

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2013

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 000-21433

Forrester Research, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)
60 Acorn Park Drive
Cambridge, Massachusetts
(Address of principal executive offices)

04-2797789
(I.R.S. Employer
Identification Number)
02140
(Zip Code)

Registrant's telephone number, including area code:
(617) 613-6000

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, \$.01 Par Value	Nasdaq Global Select Market

Securities to be registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of June 30, 2013 (based on the closing price as quoted by the Nasdaq National Market as of such date) was approximately \$451,000,000.

As of March 6, 2014, 19,570,000 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement related to its 2014 Annual Stockholders' Meeting to be filed subsequently — Part III of this Form 10-K.

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This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “expects,” “believes,” “anticipates,” “intends,” “plans,” “estimates,” or similar expressions are intended to identify these forward-looking statements. Reference is made in particular to our statements about possible acquisitions, our plans for international expansion, future dividends, future share repurchases, future growth rates, anticipated increases in our sales force, future capital expenditures, and the adequacy of our cash, marketable investments and cash flows to satisfy our working capital and capital expenditures. These statements are based on our current plans and expectations and involve risks and uncertainties. Important factors that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements are discussed below under “Risk Factors.” We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I

General

Forrester Research, Inc. is an independent research company that provides pragmatic and forward-thinking advice to global leaders in business and technology. Our products and services are targeted to specific roles, including senior management in business strategy, marketing, and technology management principally at \$1 billion-plus (revenue) companies who collaborate with us to accelerate achievement of their business goals.

Research serves as the foundation for all our solutions and consists primarily of annual memberships to our RoleView™ research and data subscription offerings that provide access to our core research and data on a wide range of business and technology issues critical to the success of the individuals in the roles we serve. In addition to our RoleView and data offerings, we also provide a portfolio of products and services that allow our clients to interact directly with analysts and their peers and explore in greater detail the issues and topics covered by RoleView research and our data offerings on a role and client-specific basis.

We were incorporated in Massachusetts on July 7, 1983 and reincorporated in Delaware on February 16, 1996.

Our Internet address is www.forrester.com. We make available free of charge, on or through the investor information section of our website, annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Industry Background

Enterprises and their employees struggle to remain both competitive and cost-efficient in an increasingly complex global business environment. Developing comprehensive and coordinated business strategies is difficult because as the economy and technology change, consumers and businesses adopt new methods of buying and selling, and markets grow increasingly dynamic.

Consequently, companies and the professionals who are in the roles we serve rely on external sources of expertise that provide independent business advice spanning a variety of areas including but not limited to technology, business strategy, and customer behavior. We believe there is a need for objective research that is thematic, prescriptive, and executable, and that provides a comprehensive perspective on the knowledge and skills required to succeed in today's rapidly changing business environment.

Forrester's Strategy

Forrester's role-based strategy focuses attention on serving leaders in key roles across its client base. Forrester's role-centric solutions provide clients with more relevant fact-based insights, allowing them to make better informed and justified decisions faster, to understand and manage the business dynamics most important to win, serve, and retain customers, and to help clients link their knowledge of customers, marketing efforts, and technology into a coherent plan.

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We seek to maintain and enhance our position as a leading global research and advisory firm and to capitalize on demand for our offerings by:

Identifying and Defining New Business Models, Technologies, and Markets. We seek to differentiate ourselves from other research firms by delivering pragmatic and forward-thinking research and analysis on the impact of technology on business models, business practices, and technology infrastructure. We believe that our research methodology and our creative culture allow us to identify and analyze rapid shifts in business and consumer use of technology before these changes appear on the horizons of most users, vendors, and other research firms. Our early identification of these shifts enables us to help our clients capitalize on emerging business models and technologies.

Leveraging our RoleView Research and Data Products. Our business model, technology platform, research methodologies, and rich longitudinal data allow us to sell existing products and to rapidly introduce new products and services without incurring significant incremental costs. We intend to continue to use our business model, technology platform, research methodologies, and data to both increase sales of our existing data and RoleView research products and introduce innovative new products. Our other offerings complement, enhance and supplement our RoleView research and data subscription offerings, and many are designed to address the specific needs and problems of our clients and the professionals in the roles we serve. We also may acquire, through acquisition or license from third parties, new products and services that complement and support our strategy and existing offerings.

Global Research and Product Organizations; Using Targeted, Global Client-Centric Sales Channels. We reorganized our fulfillment organization at the end of 2013 into a single, global research organization and product organization to better support our client base by facilitating better research collaboration and quality, promoting a more uniform client experience and improved customer satisfaction, and encouraging innovation. During 2013 we also established a dedicated consulting organization to provide research-based project consulting services to our clients, allowing our analysts to spend additional time on writing research and providing shorter-term advisory services.

We sell our products and services directly through a global sales force with sales personnel focusing on the needs of professionals in the roles we serve. Our sales force, managed by a chief sales officer with global sales management responsibility, operates out of various locations in North America, Europe, Asia and Australia. We also sell our products and services through independent sales representatives in select international locations.

Growing Our Client Base Worldwide and Increasing Sales to Existing Clients. We believe that our products and services can be successfully marketed and sold to new client companies worldwide and to new roles and additional units and divisions within our existing client companies. We believe that within our client base of over 2,400 client companies as of December 31, 2013 there is opportunity both to sell additional products and services to current users as well as to deliver our RoleView research and product portfolio to a greater number of professionals. We intend to continue to expand our coverage of global markets as the growing impact of technology on business innovation creates demand for external sources of objective research.

Developing and Retaining Outstanding Research Professionals. The knowledge and experience of our research analysts and consultants are critical elements of our ability to provide high-quality products and services. We employ outstanding research professionals and consultants from varied backgrounds and a wide range of industries. We believe that our culture, which emphasizes client service, courage, collaboration, integrity and quality, helps us to develop and retain high-caliber research and consulting professionals. We provide a competitive compensation structure, as well as recognition and rewards for excellent individual and team performance.

Forrester's Solution

Our broad range of expertise on the impact of technology on business, consumer and customer behavior, and on marketing and strategy enables us to offer our clients the best available and most relevant research and insights on changing business models, best practices, technology investments, business practices, implementation advice, and customer trends. Our solution provides our clients with:

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A Unified Set of Services to Help our Clients and to Make their Leaders Successful in their Roles. We offer clients a comprehensive set of products and services to obtain access to the research, data, analysts, consultants and peer insights they need to be successful in their professional roles, including, for example, to:

- Assess potential new markets, competitors, products and services, and go-to-market strategies.
- Anticipate technology-driven business model shifts.
- Understand trends in consumer behavior and how to capitalize on those trends for marketing and sales purposes.
- Educate, inform, and align strategic decision-makers in their organizations.
- Navigate technology purchase and implementation challenges and optimize technology investments.
- Capitalize on emerging technologies.

Expertise on Emerging Technologies. We started our business in 1983 and have a long history of, and extensive experience in, identifying trends and providing research and executable advice on the impact of technology on business. Our research analysts have many years of industry experience, are frequent speakers at business and technology conferences, and are often quoted in the media. They enjoy direct access to the leaders and decision-makers within large enterprises and technology vendors. We provide our research analysts with training to ensure that they have the skills to challenge conventional viewpoints and provide prescriptive, executable insight and research to our clients.

Products and Services

We offer our clients a selection of engagement opportunities that are organized for and directed toward the multiple professional roles we cover.

RoleView™ Research

Our primary syndicated research product, RoleView, provides clients with access to our core syndicated research designed to inform their strategic decision-making. Our various RoleView research offerings, including IT View, M&S View, and TI View, each consists of a library of cross-linked documents that interconnect our reports, data, product rankings, best practices, evaluation tools, and research archives. RoleView research access is provided through role-based websites that facilitate client access to research and tools that are most relevant to their professional roles, including community tools that allow interaction between and among clients and our analysts. Through this access structure, each of our RoleView research offerings addresses the interplay of an individual client's responsibilities and goals, business demands, and organizational and technology capabilities.

Our RoleView research products include The Forrester Wave™. The Forrester Wave provides a detailed analysis of vendors' technologies and services based on transparent, fully accessible criteria, and measurement of characteristics weighted by us. The Forrester Wave includes an Excel spreadsheet that allows clients to compare products and get in-depth data and analysis about each one and tools to develop a custom shortlist based on the client's unique requirements. The Forrester Wave is our primary mechanism for evaluating enterprise technologies.

Clients subscribing to our RoleView research products may choose between two membership levels:

- *RoleView Member Licenses.* RoleView Member Licenses include access to the written research, as well as Inquiry with analysts, one Event seat, and access to Forrester Webinars. Inquiry enables clients to contact our analysts for quick feedback on projects they may have underway, to discuss ideas and models in the research, or for answers to questions about unfolding industry events. Typically, Inquiry sessions are 30 minute phone calls, scheduled upon client request, or e-mail responses coordinated through our research specialists. Events bring together executives and other participants for one or multi-day conferences to network with their peers and to hear business leaders discuss the issues and solutions most pertinent to their roles and responsibilities. Forrester Webinars are hour-long Web-based conferences on selected topics of interest to particular professional roles that typically are held several times a week. They

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consist of an analyst-led presentation followed by questions from participants. Members may access the analyst Web presentation and participate in the subsequent forum for questions and discussion among all attendees. Webinars are also made available for member download.

- *RoleView Reader Licenses.* RoleView Reader Licenses provide access to our written research.

Both Member and Reader clients receive access to our research specialists, who provide additional information about our research, methodologies, coverage areas, and sources. The research specialists are available to help clients navigate our website, find relevant information, and put clients in contact with the appropriate analyst for inquiries.

Forrester® Leadership Boards

Our Forrester Leadership Boards are exclusive peer groups for executives and other senior leaders at large organizations worldwide. Clients and prospects may participate in one or more Forrester Leadership Boards. Memberships are available to the Chief Information Officer (CIO) Group, the Chief Marketing Officer (CMO) Group and several Councils for the technology and marketing roles we cover. In addition to a Member license to access the appropriate RoleView research offering, members of our Forrester Leadership Boards receive access to the following:

- A private forum for members to test their thinking with peers through local and national meetings, one-to-one and group peer exchanges, and virtual community activities.
- Advisors to challenge members' thinking with insights drawn from peers, our research, and our analyst community.
- Membership-generated content that includes next and best practices as well as role-specific maturity benchmark data.

Data Products & Services

Our Data products and services focus on consumers' and business users' attitudes about and behavior toward technology, including ownership, future purchases, and adoption trends. These products incorporate extensive survey research designed and analyzed by our staff. Our data products are designed to provide fact-based customer insights to our clients. Clients can leverage our data products and services or choose to have us conduct data analysis on their behalf. Our data products and services include:

- *Consumer Technographics® Data & Services.* Consumer Technographics delivers both primary data and quantitative research, based on surveys of over 400,000 individuals in North America, Europe, Russia, Asia Pacific, and Latin America. Marketing and strategy professionals rely on our Consumer Technographics data for unique insights into how technology impacts the way consumers select, purchase, use, and communicate about products and services. We combine respondent data sets from our Consumer Technographics surveys into multiple offerings including: Global Technographics, North American Technographics, European Technographics, Russian Technographics, Asia Pacific Technographics, and Latin America Technographics. Additionally, clients may have access to a Technographics data specialist to help them use the data effectively to meet their specific business needs.
- *Business Technographics (Forrester's new combined offering of its former Forrester's Forrsights for Business Technology and Tech Marketing Navigator offerings).* Business Technographics is an ongoing quantitative research program that provides comprehensive, in-depth assessments of what motivates businesses to choose certain technologies and vendors over others. The offering also measures and reports on the current information consumption patterns of key influencers for large technology purchases. We annually survey more than 62,000 business and technology executives as well as information workers at small, medium and large enterprises in North American, European, and other global markets. Our surveys reveal these firms' technology adoption, trends, budgets, business organization, decision processes, purchase plans, brand preferences, and primary influences in the purchasing process. Business Technographics' clients may also have access to a dedicated data advisor to assist in utilizing appropriate data to achieve desired outcomes.

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Forrester Consulting

Our research-based advisory and project consulting services leverage our RoleView research and Technographics data to deliver focused insights and recommendations that assist clients in developing and executing technology and business strategy, informing critical decisions and reducing business risk. Our consulting services help clients with the entire range of challenges addressed in our published research, such as turning big data into business insights, becoming a digital disruptor, embracing the mobile mind shift, and transforming the customer experience. We help business and technology professionals conduct maturity assessments, prioritize best practices, develop strategies, build business cases, select technology vendors, and structure organizations. We help marketing professionals at technology vendors develop content marketing strategies, create marketing collateral, and develop sales tools.

As noted above, in 2013 we established a dedicated consulting organization. The experienced consultants that are part of this organization provide research-based project consulting services to our clients.

Forrester Events

We host multiple events in various locations in North America, Europe and Asia throughout the year. Events build upon our research and data products and services to bring together executives and other participants serving or interested in the particular professional role(s) on which an event focuses. Event participants come together to network with their peers, meet with Forrester analysts, and to hear business leaders discuss business and technology issues of interest or significance to the professional roles in attendance and the impact of technology on the professionals and their businesses.

Sales and Marketing

We sell our products and services through our direct sales force in various locations in North America, Europe, Asia, and Australia. Our Premier group focuses on coordinated account management for selling to our largest clients, and all of our other direct sales resources now operate through geographic segments in North America, Europe and Asia Pacific that focus on selling to and servicing customers and prospects within the particular geographies. We also sell our products and services through independent sales representatives in select international locations. We employed 485 salespersons as of December 31, 2013, an increase of 5% from 462 as of December 31, 2012. We also sell certain of our research products directly online through our website.

For information on our operating segments and our international operations, see Note 12 of the Notes to Consolidated Financial Statements included herein.

Our marketing activities are designed to increase awareness of the Forrester brand and further our reputation as a leader in role-based business and technology research. We actively promote brand awareness via our website, Forrester Events, extensive worldwide press relations, and direct mail campaigns. We also employ an integrated direct marketing strategy that uses Internet, mail, and telephone channels for identifying and attracting high-quality sales leads. We encourage our analysts to increase our visibility by having their research ideas selectively distributed through various Internet, print, and television outlets. In addition, we support an active social media strategy whereby our analysts blog regularly with respect to the roles they serve. Other activities, including Twitter, LinkedIn, facebook, and similar tools interconnect and cross-promote the analysts' blogs and research content.

As of December 31, 2013, our research was delivered to more than 2,400 client companies. No single client company accounted for more than 2% of our 2013 revenues.

Pricing and Contracts

We report our revenue from client contracts in two categories of revenue: (1) research services and (2) advisory services and other. We classify revenue from subscriptions to our RoleView Research, Forrester Leadership Boards and Data Products and Services as research services revenue. We classify revenue from Forrester Consulting and Forrester Events as advisory services and other revenue.

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Contract pricing for annual memberships for research only is principally a function of the number of licensed users at the client. Pricing of contracts for research and advisory services is a function of the number of licensed users, and the amount and type of advisory services. We track the agreement value of contracts to purchase research and advisory services as a significant business indicator. We calculate agreement value as the total revenues recognizable from all research and advisory service contracts in force at a given time (but not including advisory-only contracts), without regard to how much revenue has already been recognized. Agreement value decreased 2% to \$216.5 million at December 31, 2013 from \$220.4 million at December 31, 2012.

Research Analysts and Methodology

We employ a structured methodology in our research that enables us to identify and analyze business technology trends, markets, and audiences and ensures consistent research quality and recommendations across all coverage areas. We seek to provide relevant research that will contribute to the success of our clients in their professional roles.

We ascertain the issues important to our clients and technology users through thousands of interactions and surveys with vendors and business, marketing, and technology professionals, and accordingly, the majority of our research is focused on helping our clients grow their business. We use the following primary research inputs:

- Confidential interviews with early adopters and mainstream users of new technologies.
- In-depth interviews with business technology vendors and suppliers of related services.
- Ongoing briefings with vendors to review current positions and future directions.
- Continuous dialogue with our clients to identify business and technology opportunities in the marketplace.

Our Consumer Technographics and Business Technographics data products combine our qualitative research methodology with traditional survey research methodologies such as correlation, frequency distribution, cross-tabulation, and multivariate statistics to produce research reports, quantitative survey data, and data briefs. Third-party data vendors are frequently used for data collection and tabulation.

The Forrester Wave combines in-depth product test results and user interviews with market and strategic analysis to score attributes of emerging and other technologies. We then apply this research and strategic analysis to determine the weighting of each attribute and create interactive spreadsheets, databases, and reports.

Collaboration among analysts is an integral part of our process, leading to higher-quality research and a unified perspective. All RoleView research begins either with a client or vendor catalyst or with discussion sessions among analysts to generate ideas for research. Analysts test ideas throughout the research process at both informal and regularly scheduled research meetings and using social media technologies. Our reports are consistent in format, and we require our analysts to write in a structure that combines graphics with easy-to-read text to deliver concise, decisive, relevant, and objective research to our clients.

Competition

We believe that the principal competitive factors in our industry include the following:

- Quality of research and analysis and related services.
- The ability to offer products and services that meet the changing needs of organizations and executives for research and analysis.
- Customer service.
- Independent analysis and opinions.
- Timely delivery of information.
- The ability to leverage new technologies.
- Price.

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We believe that we compete favorably with respect to each of these factors. We believe that our role-based strategy, including the diversity of roles we support and the ways in which we support them, as well as our research focus on emerging technologies and on winning, retaining and servicing customers, are significant competitive advantages. Additionally, we believe that in addition to our role-based strategy, our research methodology, easy-to-read formats, and portfolio of complementary product offerings distinguish us from our competitors.

We compete principally in the market for research and advisory services and their application for client success, with an emphasis on the impact of technology on our clients' business models and customer markets. Our principal direct competitors include other providers of similar services, such as Gartner, as well as providers of peer networking services and Internet and digital media measurement services. In addition, our indirect competitors include the internal planning and marketing staffs of our current and prospective clients, as well as other information providers such as electronic and print publishing companies, survey-based general market research firms, and general business consulting firms. Our indirect competitors could choose to compete directly against us in the future. In addition, there are relatively few barriers to entry into our market, and new competitors could readily seek to compete against us in one or more market segments addressed by our research. Increased competition could adversely affect our operating results through pricing pressure and loss of market share. There can be no assurance that we will be able to continue to compete successfully against existing or new competitors.

