledge or otherwise transfer or hypothecate all or any part of its interest in or rights with respect to the Leased Premises or its leasehold estate thereunder or permit all or any portion of the Leased Premises to be occupied by anyone other than itself or sublet all or any portion of the Leased Premises, without Landlord's prior written consent, which consent Landlord may give or not give in its sole and absolute discretion.

(b) Without limiting the other events which may constitute an assignment of this Lease, the following shall be deemed an assignment of this Lease: (i) the pledging, mortgaging or encumbering of Tenant's interest in this Lease, or the Leased Premises or any part thereof; (ii) any occupancy of all of the Leased Premises by any person, firm, partnership, or corporation, or any groups of persons, firms, partnerships, or corporations, or any combination thereof, other than Tenant or an Affiliate of Tenant; or (iii) an assignment or transfer by operation of law. Without limiting the other events which may constitute a subletting, any occupancy of less than all of the Leased Premises by any person, firm, partnership, or corporation, or any groups of persons, firms, partnerships, or corporations, or any combination thereof, other than Tenant or an Affiliate of Tenant and their respective employees and business guests, shall be deemed a subletting of the Leased Premises.

(c) No assignment or subletting by Tenant shall relieve Tenant of any obligation under this Lease. Any assignment or subletting that conflicts with the provisions hereof shall be void. No consent by Landlord to any subletting or assignment shall constitute a consent to any other assignment or subletting nor shall it constitute a waiver of any of the provisions of this Section 5.06 as they apply to any such future sublettings or assignments.

(d) If this Lease is assigned, whether or not in violation of the terms of this Lease, Landlord may collect Rent from the assignee. If the Leased Premises or any part thereof is sublet, Landlord may, upon any failure by Tenant to perform its obligations hereunder, collect Rent from the subtenant. In either event, Landlord may apply the amount collected from the assignee or subtenant to Tenant's monetary obligations hereunder. Collecting Rent from the assignee or subtenant or applying that Rent to Tenant's monetary obligations shall not be deemed to be an acceptance of the assignee or subtenant as a direct tenant of Landlord nor a waiver of any provision of this Section 5.06 nor an assumption by Landlord of any obligation of Tenant or any other party as an assignor or sublessor to such assignee or subtenant.

(e) Without liability to Tenant, Landlord shall have the right to offer and to lease space in the Buildings, or in any other property, to any party, including without limitation parties with whom Tenant is negotiating, or with whom Tenant desires to negotiate, concerning assignment or subletting the Leased Premises, or any portion thereof.

5.07. Alterations, Additions, Improvements. Tenant shall not make or allow to be made any alterations, additions or improvements in or to the Leased Premises (collectively, "Alterations") without obtaining the prior written consent of Landlord. Landlord's consent shall not be unreasonably withheld with respect to proposed Alterations that (i) comply with all applicable laws, ordinances, rules and regulations, (ii) are compatible with the Buildings and its mechanical, electrical, fire and life safety

systems; (iii) will not materially interfere with the use and occupancy of any other portion of the Buildings by any other tenant or their invitees; (iv) do not affect the structural portions of the Buildings; and, (v) do not and will not, whether alone or taken together with other improvements, require the construction of any other improvements or alterations within the Buildings. In determining whether or not to consent to proposed Alterations, Landlord shall have the right (without limitation) to review plans and specifications for proposed Alterations, construction means and methods, the identity of any contractor or subcontractor to be employed on the work of Alterations, and the time for performance of such work. Without limiting the other grounds upon which Landlord may refuse to approve any contractor or subcontractor, Landlord may take into account the desirability of maintaining harmonious labor relations at the Project. Landlord may also require that all life safety related work be performed by the life safety contractor for the Buildings. Tenant shall supply to Landlord any documents and information requested by Landlord in connection with the exercise of its rights hereunder. Upon completion of any Alteration, Tenant shall provide Landlord, at Tenant's expense, with a complete set of plans in reproducible form and specifications reflecting the actual conditions of the Tenant Improvements as affected by the Alteration, together with a copy of such plans on diskette in the AutoCAD format or such other format as may then be in common use for computer assisted design purposes, provided Tenant shall not be required to produce plans in such format solely to meet this requirement. All Alterations permitted hereunder shall be made and performed by Tenant, without cost or expense to Landlord, in a diligent and first-class workmanlike manner and in accordance with plans and specifications approved by Landlord, and shall comply with all applicable laws, ordinances, orders, rules and regulations and Landlord's construction procedures and requirements for the Project (including, without limitation, Landlord's requirements relating to insurance). Tenant may select Landlord to make and perform any Alterations permitted hereunder, without cost or expense to Landlord. If Tenant so selects Landlord, Tenant shall pay Landlord, upon completion of any Alteration, a reasonable fee for Landlord's supervision and administration of the installation thereof; provided, however, that such fee shall not be deemed to be "income" for purposes of calculating management cost recovery under Section 3.05(a)(6). The obligations of the parties with respect to removal of Alterations shall be controlled by Section 5.17.

5.08. Liens. Tenant shall keep the Leased Premises and the Project free from any liens arising out of any (i) work performed or material furnished to or for the Leased Premises, and (ii) obligations incurred by or for Tenant or any person claiming through or under Tenant. Tenant shall, within ten (10) days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a bond fully satisfactory to Landlord in form and substance. Landlord shall have the right at all times to post and keep posted on the Leased Premises any notices permitted or required by law, or that Landlord shall deem proper for the protection of Landlord, the Leased Premises, the Project and any other party having an interest therein, from mechanics', materialmen's and other liens. In addition to all other requirements contained in this Lease, Tenant shall give to Landlord at least ten (10) business days prior written notice before commencement of any construction on the Leased Premises.

5.09. Compliance With Laws And Insurance Standards.

(a) Landlord represents and warrants to Tenant, and covenants with Tenant, as follows: to the best of Landlord's knowledge: (a) the physical structure, fixtures and permanent improvements of the Premises and all portions of the Property and the Building along the path of travel to the Premises (including, but not limited to, the primary ramp providing access to the podium level of the Property, the Building entrances, Common Areas, restrooms, elevators, lobbies, telephone banks, drinking fountains and parking areas) are not in violation of the requirements of the Americans With Disabilities Act of 1990 and Title 24 of the California Code of Regulations and all other applicable federal, state, local and administrative laws, rules, regulations, orders and requirements intended to provide equal accessibility for persons with disabilities (collectively, "Disabilities Laws"); (b) the Building is not an unreinforced masonry building, and is not in violation of any applicable federal, state,

local and administrative laws, rules, regulations, orders and requirements relating to seismic safety (collectively, "Seismic Safety Laws"); (c) those portions of the Property, the Common Areas and Building Systems serving the Leased Premises are not in violation of any applicable federal, state, local and administrative laws, rules, regulations, orders and requirements relating to fire and life safety (collectively, "Life Safety Laws"); and (d) the Building, the Common Areas and Building Systems serving the Premises are not in violation of any other applicable federal, state, local and administrative laws, rules, regulations, orders and requirements. Landlord shall Indemnify Tenant against any and all Claims arising out of any misrepresentation by Landlord under this Section. Landlord shall construct the initial Tenant Improvements in compliance with Disabilities Laws, Seismic Safety Laws, Life Safety Laws and all federal, state, local and administrative laws, rules, regulations, orders and requirements.

(b) Tenant shall comply with all laws, ordinances, orders, rules and regulations (state, federal, municipal or promulgated by other agencies or bodies having or claiming jurisdiction) related to the use, improvement, condition or occupancy of the Leased Premises and all improvements located therein, regardless of when they become effective, including, without limitation, all applicable federal, state and local laws, regulations or ordinances pertaining to air and water quality, Hazardous Materials, waste disposal, air emissions and other environmental matters and including, without limitation, the Americans with Disabilities Act of 1990. Tenant shall immediately deliver to Landlord a copy of any notices received from any governmental agency in connection with the Leased Premises. It is the intention of Tenant and Landlord that the obligations of Tenant under this Section 5.09 shall apply irrespective of the scope of work required to achieve such compliance. Tenant's obligations under this Section and Section 5.04 or either of them shall include, without limitation, the responsibility of Tenant to make substantial repairs, improvements or Alterations to the extent provided above. Tenant waives any rights now or hereafter conferred upon it by any existing or future law to terminate this Lease or to receive any abatement, diminution, reduction or suspension of payment of Rent by reason of the obligations of Tenant under this Section 5.09. In no event, however, shall Tenant be responsible for any structural upgrade required to be made to the Leased Premises, except to the extent that the requirement of such upgrade is imposed due to the use of the Leased Premises by Tenant or any Alteration made or proposed to be made by Tenant.

(c) Tenant shall promptly cure and satisfy all Hazardous Materials claims arising out of or by reason of the activities or businesses of Tenant, its Affiliates, its subtenants, or the agents, contractors, businesses or employees of Tenant or any subtenant. Tenant shall not do anything or permit anything to be done in the Leased Premises which creates, requires or causes imposition of any requirement by any public authority for structural or other upgrading of or improvement to the Project.

(d) Tenant shall not occupy or use, or permit any portion of the Leased Premises to be occupied or used, for any business or purpose that is disreputable or productive of fire hazard, or permit anything to be done that would increase the rate of fire or other insurance coverage on the Project and/or its contents. If Tenant does or permits anything to be done that shall increase the cost of any insurance policy required to be carried hereunder, then Tenant shall reimburse Landlord, upon demand, for any such additional premiums. Landlord shall deliver to Tenant a written statement setting forth the amount of any such insurance cost increase and showing in reasonable detail the manner in which it has been computed.

5.10. Entry For Repairs, Inspection, Posting Notices, Etc. After reasonable notice (except in emergencies where no such notice shall be required), Landlord, its agents and representatives, shall have the right to enter the Leased Premises to inspect the same, to clean, to perform such work as may be permitted or required hereunder, to make repairs to or alterations of the Project or other tenant spaces therein, to deal with emergencies, to post such notices as may be permitted or required by law to prevent the perfection of liens against Landlord's interest in the Project or to exhibit the Leased Premises to prospective tenants, purchasers, encumbrancers or others, or for any other purpose as Landlord may deem necessary or desirable; provided, however, that Landlord shall not unreasonably interfere with Tenant's

business operations nor jeopardize Tenant's HIPAA compliance. Tenant shall not be entitled to any abatement of Rent by reason of the exercise of any such right of entry.

5.11. No Nuisance. Tenant shall conduct its business and control its agents, employees, invitees and visitors without creating any nuisance, or interfering with, annoying, endangering or disturbing any other tenant or Landlord in its operation of the Project. Tenant shall not place any loads upon the floor, walls or ceiling of the Leased Premises that exceed the design load limitations of the Buildings or which otherwise endanger the structure nor place any harmful liquids, medical waste (including but not limited to blood samples), or Hazardous Material in the drainage system or waste receptacles of the Buildings. Tenant shall not permit any vibration, noise or odor to escape from the Leased Premises and shall not do or permit anything to be done within the Leased Premises which would adversely affect the quality of the air in the Buildings.

(a) Smoking Area/Loitering. Landlord shall designate one smoking area, which shall be the only area for smoking, on the west facing side of the 1950 Building for Tenant, its agents, employees or invitees. Tenant shall exercise commercially reasonable efforts to prevent its agents, employees or invitees from smoking or loitering on the east side of the 1950 Building..

5.12. Subordination.

(a) Tenant agrees that this Lease and the rights of Tenant hereunder are subject and subordinate to any first lien mortgage or deed of trust which now or in the future encumbers the Project (each such mortgage or deed of trust, a "Mortgage") and to any and all advances made thereunder, and interest thereon, and all modifications, renewals, supplements, consolidations and replacements thereof. Tenant agrees, however, that the holder of or beneficiary under a Mortgage (each such holder or beneficiary, a "Mortgage Lender") may at its option upon written notice to Tenant, unilaterally elect to subordinate, in whole or in part, by an instrument in form and substance satisfactory to such Mortgage Lender, the lien of such Mortgage to this Lease so that this Lease shall then become superior, in whole or in part, to such Mortgage. In such case, Tenant agrees to execute promptly and to deliver to Landlord or such Mortgage Lender any such subordination instrument or instruments requested by such Mortgage Lender, and agrees that if it fails or refuses to do so within fifteen (15) days after written request therefor by Landlord or such Mortgage Lender, such failure or refusal shall constitute an Event of Default by Tenant under this Lease, but such failure or refusal shall in no way affect the validity or enforceability of any such subordination made by such Mortgage Lender.

(b) In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any Mortgage made by Landlord encumbering the Project, or in the event of any conveyance in lieu of foreclosure thereof, Tenant shall attorn to the purchaser (including Mortgage Lender or any designee of Mortgage Lender) upon any such foreclosure, sale or conveyance in lieu of foreclosure and recognize such purchaser as Tenant's landlord under this Lease or, at the option of such purchaser, Tenant will execute a new lease with such purchaser on the same terms and conditions as are contained in this Lease.

(c) Any Mortgage Lender or any successor in interest to any Mortgage Lender shall not be bound by (i) any payment of Gross Rent for more than one (1) month in advance, (ii) damages or offset for any default or act or omission by a predecessor landlord, (iii) any termination or assignment of this Lease except strictly in accordance with the terms of this Lease and the Mortgage, or (iv) any unperformed construction obligation or other default by any predecessor landlord, provided that any defaults of an ongoing nature which continue after such Mortgage Lender or successor succeeds to the interest of Landlord under the Lease shall continue to constitute a default under this Lease and that such Mortgage Lender or successor shall remedy any curable, non-monetary defaults of a continuing nature

within a reasonable time following the acquisition by any such party of title to the Project. Nothing herein contained shall be deemed to impose upon the person or party succeeding to the interest of Landlord as a result of the enforcement of such Mortgage by any Mortgage Lender, any obligation for defaults on the part of Landlord, and any person or party succeeding to possession of the Project as a successor to Landlord shall be subject to Landlord's obligations hereunder only during the period of such persons' or party's ownership, such person or party to have the benefit of Sections 4.06, 5.14 and 7.16. Within ten (10) days of a written request from Landlord or Mortgage Lender, Tenant shall execute, acknowledge and return to Landlord a commercially reasonable subordination, non-disturbance and attornment agreement.

(d) With reference to any assignment of this Lease and/or the rents payable hereunder, whether as security or absolute, in connection with financing on all or part of the Project, Tenant agrees that Mortgage Lender, as the holder of any Mortgage or other instrument so assigning Landlord's interest in the Lease and/or the rents therefrom in connection with such financing, shall never be treated as a mortgagee in possession or be liable for any obligations of Landlord, even if Mortgage Lender shall have commenced collecting rents hereunder, until such time as Mortgage Lender shall have obtained actual legal title to or actual physical possession of the Project.

5.13. Estoppel Certificate. Within ten (10) days of a written request from Landlord, Tenant shall execute an estoppel certificate addressed to (i) any mortgagee or prospective mortgagee of Landlord or, (ii) any purchaser or prospective purchaser of all or any portion of, or interest in, the Project, certifying as to such facts (if true) and agreeing to such matters as such mortgagee(s) or purchaser(s) may reasonably require; provided, however, that in no event shall any such estoppel certificate require or constitute an amendment of the provisions hereof, although Tenant shall be bound by the statements made in such certificate. The estoppel certificate shall state: (a) the Commencement Date and Expiration Date of this Lease, (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), (c) that there are no defaults under this Lease (or if so, specifying the same), (d) the date to which Rent has been paid, and (e) any other information that may be reasonably required. In the event that Tenant fails or refuses to deliver such an estoppel certificate to Landlord within ten (10) days of a written request from Landlord, then Landlord may give to Tenant a second notice, reiterating the request that Tenant execute an estoppel certificate and stating that, if Tenant fails to do so within five (5) days of the receipt by Tenant of such second notice from Landlord, Tenant shall be deemed to be bound by the statements set forth in the form of certificate which Landlord requested that Tenant deliver. In the event that Tenant fails to deliver an estoppel certificate in the form specified within five (5) days of the receipt by Tenant of such second notice from Landlord, such failure shall, at the sole option of Landlord and without the necessity of further notice to Tenant, constitute an Event of Default under this Lease.

5.14. Tenant's Remedies. Tenant shall look solely to Landlord's interest in the Project for recovery of any judgment from Landlord. Landlord, or if Landlord is a partnership, its partners whether general or limited, or if Landlord is a corporation its directors, officers or shareholders, shall never be personally liable for any such judgment. Any lien obtained to enforce any such judgment and any levy of execution thereon shall be subject and subordinate to any lien, mortgage or deed of trust to which Section 5.12 applies or may apply.

5.15. Rules And Regulations; Disposal of Medical Waste. Tenant shall comply with the Rules and Regulations for the Project attached as Exhibit C and such amendments thereto as Landlord may adopt from time to time with prior notice to Tenant. Tenant acknowledges that the rules and regulations applicable to other tenants of the Project may not be the same as those applicable to Tenant, and Landlord shall not be liable to Tenant for or in connection with the failure of any other tenant of the Buildings to comply with any rules and regulations applicable to such other tenant under its lease. Tenant

shall, at its expense, dispose of all medical and biohazard waste (including, but not limited to, needles, blood, urine, and testing equipment) in appropriate containers, removed by a licensed disposal service, and otherwise in full compliance with all applicable laws, ordinances, orders, rules and regulations and otherwise in a safe and prudent manner.

5.16. Prohibition And Indemnity With Respect To Hazardous Material. Tenant shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Leased Premises by Tenant, its agents, employees, contractors or invitees without the prior written consent of Landlord (which may be granted, conditioned or withheld in the sole discretion of Landlord), save and except only for Permitted Hazardous Materials, which Tenant may bring, store and use in reasonable quantities for their intended use in the Leased Premises, but only in full compliance with all applicable laws, ordinances, orders, rules and regulations. On or before the expiration or earlier termination of this Lease, Tenant shall remove from the Leased Premises all Hazardous Materials (including, without limitation, Permitted Hazardous Materials), regardless of whether such Hazardous Materials are present in concentrations which require removal under applicable laws, except to the extent that such Hazardous Materials were present in the Leased Premises as of the Term Commencement Date and were not brought onto the Leased Premises by Tenant or its agents, employees or contractors. Tenant shall immediately advise Landlord in writing of (a) any and all enforcement, clean-up, remedial, removal, restoration or other governmental or regulatory actions instituted, completed, or threatened pursuant to any Hazardous Materials Laws relating to any Hazardous Material affecting the Leased Premises; and (b) all claims made or threatened by any third party against Tenant, Landlord, the Leased Premises or the Project relating to damage, contribution, cost recovery, compensation, loss, or injury resulting from any Hazardous Material on or about the Leased Premises. Without Landlord's prior written consent, Tenant shall not take any remedial action or enter into any agreements or settlements in response to the presence of any Hazardous Materials in, on, or about the Leased Premises. If Tenant breaches the obligations stated in this Section, or if contamination of the Leased Premises by Hazardous Material occurs for which Tenant is legally liable to Landlord for damage resulting therefrom, or if Tenant's activities or those of its contractors, agents, employees, businesses (or those of its subtenants) result in or cause a Hazardous Materials Claim, then Tenant shall indemnify, defend, protect and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Leased Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Leased Premises, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorneys' fees, consultants' fees and experts' fees) which arise during or after the Lease Term as a result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the Leased Premises. The foregoing indemnity shall survive the expiration or earlier termination of this Lease.

5.17. Surrender Of Premises On Termination. Tenant shall provide (in writing) Landlord as much notice as circumstances allow of the precise date upon which Tenant plans to surrender the Leased Premises to Landlord, but neither the lack of such notice nor any failure by Landlord to protest the lack of such notice by Tenant shall be construed as an extension of the Term or as a consent by Landlord to any holding over by Tenant. On expiration of the Term, Tenant shall quit and surrender the Leased Premises to Landlord, broom clean, in good order, condition and repair as required by Section 5.04, with all of Tenant's movable equipment, telecommunications and data equipment and wiring, furniture, trade fixtures and other personal property removed therefrom. Unless Tenant has obtained Landlord's agreement in writing that it can remove an Alteration or item of Tenant Improvements, or unless Landlord has elected to require that all or certain Alterations or Tenant Extra Improvements be removed by Tenant at the time such Alterations or Tenant Extra Improvements are approved by Landlord for installation, all

Alterations and Tenant Improvements shall be surrendered with the Leased Premises in good condition and repair, subject to reasonable wear and tear (but only to an extent consistent with the Leased Premises remaining in good condition and repair) and casualty damage that is not required to be repaired by Tenant hereunder. Any property of Tenant not removed hereunder shall be deemed, at Landlord's option, to be abandoned by Tenant and Landlord may store such property in Tenant's name at Tenant's expense, and/or dispose of the same in any manner permitted by law. If Landlord desires to have the Leased Premises, or any part or parts thereof, restored to a condition that existed prior to installation of any Alteration thereto, Landlord shall so notify Tenant when and if Landlord approves of such Alteration; Tenant shall, at Tenant's sole cost and expense, so restore the Leased Premises, or such part or parts thereof, before the end of the Term. Tenant shall repair at its sole cost and expense, all damage caused to the Leased Premises or the Project by removal of Tenant's movable equipment or furniture and such Tenant Improvements and Alterations as Tenant shall be allowed or required to remove from the Leased Premises by Landlord. If the Leased Premises are not surrendered as of the end of the Term in the manner and condition herein specified, then Landlord may, after five (5) days written notice to Tenant, perform the obligations which Tenant failed to perform, and Tenant shall reimburse Landlord for all expenses incurred by Landlord in performing such obligations, such reimbursement to be made within ten (10) days of the receipt by Tenant of a written request from Landlord for such reimbursement, accompanied by reasonable evidence of the expenses incurred by Landlord.

5.18. Tenant's Personal Property. All furniture, furnishings, equipment, trade fixtures and articles of movable personal property installed in the Leased Premises by or for the account of Tenant and that can be removed without structural damage to the Leased Premises (collectively, "Tenant's Personal Property") shall be and remain Tenant's property. At any time during the Term or at the expiration thereof, Tenant may remove any of Tenant's Personal Property provided Tenant shall repair any damage to the Leased Premises resulting therefrom. Upon the expiration or earlier termination of this Lease, Tenant shall remove Tenant's Personal Property from the Leased Premises in accordance with Section 5.17. Landlord acknowledges that some of Tenant's Personal Property may be financed by an equipment lease financing otherwise subjected to a security interest, or owned by an equipment company and leased to Tenant. Landlord, upon Tenant's reasonable request, shall execute and deliver any document required by any supplier, lessor, or lender in connection with the installation in the Leased Premises of any items of Tenant's Personal Property, pursuant to which Landlord waives any rights it may have or acquire with respect to Tenant's Personal Property, so long as the supplier, equipment lessor or lender agrees that it (i) will remove the Property from the Leased Premises within thirty (30) days after the Term Expiration Date (but if it does not remove Tenant's Personal Property within such time it shall have waived any rights it may have had to Tenant's Personal Property), and (ii) will repair any damage caused by the removal of Tenant's Personal Property. Landlord shall recognize the rights of an supplier, lessor or lender who has an interest in any items of Tenant's Personal Property to enter the Leased Premises and remove such property at any time during the Term or within thirty (30) days after the Term Expiration Date.

5.19. Alteration by Landlord. Landlord shall use its best efforts to minimize interference with or disruption to Tenant's use and occupancy of the Leased Premises during any alterations, installations, additions or improvements to the Buildings, including without limitation any leasehold improvement work for other tenants in the Buildings. Landlord shall promptly remedy any such interference or disruption upon receiving Tenant's notice thereof.

ARTICLE 6.
Condition And Operation Of The Buildings

6.01. Exhibit B Controls. Except as Set forth in Section 5.09(a), Landlord's entire obligation with respect to the condition of the Leased Premises, its suitability for Tenant's uses and the improvement requirements with respect thereto shall be as stated in Exhibit B. Landlord shall have no other obligation of any kind or character, express or implied, with respect to the design or condition of the Leased Premises, the Buildings or Project or the suitability thereof for Tenant's purposes, and Tenant acknowledges that it has neither received nor relied upon any representation or warranty made by or on behalf of Landlord with respect to such matters.

6.02. Alteration of the Buildings. Landlord may, at any time and from time to time and provided that the same does not materially affect Tenant's Permitted Use of the Leased Premises: (i) make alterations, structural modifications, seismic modifications or additions to the Buildings; (ii) change, add to, eliminate or reduce the extent, size, shape or configuration of any aspect of the Buildings or other part of the Project or its operations; (iii) change the arrangement, character, use or location of corridors, stairs, toilets, mechanical, plumbing, electrical or other operating systems or any other parts of the Buildings; and (iv) change the name, number or designation by which the Buildings or the Project is commonly known. None of the foregoing acts shall be deemed an actual or constructive eviction of Tenant, shall entitle Tenant to any reduction of Rent or shall result in any liability of Landlord to Tenant. Landlord shall have the exclusive rights to the airspace above and around, and the subsurface below, the Leased Premises and other portions of the Buildings, and, subject to the rights of Tenant specified in this Lease as to the non-exclusive use of certain portions of the Common Areas, Landlord shall have the sole and exclusive right to possession and control of all portions of the Buildings outside of the Leased Premises, including, without limitation, the exclusive right to use, or permit others to use, the exterior walls, roofs and other such areas for signs or notices or for any other purposes.

ARTICLE 7.
Casualty, Eminent Domain And Miscellaneous Matters

7.01. Landlord's Property Insurance. Landlord shall maintain, or cause to be maintained, a policy or policies of insurance with the premiums thereon fully paid in advance, issued by and binding upon an insurance company of good financial standing, insuring the Project against loss or damage by fire or other insurable hazards (that may include earthquake loss if Landlord elects to maintain such coverage) and contingencies for the full insurable value thereof, or, in the alternative, insuring for eighty percent (80%) of the replacement cost thereof (or such minimum amount as shall be required to eliminate operation of coinsurance provisions), exclusive of excavations and foundations; provided, however, that Landlord shall not be obligated to insure any furniture, equipment, machinery, goods or supplies that Tenant may keep or maintain in the Leased Premises, or any Tenant Extra Improvements or Alterations that Tenant may make upon the Leased Premises. If the annual premiums charged Landlord for such property insurance exceed the standard premium rates because the nature of Tenant's operations result in extra-hazardous or higher than normal risk exposure, then Tenant shall, upon receipt of appropriate premium invoices, reimburse Landlord for such increases in premium. All insurance proceeds payable under Landlord's insurance carried hereunder shall be payable solely to Landlord, and Tenant shall have no interest therein.

7.02. Liability Insurance. Landlord (with respect to the Project) shall maintain or cause to be maintained a policy or policies of commercial general liability insurance with the premiums thereon fully paid in advance, issued by and binding upon an insurance company of good financial standing, such insurance to afford minimum protection of not less than Five Million Dollars (\$5,000,000.00) for bodily injury, or death in any one occurrence and of not less than One Million Dollars (\$1,000,000.00) for

property damage in any one occurrence. Upon request of Tenant, Landlord shall provide Tenant reasonable evidence that the insurance required to be maintained hereunder by Landlord is in full force and effect.

7.03. Tenant's Property Insurance And Additional Tenant Insurance Requirements.

Landlord acknowledges that Tenant maintains a program of self-insurance and agrees that Tenant shall not be required to carry any insurance with respect to this Lease. Tenant assumes the risk of damage to any of Tenant's personal property, Tenant Extra Improvements or Alterations, except for damage caused by Landlord or its agents.

Tenant is presently self-insured in the amount of \$300,000 for each occurrence giving rise to personal injury and property damage liabilities for which Tenant could be held responsible. In addition, Tenant presently has in force excess insurance in the amount of \$4,750,000 per occurrence with an annual aggregate of \$19,750,000. Said self-insurance and excess insurance provide coverage for personal injury and property damage liabilities arising out of the acts and/or omissions of Tenant, its officers, agents, contractors and employees, while on the Leased Premises. Tenant upon request of Landlord shall furnish Landlord with a Certificate of Insurance that shall provide that Landlord would receive ten (10) days' prior notice of cancellation, change in scope or modification in limits of such coverage or, in the event that Tenant self-insures, Tenant shall provide Landlord with comparable evidence of such self-insurance. Nothing herein shall be interpreted to require Tenant or its insurer to provide a defense for, to provide insurance for, or to indemnify Landlord except as may be otherwise required by law.

7.04. Indemnity And Exoneration.

(a) Landlord shall not be liable to Tenant or any third party (i) for any loss, damage, death or injury to person or property caused by theft, fire, vandalism, assault, battery, act of God, breaches of security, acts of the public enemy, acts of terrorists or criminals, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, actions taken by Landlord which are permitted herein following a breach by Tenant under this Lease, whether or not the negligence of Landlord or its agents or employees was a cause of, or in any way contributed to, such loss, damage, death or injury, or (ii) that occur by reason of the active negligence or willful misconduct of Tenant, its agents, employees or invitees, or (iii) for any damage or inconvenience which may arise through repair or alteration of any part of the Project or failure to make any such repair except as expressly otherwise provided in Sections 7.07 and 7.08. Any other provision of this Lease to the contrary notwithstanding, in no event shall Landlord have any liability to Tenant or any third party for any consequential or punitive damages whatsoever, including, without limitation, loss of revenue or profits.

(b) Tenant shall indemnify, defend and protect Landlord and hold Landlord harmless of and from any and all claims, proceedings, loss, cost, damage, causes of action, liabilities, injury or expense arising out of or related to claims of injury to or death of persons, damage to property occurring or resulting directly or indirectly from the condition, design, use or occupancy of the Leased Premises or activities of Tenant or its agents, employees, licensees, contractors, assignees or invitees in or about the Leased Premises or Project, such indemnity to include, but without limitation, the obligation to provide all costs of defense against any such claims; provided, however, that the foregoing indemnity shall not be applicable to claims to the extent arising by reason of the negligence or willful misconduct of Landlord, unless covered by insurance required to be carried by Tenant under the terms of this Lease.

(c) With the exception of the Tenant Improvements or work provided by Landlord or its agents, Tenant shall indemnify, defend and protect Landlord and hold and save Landlord harmless of and from any and all loss, claims, proceedings, cost, damage, injury, causes of action, liabilities or expense arising out of or in any way related to work or labor performed, materials or supplies furnished to

or at the request of Tenant or in connection with performance of any work done for the account of Tenant in the Leased Premises or the Project.

7.05. Security. The limited security service for the Buildings to be provided during the Buildings' hours of operation (7:30 A.M. to 5:30 P.M., Monday through Friday, excluding holidays) by Landlord shall not be required to consist of more than unarmed personnel ordinarily stationed at the main security desks in the ground floor lobbies of the 1900 Building and the 2000 Building, although such personnel may not at all times be present at such desks. Landlord shall not be required to provide, operate or maintain alarm or surveillance systems for the Leased Premises or the Common Areas. Tenant shall provide such supplemental security services and shall install within the Leased Premises such supplemental security equipment, systems and procedures as may reasonably be required for the protection of its employees and invitees, provided that Tenant shall coordinate such services and equipment with any security provided by Landlord. The determination of the extent to which such supplemental security equipment, systems and procedures are reasonably required shall be made in the sole judgment, and shall be the sole responsibility of Tenant. The obligations of Landlord with respect to security of the Leased Premises or the Project shall be expressly subject to the provisions of Section 7.04(a). Tenant acknowledges that it has neither received nor relied upon any representation or warranty made by or on behalf of Landlord with respect to the safety or security of the Leased Premises or the Project or any part thereof or the extent or effectiveness of any security measures or procedures now or hereafter provided by Landlord, and further acknowledges that Tenant has made its own independent determinations with respect to all such matters.

(a) **Additional Roaming Security.** Notwithstanding the foregoing, Landlord, at its sole cost and expense, shall provide during the 1950 Building hours of operation one (1) additional unarmed security person during the first twelve (12) months of the Term to generally serve the security needs of Tenant and the Permitted Use. After such period and from time to time during the Term, Landlord shall determine in its sole discretion whether such additional security is necessary; and if Landlord determines such security is necessary, Tenant shall reimburse Landlord pursuant to Section 4.02(f).

7.06. Waiver Of Subrogation Rights. Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each waive all rights of recovery, claim, action or cause of action, against the other, its agents (including, without limitation, partners, both general and limited), officers, directors, shareholders or employees, for any loss or damage that may occur to the Leased Premises, or any improvements thereto, or the Project or any personal property of such party therein, by reason of fire, the elements, or any other cause that could be insured against under the terms of an "all risk" insurance policy or other property insurance coverages which are required to be obtained pursuant to this Lease, regardless of cause or origin, including negligence of the other party, its agents, officers or employees; and each party covenants that no insurer shall hold any right of subrogation against such other party. Tenant shall advise its insurers of the foregoing and such waiver shall be a part of each policy maintained by Tenant that applies to the Leased Premises, any part of the Project or Tenant's use and occupancy of any part thereof.

7.07. Condemnation And Loss Or Damage.

(a) If the Leased Premises or any portion of the Project shall be taken or condemned for any public purpose to such an extent as to render the Leased Premises untenable, this Lease shall, at the option of either party, forthwith cease and terminate as of the date of taking. All proceeds from any taking or condemnation of the Leased Premises shall belong to and be paid to Landlord subject to the rights of any mortgagee of Landlord's interest in the Project or the beneficiary of any deed of trust that constitutes an encumbrance thereon; provided, however, that Landlord shall cooperate with Tenant if

Tenant seeks to recover at its cost and expense, proceeds, damages or awards paid to compensate for damage to or taking of Tenant Extra Improvements for which Tenant has paid hereunder, and any such amounts recovered shall be paid to Tenant.