Employees

As of December 31, 2013, we employed a total of 1,288 persons, including 475 research staff and 485 sales personnel.

Our culture emphasizes certain key values — including client service, courage, collaboration, integrity and quality — that we believe are critical to our future growth. We promote these values through training and frequent recognition for achievement. We encourage teamwork and promote and recognize individuals who foster these values. New employees participate in a three-day training process that focuses on our role-based strategy, our products and services, corporate culture, values and goals.

Item 1A. Risk Factors

We are subject to risks and uncertainties that could cause our actual future activities and results of operations to be materially different from those set forth in forward-looking statements made by us. These risks and uncertainties include:

A Decline in Renewals for Our Membership-Based Research Services. Our success depends in large part upon retaining (on both a client company and dollar basis) and enriching existing memberships for our research products and services. Future declines in client retention, dollar retention, and enrichment could have an adverse effect on our results of operations.

Our Business may be Adversely Affected by the Economic Environment. Our business is in part dependent on technology spending and is impacted by economic conditions. The economic environment may materially and adversely affect demand for our products and services. If conditions in the United States and global economy were to lead to a decrease in technology spending, or in demand for our research and advisory services, this could have an adverse effect on our results of operations and financial condition.

Our International Operations Expose Us to a Variety of Operational Risks which Could Negatively Impact Our Results of Operations. We have clients in approximately 55 countries and approximately 26% of our revenue comes from international sales. Our operating results are subject to the risks inherent in international business activities, including challenges in staffing and managing foreign operations, changes in regulatory requirements, compliance with numerous foreign laws and regulations, differences between U.S. and foreign tax rates and laws, fluctuations in currency exchange rates, difficulty of enforcing client agreements, collecting accounts receivable, and protecting intellectual property rights in international jurisdictions. Furthermore, we rely on local independent sales representatives in some international locations. If any of these arrangements are

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terminated by our representatives or us, we may not be able to replace the arrangement on beneficial terms or on a timely basis, or clients sourced by the local sales representative may not want to continue to do business with us or our new representative.

Ability to Develop and Offer New Products and Services. Our future success will depend in part on our ability to offer new products and services. These new products and services must successfully gain market acceptance by anticipating and identifying changes in client requirements and changes in the technology industry and by addressing specific industry and business organization sectors. The process of internally researching, developing, launching and gaining client acceptance of a new product or service, or assimilating and marketing an acquired product or service, is risky and costly. We may not be able to introduce new, or assimilate acquired, products or services successfully. Our failure to do so would adversely affect our ability to maintain a competitive position in our market and continue to grow our business.

Loss of Key Management. Our future success will depend in large part upon the continued services of a number of our key management employees. The loss of any one of them, in particular George F. Colony, our founder, Chairman of the Board and Chief Executive Officer, could adversely affect our business.

The Ability to Attract and Retain Qualified Professional Staff. Our future success will depend in large measure upon the continued contributions of our senior management team, research analysts, consultants, and experienced sales and marketing personnel. Thus, our future operating results will be largely dependent upon our ability to retain the services of these individuals and to attract additional professionals from a limited pool of qualified candidates. Our future success will also depend in part upon the effectiveness of our sales leadership in hiring and retaining sales personnel and in improving sales productivity. We experience competition in hiring and retaining professionals from developers of Internet and emerging-technology products, other research firms, management consulting firms, print and electronic publishing companies and financial services companies, many of which have substantially greater ability, either through cash or equity, to attract and compensate professionals. If we lose professionals or are unable to attract new talent, we will not be able to maintain our position in the market or grow our business.

Failure to Anticipate and Respond to Market Trends. Our success depends in part upon our ability to anticipate rapidly changing technologies and market trends and to adapt our research to meet the changing information needs of our clients. The technology and commerce sectors that we analyze undergo frequent and often dramatic changes. The environment of rapid and continuous change presents significant challenges to our ability to provide our clients with current and timely analysis, strategies and advice on issues of importance to them. Meeting these challenges requires the commitment of substantial resources. Any failure to continue to provide insightful and timely analysis of developments, technologies, and trends in a manner that meets market needs could have an adverse effect on our market position and results of operations.

We May be Subject to Network Disruptions or Security Breaches that Could Damage Our Reputation and Harm Our Business and Operating Results. We may be subject to network disruptions or security breaches caused by computer viruses, illegal break-ins or hacking, sabotage, acts of vandalism by third parties or terrorism. Our security measures or those of our third party service providers may not detect or prevent such security breaches. Any such compromise of our information security could result in the unauthorized publication of our confidential business or proprietary information, cause an interruption in our operations, result in the unauthorized release of customer or employee data, result in a violation of privacy or other laws, expose us to a risk of litigation or damage our reputation, which could harm our business and operating results.

Competition. We compete in the market for research products and services with other independent providers of similar services. We may also face increased competition from Internet-based research firms. Some of our competitors have substantially greater financial, information-gathering, and marketing resources than we do. In addition, our indirect competitors include the internal planning and marketing staffs of our current and prospective clients, as well as other information providers such as electronic and print publishing companies, survey-based general market research firms and general business consulting firms. Our indirect competitors may choose to compete directly against us in the future. In addition, there are relatively few barriers to entry into our market, and new competitors could readily seek to compete against us in one or more market segments addressed by our products and services. Increased competition could adversely affect our operating results through pricing pressure and loss of market share.

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Fluctuations in Our Operating Results. Our revenues and earnings may fluctuate from quarter to quarter based on a variety of factors, many of which are beyond our control, and which may affect our stock price. These factors include, but are not limited to:

- Trends in technology and research and advisory services spending in the marketplace and general economic conditions.
- The timing and size of new and renewal memberships for our research services from clients.
- The utilization of our advisory services by our clients.
- The timing of revenue-generating events sponsored by us.
- The introduction and marketing of new products and services by us and our competitors.
- The hiring and training of new analysts, consultants, and sales personnel.
- Changes in demand for our research and advisory services.
- Fluctuations in currency exchange rates.

As a result, our operating results in future quarters may be below the expectations of securities analysts and investors, which could have an adverse effect on the market price for our common stock. Factors such as announcements of new products, services, offices, acquisitions or strategic alliances by us, our competitors, or in the research and professional services industries generally, may have a significant impact on the market price of our common stock. The market price for our common stock may also be affected by movements in prices of stocks in general.

Any Weakness Identified in Our System of Internal Controls by Us and Our Independent Registered Public Accounting Firm Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 Could Have an Adverse Effect on Our Business. Section 404 of the Sarbanes-Oxley Act of 2002 requires that companies evaluate and report on their systems of internal control over financial reporting. In addition, our independent registered public accounting firm must report on its evaluation of those controls. As disclosed in Item 9A of this report, we have previously identified material weaknesses in our internal control over financial reporting because we did not maintain effective controls over revenue related to our advisory services and consulting projects and over revenue related to the event tickets that are included in certain of our subscription products. In the fourth quarter of 2013, we completed our remediation activities related to these material weaknesses. As a result, as of December 31, 2013, we concluded that we have remediated these material weaknesses in our internal control over financial reporting. There can be no assurance that no weakness in our internal control over financial reporting will occur in future periods, or that any such weakness will not have a material adverse effect on our business or financial results, including our ability to report our financial results in a timely manner.

Item 1B. *Unresolved Staff Comments*

We have not received written comments from the Securities and Exchange Commission that remain unresolved.

Item 2. *Properties*

Our corporate headquarters building is comprised of approximately 190,000 square feet of office space in Cambridge, Massachusetts, substantially all of which is currently occupied by the Company. This facility accommodates research, marketing, sales, consulting, technology, and operations personnel. The lease term of this facility expires February 28, 2027.

We also rent office space in San Francisco, New York City, Dallas, McLean, Virginia, Amsterdam, Frankfurt, London, Paris, New Delhi, and Singapore. Our San Francisco lease is for approximately 19,000 square feet, with a 63-month term that expires June 30, 2016. Our New York lease is for approximately 15,200 square feet, with an initial term of approximately ten years until January 31, 2021, with the right to terminate in 2017 with prior notice and payment of designated early termination fees and charges. The London lease is for

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approximately 17,800 square feet, with a term of eleven years until September 24, 2021. We also lease office space on a relatively short-term basis in various other locations in North America, Europe, Asia, and Australia.

We believe that our existing facilities are adequate for our current needs and that additional facilities are available for lease to meet future needs.

Item 3. Legal Proceedings

We are not currently a party to any material legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Our common stock is listed on the Nasdaq Global Select Market under the symbol "FORR". During 2012 quarterly dividends of \$0.14 per common share were declared and paid in each of the four quarters during the year. During 2013 quarterly dividends of \$0.15 per common share were declared and paid in each of the four quarters during the year. In February 2014 our Board of Directors declared an increase in our regular quarterly dividend to \$0.16 per share that is payable on March 19, 2014. We intend to continue paying regular quarterly cash dividends; however, the actual declaration of any such future dividends, and the establishment of the per share amount and payment dates for any such future dividends are subject to the discretion of the Board of Directors.

As of March 6, 2014 there were approximately 36 stockholders of record of our common stock. On March 6, 2014 the closing price of our common stock was \$37.70 per share.

The following table represents the ranges of high and low sale prices of our common stock for the years ended December 31, 2013 and December 31, 2012:

	2013		2012	
	High	Low	High	Low
First Quarter	\$31.76	\$24.88	\$36.15	\$31.37
Second Quarter	\$37.41	\$33.01	\$36.00	\$30.90
Third Quarter	\$39.77	\$32.15	\$34.46	\$20.60
Fourth Quarter	\$41.36	\$36.14	\$31.00	\$26.22

Through 2013, our Board of Directors authorized an aggregate \$385.0 million to purchase common stock under our stock repurchase program including \$25.0 million authorized in July 2013 and \$50.0 million authorized in February 2013. As of December 31, 2013 we had repurchased approximately 12.4 million shares of common stock at an aggregate cost of \$329.1 million.

During 2013 the Company retired 11.7 million shares of treasury stock. These retired shares are now included in the Company's pool of authorized but unissued shares. The retired stock had a carrying value of approximately \$303.0 million.

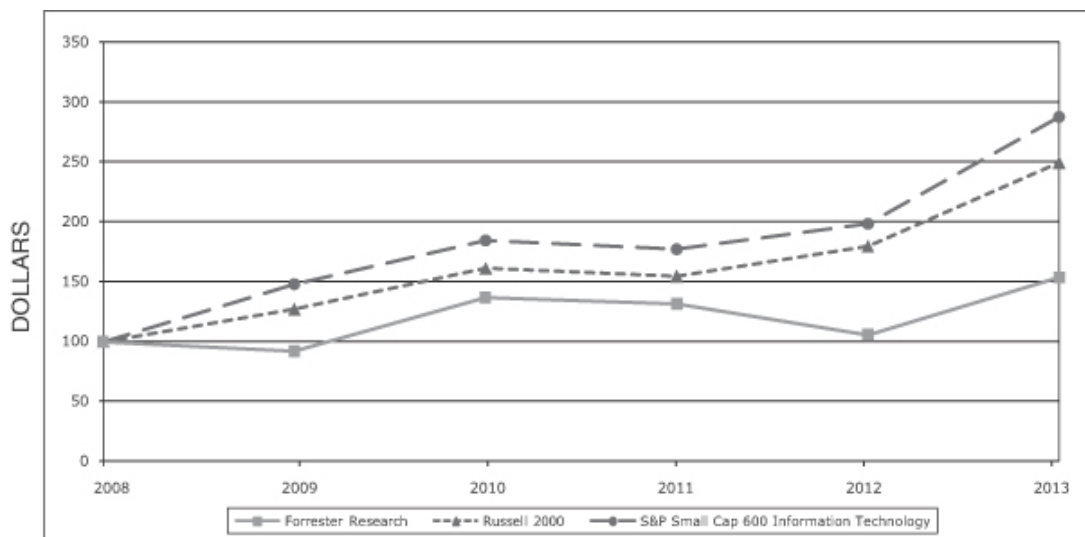
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During the quarter ended December 31, 2013 we repurchased the following shares of our common stock under the stock repurchase program:

<u>Period</u>	<u>Total Number of Shares Purchased (1)</u>	<u>Average Price Paid per Share</u>	<u>Maximum Dollar Value that May Yet be Purchased Under the Stock Repurchase Program (In thousands)</u>
October 1- October 31	188,792	\$ 37.13	
November 1—November 30	11,742	\$ 37.90	
December 1—December 31	41,467	\$ 37.69	\$ 55,949
	<u>242,001</u>		

(1) All purchases of our common stock were made under the stock repurchase program first announced in 2001.

The following graph contains the cumulative stockholder return on our common stock during the period from December 31, 2008 through December 31, 2013 with the cumulative return during the same period for the Russell 2000 and the S&P 600 Small Cap Information Technology Index, and assumes that the dividends, if any, were reinvested.



[Table of Contents](#)**Item 6. Selected Consolidated Financial Data**

The selected financial data presented below is derived from our consolidated financial statements and should be read in connection with those statements.

	Years Ended December 31,				
	2013	2012	2011	2010	2009
(In thousands, except per share amounts)					
Consolidated Statement of Income Data					
Research services	\$202,843	\$203,091	\$191,495	\$168,597	\$157,736
Advisory services and other	94,807	89,940	91,840	82,261	75,631
Total revenue	297,650	293,031	283,335	250,858	233,367
Income from operations	21,833	30,760	36,716	30,882	32,435
Other income and gains (losses) on investments, net	(1,841)	1,394	231	3,550	555
Net income	\$13,024	\$26,296	\$21,991	\$20,832	\$18,811
Basic income per common share	\$0.62	\$1.17	\$0.97	\$0.93	\$0.83
Diluted income per common share	\$0.61	\$1.15	\$0.95	\$0.90	\$0.82
Basic weighted average shares outstanding	20,861	22,500	22,666	22,478	22,645
Diluted weighted average shares outstanding	21,353	22,929	23,164	23,063	22,884

	As of December 31,				
	2013	2012	2011	2010	2009
(In thousands)					
Consolidated Balance Sheet Data					
Cash, cash equivalents and marketable investments	\$155,145	\$242,656	\$227,603	\$216,034	\$259,792
Working capital	78,991	155,278	158,370	146,014	190,216
Total assets	402,202	488,015	487,110	450,747	470,273
Deferred revenue	152,903	150,495	148,004	131,357	117,856
Total liabilities	197,540	190,808	196,960	178,406	158,219
Cash dividends declared	12,394	12,588	—	68,414	—

The following items impact the comparability of our consolidated data:

- Cash dividends in 2013 and 2012 represent quarterly dividends of \$0.15 and \$0.14 per common share declared and paid during 2013 and 2012, respectively. Cash dividends in 2010 represent a special dividend of \$3.00 per common share declared and paid in the fourth quarter of 2010.
- The 2013 other income and gains (losses) on investments, net amount includes a \$1.9 million loss for the sale of the Company's entire portfolio of auction rate securities.
- The 2012 net income amount includes a \$5.9 million deferred income tax benefit resulting from the settlement of a tax audit at the Company's German subsidiary.
- The 2009 income from operations amount includes a \$5.4 million reorganization charge for facility consolidations and a reduction-in-force of approximately 50 employees.

As described in Note 2 of the Notes to Consolidated Financial Statements, the Company identified prior period errors that affected the years ended December 31, 2012 and 2011. The revisions for the prior period corrections, which the Company has concluded are immaterial to all prior period financial statements, are reflected in the consolidated financial statements included in this Form 10-K. In addition, the consolidated

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statements of income for the years ended December 31, 2010 and 2009 and the consolidated balance sheets as of December 31, 2011, 2010 and 2009 were revised as follows:

- The 2010 consolidated statement of income has been revised to reflect a \$0.1 million increase to revenue, a \$0.1 million increase to income from operations, a \$0.2 million decrease to income tax provision, and a \$0.3 million increase to net income.
- The 2009 consolidated statement of income has been revised to reflect a \$0.8 million increase in loss on investments, a \$0.7 million decrease to income tax provision, and a \$0.1 million decrease to net income.
- The 2011 consolidated balance sheet data was revised to increase working capital by \$0.3 million, decrease total assets by \$0.5 million, increase deferred revenue by \$0.1 million, and increase total liabilities by \$0.1 million.
- The 2010 consolidated balance sheet data was revised to decrease working capital by \$0.1 million, decrease deferred revenue by \$0.2 million, and decrease total liabilities by \$0.2 million.
- The 2009 consolidated balance sheet data was revised to decrease working capital by \$0.5 million, increase total assets by \$0.1 million, and decrease total liabilities by less than \$0.1 million.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We derive revenues from memberships to our research and data products and services, performing advisory services and consulting projects, and hosting events. We offer contracts for our research products that are typically renewable annually and payable in advance. Research revenues are recognized as revenue ratably over the term of the contract. Accordingly, a substantial portion of our billings are initially recorded as deferred revenue. Clients purchase advisory services independently and/or to supplement their memberships to our research. Billings attributable to advisory services and consulting projects are initially recorded as deferred revenue. Advisory service revenues, such as workshops, speeches and advisory days, are recognized when the customer receives the agreed upon deliverable. Consulting project revenues, which generally are short-term in nature and based upon fixed-fee agreements, are recognized as the services are provided. Event billings are also initially recorded as deferred revenue and are recognized as revenue upon completion of each event.

Our primary operating expenses consist of cost of services and fulfillment, selling and marketing expenses and general and administrative expenses. Cost of services and fulfillment represents the costs associated with the production and delivery of our products and services, including salaries, bonuses, employee benefits and stock-based compensation expense for research and consulting personnel and all associated editorial, travel, and support services. Selling and marketing expenses include salaries, sales commissions, bonuses, employee benefits, stock-based compensation expense, travel expenses, promotional costs and other costs incurred in marketing and selling our products and services. General and administrative expenses include the costs of the technology, operations, finance, and human resources groups and our other administrative functions, including salaries, bonuses, employee benefits, and stock-based compensation expense. Overhead costs such as facilities and annual fees for cloud-based information technology systems are allocated to these categories according to the number of employees in each group.