(b) If a temporary taking of all or a portion of the Leased Premises occurs, there shall be no abatement of Rent and Tenant shall remain fully obligated for performance of all of the covenants and obligations on its part to be performed pursuant to the terms of this Lease. All proceeds awarded or paid with respect thereto shall belong to Tenant.

7.08. Damage And Destruction. If a fire or other casualty in the Leased Premises occurs, Tenant shall immediately give notice thereof to Landlord. The following provision shall then apply:

(a) If the damage is limited solely to the Leased Premises and the Leased Premises can, in the reasonable opinion of Landlord, be made tenantable with all damage repaired within six (6) months from the date of damage or destruction, then Landlord shall diligently rebuild the same. If Landlord rebuilds the Leased Premises, Tenant shall repair and restore Tenant Extra Improvements or, at Landlord's election, Landlord may repair and rebuild the Tenant Extra Improvements, at Tenant's expense.

(b) If portions of the Project outside the boundaries of the Leased Premises are damaged or destroyed (whether or not the Leased Premises are also damaged or destroyed) and the Leased Premises and the Project can, in the reasonable opinion of Landlord, both be made tenantable with all damage repaired within six (6) months from the date of damage or destruction, and provided that Landlord determines in its sole discretion that such reconstruction is economically feasible if not fully covered by insurance, then Landlord shall be obligated to do so; provided, however, that Landlord shall have no obligation to repair or restore Tenant Extra Improvements or Alterations unless Landlord elects to do so at Tenant's expense as provided in Section 7.08(a).

(c) If neither Section 7.08(a) nor 7.08(b) above applies, Landlord shall notify Tenant within sixty (60) days after the date of such damage and destruction and either Tenant or Landlord may terminate this Lease within thirty (30) days after the date of such notice; provided, however, that Landlord shall have the right to elect to reconstruct the Project and the Leased Premises if same can be made tenantable with all damage repaired within eighteen (18) months from the date of damage or destruction, in which event Landlord shall notify Tenant within said sixty (60) day period and Tenant shall thereupon have no right to terminate this Lease.

(d) During any period when Tenant's use of the Leased Premises is significantly affected by damage or destruction, Gross Rent shall abate proportionately until such time as repairs to the Leased Premises are Substantially Complete, and no portion of the Rent so abated shall be subject to subsequent recapture; provided, however, that there shall be no such abatement except to the extent that the amount thereof is compensated for and recoverable from the proceeds of rental loss or business interruption insurance (provided, however, that any deductible amount under such insurance shall be disregarded for purposes of determining the extent of such proceeds) maintained by Landlord with respect to this Lease, the Leased Premises or the Project. Landlord hereby covenants that it shall carry rental loss or business interruption insurance to the extent the same is available on commercially reasonable terms. Landlord shall notify Tenant if does not carry rental loss or business interruption insurance in the event that Landlord determines that such insurance is not available on commercially reasonable terms.

(e) The proceeds from any insurance paid by reason of damage to or destruction of the Buildings or any part thereof, the Building Standard Improvements or any other element, component or property insured by Landlord shall belong to and be paid to Landlord subject to the rights of any mortgagee of Landlord's interest in the Project or the beneficiary of any deed of trust that constitutes an encumbrance thereon. If this Lease is terminated by either party as a consequence of a casualty in accordance with any of the provisions of this Section 7.08(e), all proceeds of insurance required to be maintained either by Landlord or Tenant shall be paid to Landlord subject to the rights of any mortgagee of Landlord's interest in the Project or the beneficiary of any deed of trust that constitutes an

encumbrance thereon; provided, however, that Tenant shall be paid all proceeds of insurance payable in connection with Tenant's trade fixtures, furnishings, equipment and all other items of personal property of Tenant. If Tenant has failed to maintain any policy of insurance required under this Lease, then Tenant shall pay to Landlord on demand an amount equal to proceeds which Landlord reasonably concludes would have been available for the repair and reconstruction from such policies had Tenant maintained all of the required policies of insurance.

(f) If the Leased Premises, or any part thereof, or any portion of the Buildings necessary for Tenant's use of the Leased Premises, are damaged or destroyed during the last twelve (12) months of the Term, or any extension thereof, Landlord or Tenant may terminate this Lease by giving written notice thereof to the other party within thirty (30) days after the date of the casualty, in which case this Lease shall terminate as of the date of the casualty.

(g) Except to the extent expressly provided in this Lease, nothing contained in this Lease shall relieve Tenant of any liability to Landlord or to its insurance carriers that Tenant may have under law or under the provisions of this Lease in connection with any damage to the Leased Premises or the Buildings by fire or other casualty.

7.09. Default By Tenant.

(a) Events Of Default. The occurrence of any of the following shall constitute an Event of Default on the part of Tenant:

(1) Abandonment. Abandonment of the Leased Premises for a continuous period in excess of five (5) business days. Tenant waives any right to notice Tenant may have under Section 1951.3 of the California Civil Code, the terms of this Section 7.09(a)(1) being deemed such notice to Tenant as required by said Section 1951.3;

(2) Nonpayment Of Rent. Failure to pay any installment of Gross Rent or items of Additional Rent, not more than five (5) days following the date when payment is due;

(3) Other Obligations. Failure to perform any obligation, agreement or covenant under this Lease other than those matters specified in Sections 7.09(a)(1) and 7.09(a)(2), such failure continuing for fifteen (15) business days after written notice of such failure (or such longer period as is reasonably necessary to remedy such default, provided that Tenant shall continuously and diligently pursue such remedy at all times until such default is cured); provided, that such notice and cure provisions shall not apply to the Events of Default specified in Sections 7.09(a)(4) through 7.09(a)(11), inclusive.

(4) General Assignment. A general assignment by Tenant for the benefit of creditors;

(5) Bankruptcy. The filing of any voluntary petition in bankruptcy by Tenant, or the filing of an involuntary petition by Tenant's creditors, which involuntary petition remains undischarged for a period of thirty (30) days. If under applicable law the trustee in bankruptcy or Tenant has the right to affirm this Lease and continue to perform the obligations of Tenant hereunder, such trustee or Tenant shall, in such time period as may be permitted by the bankruptcy court having jurisdiction, cure all failures to perform the obligations of Tenant hereunder outstanding as of the date of the affirmance of this Lease and provide to Landlord such adequate assurances as may be necessary to ensure Landlord of the continued performance of Tenant's obligations under this Lease;

(6) Receivership. The employment of a receiver to take possession of substantially all of Tenant's assets or the Leased Premises, if such receivership remains undissolved for a period of ten (10) business days after creation thereof;

(7) Attachment. The attachment, execution or other judicial seizure of all or substantially all of Tenant's assets or the Leased Premises, if such attachment or other seizure remains undismissed or undischarged for a period of ten (10) business days after the levy thereof;

(8) Insolvency. The admission by Tenant in writing of its inability to pay its debts as they become due, the filing by Tenant of a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute,

law or regulation, the filing by Tenant of an answer admitting or failing timely to contest a material allegation of a petition filed against Tenant in any such proceeding or, if within thirty (30) days after the commencement of any proceeding against Tenant seeking any reorganization, or arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed;

(9) Wrongful Assignment or Subletting. Any assignment or subletting in violation of the provisions of Section 5.06;

(10) Failure to Take Possession. Tenant's failure or refusal to move into or take possession of the Leased Premises within thirty (30) days after the Term Commencement Date; or,

(11) Certain Other Acts or Omissions. Any other act or omission which is expressly provided in this Lease to be an Event of Default, as to which acts or events the notice and cure provisions of Section 7.09(a)(3) shall not be applicable.

(b) Remedies Upon Default.

(1) Termination. If an Event of Default occurs, Landlord shall have the right, with written notice, immediately (after expiration of the applicable grace periods specified herein) to terminate this Lease, and at any time thereafter recover possession of the Leased Premises or any part thereof and expel and remove therefrom Tenant and any other person occupying the same, by any lawful means, and again repossess and enjoy the Leased Premises without prejudice to any of the remedies that Landlord may have under this Lease, or at law or equity by reason of Tenant's default or of such termination.

(2) Continuation After Default. Even though Tenant has breached this Lease and/or abandoned the Leased Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession under Section 7.09(b)(1) hereof, and Landlord may enforce all of its rights and remedies under this Lease, including (but without limitation) the right to recover Rent as it becomes due. Landlord has the remedy described in Section 1951.4 of the California Civil Code (Landlord may continue the Lease in effect after Tenant's breach and abandonment and recover rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations). Acts of maintenance, preservation or efforts to lease the Leased Premises or the appointment of receiver upon application of Landlord to protect Landlord's interest under this Lease shall not constitute an election to terminate Tenant's right to possession.

(c) Damages Upon Termination. Should Landlord terminate this Lease pursuant to the provisions of Section 7.09(b)(1) hereof, Landlord shall have all the rights and remedies of a landlord provided by Section 1951.2 of the California Civil Code. Upon such termination, in addition to any other rights and remedies to which Landlord may be entitled under applicable law, Landlord shall be entitled to recover from Tenant: (i) the worth at the time of award of the unpaid Rent and other amounts which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that the Tenant proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such Rent loss that the Tenant proves could be reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which, in the ordinary course of things, would be likely to result therefrom. The "worth at the time of award" of the amounts referred to in (i) and (ii) shall be computed shall be computed by discounting such amount at the "discount rate" of the Federal Reserve Bank of San Francisco in effect as of time of award plus five percent (5%). The "worth at the time of award" of the amount referred to in (iii) shall be computed by discounting such amount at the "discount rate" of the Federal Reserve Bank of San Francisco in effect as of time of award plus one percent (1%) and, where rental value is a material issue, shall be based upon competent appraisal evidence.

(d) **Computation Of Rent For Purposes Of Default.** For purposes of computing unpaid Rent that would have accrued and become payable under this Lease pursuant to the provisions of Section 7.09(c), unpaid Rent shall consist of the sum of:

(1) the total Base Rent for the balance of the Term, plus
(2) a computation of the Basic Operating Cost for the balance of the Term, the assumed Basic Operating Cost for the calendar year of the default and each future calendar year in the Term to be equal to the Basic Operating Cost for the calendar year prior to the year in which the Event of Default occurs compounded at a per annum rate equal to the mean average rate of inflation for the preceding five (5) calendar years as determined by reference to the Consumer Price Index — all items for the San Francisco-Oakland-San Jose Area, All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor (Base Year 1982-84=100), or such successor index as may be established to provide a measure of the current purchasing power of the dollar.

(e) **Late Charge.** In addition to its other remedies, Landlord shall have the right to add to the amount of any payment required to be made by Tenant hereunder that is not paid on or before the date the same is due, an amount equal to Two Hundred Fifty Dollars (\$250.00) plus a percentage equal to the “discount rate” of the Federal Reserve Bank of San Francisco in effect as of time of award plus five percent (5%), such percentage sum then being divided by the length in days of the delinquency divided by 365. The parties agreeing that Landlord’s damage by virtue of such delinquencies would be difficult to compute and the amount stated herein represents a reasonable estimate thereof. The provision for a late charge set forth in this Section 7.09(e), and any collection of a late charge by Landlord, shall not be deemed a waiver of any breach or Event of Default by Tenant under this Lease or of any other remedy of Landlord hereunder. The late charge shall be due upon demand by Landlord at any time after failure to pay any installment of Rent, and in the case of Gross Rent, without waiting for expiration of the period specified in Section 7.09(a)(2).

(f) **Landlord's Right to Perform.** Except as specifically provided otherwise in this Lease, all covenants and agreements by Tenant under this Lease shall be performed by Tenant at Tenant’s sole cost and expense and without any abatement or offset of rent. If Tenant shall fail to pay any sum of money (other than Gross Rent) or perform any other act on its part to be paid or performed hereunder and such failure shall continue for five (5) days with respect to monetary obligations (or ten (10) days with respect to non-monetary obligations) after Tenant’s receipt of written notice thereof from Landlord, Landlord may, without waiving or releasing Tenant from any of Tenant’s obligations, make such payment or perform such other act on behalf of Tenant. Notwithstanding the foregoing, in the event that Tenant breaches the provisions of Sections 3.02 or 5.11, Landlord shall, without waiving or releasing Tenant from any of Tenant’s obligations, have an immediate right without notice to take such actions as it shall deem reasonably necessary to enforce the provisions of this Lease and mitigate the effect of or cure such breaches on behalf of Tenant. All sums incurred by Landlord pursuant to the authority of this paragraph (f) and all incidental costs reasonably incurred by Landlord in performing such other acts shall be payable by Tenant to Landlord within ten (10) days after demand therefor as Additional Rent.

(g) **Remedies Cumulative.** All rights, privileges and elections or remedies of the parties are cumulative and not alternative to the extent permitted by law and except as otherwise provided herein.

7.10. Determination of Fair Market Rent. Fair Market Rent shall be determined using the process set forth in Section 3.09.

7.11. No Waiver. Failure of Landlord to declare any default immediately upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive such default, but Landlord shall have the right to declare any such default at any time thereafter. No waiver by Landlord of any breach or Event of Default, or any agreement, term, covenant or condition contained in this Lease, shall be effective or binding on Landlord unless made in writing and no such waiver shall be implied from any omission by Landlord to take action with respect to such Event of Default or other such matter. No

express written waiver by Landlord of any Event of Default, or other such matter, shall affect or cover any other Event of Default, matter or period of time, other than the Event of Default, matter and/or period of time specified in such express waiver. One or more written waivers by Landlord of any Event of Default, or other matter, shall not be deemed to be a waiver of any subsequent Event of Default, or other matter, in the performance of the same provision of this Lease. Acceptance of any full or partial payment of Rent by Landlord hereunder, or endorsement of any check, shall not constitute a waiver of any breach or Event of Default or of any agreement, term, covenant or condition of this Lease, except as to the amount of the full or partial payment of Rent so accepted, regardless of Landlord's knowledge of any concurrent Event of Default or matter and regardless of any notation on the check so endorsed. Landlord may, at its election, apply any Rent received from Tenant to the oldest obligation outstanding from Tenant to Landlord, any endorsement or other statement of Tenant to the contrary notwithstanding. No course of conduct between Landlord and Tenant, and no acceptance of the keys to or possession of the Leased Premises before the termination of the Term by Landlord or any employee of Landlord shall constitute a waiver of any such breach or of any term, covenant or condition of this Lease or operate as a surrender of this Lease. All of the remedies permitted or available to Landlord under this Lease, or at law or in equity, shall be cumulative and not alternative and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right or remedy.

7.12. Statutory Waivers. Tenant hereby waives the benefits of: (i) Sections 1932 and 1933(4) of the California Civil Code (pertaining to the termination of a hiring); (ii) Sections 1941 and 1942 of the California Civil Code (pertaining to the obligations of a landlord to maintain premises and the rights of a tenant to make certain repairs or terminate a lease); (iii) Section 1945 of the California Civil Code (pertaining to renewal of a lease by acceptance of rent); (iv) Section 1950.7 of the California Civil Code (pertaining to security for the performance of a rental agreement); (v) Section 1995.310 of the California Civil Code (pertaining to remedies for withholding of consent to transfer of a leasehold); (vi) Section 1263.260 of the California Code of Civil Procedure (pertaining to the removal of improvements upon condemnation); and, (vii) Section 1265.130 of the California Code of Civil Procedure (pertaining to the termination of a lease upon condemnation).

7.13. Holding Over. If Tenant holds over after expiration or termination of this Lease without the written consent of Landlord, Tenant shall pay for each month of hold-over tenancy, 150% of the Gross Rent that Tenant was obligated to pay for the month immediately preceding the end of the Term for each month or any part thereof of any such hold-over period together with such other amounts as may become due hereunder. No holding over by Tenant after the Term shall operate to extend the Term. If Tenant holds over without consent, Landlord may seek any of the remedies it may have under this Lease, or at law or equity, including but not limited to consequential damages. Any holding over with the consent of Landlord in writing shall thereafter constitute this Lease a lease from month to month.

7.14. Attorneys' Fees. In the event any litigation, arbitration, or other proceeding ("Proceeding") is initiated by any party against any other party to enforce, interpret or otherwise obtain judicial or quasi-judicial relief in connection with this Lease, each party in such Proceeding shall be responsible for its own attorneys' fees relating to or arising out of such Proceeding (whether or not the Proceeding results in a judgment), including fees and costs on appeal and any post-judgment or post-award Proceeding, including without limitation one to enforce any judgment or award resulting from any such Proceeding, regardless of whether such judgment or award shall contain a specific provision for the recovery of all such subsequently incurred costs, expenses and reasonable attorneys' fees.

7.15. Omitted.

7.16. Amendments. Neither this Lease nor any provision of this Lease may be altered, changed or amended, except by an instrument in writing signed by both parties.

7.17. Transfers By Landlord. Landlord shall have the right to transfer and assign, in whole or in part, all of its rights and obligations hereunder and in the Project. Upon transfer by Landlord of its interest in the Project, and upon the transferee's assumption of Landlord's obligations hereunder, no further liability or obligations shall thereafter accrue against the transferring or assigning person as Landlord hereunder.

7.18. Severability. If any term or provision of this Lease, or the application thereof to any person or circumstances, shall to any extent be invalid or unenforceable, 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, and each provision of this Lease shall be valid and shall be enforceable to the extent permitted by law.

7.19. Notices. All notices, demands, consents and approvals that may or are required to be given by either party to the other hereunder shall be in writing and shall be deemed to have been fully given by personal delivery or when deposited in the United States mail, certified or registered, postage prepaid, and addressed to the party to be notified at the address for such party specified on the Basic Lease Information sheet and to (1) County Manager, Attn.: Real Property Services Division, 400 County Center, Redwood City, CA 94063, Fax No.: (650) 363-4832, (2) Office of County Counsel, 400 County Center, Redwood City, CA 94063, Fax No.: (650) 363-4034, and (3) if desired by Landlord, to Tenant at the Premises, or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days notice to the notifying party. A copy of each notice to Landlord shall also be sent, at the same time as the other copy of such notice and by the same method of delivery, to (i) Hines Interests Limited Partnership, 2800 Post Oak Boulevard, 50th Floor, Houston, Texas 77056-6118, Attention: C. Hastings Johnson and (ii) Hines Interests Limited Partnership, 101 California Street, Suite 1000, San Francisco, California 94111, Attention: Thomas Kruggel.

7.20. Omitted.

7.21. No Option. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or an option for lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

7.22. Integration and Interpretation. The terms of this Lease are intended by the parties as a final expression of their agreement with respect to such terms as are included in this Lease and may not be contradicted by evidence of any prior or contemporaneous agreement, arrangement, understanding or negotiation (whether oral or written). The parties further intend that this Lease constitutes the complete and exclusive statement of its terms, and no extrinsic evidence whatsoever may be introduced in any judicial proceeding involving this Lease. The language in all parts of this Lease shall in all cases be construed as a whole and in accordance with its fair meaning and not restricted for or against any party, regardless of which party may have drafted the provision in question, it being agreed that this is a negotiated agreement.

7.23. Defined Terms, Marginal Headings and References to Codes. When required by the context of this Lease, the singular includes the plural. If more than one person or entity signs this Lease as Tenant, the obligations hereunder imposed upon Tenant shall be joint and several, and the act of, written notice to or from, refund to, or signature of, any Tenant signatory to this Lease (including without limitation modifications of this Lease made by fewer than all such Tenant signatories) shall bind every other Tenant signatory as though every other Tenant signatory had so acted, or received or given the written notice or refund, or signed. The headings and titles to the paragraphs of this Lease are for convenience only and are not to be used to interpret or construe this Lease. Wherever the term "including" or "includes" is used in this Lease it shall be construed as if followed by the phrase "without

limitation.” References to sections or provisions of any statutes, codifications of statutes, rules, regulations or ordinances shall be deemed to also refer to any successor sections or provisions pertaining to the same subject matter.

7.24. Quitclaim. Upon expiration or earlier termination of this Lease, Tenant shall, immediately upon request of Landlord, execute, acknowledge and deliver to Landlord a recordable deed quit-claiming to Landlord all interest of Tenant in the Leased Premises, the Project and this Lease.

7.25. No Easement For Light, Air And View. This Lease conveys to Tenant no rights for any light, air or view. No diminution of light, air or view, or any impairment of the visibility of the Leased Premises from inside or outside the Buildings, by any structure or other object that may hereafter be erected (whether or not by Landlord) shall entitle Tenant to any reduction of Rent under this Lease, constitute an actual or constructive eviction of Tenant, result in any liability of Landlord to Tenant, or in any other way affect this Lease or Tenant’s obligations hereunder.

7.26. Disclosure as to Hazardous Materials. Landlord hereby discloses to Tenant that previous occupants or others possessed and used or may have possessed and used office supplies, cleaning products, construction and decorating materials and other substances in or about the Leased Premises or portions thereof and which may contain or may have contained Hazardous Materials. In addition: (i) portions of the Project (including, without limitation, the parking garage, equipment rooms and emergency generator areas) contain Hazardous Materials of the kind ordinarily employed in such areas; and (ii) automobiles and other vehicles operated or parked in the parking garage and loading dock areas emit substances which may contain Hazardous Materials.

7.27. No Merger. The voluntary or other surrender or termination of this Lease by Tenant, or a mutual cancellation thereof shall not work a merger, but, at Landlord’s sole option, shall either terminate all existing subleases or subtenancies or shall operate as an assignment to Landlord of all such subleases or subtenancies.

7.28. Construction of Certain Terms. The terms “include” and “including” as used in this Lease shall be construed as terms of illustration and not terms of exclusion, and Landlord and Tenant hereby agree that the provisions of Section 3534 of the California Civil Code shall not apply to this Lease, to the extent such provisions are inconsistent with that principle.

7.29. Memorandum Of Lease. Tenant shall, upon request of Landlord, execute, acknowledge and deliver a short form memorandum of this Lease (and any amendment hereto or consolidation hereof), in form suitable for recording. In no event shall this Lease or any memorandum thereof be recorded without the prior written consent of Landlord, and any attempt to do so shall constitute an Event of Default by Tenant.

7.30. Survival. All of Landlord’s and Tenant’s indemnity, confidentiality and reimbursement obligations contained in this Lease shall survive the expiration or earlier termination of this Lease. No provision of this Lease providing for termination in certain events shall be construed as a limitation or restriction of Landlord’s or Tenant’s rights and remedies at law or in equity available upon a breach by Landlord or Tenant of this Lease.

7.31. Omitted.

7.32. No Joint Venture. This Lease shall not be construed to create a partnership, joint venture or similar relationship or arrangement between Landlord and Tenant hereunder.

7.33. Successors And Assigns. This Lease shall be binding upon and inure to the benefit of Landlord, its successors and assigns (subject to the provisions hereof, including, but without limitation, Section 5.14); and shall be binding upon and inure to the benefit of Tenant, its successors, and to the extent assignment may be approved by Landlord hereunder, Tenant's assigns.

7.34. Omitted.

7.35. Omitted.

7.36. Authority. If Tenant is a corporation, partnership, trust, association or other entity, Tenant and each person executing this Lease on behalf of Tenant, hereby covenants and warrants that (a) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Tenant has and is duly qualified to do business in the state in which the Project is located, (c) Tenant has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform all Tenant's obligations hereunder, and (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Tenant is duly and validly authorized to do so.

7.37. Applicable Law. All rights and remedies of Landlord and Tenant under this Lease shall be construed and enforced according to the laws of the State of California. Any actions or proceedings brought under this Lease, or with respect to any matter arising under or out of this Lease, shall be brought and tried only in courts located in the County of San Mateo, California (excepting appellate courts).

7.38. Time Of The Essence. Time is of the essence of each and every covenant herein contained.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

“Landlord”

Hines REIT 1900/2000 Alameda de Las Pulgas LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

“Tenant”

County of San Mateo,
a political subdivision of the State of California

By: _____

Name: _____

Title: President, Board of Supervisors

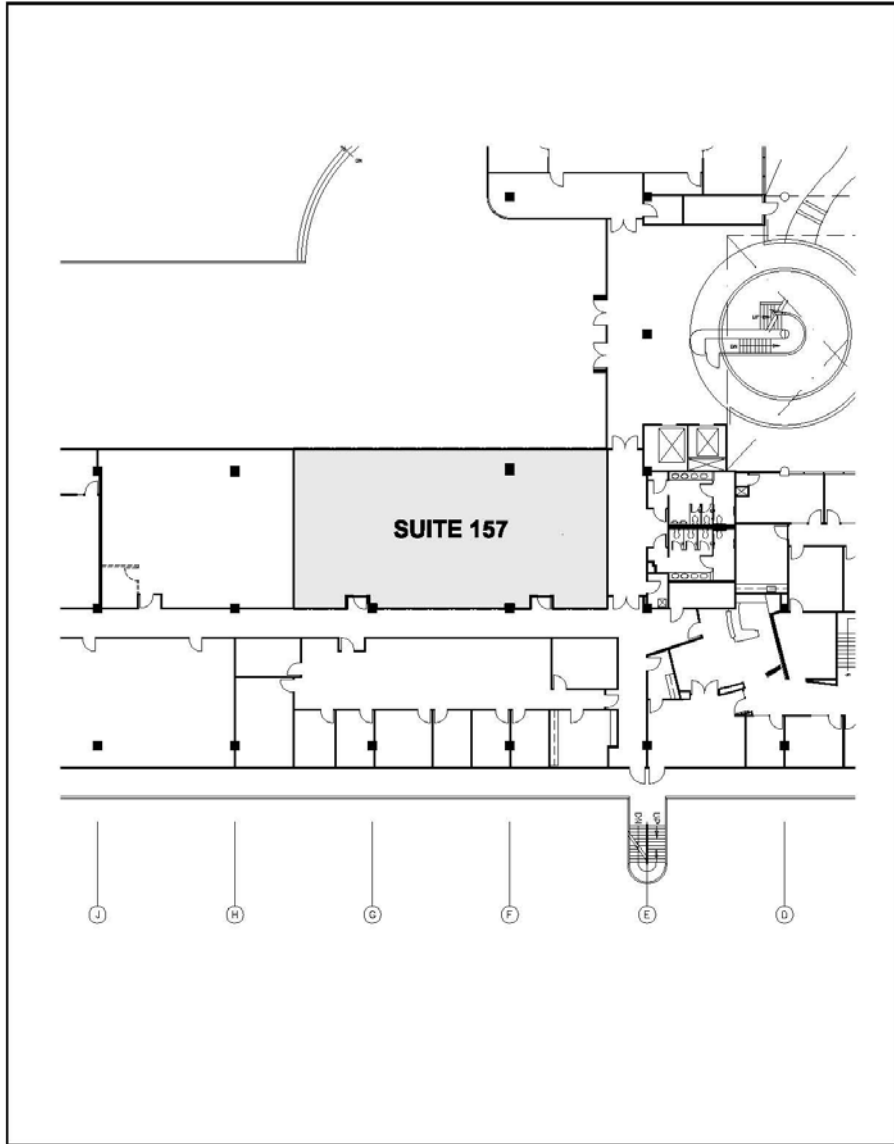
Attested:

By: _____

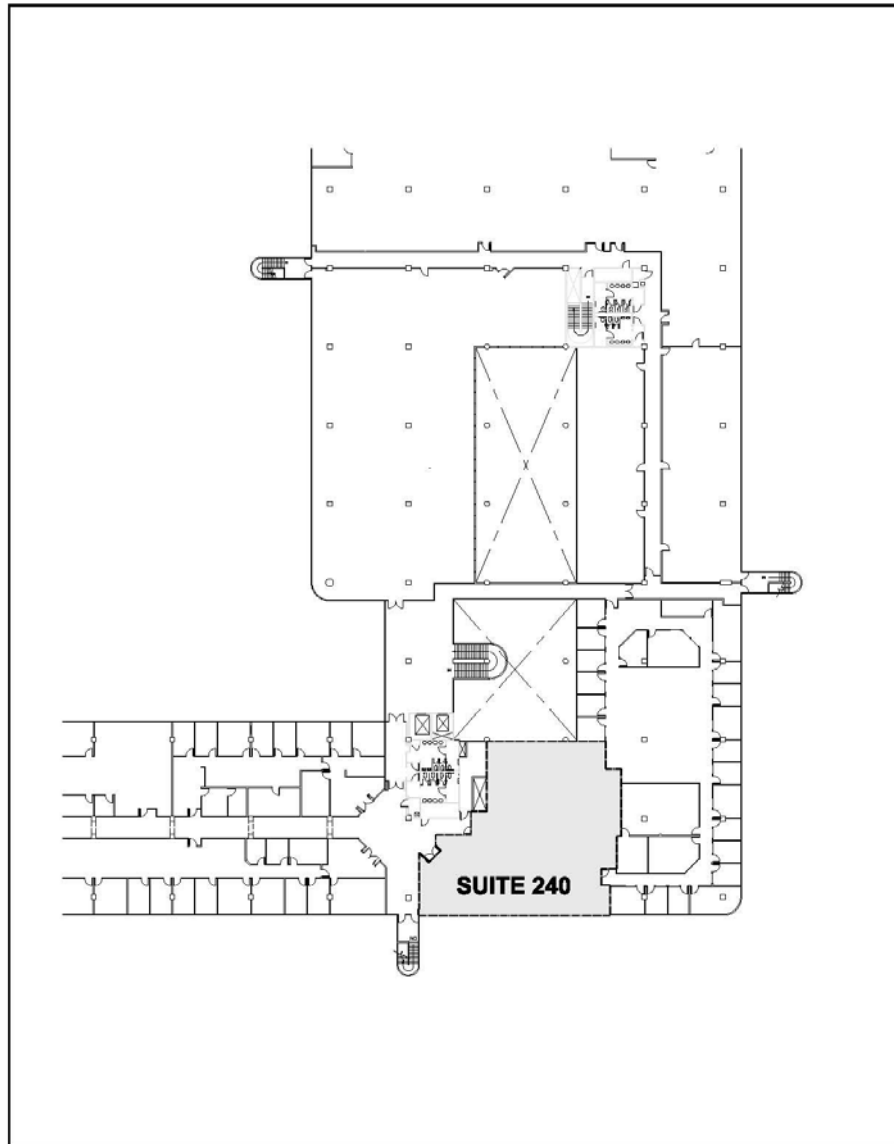
Name: _____

Title: Clerk of Said Board

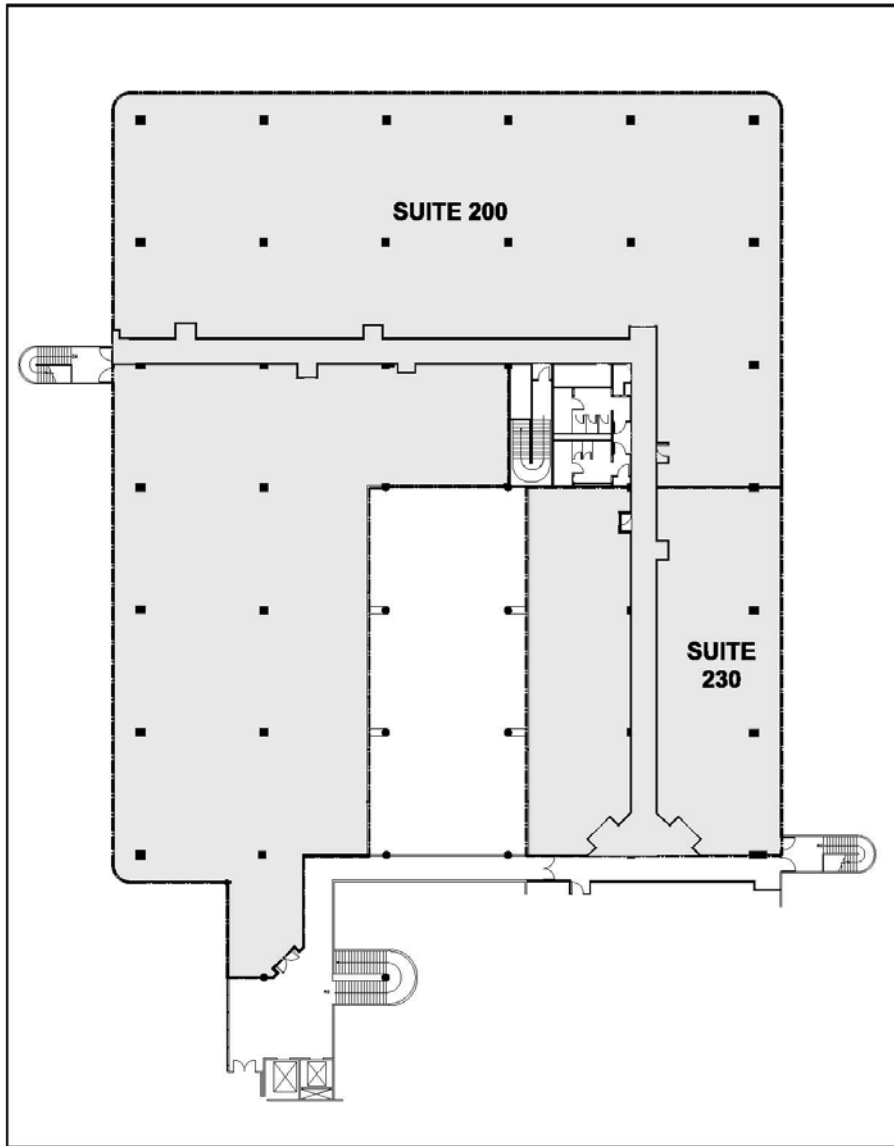
**EXHIBIT A-1
LEASED PREMISES
SUITE 157
2000 BUILDING**