Deferred revenue, agreement value, client retention, dollar retention, enrichment and number of clients are metrics we believe are important to understanding our business. We believe that the amount of deferred revenue, along with the agreement value of contracts to purchase research and advisory services, provide a significant measure of our business activity. We define these metrics as follows:

- *Deferred revenue* — billings in advance of revenue recognition as of the measurement date.
- *Agreement value* — the total revenues recognizable from all research and advisory service contracts in force at a given time (but not including advisory-only contracts), without regard to how much revenue has already been recognized. No single client accounted for more than 2% of agreement value at December 31, 2013.

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- *Client retention* — the percentage of client companies with memberships expiring during the most recent twelve-month period that renewed one or more of those memberships during that same period.
- *Dollar retention* — the percentage of the dollar value of all client membership contracts renewed during the most recent twelve-month period to the total dollar value of all client membership contracts that expired during the period.
- *Enrichment* — the percentage of the dollar value of client membership contracts renewed during the most recent twelve-month period to the dollar value of the corresponding expiring contracts.
- *Clients* — we count as a single client the various divisions and subsidiaries of a corporate parent and we also aggregate separate instrumentalities of the federal, state, and provincial governments as single clients.

Client retention, dollar retention, and enrichment are not necessarily indicative of the rate of future retention of our revenue base. A summary of our key metrics is as follows (dollars in millions):

	As of December 31,		Absolute Increase (Decrease)	Percentage Increase (Decrease)
	2013	2012		
Deferred revenue	\$152.9	\$150.5	\$ 2.4	2%
Agreement value	\$216.5	\$220.4	\$ (3.9)	(2%)
Client retention	73%	77%	(4)	(5%)
Dollar retention	86%	90%	(4)	(4%)
Enrichment	97%	95%	2	2%
Number of clients	2,471	2,462	9	—

	As of December 31,		Absolute Increase (Decrease)	Percentage Increase (Decrease)
	2012	2011		
Deferred revenue	\$150.5	\$148.0	\$ 2.5	2%
Agreement value	\$220.4	\$221.1	\$ (0.7)	—
Client retention	77%	80%	(3)	(4%)
Dollar retention	90%	90%	—	—
Enrichment	95%	101%	(6)	(6%)
Number of clients	2,462	2,495	(33)	(1%)

Deferred revenue at December 31, 2013 and December 31, 2012 both increased 2% compared to the prior years. However when including the amount of future invoicing for contracts at each period end, the combined amount of deferred revenue and future invoicing was flat at both December 31, 2013 and 2012 compared to the prior years. The change in deferred revenue plus future invoicing is essentially consistent with the change in agreement value at December 31, 2013 and 2012 compared to the prior years and both metrics are reflective of flat contract bookings in both 2013 and 2012 compared to prior years. Enrichment, client retention and dollar retention rates at December 31, 2013 have all trended downward from 2011 levels. The enrichment and client retention rates include a 12-month period and as such the rates in 2013 and 2012 reflect the negative effects from the challenges associated with the implementation of the sales reorganization in early 2012, high sales employee attrition during 2013 and 2012, a difficult selling environment in Europe during 2013 and 2012 and weaker demand for our data subscription products in 2013, in part due to the phasing out of our standalone Technology Marketing Navigator data product.

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires us to

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make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our policies and estimates, including but not limited to, those related to our revenue recognition, stock-based compensation, non-marketable investments, goodwill and intangible assets, income taxes, and valuation and impairment of marketable investments. Management bases its estimates on historical experience, data available at the time the estimates are made and various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We consider the following accounting policies to be those that require the most subjective judgment or that involve uncertainty that could have a material impact on our financial statements. If actual results differ significantly from management's estimates and projections, there could be a material effect on our financial statements. This is not a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP, with no need for management's judgment in its application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. For a discussion of our other accounting policies, see Note 1 of the Notes to Consolidated Financial Statements beginning on page F-7.

- *Revenue Recognition.* Effective January 1, 2011 we adopted Update No. 2009-13, "Multiple-Deliverable Revenue Arrangements — a consensus of the FASB Emerging Issues Task Force" (ASU 2009-13). ASU 2009-13 updates the previous multiple-element revenue arrangements guidance. The revised guidance primarily provides three significant changes: 1) it eliminates the need for objective and reliable evidence of the fair value for the undelivered element in order for a delivered item to be treated as a separate unit of accounting; 2) it eliminates the residual method to allocate the arrangement consideration; and 3) it modifies the fair value requirements of EITF Issue 00-21 by providing "best estimate of selling price" in addition to vendor specific objective evidence and vendor objective evidence for determining the selling price of a deliverable. The adoption of ASU 2009-13 did not have a material impact on our financial position, results of operations or cash flows.

We generate revenues from licensing memberships to our research (including our data subscription products), performing advisory services and consulting projects and hosting events. We execute contracts that govern the terms and conditions of each arrangement. Revenues are recognized when persuasive evidence of an arrangement exists, the fee is fixed or determinable, services have been provided to the customer, and collectability is reasonably assured. Our contracts may include either a single product or service or a combination of multiple products and services. Revenues from contracts that contain multiple products or services are allocated among the separate units of accounting based on their relative selling prices; however, the amount recognized is limited to the amount that is not contingent on future performance conditions. For example, when a discount off of list price is provided in a multiple element contract, the discount is applied ratably to the research and data products only (which commence delivery on the first day of the contract), as the undelivered products in the contract (advisory services or events) would be refundable to the customer at list price if not delivered. We obtain the selling prices of our products and services based upon an analysis of standalone sales of these products and services during the year. Research services revenues are recognized ratably over the term of the contract. Advisory services revenues, such as workshops, speeches and advisory days, are recognized when the customer receives the agreed upon deliverable and consulting project revenues are recognized as the services are provided. Reimbursed out-of-pocket expenses are recorded as advisory services revenue. Event revenues are recognized upon completion of the event.

Annual subscriptions to our RoleView research include access to all or a designated portion of our research, and depending on the type of license, membership in one or more of our Forrester leadership boards, unlimited phone or email analyst inquiry, unlimited participation in Forrester Webinars, and the right to attend one event. Contracts for RoleView research entered into prior to the adoption of ASU 2009-13 on January 1, 2011, were accounted for as one unit of accounting and recognized ratably as research services revenue over the membership period. Contracts for RoleView research entered into or

significantly modified after January 1, 2011 are accounted for as two units of accounting: 1) the event ticket and 2) the remaining research services that are delivered throughout the contract period based on the new guidance that permits alternative methods of determining selling prices as it relates to the components that we do not sell on a standalone basis, such as research services in our case. Arrangement consideration is allocated to each element based upon its relative selling price, which is determined based on standalone sales of event tickets and the estimated selling price of the remaining research services. Annual subscriptions to our data subscription products include access to designated survey data products and access to a data specialist, which are delivered throughout the year, and are accounted for as one unit of accounting and recognized ratably as research services revenue over the membership period. Beginning in February 2013, we discontinued our policy of offering our clients a service guarantee. Service guarantees had provided our clients the right to cancel their contracts prior to the end of the contract term and receive a refund for unused products or services. Furthermore, our revenue recognition determines the timing of commission expenses, as commissions are earned during the month a contract is booked and are deferred and recognized as expense as the related revenue is recognized. We evaluate the recoverability of deferred commissions at each balance sheet date.

- *Stock-Based Compensation.* Stock-based compensation is recognized as an expense based upon the fair value of the award at the time of grant. The determination of the fair value of stock-based compensation requires significant judgment and the use of estimates, particularly surrounding assumptions such as stock price volatility, expected option lives, dividend yields and forfeiture rates. These estimates involve inherent uncertainties and the application of management judgment. As a result, if circumstances change and we use different assumptions, our stock-based compensation expense could be materially different in the future.

Expected volatility is based, in part, on the historical volatility of our common stock as well as management's expectations of future volatility over the expected term of the awards granted. The development of an expected life assumption involves projecting employee exercise behaviors (expected period between stock option vesting dates and stock option exercise dates). Expected dividend yields are based on expectations of current and future dividends, if any. We are also required to estimate future forfeitures of stock-based awards for recognition of compensation expense. We will record additional expense if the actual forfeitures are lower than estimated and will record a recovery of prior recognized expense if the actual forfeitures are higher than estimated. In addition, for our performance-vested restricted stock units, we make estimates of the performance outcome at each period end in order to estimate the actual number of shares that will be earned. The actual expense recognized over the vesting period will only be for those awards that vest. If our actual forfeiture rate or performance outcomes are materially different from our estimates, or if our estimates of forfeitures or performance outcomes are modified in a future period, the actual stock-based compensation expense could be significantly different from what we have recorded in the current period. For example, during 2011 we modified our estimates of the performance outcome for RSUs issued during 2009 and 2010 that resulted in a credit of \$0.9 million being recorded in 2011 related to expense recognized in prior periods related to these RSUs.

- *Non-Marketable Investments.* We hold minority interests in technology-related investment funds with a book value of \$5.7 million at December 31, 2013. These investment funds are not publicly traded, and, therefore, because no established market for these securities exists, the estimate of the fair value of our investments requires significant judgment. Investments that are accounted for using the cost method are valued at cost unless an other-than-temporary impairment in their value occurs. For investments that are accounted for using the equity method, we record our share of the investee's operating results each period. We review the fair value of our investments on a regular basis to evaluate whether an other-than-temporary impairment in the investment has occurred. We record impairment charges when we believe that an investment has experienced a decline in value that is other-than-temporary. Future adverse changes in market conditions or poor operating results of underlying investments could result in losses or an inability to recover the carrying value of the investments that may not be reflected in an investment's current carrying value, thereby possibly requiring an impairment charge in the future.

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- *Goodwill, Intangible Assets and Other Long-Lived Assets.* As of December 31, 2013, we had \$85.8 million of goodwill and intangible assets with finite lives recorded on our Consolidated Balance Sheet. Goodwill is required to be measured for impairment at least annually or whenever events indicate that there may be an impairment. In order to determine if an impairment exists, we compare each of our reporting unit's carrying value to the reporting unit's fair value. Determining the reporting unit's fair value requires us to make estimates of market conditions and operational performance. Absent an event that indicates a specific impairment may exist, we have selected November 30 as the date to perform the annual goodwill impairment test. The annual assessment of goodwill can be based on either a quantitative or qualitative assessment, or a combination of both. We completed the annual goodwill impairment testing as of November 30, 2013 utilizing a qualitative assessment and concluded that the fair values of each of our reporting units more likely than not continues to exceed their respective carrying values. Future events could cause us to conclude that impairment indicators exist and that goodwill associated with our acquired businesses is impaired. Any resulting impairment loss could have a material adverse impact on our results of operations.

Intangible assets with finite lives consist of acquired customer relationships and technology and are valued according to the future cash flows they are estimated to produce. These assigned values are amortized on a basis which best matches the periods in which the economic benefits are expected to be realized. Tangible assets with finite lives consist of property and equipment, which are depreciated and amortized over their estimated useful lives. We continually evaluate whether events or circumstances have occurred that indicate that the estimated remaining useful life of our intangible and long-lived tangible assets may warrant revision or that the carrying value of these assets may be impaired. To compute whether intangible assets have been impaired, the estimated undiscounted future cash flows for the estimated remaining useful life of the assets are compared to the carrying value. To the extent that the future cash flows are less than the carrying value, the assets are written down to their estimated fair value.

- *Income Taxes.* We recognize deferred tax assets and liabilities using enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities as well as operating loss carryforwards (from acquisitions). Such amounts are adjusted as appropriate to reflect changes in the tax rates expected to be in effect when the temporary differences reverse. We record a valuation allowance to reduce our deferred taxes to an amount we believe is more likely than not to be realized. We consider future taxable income and prudent and feasible tax planning strategies in assessing the need for a valuation allowance.

As a global company, we use significant judgment to calculate and provide for income taxes in each of the tax jurisdictions in which we operate. In the ordinary course of our business, there are transactions and calculations undertaken whose ultimate tax outcome cannot be certain. Some of these uncertainties arise as a consequence of transfer pricing for transactions with our subsidiaries and potential challenges to nexus and credit estimates. We estimate our exposure to unfavorable outcomes related to these uncertainties and record a liability based on the probability for such outcomes in accordance with current accounting guidelines.

Although we believe our estimates are reasonable, no assurance can be given that the final tax outcome will not be different from what is reflected in our historical income tax provisions, returns, and accruals. Such differences, or changes in estimates relating to potential differences, could have a material impact on our income tax provision and operating results in the period in which such a determination is made.

- *Valuation and Impairment of Marketable Investments.* Our investment portfolio may at any time contain investments in U.S. Treasury and U.S. government agency securities, taxable and/or tax exempt municipal notes, corporate notes and bonds, commercial paper and money market funds.

In accordance with the accounting standard for fair value measurements, we have classified our marketable investments as Level 1, 2 or 3 within the fair value hierarchy. Fair values determined by Level 1 inputs utilize quoted prices in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable, either directly or indirectly, such as quoted prices for similar assets, quoted prices in markets that are not active or other inputs that are observable or can be

corroborated by observable market data for substantially the full term of the assets. Fair values determined by Level 3 inputs utilize unobservable data points.

At December 31, 2013, we held \$87.3 million of marketable investments that were valued using Level 2 inputs. Our marketable investments consist solely of high credit quality corporate and municipal bonds with a weighted average credit rating of AA and do not include difficult to value features. The majority of our marketable investments are in large corporate notes. Level 2 investments are initially valued at the transaction price and subsequently valued, at the end of each reporting period, by our investment managers utilizing third party pricing services, which consists of one price per instrument. We do not obtain pricing or quotes from brokers directly and historically we have not adjusted prices obtained from our investment managers. We verify the pricing information obtained from our investment managers by periodically repricing the securities from independent sources, obtaining an understanding of the pricing methodology and inputs utilized by the pricing services to value our particular investments, as well as an understanding of the controls and procedures utilized by our investment managers to both ensure the accurate recording and to validate the pricing of our investments obtained from the pricing services on an annual basis.

At December 31, 2013 we held no marketable investments that were valued using Level 3 inputs.

We conduct periodic reviews to identify and evaluate each investment that has an unrealized loss, in accordance with the meaning of other-than-temporary impairment and its application to certain investments, as required under current accounting standards. An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis. Unrealized losses on available-for-sale securities that are determined to be temporary, and not related to credit loss, are recorded, net of tax, in accumulated other comprehensive income.

For available-for-sale debt securities with unrealized losses, management performs an analysis to assess whether we intend to sell or whether we would more likely than not be required to sell the security before the expected recovery of the amortized cost basis. Where we intend to sell a security, or may be required to do so, the security's decline in fair value would be deemed to be other-than-temporary and the full amount of the unrealized loss would be recorded within gains (losses) on investments, net in the Consolidated Statements of Income. Regardless of our intent to sell a security, we perform additional analysis on all securities with unrealized losses to evaluate losses associated with the creditworthiness of the security. Credit losses are identified where we do not expect to receive cash flows sufficient to recover the amortized cost basis of a security and are recorded within gains (losses) on investments, net in the Consolidated Statements of Income.

Results of Operations for the years ended December 31, 2013, 2012 and 2011

The financial results for the year ended December 31, 2013 and 2012 included in this report differ from those included in our earnings release issued February 12, 2014 in that the earnings release did not reflect the revision of our prior period financial statements for errors in income taxes that we identified subsequent to the issuance of our earnings release. As described in Notes 2 and 14 of the Notes to Consolidated Financial Statements, we have revised our prior period financial statements to reflect the correction of the errors in the applicable prior periods. The effect of the revision on the previously reported amounts in our earnings release was (1) an increase in net income for the three months and year ended December 31, 2013 of \$0.2 million and \$0.3 million, respectively, with a corresponding increase in basic and diluted earnings per share for the year ended December 31, 2013 of \$0.01 and (2) an increase (decrease) in net income for the three months and year ended December 31, 2012 of \$(0.1) million and \$0.3 million, respectively, with a corresponding increase in basic and diluted earnings per share for the year ended December 31, 2012 of \$0.02. This change did not affect our pro forma net income or pro forma earnings per share as reported in our earnings release as we utilized a fixed 39% tax rate for pro forma purposes in both the 2013 and 2012 periods.

The following table sets forth our Consolidated Statements of Income as a percentage of total revenues for the years noted.

	Years Ended December 31,		
	2013	2012	2011
Revenues:			
Research services	68.1%	69.3%	67.6%
Advisory services and other	31.9	30.7	32.4
Total revenues	100.0	100.0	100.0
Operating expenses:			
Cost of services and fulfillment	39.3	38.0	36.6
Selling and marketing	36.0	34.6	35.8
General and administrative	12.9	12.6	11.7
Depreciation	3.1	3.0	1.9
Amortization of intangible assets	0.8	0.8	0.9
Reorganization costs	0.6	0.5	0.1
Income from operations	7.3	10.5	13.0
Other income, net	0.2	0.5	0.2
Gains (losses) on investments, net	(0.8)	—	(0.2)
Income before income taxes	6.7	11.0	13.0
Income tax provision	2.3	2.0	5.2
Net income	4.4%	9.0%	7.8%

2013 compared to 2012**Revenues**

	<u>2013</u>	<u>2012</u>	<u>Absolute Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
	(dollars in millions)			
Revenues	\$297.7	\$293.0	\$ 4.7	2%
Revenues from research services	\$202.8	\$203.1	\$ (0.3)	—
Revenues from advisory services and other	\$ 94.8	\$ 89.9	\$ 4.9	5%
Revenues attributable to customers outside of the U.S.	\$ 78.7	\$ 81.8	\$ (3.1)	(4%)
Percentage of revenue attributable to customers outside of the U.S.	26%	28%	(2)	(7%)
Number of clients (at end of period)	2,471	2,462	9	—
Number of events	15	15	—	—

As described in the overview section above, the agreement value at December 31, 2013 and 2012 was essentially flat compared to the prior years and is reflective of flat contract bookings in both 2013 and 2012 compared to prior years. Enrichment, client retention and dollar retention rates at December 31, 2013 have all trended downward from 2011 levels. The enrichment and client retention rates include a 12-month period and as such the rates in 2013 and 2012 reflect the negative effects from the challenges associated with the implementation of the sales reorganization in early 2012, high sales employee attrition during 2013 and 2012, a difficult selling environment in Europe during 2013 and 2012 and weaker demand for our data subscription products in 2013, in part due to the phasing out of our standalone Technology Marketing Navigator data product.