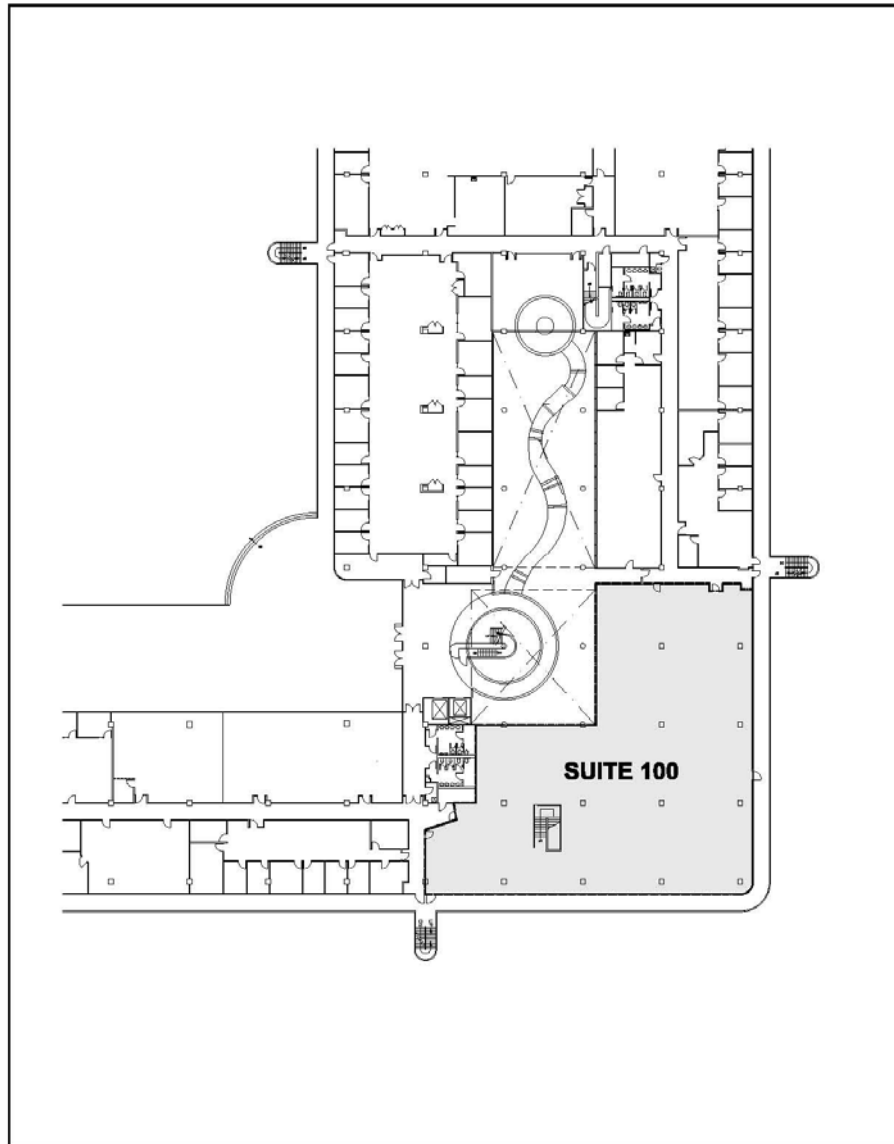
**EXHIBIT A-1
LEASED PREMISES
SUITE 240
2000 BUILDING**



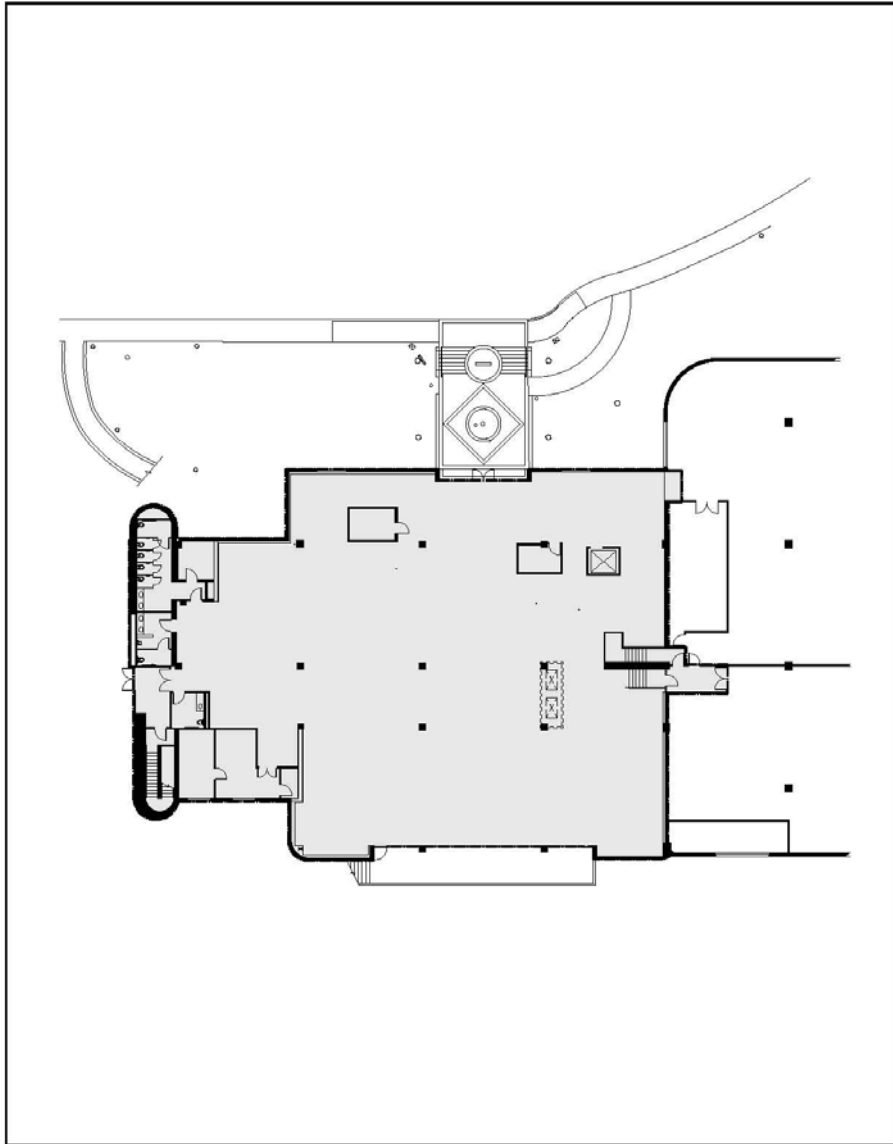
**EXHIBIT A-1
LEASED PREMISES
SUITE 200 + 230
2000 BUILDING**



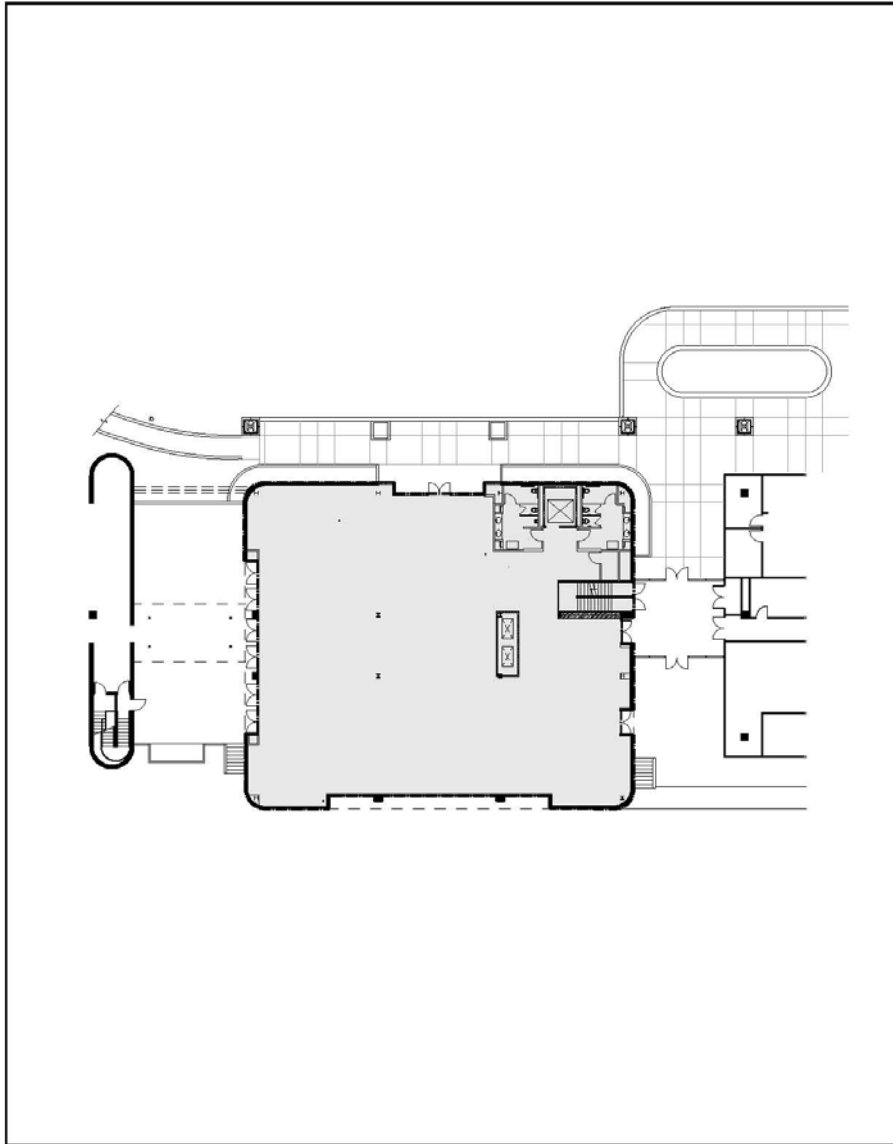
**EXHIBIT A-1
LEASED PREMISES
SUITE 100
2000 BUILDING**



**EXHIBIT A-2
LEASED PREMISES
GROUND FLOOR
1950 BUILDING**



**EXHIBIT A-2
LEASED PREMISES
SECOND FLOOR
1950 BUILDING**



**EXHIBIT A-3
LEASED PREMISES
STORAGE SPACE
2000 BUILDING**

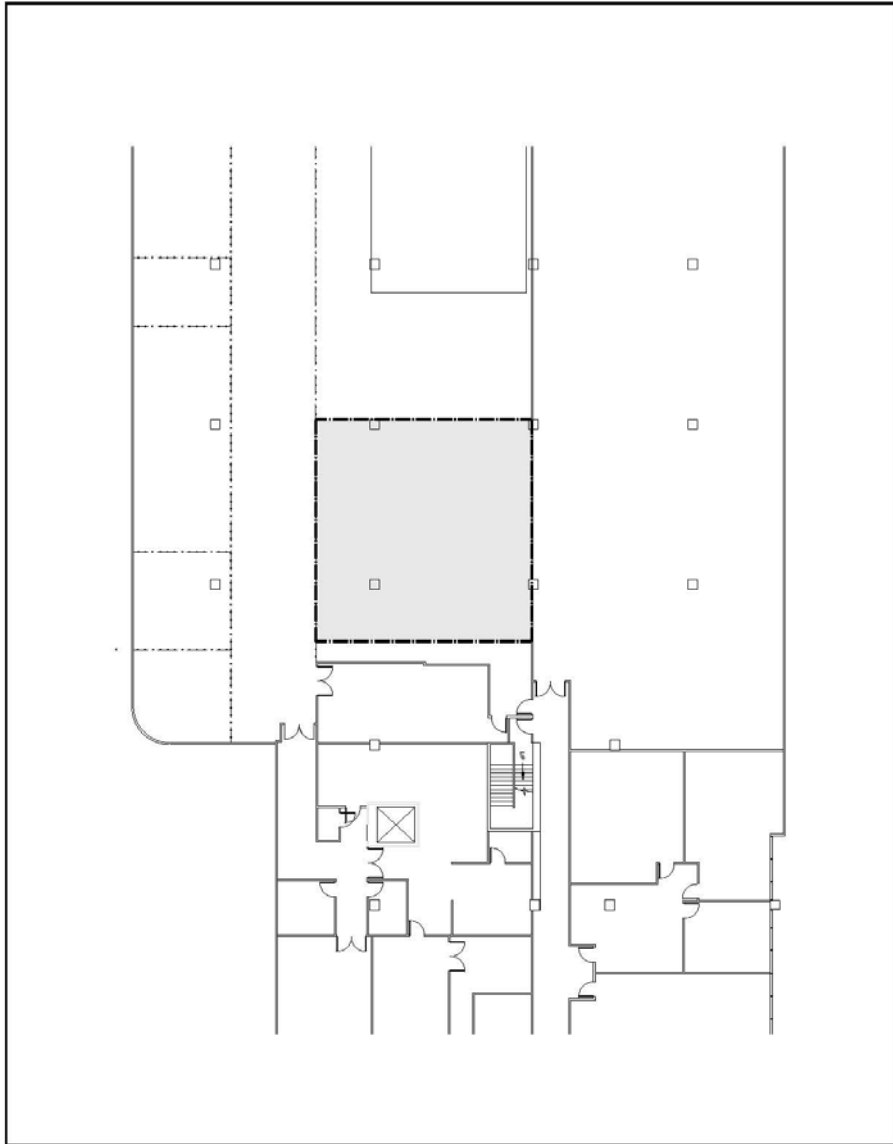


EXHIBIT B

INITIAL IMPROVEMENT OF THE LEASED PREMISES

(Landlord Build)

- 1. Tenant Improvements.** All Tenant Improvements shall be furnished and installed within the Leased Premises at the expense of Landlord and substantially in accordance with the specifications set forth on Exhibit B-1, and substantially in accordance with the plans and specifications to be prepared by Landlord and approved by Tenant in accordance with this Exhibit B; provided that any elements of the plans and specifications that are not in accordance with the specifications set forth on Exhibit B-1 shall be installed by Landlord at Tenant's expense, and except for any Additional Rent owed by Tenant due to Tenant Delay pursuant to Paragraph 10 of this Exhibit B. Landlord shall cause the Tenant Improvements to be constructed in conformance with applicable regulations, laws, ordinances, codes and rules.
- 2. Condition of the Leased Premises.** Except as provided in Section 5.09 and in this Exhibit B, Landlord shall have no obligation to Tenant with respect to the condition of the Leased Premises as of the Term Commencement Date. Tenant acknowledges that, except as specifically set forth in the Lease (including all exhibits) Landlord has not made any warranty or representation of any kind to Tenant regarding the condition of the Leased Premises as of the date of the Lease or as to the suitability of the Leased Premises for Tenant's intended use.
- 3. Architect, Engineers and Contractors.** Landlord shall select architects, engineers and contractors. The cost of preparing all plans and specifications for the Tenant Improvements (including without limitation the Space Plans referred to in Paragraph 4 of this Exhibit B, the Design Development Drawings referred to in Paragraph 5 of this Exhibit B, and the Working Drawings referred to in Paragraph 6 of this Exhibit B) shall be paid by Landlord and the cost of preparing any change requested by Tenant after Tenant has approved the same shall be paid by Tenant.
- 4. Space Plans.** Landlord and Tenant hereby approve the space plans for the Tenant Improvements (the "Space Plans") attached hereto as Exhibit B-2. In addition to those items set forth on the Space Plan, Landlord shall install, at Landlord's sole cost and expense, those elements set forth on Exhibit B-3 attached hereto. Any elements of the Space Plans that are not in accordance with the specifications set forth on Exhibit B-1 or on Exhibit B-3 shall be installed by Landlord at Tenant's expense.
- 5. Submittal of Design Development Drawings.** Landlord shall submit to Tenant design development drawings for the Tenant Improvements (the "Design Development Drawings"). Within ten (10) calendar days of the receipt by Tenant of a draft of Design Development Drawings from Landlord, Tenant shall return to Landlord the Design Development Drawings marked "Approved," "Approved as Noted" or "Disapproved as Noted, Revise and Resubmit." Tenant shall only have the right to disapprove those aspects of the Design Development Drawings that are not consistent with the Space Plans. If the Design Development Drawings are returned to Landlord marked "Disapproved as Noted, Revise and Resubmit," Landlord shall cause such Design Development Drawings to be revised (but only to the extent they are not consistent with the Space Plans), reasonably taking into account the reasons for Tenant's disapproval, and shall then resubmit revised plans to Tenant for review. The same procedure shall be repeated, except that Tenant shall have two (2) business days after receipt of such revised plans from Landlord to comment on and return the Design Development Drawings, until Tenant fully approves the Design Development Drawings.
- 6. Submittal of Working Drawings.** Landlord shall deliver to Tenant the working drawings and specifications based on the Design Development Drawings (hereinafter referred to collectively as the "Working Drawings") for the Tenant Improvements. Within five (5) business days of the receipt by Tenant of a draft of Working Drawings from Landlord, Tenant shall return to Landlord the Working

Drawings marked “Approved,” “Approved as Noted” or “Disapproved as Noted, Revise and Resubmit.” Tenant shall only have the right to disapprove those aspects of the Working Drawings that are not consistent with the Design Development Drawings. If the Working Drawings are returned to Landlord marked “Disapproved as Noted, Revise and Resubmit,” Landlord shall cause such Working Drawings to be revised (but only to the extent they are not consistent with the Design Development Drawings), reasonably taking into account the reasons for Tenant’s disapproval, and shall then resubmit revised plans to Tenant for review. The same procedure shall be repeated, except that Tenant shall have two (2) business days after receipt of such revised plans from Landlord to comment on and return the Working Drawings, until Tenant fully approves the Working Drawings. When the Working Drawings are approved by Landlord and Tenant, they shall be acknowledged as such by Landlord and Tenant signing each sheet of the Working Drawings.