The 2% increase in revenues during 2013 compared to 2012 was driven by a 5% increase in advisory services and other revenues while research services revenues were essentially flat during the period. Foreign exchange fluctuations had an insignificant effect on revenue growth during 2013. Revenues from customers outside of the U.S. in 2013 declined by 2% as a percentage of total revenues compared to the prior year period due primarily to a decline in revenues from the European region. The general economic conditions in Europe as well as sales leadership challenges have contributed to a difficult selling environment in that region.

Research services revenues are recognized as revenue primarily on a ratable basis over the term of the contracts, which are generally twelve-month periods. Research services revenues were flat during 2013 compared to the prior year as contract bookings during those periods were essentially flat. Revenues from our data subscription products declined by approximately \$2.4 million in 2013 compared to 2012 due primarily to the phasing out of our standalone Tech Marketing Navigator data product in 2013. The decline in data subscription revenues was partially offset by an increase in research product revenue.

Revenues from advisory services and other increased 5% during 2013 as compared to the prior year. The increase during 2013 is due entirely to increased advisory and project consulting revenues, as event revenues were flat in 2013 compared to the prior year. The increase in advisory and project consulting revenues in 2013 as compared to 2012 was generated in the second half of 2013 and was due primarily to both an increase in consulting headcount as we began to build out a dedicated consulting organization in 2013 as well as to increased productivity of our analyst personnel.

Please refer to the “Segment Results” section below for a discussion of revenue and direct margin results by segment.

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Cost of Services and Fulfillment

	<u>2013</u>	<u>2012</u>	<u>Absolute Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
Cost of services and fulfillment (dollars in millions)	\$117.1	\$111.2	\$ 5.9	5%
Cost of services and fulfillment as a percentage of total revenues	39.3%	38.0%	1.3	3%
Number of research and fulfillment employees (at end of period)	562	528	34	6%

The increase in cost of services and fulfillment expenses during 2013 compared to the prior year is primarily due to a \$6.0 million increase in compensation costs resulting primarily from an increase in the number of employees, an increase in incentive bonus payments and annual merit increases. In addition, 2013 included an increase in facility costs due to new office space in the Asia Pacific region in the second half of 2012 and an increase in service fees for cloud-based information systems. These increases were partially offset by a decrease in professional services fees related to the amount of surveys performed and a decrease in travel and entertainment expenses. We hired additional consulting employees in 2013 in support of our decision to build a dedicated consulting organization to provide research-based project consulting services to our clients, allowing our analysts to spend additional timing on writing research and providing shorter-term advisory services. We anticipate cost of services and fulfillment to continue to increase as a percentage of total revenues in 2014 as we plan to accelerate the pace of hiring in 2014 compared to 2013 with additional consulting personnel and product specialists.

Selling and Marketing

	<u>2013</u>	<u>2012</u>	<u>Absolute Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
Selling and marketing expenses (dollars in millions)	\$107.1	\$101.4	\$ 5.7	6%
Selling and marketing expenses as a percentage of total revenues	36.0%	34.6%	1.4	4%
Selling and marketing employees (at end of period)	548	528	20	4%

The increase in selling and marketing expenses during 2013 compared to the prior year is primarily due to a \$5.2 million increase in compensation and benefits costs resulting from both an increase in sales and marketing employees and annual merit increases. In addition, 2013 included an increase in facility costs due to new office space in the Asia Pacific region in the second half of 2012 and an increase in service fees for cloud-based information systems. These increases were partially offset by a decrease in travel and entertainment expenses.

Subject to the business environment, we intend to expand our quota carrying sales force by approximately 5% to 7% in 2014 as compared to 2013. Any resulting increase in contract bookings for our research services would generally be recognized over a twelve-month period, which typically results in an increase in selling and marketing expense as a percentage of revenues during periods of sales force expansion.

General and Administrative

	<u>2013</u>	<u>2012</u>	<u>Absolute Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
General and administrative expenses (dollars in millions)	\$38.3	\$36.9	\$ 1.4	4%
General and administrative expenses as a percentage of total revenues	12.9%	12.6%	0.3	2%
General and administrative employees (at end of period)	178	180	(2)	(1%)

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The increase in general and administrative expenses during 2013 compared to the prior year is primarily due to a \$0.8 million increase in compensation and benefits costs due to an increase in incentive bonus payments and annual merit increases. In addition, 2013 included an increase in recruiting costs to support company-wide hiring in 2013 as well as an increase in facility costs due to new office space in the Asia Pacific region in the second half of 2012 and an increase in service fees for cloud-based information systems. These increases were partially offset by a decrease in professional services fees primarily related to a decrease in information technology projects as 2012 included an update to our website and implementation of new customer relationship management software.

Depreciation

Depreciation expense increased \$0.3 million during 2013 compared to the prior year primarily resulting from the initiation of depreciation for our new website in March 2012.

Amortization of Intangible Assets

Amortization expense has remained essentially consistent during 2013 as compared to the prior year.

Reorganization Costs

During 2013 we incurred \$1.9 million of severance and related costs for the elimination of 31 jobs or approximately 2.5% of our workforce worldwide to streamline our operations. Essentially all costs incurred for the reorganization were paid during 2013.

We incurred \$1.4 million of severance and related costs during 2012 for the termination of 17 employees related to the sales reorganization and other cost reduction initiatives. Essentially all of these costs were paid during 2012.

Income from Operations

Income from operations declined \$8.9 million during 2013 as compared to the prior year and declined to 7.3% of total revenues in 2013 from 10.5% in the prior year. The decrease in both dollars and as a percentage of total revenues during 2013 is due primarily to low revenue growth in 2013 combined with increased compensation costs in 2013 from additional headcount investments in our consulting and sales organizations and annual merit increases. We anticipate a small contraction in income from operations as a percentage of total revenues in 2014 as compared to 2013 as we plan to continue to invest in consulting and sales headcount in 2014.

Other Income, Net

Other income, net primarily consists of interest income on our marketable securities as well as gains (losses) on foreign currency. The decrease in other income, net during 2013 is primarily due to lower interest income earned in 2013 due to lower investment balances.

Gains (Losses) on Investments, Net

Gains (losses) on investments, net include our share of equity method investment gains (losses) from our technology-related investment funds and gains (losses) from the sale of marketable securities. On October 30, 2013 we sold our portfolio of auction rate securities (par value \$11.0 million) for a realized loss of \$1.9 million. In addition, in 2013 we realized an approximate \$0.7 million loss from our equity method investments primarily from a decrease in the valuation of certain assets within the funds. During 2012 the valuation of the assets within these funds remained essentially consistent with the 2011 valuations. Gains (losses) from the sale of marketable securities were insignificant in 2012.

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Income Tax Provision

	<u>2013</u>	<u>2012</u>	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Provision for income taxes (dollars in millions)	\$ 7.0	\$ 5.9	\$ 1.1	19%
Effective tax rate	34.9%	18.2%	16.7	92%

The increase in the effective tax rate during 2013 as compared to the prior year is primarily due to the inclusion in 2012 of a tax benefit from the settlement of a tax audit by our German subsidiary that resulted in a 21 percentage point reduction in the effective tax rate, and to higher non-deductible expenses in 2013. This increase in the rate in 2013 was partially offset by an increase in the benefit of the foreign tax rate differential on non-U.S. earnings due to higher foreign earnings, foreign tax credits realized in 2013 and a lower state rate in 2013 due to changes in income apportionment in 2013.

2012 compared to 2011

Revenues

	<u>2012</u>	<u>2011</u>	Absolute Increase (Decrease)	Percentage Increase (Decrease)
	(dollars in millions)			
Revenues	\$293.0	\$283.3	\$ 9.7	3%
Revenues from research services	\$203.1	\$191.5	\$ 11.6	6%
Revenues from advisory services and other	\$ 89.9	\$ 91.8	\$ (1.9)	(2%)
Revenues attributable to customers outside of the U.S.	\$ 81.8	\$ 85.2	\$ (3.4)	(4%)
Percentage of revenue attributable to customers outside of the U.S.	28%	30%	(2)	(7%)
Number of clients (at end of period)	2,462	2,495	(33)	(1%)
Number of events	15	15	—	—

The 3% increase in revenues during 2012 as compared to 2011 was driven by a 6% increase in research services revenues while advisory services and other revenues decreased by 2%. Foreign exchange fluctuations from the prior year had the effect of reducing revenue growth by approximately 1% while the effect of the Springboard Research acquisition in May 2011 had an insignificant impact on revenue growth in 2012. Revenues from customers outside the U.S. in 2012 compared to the prior year declined by 2% as a percent of total revenues due to both the effect of foreign currency rates and to a decline in revenue from the European region. The general economic conditions in Europe contributed to a difficult selling environment in that region.

Research services revenues are recognized as revenue ratably over the term of the contracts, which are generally twelve-month periods. Revenue growth trended downward during the second half of 2012 as compared to the first half of 2012, reflecting a trend downward in the year-over-year growth in contract bookings during this period.

Revenues from advisory services and other decreased 2% during 2012 due to a \$0.4 million decrease in event revenues and a \$1.5 million decline in advisory and consulting revenues as compared to the prior year. The decline in event revenues resulted principally from the smaller scope of events in 2012 as compared to the prior year which led to lower event ticket revenue in 2012. We count co-located events, which enable our clients to attend multiple events with one event ticket, as a single event in the tables above. The decline in advisory and consulting revenues was due primarily to lower productivity during the year and to higher attrition of research analysts in 2012 as compared to the prior year. Please refer to the "Segment Results" section below for a discussion of revenue and direct margin results by segment.

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Cost of Services and Fulfillment

	<u>2012</u>	<u>2011</u>	<u>Absolute Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
Cost of services and fulfillment (dollars in millions)	\$111.2	\$103.6	\$ 7.6	7%
Cost of services and fulfillment as a percentage of total revenues	38.0%	36.6%	1.4	4%
Number of research and fulfillment employees (at end of period)	528	543	(15)	(3%)

The increase in cost of services and fulfillment expenses during 2012 compared to the prior year is primarily the result of increased compensation and benefit costs resulting from annual merit increases, higher incentive bonuses and a full year of the Springboard Research employee costs from the May 2011 acquisition. Average headcount during 2012 was essentially flat with 2011 levels. In addition, 2012 included increased professional services fees in support of consulting revenue and an increase of \$1.4 million of stock compensation costs resulting from a credit to expense in the 2011 period resulting from a change in estimate for the amount of performance-based RSUs that would vest.

Selling and Marketing

	<u>2012</u>	<u>2011</u>	<u>Absolute Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
Selling and marketing expenses (dollars in millions)	\$101.4	\$101.5	\$ (0.1)	—
Selling and marketing expenses as a percentage of total revenues	34.6%	35.8%	(1.2)	(3%)
Selling and marketing employees (at end of period)	528	487	41	8%

Selling and marketing expenses were essentially flat in 2012 compared to the prior year resulting from a decrease in total compensation costs which were offset primarily by increased travel and entertainment costs resulting from an increase in the average number of employees in 2012. The decrease in compensation costs in 2012 resulted from lower sales commissions principally due to modifications to our sales commission plan in 2012 and lower than planned contract bookings. The decrease in commissions was partially offset by an increase in incentive bonuses and salary and benefits resulting from an increase in the number of selling and marketing employees.

General and Administrative

	<u>2012</u>	<u>2011</u>	<u>Absolute Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
General and administrative expenses (dollars in millions)	\$36.9	\$33.3	\$ 3.6	11%
General and administrative expenses as a percentage of total revenues	12.6%	11.7%	0.9	8%
General and administrative employees (at end of period)	180	178	2	1%

The increase in general and administrative expenses during 2012 compared to the prior year is primarily due to an increase in professional services costs of approximately \$2.6 million principally related to information technology projects, including our updated website and new customer relationship management software and an increase in compensation and benefit costs of approximately \$1.6 million. The increase in compensation and benefits costs in 2012 was primarily due to a reduction in the amount of compensation costs capitalized in 2012 as compared to 2011 principally for the Company's website in the amount of \$1.2 million. These increases were partially offset by a reduction in travel and entertainment costs in 2012.

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Depreciation

Depreciation expense increased by \$3.6 million during 2012 compared to the prior year primarily due to the initiation of depreciation for our new corporate headquarters in August 2011 and our new website in March 2012.

Amortization of Intangible Assets

Amortization expense has remained essentially consistent during 2012 as compared to the prior year.

Reorganization Costs

In the first quarter of 2012 we realigned our sales force to simplify the selling process to our customers. We incurred approximately \$0.4 million of severance costs in the fourth quarter of 2011 for three sales employees located outside of the U.S. based on statutory termination benefits in their country of employment and the fact that termination was considered probable at December 31, 2011. We incurred an additional \$1.4 million of severance and related costs during 2012 for the termination of 17 additional employees related to the sales reorganization and other cost reduction initiatives. Essentially all of the termination costs were paid during 2012.

Income from Operations

Income from operations declined \$6.0 million during 2012 as compared to the prior year and declined to 10.5% of total revenues in 2012 from 13.0% in the prior year. The decrease in both dollars and as a percentage of total revenues during 2012 is due primarily to low revenue growth in 2012 combined with increased compensation costs in 2012 from annual merit increases, increased incentive bonus and a full year of Springboard Research costs in 2012; increased depreciation costs from the initiation of depreciation for our new corporate headquarters and our new website; and increased professional services costs and stock compensation costs in 2012.

Other Income, Net

Other income, net, increased by \$0.7 million in 2012 as compared to the prior year primarily due to lower net foreign exchange losses in 2012 as compared to the prior year, which was partially offset by lower interest income earned in 2012 from lower returns on our investments.

Gains (Losses) on Investments, Net

Gains (losses) on investments in 2012 and 2011 primarily represent our share of equity method investment gains (losses) from our technology-related investment funds. The losses during 2011 are due to a decrease in the valuation of certain assets within the funds. During 2012 the valuation of these assets was essentially consistent with the 2011 valuations.

Income Tax Provision

	<u>2012</u>	<u>2011</u>	<u>Absolute Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
Provision for income taxes (dollars in millions)	\$ 5.9	\$15.0	\$ (9.1)	(61%)
Effective tax rate	18.2%	40.5%	(22.3)	(55%)

The decrease in the effective tax rate during 2012 as compared to the prior year is principally due to the benefits recognized from the settlement of a tax audit during 2012 at one of our foreign subsidiaries, resulting in an approximate 21 percentage point reduction in the effective tax rate, principally from the ability to recognize net operating losses at this subsidiary.

Segment Results

At the end of 2013 we reorganized our fulfillment organization into a single global research organization and a single global product organization to better support our client base by facilitating better research

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collaboration and quality, promoting a more uniform client experience and improved customer satisfaction, and encouraging innovation. In addition, we established a dedicated consulting organization during 2013. We anticipate reporting segment information for our newly formed research, product, and consulting organizations in 2014.

Throughout 2013 we evaluated our business operations based on our historical client group organization. Until October 2013 we were organized into two client groups with each client group responsible for writing relevant research for the roles within the client organization on a worldwide basis. The two client groups, which were considered operating segments, were: Business Technology (“BT”) and Marketing and Strategy (“M&S”). In addition, our Events segment supported both client groups. Each client group generated revenue through sales of research, advisory and other service offerings targeted at specific roles within their targeted clients. Each client group consisted of research personnel focused primarily on issues relevant to particular roles and to the day-to-day responsibilities of persons within the roles. Amounts included in the Events segment relate to the operations of the events production department. Revenue reported in the Events segment consists primarily of sponsorships and sales of event tickets to Forrester events.

We evaluate reportable segment performance and allocate resources based on direct margin. Direct margin, as presented below, is defined as operating income excluding sales expenses, certain marketing and fulfillment expenses, stock-based compensation expense, general and administrative expenses, depreciation expense, amortization of intangible assets and reorganization costs. In the first quarter of 2013, we modified segment direct margin for each of the BT and M&S clients groups to reflect the transfer of revenue and direct costs related to one product line from BT to M&S and to reallocate certain shared consulting costs between BT and M&S. Accordingly, the 2012 and 2011 amounts have been reclassified to conform to the current presentation. The accounting policies used by the segments are the same as those used in the consolidated financial statements.

	<u>BT</u>	<u>M&S</u>	<u>Events</u>	<u>Consolidated</u>
Year ended December 31, 2013				
Revenue	\$ 156,068	\$ 128,738	\$ 12,844	\$ 297,650
Direct margin	\$ 104,810	\$ 83,689	\$ 4,146	\$ 192,645
Year over year revenue growth	1%	3%	—	2%
Direct margin percentage	67.2%	65.0%	32.3%	64.7%

	<u>BT</u>	<u>M&S</u>	<u>Events</u>	<u>Consolidated</u>
Year ended December 31, 2012				
Revenue	\$ 154,974	\$ 125,228	\$ 12,829	\$ 293,031
Direct margin	\$ 105,816	\$ 81,798	\$ 3,941	\$ 191,555
Year over year revenue growth	5%	2%	(3%)	3%
Direct margin percentage	68.3%	65.3%	30.7%	65.4%

	<u>BT</u>	<u>M&S</u>	<u>Events</u>	<u>Consolidated</u>
Year ended December 31, 2011				
Revenue	\$ 147,688	\$ 122,474	\$ 13,173	\$ 283,335
Direct margin	\$ 102,713	\$ 78,132	\$ 5,765	\$ 186,610
Direct margin percentage	69.5%	63.8%	43.8%	65.9%

BT revenues increased 1% and 5% during 2013 and 2012, respectively, compared to the prior year periods. Research services revenues were flat during 2013 and increased 7% during 2012 as compared to the prior year periods. Advisory and consulting services revenues increased 4% and were flat during 2013 and 2012, respectively, compared to the prior year periods. The decrease in the research services revenues growth rate in 2013 as compared to 2012 is primarily due to weaker demand in 2013 compared to 2012 primarily related to the Forrester Leadership Board product. The increase in advisory and consulting services growth rate in 2013 as compared to 2012 is primarily due to increased headcount in the new consulting organization as well as increased productivity of existing research analysts. The decrease in direct margin percentage for the 2013 and 2012

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periods compared to the prior years is primarily due to an increase in compensation and benefit costs from increased headcount and annual merit increases combined with low revenue growth during both 2013 and 2012.

M&S revenues increased 3% and 2% during 2013 and 2012, respectively, compared to the prior year periods. Research services revenues were flat during 2013 and increased 5% during 2012 as compared to the prior year periods. Advisory and consulting services revenues increased 10% and decreased 5% during 2013 and 2012, respectively, compared to the prior year periods. The decrease in the research services revenues growth rate in 2013 as compared to 2012 is primarily due to weaker demand in 2013 compared to 2012 primarily related to our data subscription products. The increase in the advisory and consulting services growth rate in 2013 as compared to 2012 is primarily due to strong demand in 2013 combined with increased productivity and increased headcount in the new consulting organization. Direct margin percentage during 2013 remained consistent compared to the prior year.

Events revenues were flat for 2013 and decreased 3% during 2012 compared to the prior year periods. The number of events held in 2013 was consistent with 2012 and a slight increase in sponsorship revenues in 2013 was offset by a decline in paid event tickets. Direct margin increased during 2013 compared to the prior year due to cost controls. The decrease in revenue during 2012 compared to the prior year is primarily due to the smaller scope of events held in 2012 as compared to the prior year, resulting in less event ticket revenues. The decrease in direct margin percentage during 2012 is primarily due to lower event ticket revenues compared to the prior year.

Liquidity and Capital Resources

We have historically financed our operations primarily through funds generated from operations. Research services revenues, which constituted approximately 68% of our revenues during 2013, are generally renewable annually and are typically payable in advance. We generated cash from operating activities of \$30.7 million and \$53.1 million during the years ended December 31, 2013 and 2012, respectively. The \$22.4 million decrease in cash provided from operations during 2013 is primarily attributable to a decrease in net income of \$13.3 million in 2013 compared to 2012, and a decrease in cash collected from accounts receivable as we entered 2013 with a \$6.8 million lower receivables balance as compared to 2012.

During 2013 we generated \$57.6 million of cash from investing activities, consisting primarily of \$60.4 million in net maturities of marketable investments partially offset by \$3.1 million of purchases of property and equipment. Property and equipment purchases during 2013 consisted primarily of software and leasehold improvements. During 2012, we used \$4.1 million of cash from investing activities, consisting primarily of \$5.1 million of purchases of property and equipment, partially offset by a \$0.9 million reduction in restricted cash. Property and equipment purchases during 2012 consisted primarily of software and leasehold improvements. We regularly invest excess funds in short and intermediate-term interest-bearing obligations of investment grade.

We used \$113.4 million of cash from financing activities during 2013 primarily due to \$118.2 million of purchases of our common stock, of which \$75.1 million (including expenses) was purchased through our modified Dutch auction self-tender offer (described below) and \$43.1 million was purchased on the open market subsequent to completion of the self-tender offer. In addition, during 2013 we paid \$12.4 million of quarterly dividends consisting of a \$0.15 per share dividend each quarter and received \$17.4 of proceeds from the exercise of stock options and our employee stock purchase plan. We used \$31.7 million of cash from financing activities during 2012 primarily resulting from \$29.8 million of purchases of our common stock, \$12.6 million of dividend payments and \$0.9 million of deferred payments from our 2011 acquisition of Springboard Research, partially offset by \$11.2 million of proceeds from exercises of stock options and our employee stock purchase plan.

On April 3, 2013 we commenced a modified Dutch auction self-tender offer to repurchase up to \$130 million of our common stock at a price per share within the range of \$32.00 to \$36.00. A modified Dutch auction self-tender offer allows stockholders to indicate how many shares and at what price within the company's specified range (in increments of \$0.25 per share) they wish to tender. When the tender offer expired, based upon the number of shares tendered and the prices specified by the tendering stockholders, we determined the purchase price, which was the lowest price per share within the range that enabled us to purchase up to \$130 million of our

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common stock. The tender offer expired on May 1, 2013 and we purchased 2,054,732 shares of our common stock on May 7, 2013 at a purchase price of \$36.00 per share for an aggregate purchase price of \$74.0 million plus \$1.1 million of expenses related to the tender offer. We funded the repurchase from cash and marketable securities on hand.

During 2013 our board of directors increased our stock repurchase authorization by \$75 million. As of December 31, 2013 our remaining stock repurchase authorization was approximately \$55.9 million. We plan to continue to repurchase our common stock during 2014, as market conditions warrant.

As of December 31, 2013, we had cash and cash equivalents of \$74.1 million and marketable investments of \$81.0 million. We do not currently have a line of credit and do not presently anticipate the need to access a line of credit in the foreseeable future except in the case of a significant acquisition. We believe that our current cash balance, marketable investments, and cash flows from operations will satisfy working capital, financing activities, and capital expenditure requirements for at least the next two years.

As of December 31, 2013, we had future contractual obligations as follows:

Contractual Obligations	Total	2014	2015	2016	2017	2018	Thereafter
	(In thousands)						
Operating leases	\$ 108,993	\$ 11,290	\$ 10,352	\$ 9,544	\$ 9,194	\$ 8,952	\$ 59,661
Purchase commitments	5,104	3,910	1,194	—	—	—	—
	<u>\$ 114,097</u>	<u>\$ 15,200</u>	<u>\$ 11,546</u>	<u>\$ 9,544</u>	<u>\$ 9,194</u>	<u>\$ 8,952</u>	<u>\$ 59,661</u>

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet financing arrangements.

Recent Accounting Pronouncements

See Note 1 of the Notes to Consolidated Financial Statements for a full description of recent accounting pronouncements including the expected dates of adoption and effects on results of operations and financial condition.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The following discussion about our market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We are exposed to market risk related to changes in interest rates and foreign currency exchange rates. We have historically not used derivative financial instruments.

The primary objective of our investment activities is to preserve principal and maintain liquidity while at the same time maximizing the income we receive from our investments without significantly increasing risk. To achieve this objective, we maintain our portfolio of cash equivalents and marketable investments in a variety of securities, including U.S. government agencies, municipal notes and bonds, corporate notes and bonds, commercial paper, and money market funds. The securities, other than money market funds, are classified as available-for-sale and consequently are recorded on the Consolidated Balance Sheets at fair value with unrealized gains or losses reported as a component of accumulated other comprehensive income in the Consolidated Balance Sheets. If interest rates rise, the market value of our investments may decline, which could result in a realized loss if we are forced to sell an investment before its scheduled maturity. We have the ability to hold our fixed income investments until maturity (without giving effect to any future acquisitions or mergers). Therefore, we would not expect our operating results or cash flows to be affected to any significant degree by a sudden change in market interest rates on our securities portfolio.

The following table provides information about our investment portfolio. For investment securities, the table presents principal cash flows and related weighted-average interest rates by maturity date.

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Principal amounts by maturity dates in U.S. dollars (dollars in thousands):

	Years Ended December 31,		
	2014	2015	2016
State and municipal agency obligations	\$ 4,763	\$ 2,051	\$ —
Federal agency and corporate obligations	24,390	28,844	20,965
Total investments	\$29,153	\$30,895	\$20,965
Weighted average interest rates	0.63%	0.71%	0.74%

Foreign Currency Exchange. On a global level, we face exposure to movements in foreign currency exchange rates as we enter into normal business transactions that may be in currencies other than the local currency of our subsidiaries. In addition, transactions and account balances between our U.S. and foreign subsidiaries expose us to currency exchange risk. This exposure may change over time as business practices evolve and could have a material adverse effect on our results of operations. For the years ended December 31, 2013, 2012 and 2011, we incurred foreign currency exchange losses of \$0.4 million, \$0.4 million and \$1.3 million, respectively. Historically, we have not entered into any hedging agreements. However, we may enter into hedging agreements in the future to attempt to mitigate the financial effect of future fluctuations in the euro, British pound or other foreign currencies.

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Item 8. Consolidated Financial Statements and Supplementary Data

The financial statements listed in the following Index to Financial Statements are filed as a part of this 2013 Annual Report on Form 10-K.

**FORRESTER RESEARCH, INC.
INDEX TO FINANCIAL STATEMENTS**

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Forrester Research, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Forrester Research, Inc. and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
March 13, 2014

FORRESTER RESEARCH, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2013	2012
(In thousands, except per share data)		
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 74,132	\$ 98,810
Marketable investments (Note 5)	81,013	134,876
Accounts receivable, net (Note 13)	77,543	74,623
Deferred commissions	12,939	9,410
Prepaid expenses and other current assets	20,762	18,904
Total current assets	266,389	336,623
Long-term marketable investments (Note 5)	—	8,970
Property and equipment, net (Note 13)	39,868	46,300
Goodwill (Note 4)	80,001	78,954
Intangible assets, net (Note 4)	5,777	7,920
Other assets	10,167	9,248
Total assets	<u>\$402,202</u>	<u>\$ 488,015</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,024	\$ 772
Accrued expenses and other current liabilities (Note 13)	33,471	30,078
Deferred revenue	152,903	150,495
Total current liabilities	187,398	181,345
Non-current liabilities (Note 13)	10,142	9,463
Total liabilities	197,540	190,808
Commitments (Note 8)		
Stockholders' Equity (Note 9):		
Preferred stock, \$.01 par value		
Authorized — 500 shares, issued and outstanding — none	—	—
Common stock, \$.01 par value		
Authorized — 125,000 shares		
Issued — 20,491 and 31,451 in 2013 and 2012, respectively		
Outstanding 19,756 and 22,293 in 2013 and 2012, respectively	205	315
Additional paid-in capital	109,676	389,362
Retained earnings	118,415	117,785
Treasury stock — 735 and 9,158 in 2013 and 2012, respectively, at cost	(26,088)	(210,843)
Accumulated other comprehensive income	2,454	588
Total stockholders' equity	204,662	297,207
Total liabilities and stockholders' equity	<u>\$402,202</u>	<u>\$ 488,015</u>

The accompanying notes are an integral part of these consolidated financial statements.

FORRESTER RESEARCH, INC.
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
	2013	2012	2011
	(In thousands, except per share data)		
Revenues:			
Research services	\$202,843	\$203,091	\$191,495
Advisory services and other	94,807	89,940	91,840
Total revenues	<u>297,650</u>	<u>293,031</u>	<u>283,335</u>
Operating expenses:			
Cost of services and fulfillment	117,061	111,228	103,571
Selling and marketing	107,073	101,390	101,468
General and administrative	38,280	36,866	33,284
Depreciation	9,268	8,921	5,359
Amortization of intangible assets	2,230	2,445	2,562
Reorganization costs	1,905	1,421	375
Total operating expenses	<u>275,817</u>	<u>262,271</u>	<u>246,619</u>
Income from operations	21,833	30,760	36,716
Other income, net	592	1,300	630
Gains (losses) on investments, net	<u>(2,433)</u>	94	<u>(399)</u>
Income before income taxes	19,992	32,154	36,947
Income tax provision	6,968	5,858	14,956
Net income	<u>\$ 13,024</u>	<u>\$ 26,296</u>	<u>\$ 21,991</u>
Basic income per common share	<u>\$ 0.62</u>	<u>\$ 1.17</u>	<u>\$ 0.97</u>
Diluted income per common share	<u>\$ 0.61</u>	<u>\$ 1.15</u>	<u>\$ 0.95</u>
Basic weighted average common shares outstanding	<u>20,861</u>	<u>22,500</u>	<u>22,666</u>
Diluted weighted average common shares outstanding	<u>21,353</u>	<u>22,929</u>	<u>23,164</u>

The accompanying notes are an integral part of these consolidated financial statements.

FORRESTER RESEARCH, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31,		
	2013	2012	2011
	(In thousands)		
Net income	\$13,024	\$26,296	\$21,991
Other comprehensive income (loss), net of taxes:			
Foreign currency translation	826	7,419	(1,335)
Net change in market value of investments	1,040	(3)	(21)
Other comprehensive income (loss)	1,866	7,416	(1,356)
Comprehensive income	<u>\$14,890</u>	<u>\$33,712</u>	<u>\$20,635</u>

The accompanying notes are an integral part of these consolidated financial statements.

FORRESTER RESEARCH, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Number of Shares	\$.01 Par Value			Number of Shares	Cost		
Balance, December 31, 2010	30,500	\$ 305	\$ 358,017	\$ 82,086	7,688	\$(162,595)	\$ (5,472)	\$ 272,341
Issuance of common stock under stock plans, including tax effects	462	5	11,932	—	—	—	—	11,937
Stock-based compensation expense	—	—	3,642	—	—	—	—	3,642
Purchase of common stock	—	—	—	—	527	(18,405)	—	(18,405)
Net income	—	—	—	21,991	—	—	—	21,991
Net change in marketable investments, net of tax	—	—	—	—	—	—	(21)	(21)
Foreign currency translation	—	—	—	—	—	—	(1,335)	(1,335)
Balance, December 31, 2011	30,962	310	373,591	104,077	8,215	(181,000)	(6,828)	290,150
Issuance of common stock under stock plans, including tax effects	489	5	10,374	—	—	—	—	10,379
Stock-based compensation expense	—	—	5,397	—	—	—	—	5,397
Purchase of common stock	—	—	—	—	943	(29,843)	—	(29,843)
Dividends paid on common shares	—	—	—	(12,588)	—	—	—	(12,588)
Net income	—	—	—	26,296	—	—	—	26,296
Net change in marketable investments, net of tax	—	—	—	—	—	—	(3)	(3)
Foreign currency translation	—	—	—	—	—	—	7,419	7,419
Balance, December 31, 2012	31,451	315	389,362	117,785	9,158	(210,843)	588	297,207
Issuance of common stock under stock plans, including tax effects	724	7	17,111	—	—	—	—	17,118
Stock-based compensation expense	—	—	6,051	—	—	—	—	6,051
Purchase of common stock	—	—	—	—	3,261	(118,210)	—	(118,210)
Retirement of treasury stock	(11,684)	(117)	(302,848)	—	(11,684)	302,965	—	—
Dividends paid on common shares	—	—	—	(12,394)	—	—	—	(12,394)
Net income	—	—	—	13,024	—	—	—	13,024
Net change in marketable investments, net of tax	—	—	—	—	—	—	1,040	1,040
Foreign currency translation	—	—	—	—	—	—	826	826
Balance, December 31, 2013	20,491	\$ 205	\$ 109,676	\$ 118,415	735	\$ (26,088)	\$ 2,454	\$ 204,662

The accompanying notes are an integral part of these consolidated financial statements.

FORRESTER RESEARCH, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2013	2012	2011
	(In thousands)		
Cash flows from operating activities:			
Net income	\$ 13,024	\$ 26,296	\$ 21,991
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	9,268	8,921	5,359
Amortization of intangible assets	2,230	2,445	2,562
Net (gains) losses from investments	2,433	(94)	399
Deferred income taxes	(4,529)	(10,967)	15,137
Stock-based compensation	6,051	5,397	3,642
Amortization of premium on investments	2,261	2,803	3,321
Foreign currency losses	385	405	1,290
Changes in assets and liabilities, net of acquisitions			
Accounts receivable	(2,930)	6,959	(7,594)
Deferred commissions	(3,529)	2,607	589
Prepaid expenses and other current assets	607	6,610	(8,484)
Accounts payable	222	(490)	(1,898)
Accrued expenses and other liabilities	3,547	549	2,485
Deferred revenue	1,673	1,706	16,645
Net cash provided by operating activities	<u>30,713</u>	<u>53,147</u>	<u>55,444</u>
Cash flows from investing activities:			
Acquisitions	—	—	(7,531)
Purchases of property and equipment	(3,127)	(5,103)	(39,776)
Purchases of marketable investments	(44,667)	(91,421)	(113,909)
Proceeds from sales and maturities of marketable investments	105,086	91,335	93,090
Change in restricted cash	—	946	14,542
Other investing activity	264	167	548
Net cash provided by (used in) investing activities	<u>57,556</u>	<u>(4,076)</u>	<u>(53,036)</u>
Cash flows from financing activities:			
Dividends paid on common stock	(12,394)	(12,588)	—
Repurchases of common stock	(118,210)	(29,843)	(18,405)
Proceeds from issuance of common stock under employee equity incentive plans	17,387	11,215	11,554
Excess tax benefits from stock-based compensation	737	345	525
Payment of deferred acquisition consideration	(900)	(864)	—
Net cash used in financing activities	<u>(113,380)</u>	<u>(31,735)</u>	<u>(6,326)</u>
Effect of exchange rate changes on cash and cash equivalents	433	427	(1,962)
Net increase (decrease) in cash and cash equivalents	<u>(24,678)</u>	<u>17,763</u>	<u>(5,880)</u>
Cash and cash equivalents, beginning of year	98,810	81,047	86,927
Cash and cash equivalents, end of year	<u>\$ 74,132</u>	<u>\$ 98,810</u>	<u>\$ 81,047</u>
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	<u>\$ 9,358</u>	<u>\$ 7,102</u>	<u>\$ 5,929</u>

The accompanying notes are an integral part of these consolidated financial statements.

FORRESTER RESEARCH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

(1) Summary of Significant Accounting Policies

Basis of Presentation

Principles of Consolidation

Forrester Research, Inc. (“Forrester” or “the Company”) is an independent research company that provides pragmatic and forward-thinking advice to global leaders in business and technology. Forrester’s products and services are targeted to specific roles, including senior management in business strategy, marketing, and technology management principally at \$1 billion-plus revenue companies who collaborate with Forrester to accelerate achievement of their business goals. The accompanying consolidated financial statements include the accounts of Forrester and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Forrester considers the more significant of these estimates to be revenue recognition, stock-based compensation, non-marketable investments, goodwill and intangible assets, income taxes, and valuation and impairment of marketable investments. On an ongoing basis, management evaluates its estimates. Actual results could differ from these estimates.