7. Administration of Work.

(a) Landlord shall administer the construction of Tenant Improvements in accordance with the Working Drawings; provided, however, that Landlord shall not be required to install any Tenant Improvements that do not conform to the plans and specifications for the Project, or conflict with elements of the Project, or do not conform to any applicable regulations, laws, ordinances, codes and rules.

(b) All Tenant Improvements shall be constructed by the general contractor or subcontractors selected by Landlord for the work, with the exception of the items listed in Paragraph 10, all of which shall be constructed, installed or provided by Tenant.

(c) All Tenant Extra Improvements and other materials or equipment furnished and installed by Tenant shall be installed at Tenant’s sole cost and expense and in a manner that conforms with Landlord’s contractor’s schedule, and the work of installation shall be handled in such a manner as to maintain harmonious labor relations and as not to interfere with or delay the work of Landlord’s contractors. No portion of the work to be performed by Landlord’s contractor or subcontractor shall be dependent upon completion of any work of construction or installation to be performed by Tenant, and the work to be performed by Landlord shall have priority over any work to be performed by Tenant. Tenant’s contractors, subcontractors and labor shall be subject to reasonable approval by Landlord and shall be subject to the administrative supervision of Landlord or Landlord’s general contractor and rules of the site. Contractors and subcontractors engaged by Tenant shall take the necessary steps to insure, so far as may be possible, the progress of the work without interruption on account of strikes, work stoppage or similar causes for delay. In the event that Tenant’s contractors or subcontractors do not promptly cause any pickets to be withdrawn and all other disruptions to the operations of the Building promptly to cease, or in the event that Landlord notifies Tenant that Landlord has concluded that picketing or other disruptive activities are an imminent threat, Tenant shall immediately withdraw from the job all of its contractors or subcontractors involved in the dispute. Any delay caused to Landlord’s contractor attributable to performance on the part of Tenant of any work of installing or furnishing Tenant Extra Improvements or work pursuant to Paragraph 10, shall constitute Tenant’s Delay, and in addition to the obligations set forth in Paragraph 10 below, Tenant shall be obligated to pay all cost and expense incurred by Landlord in connection therewith. No portion of any work to be performed by Tenant shall be taken into account in determining whether or not the Leased Premises are Substantially Complete.

(d) Tenant shall require that each of its contractors and subcontractors maintain commercial general liability insurance in an amount of not less than Three Million Dollars (\$3,000,000.00) on a combined single limit basis and all worker’s compensation insurance required by law.

(e) Landlord shall provide access and entry to the Leased Premises to Tenant at times consistent with Landlord’s schedule for the work, subject to all the terms and conditions of the Lease and this Exhibit B. Upon and following any entry into the Leased Premises by Tenant prior to the commencement of its Term, Tenant shall perform all of the obligations of Tenant applicable under the

Lease during the Term (except the obligation to pay Base Rent and Tenant's Proportionate Share of Basic Operating Cost), including, without limitation, obligations pertaining to insurance, indemnity, compliance with laws and hazardous materials. In addition to the indemnity obligations of Tenant under the Lease, Tenant shall indemnify, defend and protect Landlord and hold Landlord harmless of and from any and all claims, proceedings, loss, cost, damage, causes of action, liabilities, injury or expense arising out of or related to claims of injury to or death of persons or damage to property occurring or resulting directly or indirectly from the presence in the Leased Premises or the Project of Tenant's contractors or representatives or the activities of Tenant or its contractors or representatives in or about the Leased Premises or Project during the construction period, such indemnity to include, but without limitation, the obligation to provide all costs of defense against any such claims.

8. Tenant Payments. Tenant shall either (i) pay to Landlord within fifteen (15) days after billing by Landlord all amounts, if any, payable by Tenant pursuant to this Exhibit B, or (ii) at Tenant's option, by giving written notice to Landlord within such fifteen (15) day period, Tenant may reimburse Landlord for such amounts, up to but not exceeding \$1,000,000, by amortizing such amount over the balance of the Term of the Lease and paying as Additional Rent a monthly amount sufficient to fully amortize such additional cost, including interest at the rate of 9% per annum. Tenant may pay the full amount of any such principle and interest accrued thereon up to such time at any time without penalty.

9. Designation of Tenant's Representative. Tenant hereby designates

Steve Alms or as designated by Tenant

as its representative in connection with the design and construction of the Tenant Improvements, and Landlord shall be entitled to reply upon the decisions and agreements made by such representative as binding upon Tenant.

10. Tenant work to be installed by Tenant. Landlord shall not be responsible for and Tenant shall install at its expense the following:

- (a) telephone and data equipment and wiring;
- (b) telephone and data equipment and wiring to connect the Leased Premises at the 1950 Building and the 2000 Building;
- (c) tenant signage within the Leased Premises;
- (d) furniture, fixtures, and equipment;
- (e) appliances;
- (f) audio-visual equipment; and
- (g) mill work (except that Landlord shall install millwork as indicated in Exhibit B-1).

11. Tenant's Delay. If Landlord shall be delayed in Substantial Completion as a result of:

- (a) Tenant's failure to review and approve the Design Development Drawings and Working Drawings pursuant to the requirements of Paragraph 4 and 5; or,
- (b) Tenant's change(s) in the Space Plans, Design Development Drawings, or Working Drawings after Tenant approves the same, provided that Tenant shall not change the Working Drawings without the consent of Landlord, which consent shall not be unreasonably withheld unless such change could reasonably be expected to delay Substantial Completion; or,
- (c) Tenant's request for materials, finishes or installations other than Building Standard Improvements which require a longer time than Building Standard Improvements to complete; or,
- (d) Tenant's failure to comply with Landlord's contractor's or subcontractor's schedule; or,

(e) An Event of Default by Tenant under the Lease or the existence of any event or condition which, with the passage of time or the giving of notice or both would constitute such an Event of Default; or,

(f) Delays caused by Tenant in construction, (all of the foregoing being referred to herein collectively as “Tenant’s Delay”), then Tenant shall pay to Landlord, as Additional Rent, one day’s Gross Rent for each day of Tenant’s Delay. Landlord shall timely notify Tenant in writing of any Tenant Delay. Tenant acknowledges that the length of any Tenant Delay is to be measured by the duration of the delay in Substantial Completion caused by the event or conduct constituting Tenant’s Delay, which may exceed the duration of such event or conduct due to the necessity of rescheduling work or other causes. Notwithstanding anything contained herein to the contrary, Substantial Completion shall not be delayed due to Tenant’s failure to complete its work pursuant to Paragraph 10. In order to constitute a Tenant Delay, Landlord shall give Tenant written notice of the occurrence thereof. Any request for a change as set forth in (b) or (c) above shall constitute a “Change Order Request”. Upon receipt of a Change Order Request, Landlord shall provide Tenant with written approval of such Change Order Request, which approval shall include an estimate of the cost of such change (including the cost of labor, materials, overhead and profit associated with such change), and an estimate of the number of days of Tenant’s Delay. Tenant shall then have the option of going forward with the Change Order Request or rescinding the Change Order Request. In the event that Tenant goes forward with the Change Order Request, Landlord shall have final cost figures prepared, and shall advise the number of days of Tenant’s Delay such Change Order Request will generate. Tenant shall pay such costs as provided in Paragraph 8.

EXHIBIT B-1 (1950)

DEFINITION OF BUILDING STANDARD IMPROVEMENTS

For the purposes of the definition set forth in Section 1.10 of the Lease, Building Standard Improvements will consist of those improvements identified in the Working Drawings and will meet the following standards:

Partitions.

Ceiling-height partitions. All required partitions will be 5/8" gypsum board, painted with two coats of Building Standard paint (standard Benjamin Moore latex, or equivalent), on 2-1/2" metal studs at 24" on center, with 4" base.

Standard door and hardware packages.

1. Door – factory pre-finished birch, or paint grade, or equivalent.
2. Closers – LCN 4041-613 for suite entrance, or equivalent.
3. Locksets – Schlage L9453-17L-613 for suite entrance, or equivalent
4. Passage – Standard cylindrical locks (613 finish) for interior doors, or equivalent.
5. Hinges – Three (3) each per door, standard hinge, 613 finish, or equivalent.
6. Floor-mount door stop, or equivalent.

Ceiling.

A 2'x2' Armstrong Cortega acoustical ceiling tile and flat-bar grid, or mutually approved equivalent, throughout the Leased Premises.

Lighting.

2'x4' recessed fluorescent lighting fixtures with anodized aluminum parabolic shaped louvers, including initial lamping, throughout the Leased Premises. All lamps and ballasts will be replaced in existing fixtures.

Electrical Outlets.

Duplex wall-mounted convenience outlets at standard locations with white plastic cover plates for each of the following conditions: two (2) duplex outlets for standard rooms; three (3) duplex outlets for large rooms (rooms over one hundred fifty (150) square feet); two (2) duplex outlets for conference rooms; one (1) duplex outlet and one (1) dedicated single outlet for copy rooms; one (1) duplex outlet for break rooms; and two (2) duplex outlets and two (2) dedicated single outlets for server rooms. For Tenant installed 2-wire furniture systems, Landlord will run wiring above the drop ceiling, provide ceiling-mounted junction boxes, and make final electrical connections.

Tele/Data Outlets.

Wall-mounted junction boxes at standard locations for each of the following: two (2) duplex-size outlets for offices; one (1) duplex-size outlet for conference rooms; and one (1) duplex-size outlet for copy rooms. Cover plates, jacks, cabling, termination panels, connection to MPOE, and testing by Tenant.

Floor Covering.

1. Carpet throughout the Leased Premises except where there is vinyl tile or bathroom tile. No carpet pad. Manufacturer: Bigelow, Shaw, or mutually approved equivalent. Weight/weave: 26 ounce loop pile. Color/pattern: within same range as building standard.

2. Vinyl tile: As shown, standard vinyl tile, or equivalent
3. Bathroom tile: Standard Dal tile, ceramic tile, or equivalent.

Millwork.

Upper and lower cabinets with P-lam finish and P-lam counters, or equivalent. Specific quality based on those used in model offices. Eight (8) linear feet at each of two (2) break rooms, and eight (8) linear feet at each of two (2) examination rooms.

Switch.

One (1) dual light switch, rocker type, mounted at standard locations with white plastic cover plate for each three hundred (300) square feet of Net Rentable Area less Common Areas.

Window Covering.

Existing blinds to remain in place at exterior windows. Additional exterior blinds to match as needed where existing blinds are not functional or blinds are missing.

Life Safety Systems.

Fire sprinkler heads to conform with typical Tenant partition layout, utilizing the Building standard partition and lighting, for light hazard occupancy design criteria. Manual fire alarm pull stations, exit lights, and audible fire alarm speakers shall be provided at the Building stair doors, elevator lobbies, and Tenant areas.

HVAC.

HVAC shall be designed to meet ASHRAE standards. The above notwithstanding, Landlord shall provide HVAC zoning of not less than 1 zone per 1000 rentable square feet or portion thereof, appropriate locations and thermostats, with lock boxes, and air supply and return vents. As part of the requirements for substantial completion, Landlord shall provide an air balance report demonstrating the HVAC system is working as designed.

Plumbing.

One (1) standard sink and faucet at each of the following locations: two (2) break rooms, and one (1) examination room and one (1) phlebotomist room.

Security.

Card readers at perimeter doors. Quantities are six (6) paired doors and three (3) single doors.

EXHIBIT B-1 (2000)

DEFINITION OF BUILDING STANDARD IMPROVEMENTS

For the purposes of the definition set forth in Section 1.10 of the Lease, Building Standard Improvements will consist of those improvements identified in the Working Drawings and will meet the following standards:

Partitions.

Ceiling-height partitions. All required partitions will be 5/8" gypsum board, painted with two coats of Building Standard paint (standard Benjamin Moore latex, or equivalent), on 2-1/2" metal studs at 24" on center, with 4" base.

Standard door and hardware packages.

1. Door – factory pre-finished plain-slice cherry, or equivalent.
2. Closers – LCN 4041-613 for suite entrance, or equivalent.
3. Locksets – Schlage L9453-17L-613 for suite entrance, or equivalent
4. Passage – Standard cylindrical locks (613 finish) for interior doors, or equivalent.
5. Hinges – Three (3) each per door, standard hinge, 613 finish, or equivalent.
6. Floor-mount door stop, or equivalent.

Ceiling.

A 2'x2' Armstrong Cortega acoustical ceiling tile and flat-bar grid, or mutually approved equivalent, throughout the Leased Premises.

Lighting.

2'x4' recessed fluorescent lighting fixtures with anodized aluminum parabolic shaped louvers, including initial lamping, throughout the Leased Premises. All lamps and ballasts will be replaced in existing fixtures.

Electrical Outlets.

Duplex wall-mounted convenience outlets at standard locations with white plastic cover plates for each of the following conditions: two (2) duplex outlets for standard rooms; three (3) duplex outlets for large rooms (rooms over one hundred fifty (150) square feet); two (2) duplex outlets for conference rooms; one (1) duplex outlet and one (1) dedicated single outlet for copy rooms; one (1) duplex outlet for break rooms; and two (2) duplex outlets and two (2) dedicated single outlets for server rooms. For Tenant installed 2-wire furniture systems, Landlord will run wiring above the drop ceiling, provide ceiling-mounted junction boxes, and make final electrical connections.

Tele/Data Outlets.

Wall-mounted junction boxes at standard locations for each of the following: two (2) duplex-size outlets for offices; one (1) duplex-size outlet for conference rooms; and one (1) duplex-size outlet for copy rooms. Cover plates, jacks, cabling, termination panels, connection to MPOE, and testing by Tenant.

Floor Covering.

1. Carpet throughout the Leased Premises except where there is vinyl tile or bathroom tile. No carpet pad. Manufacturer: Bigelow, Shaw, or mutually approved equivalent. Weight/weave: 26 ounce loop pile. Color/pattern: within same range as building standard.

2. Vinyl tile: As shown, standard vinyl tile, or equivalent.

Millwork.

Upper and lower cabinets with P-lam finish and P-lam counters, or equivalent. Specific quality based on those used in model offices. Eight (8) linear feet total at one (1) break room.

Switch.

One (1) dual light switch, rocker type, mounted at standard locations with white plastic cover plate for each three hundred (300) square feet of Net Rentable Area less Common Areas.

Window Covering.

Existing blinds to remain in place at exterior windows. Additional exterior blinds to match as needed where existing blinds are not functional or blinds are missing.

Life Safety Systems.

Fire sprinkler heads to conform with typical Tenant partition layout, utilizing the Building standard partition and lighting, for light hazard occupancy design criteria. Manual fire alarm pull stations, exit lights, and audible fire alarm speakers shall be provided at the Building stair doors, elevator lobbies, and Tenant areas.

HVAC.

HVAC shall be designed to meet ASHRAE standards. The above notwithstanding, Landlord shall provide HVAC zoning of not less than 1 zone per 1000 rentable square feet or portion thereof, appropriate locations and thermostats, with lock boxes, and air supply and return vents. As part of the requirements for substantial completion, Landlord shall provide an air balance report demonstrating the HVAC system is working as designed.