Fair Value Measurements

The Company has certain financial assets recorded at fair value which have been classified as Level 1, 2 or 3 within the fair value hierarchy as described in the accounting standards for fair value measurements.

Level 1 — Fair value based on quoted prices in active markets for identical assets or liabilities.

Level 2 — Fair value based on inputs other than Level 1 inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Fair value based on unobservable inputs that are supported by little or no market activity and such inputs are significant to the fair value of the assets or liabilities.

The carrying amounts reflected in the Consolidated Balance Sheets for cash, cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to their short-term maturities.

Cash, Cash Equivalents, and Marketable Investments

Forrester considers all short-term, highly liquid investments with original maturities at the time of purchase of 90 days or less to be cash equivalents. The Company’s investments at December 31, 2012 with an auction reset feature were classified as long-term investments at December 31, 2012.

The Company’s investments are composed of securities of U.S. government agencies, municipal notes, corporate notes and bonds, and money market funds. Forrester accounts for all marketable investments as available-for-sale securities and as such, the marketable investments are carried at fair value, with unrealized gains and losses (not related to credit losses) recorded in accumulated other comprehensive income in the

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Consolidated Balance Sheets. Realized gains and losses on securities are included in earnings and are determined using the specific identification method. The Company conducts periodic reviews to identify and evaluate each investment that has an unrealized loss, in accordance with the meaning of other-than-temporary impairment and its application to certain investments, as required under current accounting standards. An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis. Unrealized losses on available-for-sale securities that are determined to be temporary, and not related to credit loss, are recorded, net of tax, in accumulated other comprehensive income. The determination of whether a loss is considered temporary is based in part on whether the Company intends to sell the security or whether the Company would more likely than not be required to sell the security before the expected recovery of the amortized cost basis. During the years ended December 31, 2013, 2012 and 2011, the Company did not record any other-than-temporary impairment charges on its available-for-sale securities.

Concentrations of Credit Risk

Forrester has no significant off-balance sheet or concentration of credit risk such as foreign exchange contracts, option contracts, or other foreign hedging arrangements. Financial instruments that potentially subject Forrester to concentrations of credit risk are principally cash, cash equivalents, marketable investments, and accounts receivable. Forrester places its investments in highly rated securities. No single customer accounted for greater than 2% of revenues or accounts receivable in any of the periods presented.

Deferred Commissions

Commissions incurred in acquiring new or renewing existing contracts, which are earned in the month that a contract is booked, are deferred and expensed to operations as the related revenue is recognized. Forrester evaluates the recoverability of deferred commissions at each balance sheet date.

Goodwill

Goodwill is not amortized; however, it is required to be tested for impairment annually. Furthermore, testing for impairment is required on an interim basis if an event or circumstance indicates that it is more likely than not an impairment loss has been incurred. An impairment loss would be recognized to the extent that the carrying amount of goodwill exceeds its implied fair value. Absent an event that indicates a specific impairment may exist, the Company has selected November 30 as the date for performing the annual goodwill impairment test. Goodwill impairment charges have not been required for the years ended December 31, 2013, 2012 and 2011.

Impairment of Other Long-Lived Tangible and Intangible Assets

Forrester continually evaluates whether events or circumstances have occurred that indicate that the estimated remaining useful life of long-lived assets and intangible assets may warrant revision or if events or circumstances indicate that the carrying value of these assets may be impaired. To compute whether assets have been impaired, the estimated undiscounted future cash flows for the estimated remaining useful life of the assets are compared to the carrying value. To the extent that the future cash flows are less than the carrying value, the assets are written down to the estimated fair value of the asset. Impairment charges have not been required for the years ended December 31, 2013, 2012 and 2011.

Non-Current Liabilities

The Company records certain liabilities that are expected to be settled over a period that exceeds one year as non-current liabilities. The Company also records as a non-current liability the portion of the deferred rent liability that is expected to be recognized over a period greater than one year. Non-current deferred rent liability at December 31, 2013 and 2012 was \$6.7 million and \$6.9 million, respectively, and primarily results from the difference between cash payments and the straight-line recognition of rent expense under the Company's facility leases.

FORRESTER RESEARCH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Foreign Currency

The functional currency of the majority of Forrester's wholly-owned subsidiaries is their respective local currency. These subsidiary financial statements are translated to U.S. dollars using period-end exchange rates for assets and liabilities and average exchange rates during the corresponding period for revenues and expenses, with translation gains and losses accumulated as a component of accumulated other comprehensive income. Gains and losses related to the remeasurement of monetary assets and liabilities denominated in a currency other than an entity's functional currency are included in other income, net in the Consolidated Statements of Income. For the years ended December 31, 2013, 2012 and 2011, Forrester recorded \$0.4 million, \$0.4 million and \$1.3 million of foreign exchange losses, respectively, in other income, net.

In addition, Forrester's German holding companies, for which the functional currency was the U.S. dollar, recognized \$0.1 million of remeasurement gains on its deferred tax liability in income tax expense for both the years ended December 31, 2012 and 2011. Effective July 7, 2012 the Company's German holding companies were merged with the Company's German operating company creating one German entity for which the functional currency is the euro.

Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) are as follows (in thousands):

	Net Unrealized Gain (Loss) on Marketable Investments	Cumulative Translation Adjustment	Total Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2011	\$ (1,000)	\$ (4,472)	\$ (5,472)
Foreign currency translation	—	(1,335)	(1,335)
Unrealized loss on investments before reclassification, net of tax of \$41	(9)	—	(9)
Reclassification adjustment for net gains realized in net income, net of tax of \$8	(12)	—	(12)
Balance at December 31, 2011	(1,021)	(5,807)	(6,828)
Foreign currency translation	—	7,419	7,419
Unrealized gain on investments before reclassification, net of tax of \$7	14	—	14
Reclassification adjustment for net gains realized in net income, net of tax of \$12	(17)	—	(17)
Balance at December 31, 2012	(1,024)	1,612	588
Foreign currency translation	—	826	826
Unrealized loss on investments before reclassification, net of tax of \$41	(111)	—	(111)
Reclassification adjustment for net losses realized in net income, net of tax of \$691	1,151	—	1,151
Balance at December 31, 2013	<u>\$ 16</u>	<u>\$ 2,438</u>	<u>\$ 2,454</u>

Reclassification adjustments for net gains (losses) are reported in gains (losses) on investments, net in the Consolidated Statements of Income.

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Revenue Recognition

Effective January 1, 2011 the Company adopted Update No. 2009-13, “*Multiple-Deliverable Revenue Arrangements — a consensus of the FASB Emerging Issues Task Force*” (ASU 2009-13) for contracts entered into or materially modified after that date. ASU 2009-13 updates the previous multiple-element revenue arrangements guidance. The revised guidance primarily provides three significant changes: 1) it eliminates the need for objective and reliable evidence of the fair value of the undelivered element in order for a delivered item to be treated as a separate unit of accounting; 2) it eliminates the residual method to allocate the arrangement consideration; and 3) it modifies the fair value requirements of EITF Issue 00-21 by providing “best estimate of selling price” in addition to vendor specific objective evidence and vendor objective evidence for determining the selling price of a deliverable. In addition, the guidance also expands the disclosure requirements for revenue recognition. The adoption of ASU 2009-13 did not have a material impact on the Company’s financial position, results of operations or cash flows.

Forrester generates revenues from licensing research (including our data subscription products), performing advisory services and consulting projects and hosting events. Forrester executes contracts that govern the terms and conditions of each arrangement. Revenues are recognized when persuasive evidence of an arrangement exists, the fee is fixed or determinable, services have been provided to the customer, and collectability is reasonably assured. Revenue contracts may include either a single product or service or a combination of multiple products and services. Revenues from contracts that contain multiple products and services are allocated among the separate units of accounting based on their relative selling prices; however, the amount recognized is limited to the amount that is not contingent on future performance conditions. The Company obtains the selling prices of its products and services based on an analysis of standalone sales of these products and services during the year. Research services revenues are recognized ratably over the term of the contract. Advisory services revenues, such as workshops, speeches and advisory days, are recognized when the customer receives the agreed upon deliverable and consulting project revenues, which are short-term in nature and based upon fixed-fee agreements, are recognized as the services are provided. Reimbursed out-of-pocket expenses are recorded as advisory services revenue. Event revenues are recognized upon completion of the event.

Annual subscriptions to our RoleView research include access to all or a designated portion of our research, and depending on the type of license, membership in one or more of our Forrester leadership boards, unlimited phone or email analyst inquiry, unlimited participation in Forrester Webinars, and the right to attend one event. Contracts for RoleView research entered into prior to the adoption of ASU 2009-13 on January 1, 2011 are accounted for as one unit of accounting and recognized ratably as research services revenue over the membership period. Contracts for RoleView research entered into or significantly modified after January 1, 2011 are accounted for as two units of accounting: 1) the event ticket and 2) the remaining research services that are delivered throughout the contract period, based on the new guidance that permits alternative methods of determining selling price as it relates to the components that we do not sell on a standalone basis, such as research services in this case. Arrangement consideration is allocated to each of these elements based upon their relative selling prices, which is based on standalone sales of event tickets and the estimated selling price of the remaining research services. Annual subscriptions to our data subscription products include access to designated survey data products and access to a data specialist, which are delivered throughout the year, and are accounted for as one unit of accounting and recognized ratably as research services revenue over the membership period. For all contracts entered into through January 2013, clients were offered a service guarantee, which gives them the right to cancel their contracts prior to the end of the contract term and receive a refund for unused products or services. As of February 1, 2013 the Company discontinued its policy of offering all clients a service guarantee.

Stock-Based Compensation

The Company recognizes the fair value of stock-based compensation expense over the requisite service period of the individual grantee, which generally equals the vesting period. Cash flows resulting from the tax

FORRESTER RESEARCH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

benefits of tax deductions in excess of the compensation expense recognized for stock-based awards are classified as financing cash flows. The Company is required to estimate future forfeitures of stock-based awards for recognition of compensation expense. The Company will record additional expense if the actual forfeitures are lower than estimated and will record a recovery of prior recognized expense if the actual forfeitures are higher than estimated. The actual expense recognized over the vesting period will only be for those awards that vest. In addition, for performance-vested restricted stock units, the Company makes estimates of the performance outcome at each period end in order to estimate the actual number of shares that will be earned. The actual expense recognized over the vesting period will only be for those awards that vest. Stock-based compensation expense was recorded in the following expense categories (in thousands):

	Years Ended December 31,		
	2013	2012	2011
Cost of services and fulfillment	\$3,585	\$3,085	\$1,644
Selling and marketing	1,136	894	751
General and administrative	1,330	1,418	1,247
Total	<u>\$6,051</u>	<u>\$5,397</u>	<u>\$3,642</u>

The options granted under the equity incentive plans and shares subject to the employee stock purchase plan were valued utilizing the Black Scholes model using the following assumptions and had the following fair values:

	Years Ended December 31,					
	2013		2012		2011	
	Equity Incentive Plans	Employee Stock Purchase Plan	Equity Incentive Plans	Employee Stock Purchase Plan	Equity Incentive Plans	Employee Stock Purchase Plan
Average risk-free interest rate	0.85%	0.12%	0.85%	0.14%	1.25%	0.13%
Expected dividend yield	2.1%	1.9%	1.7%	1.7%	None	None
Expected life	4.9 Years	0.5 Years	4.5 Years	0.5 Years	3.5 Years	0.5 Years
Expected volatility	36%	22%	40%	31%	40%	28%
Weighted average fair value	\$ 9.21	\$ 6.02	\$ 9.64	\$ 6.90	\$ 10.47	\$ 7.55

The dividend yield of zero for 2011 is based on the fact that Forrester had never paid cash dividends until the board of directors approved a special dividend of \$3.00 per common share in the fourth quarter of 2010. Dividend yields beginning in 2012 are based on the initiation of a regular quarterly dividend program approved by the board of directors in February 2012. Expected volatility is based, in part, on the historical volatility of Forrester's common stock as well as management's expectations of future volatility over the expected term of the awards granted. The risk-free interest rate used is based on the U.S. Treasury Constant Maturity rate with an equivalent remaining term. Where the expected term of a stock-based award does not correspond with a term for which the interest rates are quoted, Forrester uses the rate with the maturity closest to the award's expected term. The expected term calculation is based upon Forrester's historical experience of exercise patterns. The unamortized fair value of stock-based awards as of December 31, 2013 was \$12.5 million, with a weighted average remaining recognition period of 2.2 years.

Allowance for Doubtful Accounts

Forrester maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make contractually obligated payments. When evaluating the adequacy of the allowance for doubtful accounts, the Company makes judgments regarding the collectability of accounts receivable by specifically analyzing historical bad debts, customer concentrations, current economic trends, and changes in the customer payment terms. If the financial condition of the Company's customers were to deteriorate, resulting in

FORRESTER RESEARCH, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

an impairment of their ability to make payments, additional allowances may be required and if the financial condition of the Company's customers were to improve, the allowances may be reduced accordingly.

Depreciation and Amortization

Forrester provides for depreciation and amortization of property and equipment, computed using the straight-line method, over estimated useful lives of assets as follows:

	<u>Estimated Useful Life</u>
Computers and equipment	3 to 10 Years
Computer software	3 to 5 Years
Furniture and fixtures	7 Years
Leasehold improvements	Shorter of asset life or lease term

Forrester provides for amortization of intangible assets, computed using an accelerated method according to the expected cash flows to be received from the underlying assets, over the respective lives as follows:

	<u>Estimated Useful Life</u>
Customer relationships	5 to 11 Years
Research content	1 to 2 Years
Technology	7 Years
Trademarks	1 Year

Income Taxes

Forrester recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statements and tax basis of assets and liabilities as well as operating loss carryforwards.

Forrester's provision for income taxes is composed of a current and a deferred provision for federal, state and foreign jurisdictions. The current provision is calculated as the estimated taxes payable or refundable on tax returns for the current year. The deferred income tax provision is calculated as the net change during the year in deferred tax assets and liabilities. Valuation allowances are provided if based on the weight of available evidence, it is more likely than not that some or all of the deferred tax asset will not be realized.

Forrester accounts for uncertain tax positions using a "more-likely-than-not" threshold for recognizing and resolving uncertain tax positions. The evaluation of uncertain tax positions is based on factors including, but not limited to, changes in tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, new audit activity, and changes in facts or circumstances related to a tax position. The Company evaluates these tax positions on a quarterly basis. The Company also accrues for potential interest and penalties related to unrecognized tax benefits in income tax expense.

Net Income Per Common Share

Basic net income per common share is computed by dividing net income by the basic weighted average number of common shares outstanding during the period. Diluted net income per common share is computed by dividing net income by the diluted weighted average number of common shares and common equivalent shares outstanding during the period. The weighted average number of common equivalent shares outstanding has been determined in accordance with the treasury-stock method. Common stock equivalents consist of common stock issuable upon the exercise of outstanding stock options and restricted stock units.

FORRESTER RESEARCH, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Basic and diluted weighted average common shares are as follows (in thousands):

	Years Ended December 31,		
	2013	2012	2011
Basic weighted average common shares outstanding	20,861	22,500	22,666
Weighted average common equivalent shares	492	429	498
Diluted weighted average common shares outstanding	<u>21,353</u>	<u>22,929</u>	<u>23,164</u>

For the years ended December 31, 2013, 2012 and 2011, options to purchase approximately 0.7 million, 0.8 million and 0.3 million shares, respectively, were outstanding but not included in the diluted weighted average common share calculation as the effect would have been anti-dilutive.

New Accounting Pronouncements

In February 2013, the FASB issued ASU No. 2013-02, *Comprehensive Income: Reporting Amounts Reclassified Out of Accumulated Other Comprehensive Income*. This accounting standard requires companies to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, companies are required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. This ASU is effective for reporting periods beginning after December 15, 2012. Other than requiring additional disclosures, adoption of this ASU did not have a significant impact on the Company's consolidated financial results.

In July 2013, the FASB issued ASU No. 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* ("ASU 2013-11"). ASU 2013-11 addresses the balance sheet presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. ASU 2013-11 requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. ASU No. 2013-11 is effective for the Company's fiscal quarter ending March 31, 2014 and impacts balance sheet presentation only. The Company believes the balance sheet impact will not be material.

(2) Revision of Prior Period Financial Statements

During the quarter ended September 30, 2013, the Company identified certain prior period errors that affected the years ended December 31, 2012 and 2011. The Company has reflected in the financial information included in this Note the correction of all identified prior period errors in the years in which they originated. The prior period errors relate to:

- Adjustments to the Company's share of operating results in one of the technology-related investment funds in which the Company holds an interest, which adjustments are principally a result of information received by the Company from the fund after the applicable reporting periods. The Company records a portion of the fund's operating results, based on the Company's ownership interest in the fund, as investment gains (losses). The adjustments to the gains (losses) on investments were \$0.5 million and (\$1.4) million for the years ended December 31, 2012 and 2011, respectively. The effect of this error has been reflected in other assets in the revised consolidated balance sheet and in net (gains) losses from investments in the revised consolidated statement of cash flows presented below.
- Adjustments to revenue for historical insignificant variances in deferred revenue for reconciling items between the Company's general ledger and sub-ledger system. The increase (decrease) to revenue was \$0.1 million and (\$0.4) million for the years ended December 31, 2012 and 2011, respectively. The effect of this error has been reflected in deferred revenue in the revised consolidated balance sheet and statement of cash flows presented below.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- An adjustment of \$0.1 million for the year ended December 31, 2011 to increase the amount of research services revenue related to recognition of revenue for the event ticket included in the Company's RoleView and Forrester Leadership Board subscription products. The effect of this error has been reflected in deferred revenue in the revised consolidated balance sheet and statement of cash flows presented below.

In addition, during the quarter ended December 31, 2013, the Company identified certain prior period errors related to income taxes that affected the year ended December 31, 2012. The Company has reflected in the financial information included in this Note the correction of all identified prior period errors. The prior period errors relate to:

- Adjustment of \$0.4 million to decrease income tax expense for the year ended December 31, 2012 to correct the amount of net operating losses as a result of a settlement of a tax audit at the Company's German subsidiary. The effect of this error has been reflected in other assets in the revised consolidated balance sheet and in deferred taxes in the revised consolidated statement of cash flows presented below.
- Adjustment of \$0.1 million to increase income tax expense for the year ended December 31, 2012 to correct for insignificant errors. The effect of these errors has been reflected in prepaid expenses and other current assets, other assets and non-current liabilities in the revised consolidated balance sheet and in the related accounts in the revised consolidated statement of cash flows presented below.