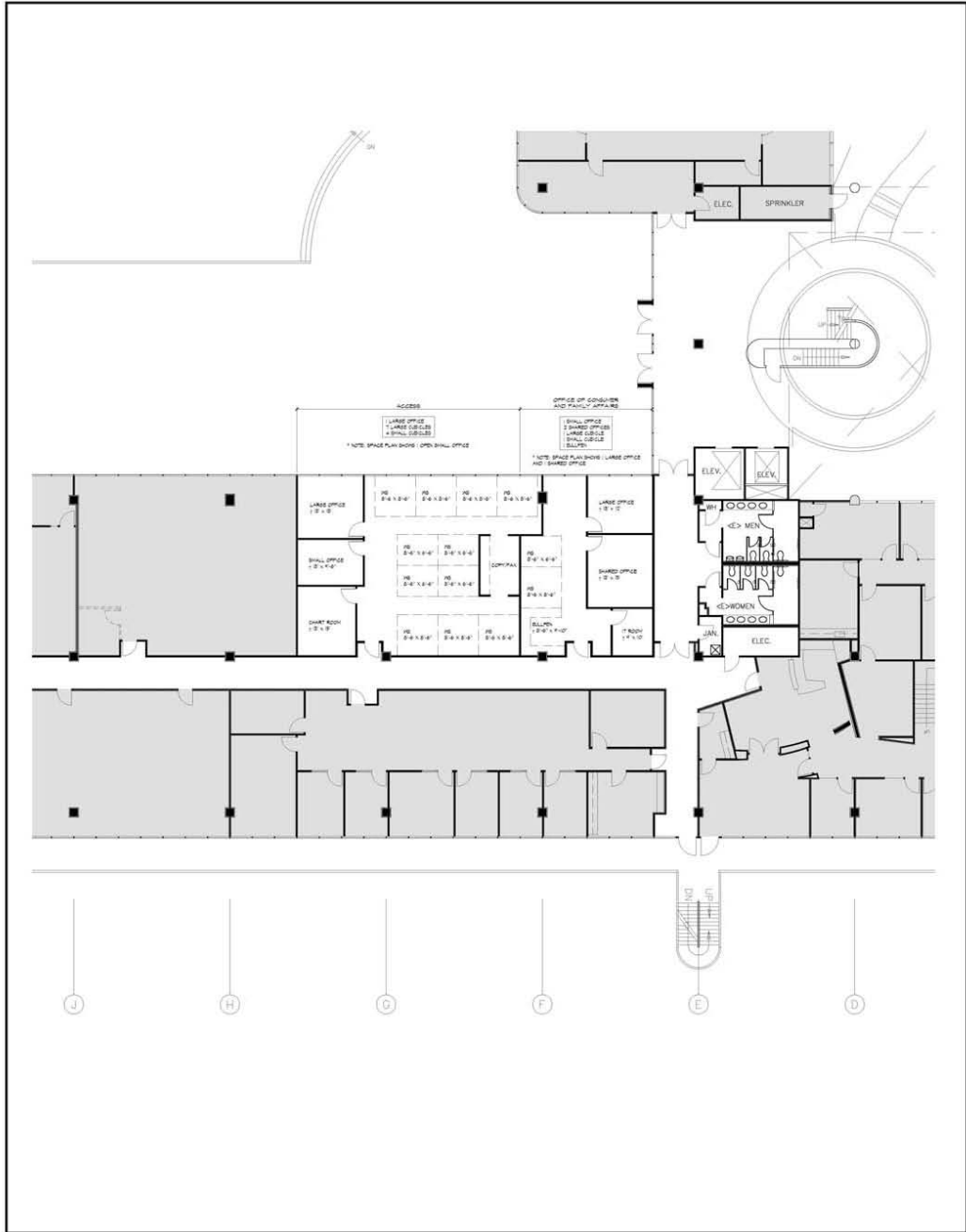
Plumbing.

One (1) standard sink and faucet at one (1) new break room. Existing sink and faucet to remain at existing break room.

Security.

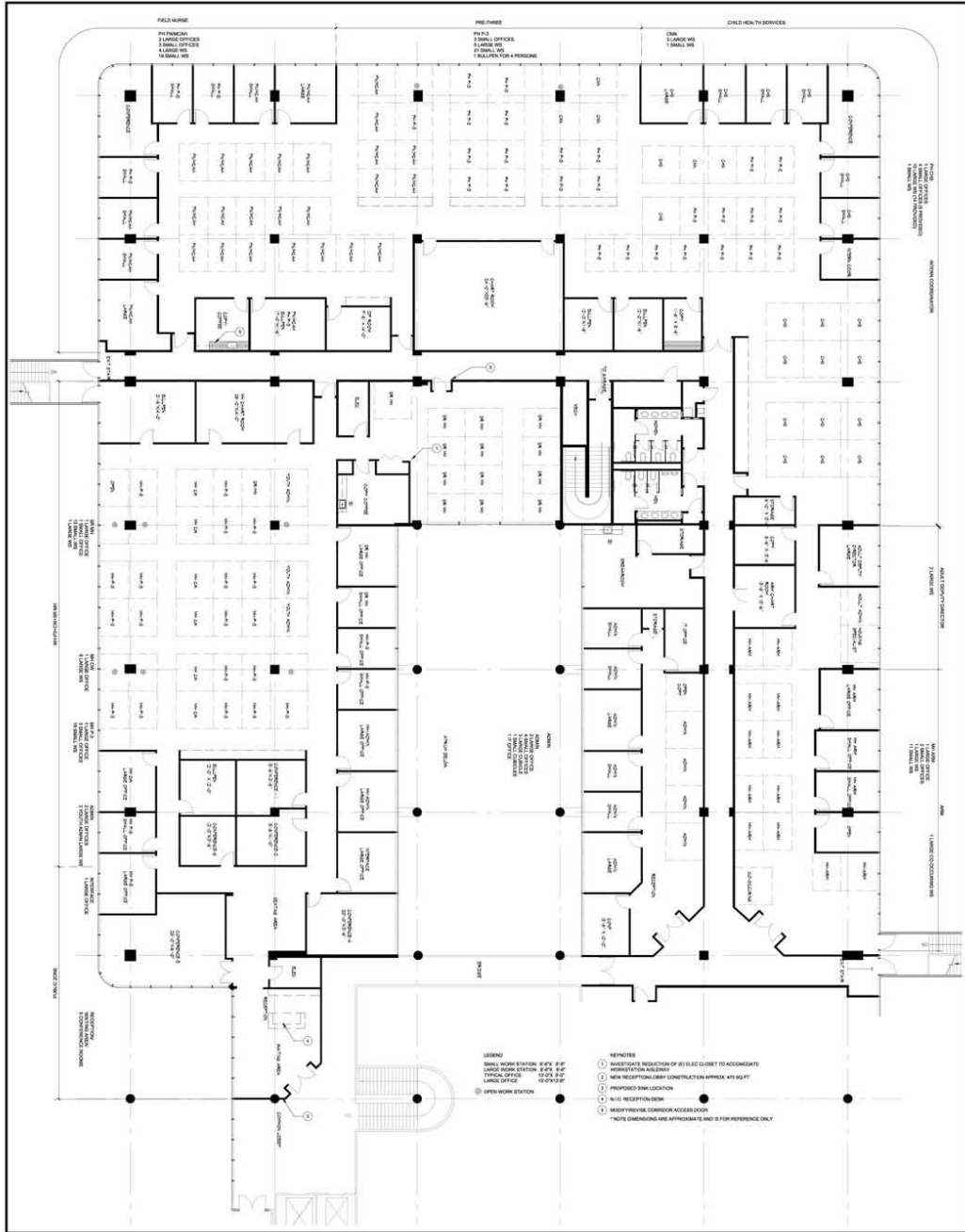
Existing card readers to remain.

**EXHIBIT B-2
APPROVED SPACE PLAN
SUITES 157
2000 BUILDING**



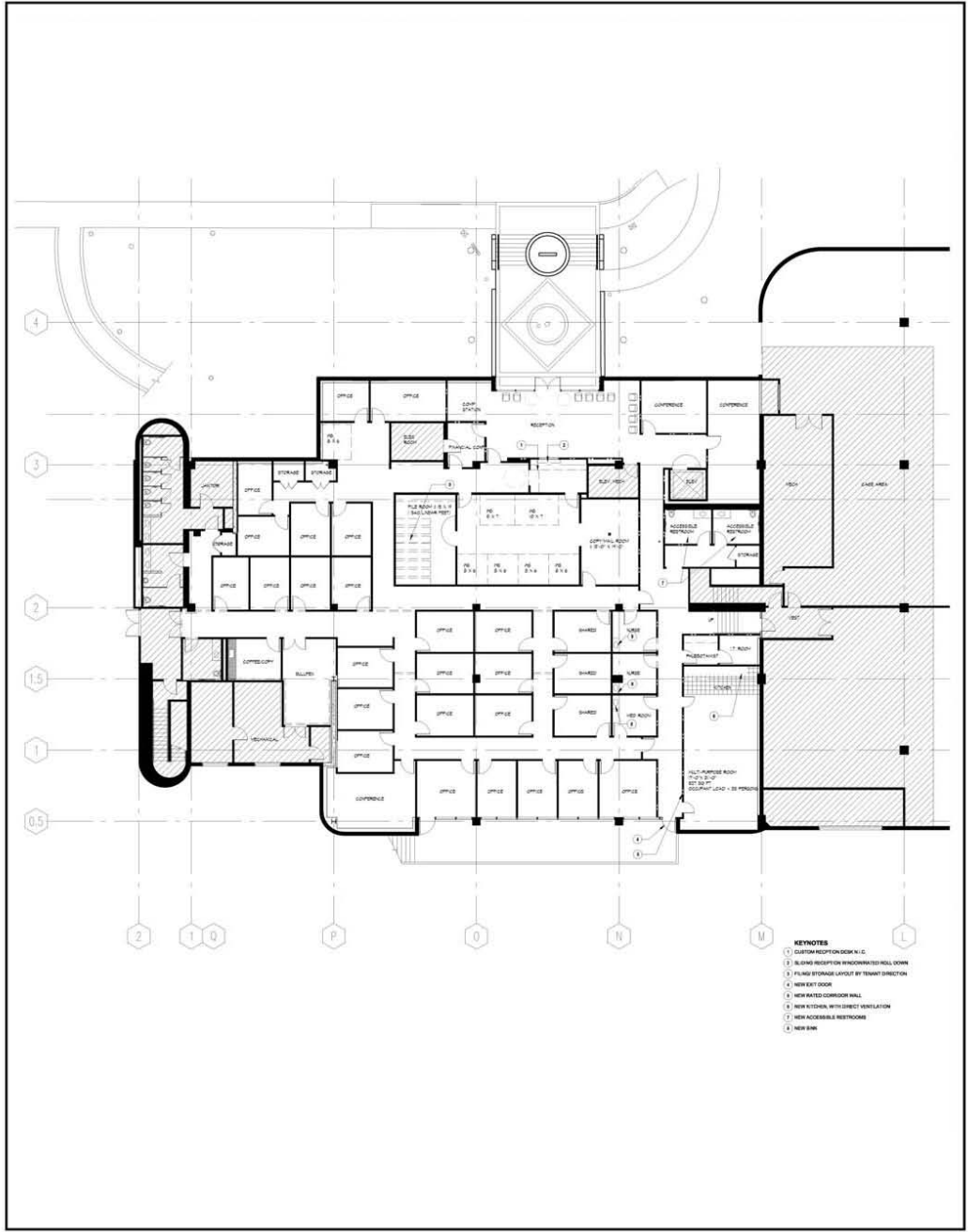
04.05.07

**EXHIBIT B-2
APPROVED SPACE PLAN
SUITES 200 + 230
2000 BUILDING**



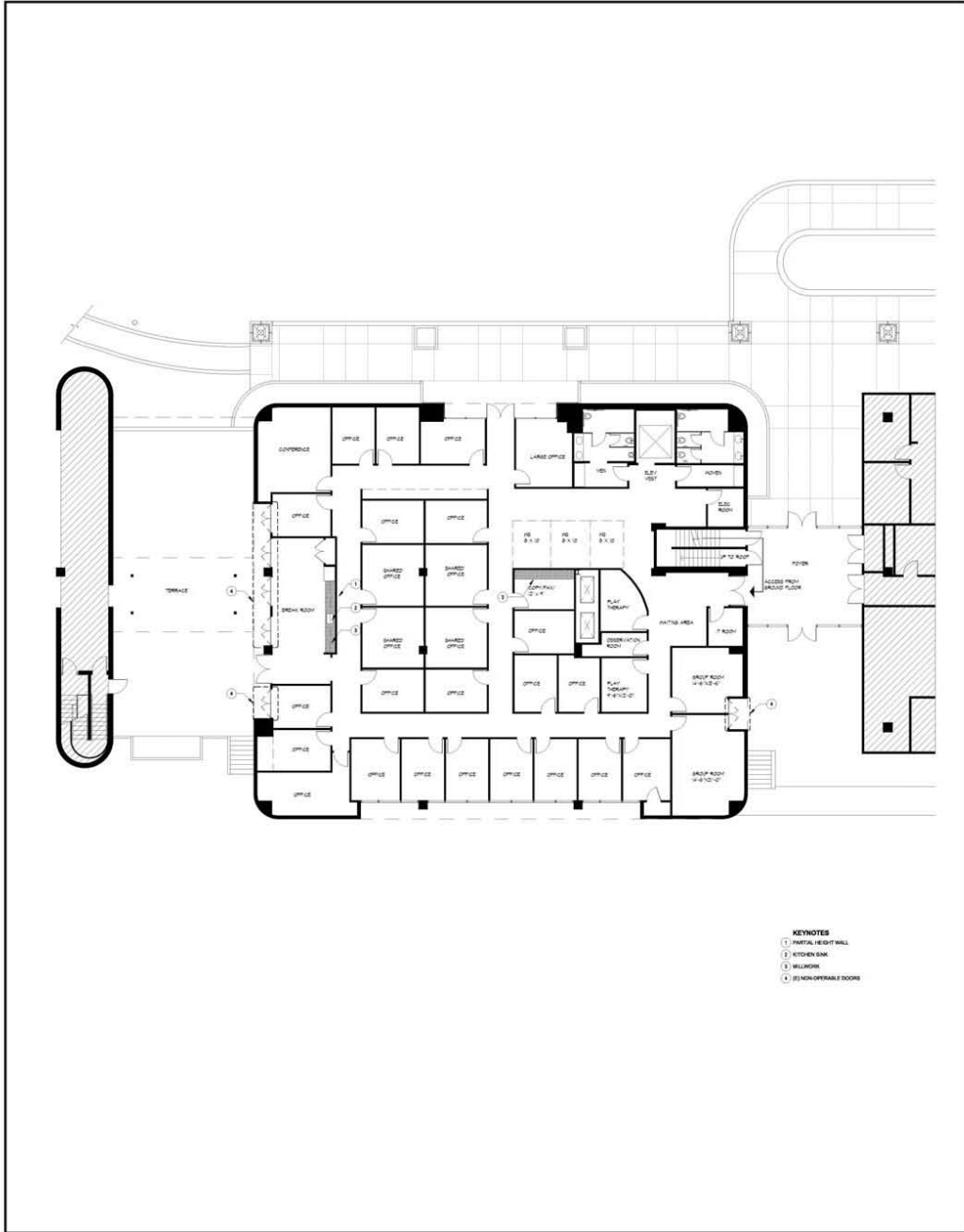
04.05.07

**EXHIBIT B-2
APPROVED SPACE PLAN
GROUND FLOOR
1950 BUILDING**



04.05.07

**EXHIBIT B-2
APPROVED SPACE PLAN
SECOND FLOOR
1950 BUILDING**



04.05.07

EXHIBIT B-3

LANDLORD RESPONSIBILITY IMPROVEMENTS

1950 Alameda de las Pulgas Tenant Improvement

- | | | |
|-----|--|----------|
| 1. | Provide Fire-Rated Corridor at Ground Floor (if required by code) | Included |
| 2. | Provide Interior Glazing: (54) 24" Wide Side-Lights | Included |
| 3. | Provide (2) New Restrooms at Ground Floor (per Space Plan)
(In addition to the (2) new restrooms on the Podium Level) <ul style="list-style-type: none">• Plumbing• Drain lines• Concrete saw-cutting• Fixtures• Ventilation• Finishes | Included |
| 4. | Provide Interior Insulation
(Includes offices, conference rooms, exam rooms, and kitchen) <ul style="list-style-type: none">• Walls: All interior walls• Ceilings: (1) batt wide at perimeter of interior perimeter walls only | Included |
| 5. | Provide HVAC Boots
(Includes offices, conference rooms, exam rooms, and kitchen) | Included |
| 6. | Provide Kitchen at Multi-Purpose Room (per Space Plan)
(Does not include appliances) <ul style="list-style-type: none">• Ventilation and power for electric range | Included |
| 7. | Provide Locksets at Interior Doors
(Includes cylindrical locks for (66) doors) | Included |
| 8. | Provide Card Readers
(Includes base system and (5) locations only) | Included |
| 9. | Provide Fire-Rated Window Cover at Ground Floor Reception Area (if required by code) | Included |
| 10. | Provide Exterior Door at Ground Floor (per Space Plan) | Included |
| 11. | Two way glass between P-3 Rooms | Included |