In evaluating whether the Company's previously issued consolidated financial statements were materially misstated, the Company considered the guidance in ASC Topic 250, Accounting Changes and Error Corrections, ASC Topic 250-10-S99-1, Assessing Materiality, and ASC Topic 250-10-S99-2, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements. The Company concluded that these errors were not material individually or in the aggregate to any of the prior reporting periods, and therefore, amendments of previously filed reports are not required. As such, the revisions for prior period corrections are reflected in the financial information for the applicable prior periods and are revised in the financial statements herein. See Note 14, "Summary Selected Quarterly Financial Data (unaudited)" for the impact of the revision on each of the applicable prior periods.

The effects of these prior period errors on the consolidated financial statements are as follows (in thousands, except per share amounts):

Revised Consolidated Statements of Income

	Year Ended December 31, 2012			Year Ended December 31, 2011		
	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised
Revenues:						
Research services	\$202,998	\$ 93	\$203,091	\$191,648	\$ (153)	\$191,495
Advisory services and other	89,932	8	89,940	91,968	(128)	91,840
Total revenues	292,930	101	293,031	283,616	(281)	283,335
Income from operations	30,659	101	30,760	36,997	(281)	36,716
Gains (losses) on investments, net	(449)	543	94	1,018	(1,417)	(399)
Income before income taxes	31,510	644	32,154	38,645	(1,698)	36,947
Income tax provision	5,936	(78)	5,858	15,635	(679)	14,956
Net income	\$ 25,574	\$ 722	\$ 26,296	\$ 23,010	\$ (1,019)	\$ 21,991
Basic income per common share	\$ 1.14	\$ 0.03	\$ 1.17	\$ 1.02	\$ (0.05)	\$ 0.97
Diluted income per common share	\$ 1.12	\$ 0.03	\$ 1.15	\$ 0.99	\$ (0.04)	\$ 0.95

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Revised Consolidated Statements of Comprehensive Income

The consolidated statements of comprehensive income for the years ended December 31, 2012 and 2011 are impacted by the same amounts as net income for the respective period.

Revised Consolidated Balance Sheet

	As of December 31, 2012		
	As Previously Reported	Adjustments	As Revised
Current Assets:			
Prepaid expenses and other current assets	\$ 18,846	\$ 58	\$ 18,904
Total current assets	336,565	58	336,623
Other assets	9,123	125	9,248
Total assets	<u>\$487,832</u>	<u>\$ 183</u>	<u>\$488,015</u>
Current Liabilities:			
Deferred revenue	\$150,479	\$ 16	\$150,495
Total current liabilities	181,329	16	181,345
Non-current liabilities	9,433	30	9,463
Total liabilities	190,762	46	190,808
Retained earnings	117,648	137	117,785
Total stockholders' equity	297,070	137	297,207
Total liabilities and stockholders' equity	<u>\$487,832</u>	<u>\$ 183</u>	<u>\$488,015</u>

Revised Consolidated Statements of Cash Flows

	Year Ended December 31, 2012			Year Ended December 31, 2011		
	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised
Cash flows from operating activities:						
Net income	\$ 25,574	\$ 722	\$ 26,296	\$ 23,010	\$ (1,019)	\$21,991
Net (gains) losses from investments	449	(543)	(94)	(1,018)	1,417	399
Deferred income taxes	(10,385)	(582)	(10,967)	15,137	—	15,137
Prepaid expenses and other current assets	6,279	331	6,610	(7,805)	(679)	(8,484)
Accrued expenses and other liabilities	376	173	549	2,485	—	2,485
Deferred revenue	1,807	(101)	1,706	16,364	281	16,645

(3) Acquisitions**Springboard Research**

On May 12, 2011, Forrester acquired Springboard Research (“Springboard”), a provider of research and advisory services focused on Asia Pacific and emerging markets. Springboard was a former division of Knowledge Platform, Inc. The acquisition of the Springboard business further supports Forrester’s role-based strategy and expands Forrester’s coverage in the Asia Pacific region. The total purchase price was approximately \$9.0 million, of which approximately \$6.7 million was paid on the acquisition date and \$2.3 million (the

FORRESTER RESEARCH, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

“Holdback”) was payable at various times through June 1, 2013, subject to possible reduction to satisfy indemnification claims. Of the \$2.3 million Holdback, up to \$0.9 million was contingent on the retention of certain employees for a period of time and on the extension of a certain lease. As of May 2012 the two referenced contingency provisions had elapsed with the full amount payable to Knowledge Platform. As of December 31, 2013, the entire Holdback had been paid and, as of December 31, 2012, \$0.9 million of the Holdback remained in accrued expenses in the Consolidated Balance Sheet. The results of Springboard Research, which were not material to the consolidated financial statements, have been included in Forrester’s consolidated financial statements since May 12, 2011 in the Business Technology segment. Pro forma financial information has not been provided as it is not material to the consolidated results of operations.

A summary of the purchase price allocation for Springboard is as follows (in thousands):

Assets:	
Cash	\$ 85
Accounts receivable	561
Other current assets	285
Goodwill	3,695
Intangible assets	4,815
Total assets	<u>9,441</u>
Liabilities:	
Accrued expenses	160
Deferred revenue	312
Total liabilities	<u>472</u>
Net assets acquired	<u>\$8,969</u>

Approximately \$2.1 million of the goodwill is deductible for tax purposes. The Company believes the goodwill reflects its expectations of synergistic revenue opportunities from the acquisition and the value of the acquired workforce.

Intangible assets are amortized according to the expected cash flows to be received. The following are the identifiable intangible assets acquired and their respective weighted average lives (dollars in thousands):

	Assigned Value	Useful Life (in years)
Customer relationships	\$ 3,605	7.5
Research content	1,080	1.5
Backlog	130	1.0
	<u>\$ 4,815</u>	

(4) Goodwill and Other Intangible Assets

A summary of the goodwill by segment and the changes in the carrying amount of goodwill for the Business Technology (“BT”), Marketing and Strategy (“M&S”), and Events segments is shown in the following table (in thousands). In the second quarter of 2012 the Company modified its management structure by consolidating its

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

former Technology Industry (“TI”) client group into its two remaining client groups: BT and M&S. The goodwill previously allocated to the TI segment was reassigned to the BT and M&S segments based on the relative fair value of the elements transferred from TI to each of BT and M&S.

	<u>BT</u>	<u>TI</u>	<u>M&S</u>	<u>Events</u>	<u>Total</u>
Balance, December 31, 2011	\$22,172	\$ 28,308	\$19,160	\$1,903	\$71,543
Reassignment	17,237	(28,308)	11,071	—	—
Translation adjustments	4,082	—	3,131	198	7,411
Balance, December 31, 2012	43,491	—	33,362	2,101	78,954
Translation adjustments	577	—	442	28	1,047
Balance, December 31, 2013	<u>\$44,068</u>	<u>\$ —</u>	<u>\$33,804</u>	<u>\$2,129</u>	<u>\$80,001</u>

As of December 31, 2013, the Company had no accumulated goodwill impairment losses.

A summary of Forrester’s intangible assets is as follows (in thousands):

	<u>December 31, 2013</u>		
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Amortizable intangible assets:			
Customer relationships	\$33,927	\$ 28,552	\$ 5,375
Research content	4,699	4,699	—
Technology	1,507	1,105	402
Trademarks	73	73	—
Total	<u>\$40,206</u>	<u>\$ 34,429</u>	<u>\$ 5,777</u>
	<u>December 31, 2012</u>		
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Amortizable intangible assets:			
Customer relationships	\$33,759	\$ 26,644	\$ 7,115
Research content	7,043	7,043	—
Technology	1,507	702	805
Trademarks	876	876	—
Total	<u>\$43,185</u>	<u>\$ 35,265</u>	<u>\$ 7,920</u>

Amortization expense related to intangible assets was approximately \$2.2 million, \$2.4 million and \$2.6 million during the years ended December 31, 2013, 2012 and 2011, respectively. Estimated amortization expense related to intangible assets that will continue to be amortized is as follows (in thousands):

Year ending December 31, 2014	\$2,150
Year ending December 31, 2015	1,019
Year ending December 31, 2016	923
Year ending December 31, 2017	874
Year ending December 31, 2018	811
Total	<u>\$5,777</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(5) Marketable Investments

The following table summarizes the Company's marketable investments (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
December 31, 2013				
<i>Available-for-sale securities</i>				
State and municipal obligations	\$ 6,809	\$ 5	\$ —	\$ 6,814
Federal agency and corporate obligations	74,179	112	(92)	74,199
Total available-for-sale securities	<u>\$ 80,988</u>	<u>\$ 117</u>	<u>\$ (92)</u>	<u>\$ 81,013</u>

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
December 31, 2012				
<i>Available-for-sale securities</i>				
State and municipal obligations	\$ 18,859	\$ 27	\$ (14)	\$ 18,872
Federal agency and corporate obligations	115,653	380	(29)	116,004
Total short-term available-for-sale securities	134,512	407	(43)	134,876
Auction rate securities (ARS), long-term	11,000	—	(2,030)	8,970
Total available-for-sale securities	<u>\$ 145,512</u>	<u>\$ 407</u>	<u>\$ (2,073)</u>	<u>\$ 143,846</u>

The following table summarizes the maturity periods of the marketable securities in the Company's portfolio as of December 31, 2013.

	FY 2014	FY2015	FY2016	Total
Federal agency and corporate obligations	\$24,390	\$28,844	\$20,965	\$74,199
State and municipal obligations	4,763	2,051	—	6,814
Total	<u>\$29,153</u>	<u>\$30,895</u>	<u>\$20,965</u>	<u>\$81,013</u>

The following table shows the gross unrealized losses and market value of Forrester's available-for-sale securities with unrealized losses that are not deemed to be other-than-temporary, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position (in thousands):

	As of December 31, 2013			
	Less Than 12 Months		12 Months or Greater	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses
State and municipal bonds	\$ —	\$ —	\$ —	\$ —
Federal agency and corporate obligations	30,645	92	—	—
Total	<u>\$30,645</u>	<u>\$ 92</u>	<u>\$ —</u>	<u>\$ —</u>

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	As of December 31, 2012			
	Less Than 12 Months		12 Months or Greater	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses
State and municipal bonds	\$ 9,430	\$ 14	\$ —	\$ —
Federal agency and corporate obligations	17,716	29	—	—
ARS	—	—	8,970	2,030
Total	<u>\$27,146</u>	<u>\$ 43</u>	<u>\$8,970</u>	<u>\$ 2,030</u>

Realized gains or losses on sales of the Company's federal obligations, state and municipal bonds and corporate bonds were not significant for the years ended December 31, 2012 and 2011. During 2013 the Company sold its entire portfolio of ARS (par value \$11.0 million) for a realized loss of \$1.9 million that is included in gains (losses) on investments, net in the Consolidated Statements of Income.

The following table represents the Company's fair value hierarchy for its financial assets (cash equivalents and marketable investments) measured at fair value on a recurring basis (in thousands):

	As of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Money market funds (1)	\$6,897	\$ —	\$ —	\$ 6,897
State and municipal obligations	—	6,814	—	6,814
Federal agency and corporate obligations (2)	—	80,449	—	80,449
Total	<u>\$6,897</u>	<u>\$ 87,263</u>	<u>\$ —</u>	<u>\$ 94,160</u>

	As of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Money market funds (1)	\$ 815	\$ —	\$ —	\$ 815
State and municipal obligations	—	18,872	—	18,872
Federal agency and corporate obligations (2)	—	148,117	—	148,117
ARS	—	—	8,970	8,970
Total	<u>\$ 815</u>	<u>\$166,989</u>	<u>\$8,970</u>	<u>\$176,774</u>

(1) Included in cash and cash equivalents.

(2) \$6.2 million and \$32.1 million included in cash and cash equivalents at December 31, 2013 and 2012, respectively, as original maturities at the time of purchase were 90 days or less.

Level 2 assets consist of the Company's entire portfolio of federal, state, municipal and corporate bonds, excluding those municipal bonds described below with an auction reset feature. Level 2 assets have been initially valued at the transaction price and subsequently valued, at the end of each reporting period, typically utilizing third party pricing services or other market observable data. The pricing services utilize industry standard valuation methods, including both income and market based approaches and observable market inputs to determine value. These observable market inputs include reportable trades, benchmark yields, credit spreads, broker/dealer quotes, bids, offers, current spot rates and other industry and economic events.

At December 31, 2013 the Company held no Level 3 assets. Prior to October 30, 2013 the Company held state and municipal bonds with an auction reset feature (auction rate securities or "ARS"). In February 2008, auctions began to fail for these securities and continued to fail throughout 2013. On October 30, 2013 the Company sold its entire portfolio of ARS for net proceeds of \$9.1 million and realized a loss on the sale of \$1.9 million. Level 3 assets at December 31, 2012 consisted entirely of ARS. While the Company received

FORRESTER RESEARCH, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

interest income on its ARS investments at each interest reset date (which occurred at either 7 or 35 day intervals for each security), these investments traded infrequently and therefore did not have a readily determinable market value. Interest rates on the securities ranged from 0.1% to 0.4% and 0.1% to 0.5% during 2013 and 2012, respectively. The Company valued the ARS using a discounted cash flow model that included unobservable inputs including estimates of interest rates, discount rates and expected holding periods of the securities, which is considered a Level 3 valuation. Unobservable inputs included in the valuation as of December 31, 2012 included a weighted average interest rate of 0.9%, a weighted average discount rate of 3.9%, and a weighted average holding period of 8.7 years. The valuation resulted in an unrealized loss recorded in accumulated other comprehensive income in the Consolidated Balance Sheets of \$2.0 million at December 31, 2012. The Company believed that the loss was temporary due to the strong underlying credit rating of the securities and the fact that the Company did not intend to sell the securities and was not likely to be required to sell the securities.

The following table provides a summary of changes in fair value of the Company's Level 3 financial assets for the years ended December 31, 2013 and 2012 (in thousands):

	<u>ARS</u>
Balance at December 31, 2011	\$ 9,565
Sales	—
Losses included in other comprehensive income	(595)
Balance at December 31, 2012	8,970
Sales	(9,108)
Gains included in other comprehensive income	138
Losses transferred out of other comprehensive loss	1,892
Losses included in earnings	(1,892)
Balance at December 31, 2013	<u>\$ —</u>

(6) Non-Marketable Investments

At December 31, 2013 and 2012, the carrying value of the Company's non-marketable investments, which were composed primarily of interests in technology-related private equity funds, were \$5.7 million and \$6.6 million, respectively, and are included in other assets in the Consolidated Balance Sheets.

One of the Company's investments, with a book value of \$0.9 million and \$1.2 million at December 31, 2013 and 2012, respectively, is being accounted for using the cost method and, accordingly, is valued at cost unless an other-than-temporary impairment in its value occurs. The other investments are being accounted for using the equity method as the investments are limited partnerships and the Company has an ownership interest in excess of 5% and, accordingly, the Company records its share of the investee's operating results each period. During the years ended December 31, 2013, 2012 and 2011, the Company recorded gains (losses) from its non-marketable investments of approximately \$(0.6) million, \$0.1 million and \$(0.4) million, respectively, which are included in gains (losses) on investments, net in the Consolidated Statements of Income. During the years ended December 31, 2013, 2012 and 2011, gross distributions of \$0.4 million, \$0.5 million and \$0.5 million, respectively, were received from the funds.

In May 2013, the Company extended the expiration date of a cash bonus plan, originally adopted in 2000, that would pay a bonus, after the return of invested capital from certain of the Company's investments, to certain key employees. To date, no bonuses have been paid under the plan. The plan will now automatically expire on June 30, 2015, subject to earlier expiration as provided in the plan in the event that prior to such date there are less than 10 participants in the plan or all of the Company's invested capital (as defined in the plan) has been returned to the Company.

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(7) Income Taxes

Income before income taxes for the years ended December 31, 2013, 2012 and 2011 consists of the following (in thousands):

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Domestic	\$ 13,557	\$ 24,124	\$ 33,673
Foreign	6,435	8,030	3,274
Total	<u>\$ 19,992</u>	<u>\$ 32,154</u>	<u>\$ 36,947</u>

The components of the income tax provision (benefit) for the years ended December 31, 2012, 2011 and 2010 are as follows (in thousands):

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current:			
Federal	\$ 8,286	\$ 12,420	\$ (1,678)
State	1,624	3,069	654
Foreign	1,587	1,336	843
Total current	<u>11,497</u>	<u>16,825</u>	<u>(181)</u>
Deferred:			
Federal	(3,935)	(4,449)	13,485
State	(562)	(736)	1,186
Foreign	(32)	(5,782)	466
Total deferred	<u>(4,529)</u>	<u>(10,967)</u>	<u>15,137</u>
Income tax provision	<u>\$ 6,968</u>	<u>\$ 5,858</u>	<u>\$ 14,956</u>

A reconciliation of the federal statutory rate to Forrester's effective tax rate for the years ended December 31, 2013, 2012 and 2011 is as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Income tax provision at federal statutory rate	35.0%	35.0%	35.0%
Increase (decrease) in tax resulting from:			
State tax provision, net of federal benefit	3.4	4.9	3.1
Non-deductible expenses	3.3	0.6	1.6
Tax-exempt interest income	(0.1)	(0.5)	(0.4)
Stock option compensation deduction	2.0	0.7	0.6
Change in valuation allowance	0.5	(0.8)	1.1
Exchange rate gain	—	(0.3)	(0.5)
Foreign tax rate differential	(4.9)	(2.7)	(1.0)
Foreign tax credit	(3.7)	(0.9)	(1.6)
Benefit upon audit settlement	—	(21.1)	—
Other, net	(0.6)	3.3	2.6
Effective tax rate	<u>34.9 %</u>	<u>18.2%</u>	<u>40.5%</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The components of deferred income taxes as of December 31, 2013 and 2012 are as follows (in thousands):

	2013	2012
Non-deductible reserves and accruals	\$ 7,239	\$ 3,848
Stock compensation	4,539	4,948
Net operating loss and other carryforwards	10,830	10,398
Gross deferred tax asset	22,608	19,194
Less—valuation allowance	(2,200)	(2,086)
Sub-total	20,408	17,108
Depreciation and amortization	(2,945)	(5,018)
Goodwill amortization	(5,401)	(4,381)
Other liabilities	(2,134)	(2,872)
Deferred commissions	(5,080)	(3,743)
Net deferred tax asset	<u>\$ 4,848</u>	<u>\$ 1,094</u>

In July 2012, one of the Company's non-U.S. subsidiaries licensed the intellectual property rights for the territory outside of the U.S. from the Company's U.S. entity in order to align the Company's business with its global operations. The license of intellectual property occurred between two wholly owned legal entities within Forrester that are based in different tax jurisdictions, creating a taxable gain reportable in the transferor entity's jurisdiction. The gain is recognized for income tax purposes only and not in the financial statements. As the gain was the result of an intra-entity transaction, it was eliminated in consolidation for purposes of the consolidated financial statements.