2000 Alameda de las Pulgas Tenant Improvement

- | | | |
|-----|--|----------|
| 1. | All New Walls (per Space Plan) | Included |
| 2. | All New Doors / Provide Additional New Doors (per Space Plan) | Included |
| 3. | Provide Interior Insulation
(Includes offices, conference rooms, exam rooms, and kitchen) <ul style="list-style-type: none">• Walls: All interior walls• Ceilings: (1) batt wide at perimeter of interior perimeter walls only | Included |
| 4. | Provide HVAC Boots
(Includes offices, conference rooms, exam rooms, and kitchen) | Included |
| 5. | Provide Interior Glazing: (48) 24" Wide Side-Lights | Included |
| 6. | All New Ceiling (per Exhibit B-1) | Included |
| 7. | All New Carpet (per Exhibit B-1) | Included |
| 8. | Provide VCT Flooring (per Exhibit B-1) | Included |
| 9. | Provide Millwork (per Exhibit B-1) | Included |
| 10. | All New Fire Sprinklers (per Space Plan) | Included |
| 11. | All New HVAC (per Space Plan) | Included |
| 12. | All New Electrical (per Space Plan) | Included |
| 13. | All New Life Safety (per Space Plan) | Included |
| 14. | Provide Plumbing (per Space Plan) | Included |
| 15. | Provide Card Readers
(Includes base system and (5) locations only) | Included |

EXHIBIT C

BUILDING RULES AND REGULATIONS

1. Sidewalks, doorways, halls, stairways, vestibules and other similar areas shall not be obstructed by any Tenant or used by them for purpose other than ingress to and egress from their respective Leased Premises, and for going from one part of the Buildings to another part.
2. Plumbing fixtures shall be used only for their designated purpose, and no foreign substances of any kind shall be deposited therein. Damage to any such fixture resulting from misuse by Tenant or any employee or invitee of Tenant shall be repaired at the expense of Tenant.
3. Nails, screws and other attachments to the Buildings require prior written consent from Landlord.
4. All contractors and technicians rendering any installation service to Tenant shall be subject to Landlord's approval and supervision prior to performing services. This applies to all work performed in the Buildings, including, but not limited to, installation of telephone, telegraph equipment, and electrical devices, as well as all installation affecting floors, walls, woodwork, windows, ceilings, and any other physical portion of the Buildings.
5. Movement in or out of the Buildings of furniture, office equipment, or other bulky material which requires the use of elevators, stairways, or the Buildings' entrances and lobbies shall be restricted to hours established by Landlord. All such movement shall be under Landlord's supervision, and the use of an elevator for such movements shall be made restricted to the Buildings' freight elevators. Prearrangements with Landlord shall be made regarding the time, method, and routing of such movement, and Tenant shall assume all risks of damage and pay the cost of repairing or providing compensation for damage to the Buildings, to articles moved and injury to persons or public resulting from such moves. Landlord shall not be liable for any acts or damages resulting from any such activity.
6. Corridor doors, when not in use, shall be kept closed.
7. Tenant shall cooperate with Landlord in maintaining the Leased Premises. Except for a separate contract for disposal of medical waste that will be Tenant's responsibility, Tenant shall not employ any person for the purpose of cleaning the Leased Premises other than the Buildings' cleaning and maintenance personnel.
8. Deliveries of water, soft drinks, newspapers, or other such items to any Leased Premises shall be restricted to hours established by Landlord and made by use of the freight elevators if Landlord so directs.
9. Nothing shall be swept or thrown into the corridors, halls, elevator shafts, or stairways. Except for service animals, no birds, fish, or animals of any kind shall be brought into or kept in, on or about the Leased Premises.
10. No cooking shall be done in the Leased Premises except in connection with convenience lunch room or beverage service for employees and guests (on a non-commercial basis) in a manner which complies with all of the provisions of the Lease and which does not produce fumes or odors.
11. Food, soft drink or other vending machines shall not be placed within the Leased Premises without Landlord's prior written consent.

- 12.** Tenant shall not use or keep on its Leased Premises any kerosene, gasoline, or inflammable or combustible fluid or material other than limited quantities reasonably necessary for the operation and maintenance of office equipment.
- 13.** Tenant shall not tamper with or attempt to adjust temperature control thermostats in the Leased Premises. Landlord shall make adjustments in thermostats on call from Tenant.
- 14.** Tenant shall comply with all requirements necessary for the security of the Leased Premises, including the use of service passes issued by Landlord for after hours movement of office equipment/packages, and signing security register in Buildings lobbies after hours.
- 15.** Landlord will furnish Tenant with a reasonable number of initial keys (i.e., one for each employee that needs a key) for entrance doors into the Leased Premises and may charge Tenant for additional keys, thereafter. All such keys shall remain the property of Landlord. No additional locks are allowed on any perimeter door of the Leased Premises without Landlord's prior written consent and Tenant shall not make any duplicate keys, except those provided by Landlord. Upon termination of this Lease, Tenant shall surrender to Landlord all keys to the Leased Premises, and give to Landlord the combination of all locks for safes and vault doors, if any, in the Leased Premises.
- 16.** Landlord retains the right, without notice or liability to any tenant, to change the name and street address of the Buildings.
- 17.** Canvassing, peddling, soliciting, and distribution of handbills in the Buildings are prohibited and each tenant will cooperate to prevent these activities.
- 18.** The Buildings' hours of operation are (excluding holidays):

7:30 A.M. to 5:30 P.M. Monday through Friday
- 19.** Landlord reserves the right to rescind any of these rules and regulations and to make future rules and regulations required for the safety, protection, and maintenance of the Buildings, the operation and preservation of good order thereof, and the protection and comfort of the tenants and their employees and visitors. Such rules and regulations, when made and written notice given the Tenant, shall be binding as if originally included herein.

EXHIBIT D

BUILDING STANDARD JANITORIAL AND CLEANING SERVICES

The following building standard janitorial and cleaning services shall be done by Landlord after 5:30 pm between Monday through Friday, excluding holidays, and at such other times as may be mutually agreed upon.

A. Office Areas

1. Empty, clean and damp dust all waste receptacles and remove waste paper and rubbish from the Leased Premises nightly; wash receptacles as necessary.
2. Empty and clean all ash trays, screen all sand urns nightly and supply and replace sand as necessary.
3. Vacuum nightly all rugs and carpeted areas in the Leased Premises, lobbies and corridors.
4. Nightly hand dust and wipe clean with damp or treated cloth all office furniture, files, fixtures, window sills and all other horizontal surfaces; once every three weeks for vertical paneled surfaces; wash window sills when necessary.
5. Nightly remove finger marks and smudges from vertical surfaces, including doors, door frames, glass, around light switches, private entrance glass and partitions.
6. Police all stairwells throughout the Project daily and keep in clean condition.
7. Nightly damp mop spillage in non-carpeted office and public areas.
8. Nightly damp dust all telephones, desks and other furniture tops.

B. Restrooms

1. Mop, rinse and dry floors nightly.
2. Scrub floors as necessary.
3. Clean all mirrors, bright work and enameled surfaces nightly.
4. Wash and disinfect all basins, urinals and bowls nightly using non-abrasive cleaners to remove stains and nightly clean undersides of rim of urinals and bowls.
5. Wash both sides of all toilet seats with soap, water and disinfectant nightly.
6. Nightly damp wipe and wash with disinfectant when necessary, partitions, tile walls and outside surface of dispensers and receptacles.
7. Empty and sanitize receptacles and sanitary disposals nightly; thoroughly clean and wash at least once per week.
8. Fill toilet tissue, soap, towel and sanitary napkin dispensers nightly.
9. Clean flushometer, piping, toilet seat hinges and other metal work nightly
10. Wash and polish walls, partitions, tile walls and enamel surfaces from trim to floor monthly
11. Vacuum all louvers, ventilating grilles and dust light fixtures weekly.

C. Floors

1. Ceramic tile, marble and terrazzo floors to be swept nightly and washed, scrubbed and buffed as needed.
2. Vinyl asbestos, asphalt, vinyl, rubber or other composition floors and bases to be swept nightly using dust down preparation; such floors in public areas on multi-tenancy floors to be waxed and buffed monthly.
3. Tile floors in office areas will be waxed and buffed monthly.
4. Floors re-waxed and old wax removed as necessary.

5. Carpeted areas and rugs to be vacuum cleaned nightly.
6. Carpet shampooing will be performed at Tenant's request and billed to Tenant.
7. All floor areas to be spot cleaned nightly.

D. Glass

1. Clean all perimeter glass at least once every six (6) months outside and annually, inside. Any additional cleaning to be at Tenant's expense.
2. Spot clean glass entrance doors and adjacent glass panels nightly.
3. Clean partition glass and interior glass doors annually.
4. Clean exterior of ground floor glass monthly.

E. High Dusting

1. Dust and wipe clean closet shelving when empty and carpet sweep and dry mop floors in closets if such are empty as needed.
2. Dust clean all vertical surfaces such as walls, partitions, doors, door bucks and other surfaces above shoulder height quarterly or as needed.
3. Damp dust ceiling air-conditioning diffusers, wall grilles, registers and other ventilating louvers as needed.
4. Dust the exterior surfaces of lighting fixtures, including glass and plastic enclosures and aluminum louvers at least annually.

F. Day Service

1. At least once, but not more than twice during the day, check men's washrooms for toilet tissue replacement.
2. At least once, but not more than twice during the day, check women's washrooms for toilet tissue and sanitary napkin replacement.
3. Supply toilet tissue, soap and towels in men's and women's washrooms and sanitary napkins in women's washrooms.
4. As needed, vacuuming of elevator cabs will be performed.
5. There will be a constant surveillance of public areas to insure cleanliness.

G. General

1. Wipe all interior metal window frames, mullions, and other unpainted interior metal surfaces of the perimeter walls of the building each time the interior of the windows is washed.
2. Keep slop sink rooms in a clean, neat and orderly condition at all times.
3. Wipe clean all metal hardware fixtures nightly and polish bright work as necessary.
4. Dust and/or wash all directory boards as required and remove fingerprints and smudges nightly.
5. Maintain building lobby, corridors and other public areas in a clean condition.

H. Special

It is understood that no services of the character provided for in this Exhibit shall be provided on Saturdays, Sundays or days recognized as Holidays pursuant to this Lease, unless specifically stated above.

This cleaning specification may be changed or altered by Landlord from time-to-time to facilitate conformity with the latest methods of maintenance and cleaning technology generally recognized as acceptable for first-class office buildings in San Mateo, California, and Landlord reserves the right to alter the level of such services from time-to-time as determined by Landlord to be appropriate for a first-class office building. In the event Tenant requires a higher level of services to suit its particular needs, the cost of such additional service shall be borne by Tenant. However, in no event will the level or quality of services be diminished by such changes.

EXHIBIT E

EXCLUSIONS FROM OPERATING COSTS

1. Costs of capital repairs, capital improvements and equipment, except for those capital improvements made to the Project (i) to comply with the requirements of law, ordinance rule or regulation; (ii) to replace items which Landlord would be obligated to maintain under this Lease; or (iii) to improve the operating efficiency of the Project; provided, however, that in the case of improvements made solely for efficiency purposes, the amount chargeable as a Basic Operating Cost in any year shall not exceed Landlord's reasonable determination of the efficiency achieved either in direct cost savings, avoidance of cost increases or a combination of both (together with reasonable financing charges);
2. Rentals and other related expenses for items (except when needed in connection with normal repairs and maintenance of permanent systems) which if purchased rather than rented, would constitute a capital improvement which is specifically excluded in item 1 above (excluding, however, equipment not affixed to the Building which is used in providing janitorial or similar services);
3. Costs incurred by Landlord for the repair of damage to the Building, to the extent that Landlord is reimbursed by insurance proceeds (excluding any deductible) and costs occasioned by the exercise of the right of eminent domain;
4. Costs, including, without limitation, permit, license and inspection costs, incurred with respect to the installation of improvements made for other tenants or occupants of the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for other tenants or occupants in the Building;
5. Depreciation, amortization and interest payments, except to the extent provided herein pursuant to items 1(i)-(iii) above and except on materials, tools, supplies and vendor-type equipment purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with a third party where such depreciation, amortization and interest payments would otherwise have been included in the charge for such third party's services, all as determined in accordance with generally accepted accounting principles, consistently applied (as applied to commercial real estate), and when depreciation or amortization is permitted or required, the item shall be amortized over its reasonably anticipated useful life (as reasonably determined by Landlord);
6. Leasing commissions, attorneys' and other professionals' fees, space planning costs and all other costs and expenses in connection with negotiations with present or prospective tenants or other occupants in the Building or any present or future ground lessors or holders of any mortgages or other encumbrances affecting any of the Building or the defense of Landlord's title to the Building or the real property on which it is located;
7. Expenses in connection with services or other benefits which are not offered to Tenant or for which Tenant is charged directly but which are provided to another tenant or occupant of the Building;

8. Costs incurred by Landlord due to violation by Landlord or any other tenant or occupant of the Building (to the extent that such other tenant or occupant is responsible for such costs) of applicable laws, rules or regulations, the terms and conditions of any lease, ground lease, mortgage or deed of trust, or other covenants, conditions or restrictions encumbering the Building or the real property on which it is located;
9. Overhead and profit increments paid to Landlord or to subsidiaries or affiliates of Landlord, or to any party as a result of a non-competitive selection process, for management, or other services, supplies or materials, to the extent the same exceed the costs of such goods and/or services rendered by unaffiliated third parties on a competitive, arms-length basis;
10. Any ground lease rental or rental under any other underlying leases;
11. Except as specifically permitted by items 1(i)-(iii) above, interest, principal, points and fees on debts or amortization on any mortgage, deed of trust or any other debt instrument encumbering any of the Building or the real property on which it is located;
12. Any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord in the Building;
13. All items and services for which Tenant or any other tenant or occupant of the Building separately reimburses Landlord (other than through such tenant's or occupant's proportionate share of operating expenses), or which Landlord provides selectively to one or more other tenants or occupants without reimbursement, or which Landlord provides to another tenant or other occupant of the Building without providing same to Tenant;
14. Advertising or promotional expenditures, and the costs of acquiring and installing signs in or on any of the Building identifying the owner of the Building or any other tenant or occupant of the Building;
15. Electric power costs for which any tenant or occupant directly contracts with the local public service company (provided that the charge for such services shall be computed for purposes of the gross-up provision of the Lease (i.e. expenses to be grossed up to reflect full occupancy of the Building) to reflect an average charge for power costs);
16. Services provided, taxes attributable to, and costs incurred in connection with the operation of retail and restaurant operations in the Building;
17. Costs incurred in connection with upgrading the Building to comply with disabled access, life, fire and safety codes in effect prior to the date of the Lease;
18. Tax penalties incurred as a result of Landlord's negligence, inability or unwillingness to make payments when due;
19. Landlord's charitable or political contributions;

20. To the extent the following costs arise during any applicable warranty periods, costs as a result of repairs of latent defects in the Building core and shell or improvements installed by Landlord or in the Building Systems;
21. Capital costs for sculpture, paintings or other objects of art;
22. Costs (including, without limitation, all attorneys' fees and costs of settlement, judgments and payments in lieu thereof) arising from claims, disputes or potential disputes (but excluding tax disputes where the tenants of the Building would receive benefits if Landlord prevails) in connection with potential or actual claims, litigation or arbitrations pertaining to Landlord or the Building;
23. All direct cost of refinancing, selling, exchanging or otherwise transferring ownership of the Building or the real property on which it is located or any interest therein or portion thereof, including broker commissions, attorney's fees and closing costs (which shall not be deemed to exclude any increase in the property tax assessment of the Project in the event of a sale);
24. Reserves for bad debts, rent loss, capital items or further Basic Operating Cost; and
25. Landlord's general corporate overhead and general and administrative expenses not related to the operation or management of the Building.

TABLE OF CONTENTS

	Page
1.01. “Additional Rent”	1
1.02. “Affiliate”	1
1.03. “Alterations”	1
1.04. “Assignment or Sublease Profit”	1
1.05. “Base Rent”	1
1.06. “Basic Operating Cost”	1
1.07. “Basic Operating Cost Adjustment”	1
1.08. “Basic Services”	1
1.09. “Buildings”	1
1.10. “Building Standard Improvements”	2
1.11. “Common Areas”	2
1.12. “Estimated Basic Operating Cost”	2
1.13. “Event of Default”	2
1.14. “Fair Market Rent”	2
1.15. “Gross Rent”	2
1.16. “Hazardous Material”	2
1.17. “Hazardous Materials Claims”	3
1.18. “Hazardous Materials Laws”	3
1.19. “Leased Premises”	3
1.20. “Major Vertical Penetrations”	3
1.22. “Permitted Hazardous Materials”	3
1.23. “Permitted Use”	3
1.24. “Project”	4
1.25. “Real Property Taxes”	4
1.26. “Rent”	4
1.27. “Rentable Area”	4
1.28. “Substantial Completion”	4
1.29. “Successor”	5
1.30. “Tenant Extra Improvements”	5
1.31. “Tenant Improvements”	5
1.33. “Tenant’s Proportionate Share”	5
1.34. “Term”	5

TABLE OF CONTENTS
(continued)

	Page
1.35. “Term Commencement Date”	5
1.36. “Term Expiration Date”	5