In accordance with GAAP, no gain or immediate tax impact should be recognized in the consolidated financial statements as a result of an intra-entity transaction. The Company recognizes tax expense specifically associated with an intra-entity transfer of intangible property over a period equal to the expected economic lives of the underlying assets being licensed. An amortization period of 9.5 years was determined based on the estimated economic lives of the intellectual property licensed.

Current net deferred tax assets and long-term net deferred tax assets were \$2.2 and \$3.7 million as of December 31, 2013 and \$0.4 and \$1.3 million as of December 31, 2012, and are included in prepaid and other current assets and other assets, respectively, in the Consolidated Balance Sheets. Current net deferred tax liabilities and long-term net deferred tax liabilities were \$0.2 million and \$0.9 million as of December 31, 2013 and \$0.5 and \$0.2 million as of December 31, 2012, and are included in accrued expenses and other current liabilities and non-current liabilities, respectively, in the Consolidated Balance Sheets.

The Company considers all available evidence, both positive and negative, to determine whether, based on the weight of that evidence, a valuation allowance is needed for some portion or all of a net deferred income tax asset. Judgment is required in considering the relative impact of negative and positive evidence. In arriving at these judgments, the weight given to the potential effect of negative and positive evidence is commensurate with the extent to which it can be objectively verified. Although realization is not assured, based upon the Company's historical taxable income and projections of the Company's future taxable income over the periods during which the deferred tax assets are deductible and the carryforwards expire, management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowances, as discussed below.

As of December 31, 2013 and 2012, the Company maintained a valuation allowance of approximately \$2.2 million and \$2.1 million, respectively, primarily relating to foreign net operating loss carryforwards from an acquisition and U.S. capital losses.

FORRESTER RESEARCH, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

As of December 31, 2013, the Company had U.S. federal net operating loss carryforwards of approximately \$7.7 million obtained from acquired businesses. These carryforwards are limited pursuant to section 382 of the Internal Revenue Code due to changes in ownership as a result of the acquisitions. If unused, these carryforwards would expire on various dates from 2019 through 2028.

The Company also has foreign net operating loss carryforwards of approximately \$25.2 million, which can be carried forward indefinitely. Approximately \$5.6 million of the foreign net operating loss carryforwards relate to a prior acquisition, the utilization of which is subject to limitation under the tax law of the United Kingdom. In the third quarter of 2012 the Company settled a tax audit at its German subsidiary resulting in the recognition of \$5.9 million in deferred tax assets relating to net operating losses and intangible assets at this subsidiary.

As of December 31, 2013, the Company had U.S. federal and state capital loss carryforwards of \$2.3 million, of which \$0.9 million expires in 2014, \$0.8 million expires in 2016 and \$0.6 million expires in 2018.

The following table provides a summary of the changes in the deferred tax valuation allowance for the years ended December 31, 2013, 2012 and 2011 (in thousands):

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Deferred tax valuation allowance at January 1	\$2,086	\$ 3,077	\$2,676
Additions	801	11	508
Deductions	(712)	(1,066)	(85)
Translation adjustments	25	64	(22)
Deferred tax valuation allowance at December 31	<u>\$2,200</u>	<u>\$ 2,086</u>	<u>\$3,077</u>

During the years ended December 31, 2013, 2012 and 2011, the Company recognized approximately \$0.4 million, (\$0.3) million and \$0.5 million, respectively, of net tax benefits (deficiencies) from tax deductions in excess of (or less than) book deductions resulting from employee stock option exercises. The net tax benefits (deficiencies) were recorded as an increase (decrease) to additional paid-in-capital. Excess tax benefits from share-based payments are recognized in the year that the deduction reduces the amount of cash payable for taxes.

Undistributed earnings of the Company's foreign subsidiaries amounted to approximately \$10.7 million as of December 31, 2013. The Company has not provided any additional federal or state income taxes or foreign withholding taxes on the undistributed earnings as such earnings have been indefinitely reinvested in the business. Due to the various methods by which such earnings could be repatriated in the future, the amount of taxes attributable to the undistributed earnings is not practicably determinable.

The Company utilizes a two-step process for the measurement of uncertain tax positions that have been taken or are expected to be taken on a tax return. The first step is a determination of whether the tax position should be recognized in the financial statements. The second step determines the measurement of the tax

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

position. A reconciliation of the beginning and ending amount of unrecognized tax benefits is summarized as follows for the years ended December 31, 2013, 2012 and 2011 (in thousands):

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Unrecognized tax benefits at January 1	\$1,844	\$1,269	\$1,222
Additions for tax positions of prior years	414	112	107
Reductions for tax positions of prior years	(256)	(37)	—
Additions for tax positions of current year	19	1,444	17
Settlements	—	(582)	—
Lapse of statute of limitations	—	(360)	(77)
Translation adjustments	(9)	(2)	—
Unrecognized tax benefits at December 31	<u>\$2,012</u>	<u>\$1,844</u>	<u>\$1,269</u>

As of December 31, 2013, the total amount of unrecognized tax benefits totaled approximately \$2.0 million, all of which if recognized, would decrease our effective tax rate in a future period. It is not expected that a significant amount of unrecognized tax benefits would be recognized within the next 12 months.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense and such amounts were not material in the years ended December 31, 2013, 2012 and 2011. At December 31, 2013 and 2012, the Company had approximately \$0.1 million of accrued interest and penalties related to uncertain tax positions.

The Company files income tax returns in the U.S. and in foreign jurisdictions. Generally, the Company is no longer subject to U.S., state, local and foreign income tax examinations by tax authorities in its major jurisdictions for years before 2006, except to the extent of net operating loss and tax credit carryforwards from those years. Major taxing jurisdictions include the U.S., the Netherlands, the United Kingdom, Germany and Switzerland. The Company is currently under audit by the Internal Revenue Service of the U.S. for tax year 2011 and currently anticipates the audit to conclude in mid-2014.

(8) Commitments

As of December 31, 2013, Forrester had future contractual obligations as follows for operating leases (in thousands):

2014	\$ 11,290
2015	10,352
2016	9,544
2017	9,194
2018	8,952
Thereafter	59,661
Total minimum lease payments	<u>\$108,993</u>

Aggregate rent expenses was approximately \$15.3 million, \$14.4 million and \$15.3 million for the years ended December 31, 2013, 2012, and 2011, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(9) Stockholders' Equity

Preferred Stock

Forrester has authorized 500,000 shares of \$.01 par value preferred stock. The Board of Directors has full authority to issue this stock and to fix the voting powers, preferences, rights, qualifications, limitations, or restrictions thereof, including dividend rights, conversion rights, redemption privileges and liquidation preferences and the number of shares constituting any series or designation of such series.

Treasury Stock

Through 2013, Forrester's Board of Directors has authorized an aggregate \$385.0 million to purchase common stock under its stock repurchase program including \$25.0 million authorized in July 2013 and \$50.0 million authorized in February 2013. The shares repurchased may be used, among other things, in connection with Forrester's equity incentive and purchase plans. As of December 31, 2013 the Company had repurchased approximately 12.4 million shares of common stock at an aggregate cost of \$329.1 million.

On April 3, 2013 the Company commenced a "modified Dutch auction" self-tender offer to repurchase up to \$130 million of its common stock at a price per share within the range of \$32.00 to \$36.00. A "modified Dutch auction" self-tender offer allows stockholders to indicate how many shares and at what price within the company's specified range (in increments of \$0.25 per share) they wish to tender. When the tender offer expired, based upon the number of shares tendered and the prices specified by the tendering stockholders, the Company determined the purchase price, which was the lowest price per share within the range that enabled the Company to purchase up to \$130 million of its common stock. The tender offer expired on May 1, 2013 and the Company purchased 2,054,732 shares of its common stock on May 7, 2013 at a purchase price of \$36.00 per share for an aggregate purchase price of \$74.0 million, plus approximately \$1.1 million of expenses related to the tender offer.

For the year ended December 31, 2013, the Company retired 11.7 million shares of treasury stock. These retired shares are now included in the Company's pool of authorized but unissued shares. The retired stock had a carrying value of approximately \$303.0 million. The Company's accounting policy upon the formal retirement of treasury stock is to deduct the par value of the retired stock from Common Stock and to reflect the excess of cost over par value as a deduction from Additional Paid-in Capital.

Dividends

During the years ended December 31, 2013 and 2012, the Company declared and paid four quarterly dividends of \$0.15 and \$0.14 per share each quarter, respectively, amounting to \$0.60 or \$12.4 million and \$0.56 per share or \$12.6 million per year, respectively.

Equity Plans

Forrester maintains the following four equity incentive plans: the Amended and Restated 2006 Equity Incentive Plan (the "2006 Plan"), the Amended and Restated 1996 Equity Incentive Plan (the "1996 Plan"), the 2006 Stock Option Plan for Directors', as amended (the "2006 Directors' Plan") and the 1996 Stock Option Plan for Non-Employee Directors (the "1996 Directors' Plan"). Upon approval of the 2006 Plan and the 2006 Directors' Plan by stockholders, no future awards under the 1996 Plan and 1996 Directors Plan could be granted or issued. In addition, upon approval of an amendment to the 2006 Plan by stockholders in 2012, no future awards under the 2006 Directors' Plan could be granted or issued.

The 2006 Plan provides for the issuance of stock-based awards, including incentive stock options ("ISOs"), non-qualified stock options ("NSOs"), and restricted stock units ("RSUs") to purchase up to 4,350,000 shares authorized in the 2006 Plan plus up to 2,500,000 shares returned from the 1996 Plan and 80,000 shares returned

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

from the 2006 Directors' Plan. Under the terms of the 2006 Plan, ISOs may not be granted at less than fair market value on the date of grant (and in no event less than par value). Options generally vest annually over four years and expire after 10 years and RSUs generally vest over three to four years, in each case sometimes subject to performance conditions in addition to the passage of time. Options and RSUs granted under the 2006 Plan immediately vest upon certain events, as described in the 2006 Plan. As of December 31, 2013, approximately 1.9 million shares were available for future grant of awards under the 2006 Plan.

The 1996 Plan provided for the issuance of stock-based awards, including ISOs and NSOs, to purchase up to 13,500,000 shares of common stock. Under the terms of the 1996 Plan, ISOs were not granted at less than fair market value on the date of grant (and in no event less than par value). ISO grants to holders of 10% of the combined voting power of all classes of Forrester stock were required to be granted at an exercise price not less than 110% of the fair market value at the date of grant. Options generally vested ratably over two to four years and expire after 10 years and were sometimes subject to performance conditions in addition to the passage of time. At December 31, 2013, approximately 50,000 options remain outstanding and are fully vested under the 1996 Plan.

The 2006 Directors' Plan provided for the issuance of options to purchase up to 450,000 shares of common stock. Prior to the 2012 annual stockholders meeting, each non-employee director was entitled to receive an option to purchase 6,000 shares of common stock, at an exercise price equal to the fair market value of the common stock upon his or her election as a director. These options vest in four equal annual installments, with the first installment vested on the date of grant. In addition, prior to the 2010 annual stockholder meeting, each non-employee director was entitled to receive an option to purchase 12,500 shares of common stock, at an exercise price equal to the fair market value of the common stock on the grant date, each year immediately following Forrester's annual stockholders' meeting, and commencing with the 2010 annual stockholders meeting, non-employee directors were entitled to receive an option to purchase 12,000 shares immediately following the meeting. These options vest in four equal installments on the first, second, third, and fourth anniversaries of the date of grant. Options granted under the 2006 Directors' Plan immediately vest upon certain events, as described in the 2006 Directors' Plan. As of December 31, 2013, approximately 0.2 million options remain outstanding under the 2006 Directors Plan.

Options issued under the 1996 Directors' Plan were granted at an exercise price equal to the fair market value of the common stock at the time of grant, each year immediately following Forrester's annual stockholders' meeting. These options vested in four equal installments on the first, second, third, and fourth anniversaries of the date of grant. At December 31, 2013, approximately 13,000 options remain outstanding and are fully vested under the 1996 Directors' Plan.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Stock Options

Stock option activity for the year ended December 31, 2013 is presented below (in thousands, except per share data and contractual term):

	Number of Shares	Weighted - Average Exercise Price Per Share	Weighted - Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2012	1,936	\$ 29.03		
Granted	531	35.34		
Exercised	(626)	25.93		
Forfeited	(107)	32.86		
Outstanding at December 31, 2013	<u>1,734</u>	<u>\$ 31.85</u>	<u>7.05</u>	<u>\$ 11,129</u>
Exercisable at December 31, 2013	<u>784</u>	<u>\$ 28.80</u>	<u>5.06</u>	<u>\$ 7,416</u>
Vested and expected to vest at December 31, 2013	<u>1,663</u>	<u>\$ 31.73</u>	<u>6.97</u>	<u>\$ 10,878</u>

The total intrinsic value of options exercised during 2013, 2012 and 2011 was \$6.1 million, \$3.5 million and \$4.1 million, respectively.

Restricted Stock Units

Restricted stock units ("RSUs") represent the right to receive one share of Forrester common stock when the restrictions lapse and the vesting conditions are met, and are valued on the date of grant based upon the value of the Company's stock on the date of grant less the present value of dividends expected to be paid during the requisite service period. Shares of Forrester's common stock will be delivered to the grantee upon vesting, subject to a reduction of shares for payment of withholding taxes. The weighted average grant date fair value for RSUs granted in 2013, 2012 and 2011 was \$34.58, \$33.88 and \$33.15, respectively. The value of RSUs vested and converted to common stock, based on the value of Forrester's common stock on the date of vesting, was \$2.4 million, \$1.6 million and \$0.4 million during 2013, 2012 and 2011, respectively.

In 2009, the Company issued to its employees 95,496 performance-based RSUs. The vesting of the RSUs was subject to performance criteria and would vest at 100% or 40% on April 1, 2012, or the RSUs could be forfeited, depending on whether specified revenue growth and certain operating margin targets related to full year 2011 performance were achieved. Based on 2011 financial performance, 40% of the then outstanding RSUs vested on April 1, 2012. Compensation expense in 2010 and 2009 was recognized based on an estimate of 100% vesting of the RSUs and in 2011 the Company modified its assessment of vesting to the 40% level.

In 2010, the Company issued to its employees approximately 63,000 performance-based RSUs. The vesting of the RSUs was subject to performance criteria and would vest at 100% or 40% on April 1, 2013, or the RSUs could be forfeited, depending on whether specified revenue growth and certain operating margin targets related to full year 2012 performance were achieved. Based on 2012 financial performance the RSUs were forfeited as of April 1, 2013. Compensation expense in 2010 was recognized based on an estimate of 100% vesting of the RSUs and in 2011 the Company modified its assessment of vesting to a zero percent level.

In 2011, the Company issued to its employees approximately 71,000 performance-based RSUs. The vesting of the RSUs is subject to performance criteria and will vest at 100% or 40% on April 1, 2014, or the RSUs could be forfeited, depending on whether specified revenue growth and certain operating margin targets related to full year 2013 performance are achieved. Based on 2013 financial performance the RSUs will be forfeited as of

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

April 1, 2014. Compensation expense was not recognized in 2013, 2012 and 2011 based on an estimate of zero percent vesting of the RSUs.

RSU activity for the year ended December 31, 2013 is presented below (in thousands, except per share data):

	Number of Shares	Weighted- Average Grant Date Fair Value
Unvested at December 31, 2012	301	\$ 32.98
Granted	207	34.58
Vested	(67)	32.91
Forfeited	(69)	31.60
Unvested at December 31, 2013	<u>372</u>	<u>\$ 34.14</u>

Employee Stock Purchase Plan

The Amended and Restated Employee Stock Purchase Plan (the “Stock Purchase Plan”) provides for the issuance of up to 1.5 million shares of common stock and as of December 31, 2013 approximately 0.3 million shares remain available for issuance. With certain limited exceptions, all employees of Forrester whose customary employment is more than 20 hours per week, including officers and directors who are employees, are eligible to participate in the Stock Purchase Plan. Purchase periods under the Stock Purchase Plan are generally six months in length and commence on each successive March 1 and September 1. Stock purchased under the Stock Purchase Plan is required to be held for one-year before it is able to be sold. During each purchase period the maximum number of shares of common stock that may be purchased by an employee is limited to the number of shares equal to \$12,500 divided by the fair market value of a share of common stock on the first day of the purchase period. An employee may elect to have up to 10% deducted from his or her compensation for the purpose of purchasing shares under the Stock Purchase Plan. The price at which the employee’s shares are purchased is the lower of: a) 85% of the closing price of the common stock on the day that the purchase period commences, or b) 85% of the closing price of the common stock on the day that the purchase period terminates.

Prior to 2012 purchase periods commenced on each successive January 1 and July 1. Shares purchased by employees under the Stock Purchase Plan are as follows (in thousands, except per share data):

<u>Purchase Period Ended</u>	<u>Shares Purchased</u>	<u>Purchase Price</u>
February 28, 2013	26	\$ 23.34
August 31, 2013	27	\$ 23.42
August 31, 2012	23	\$ 24.88
June 30, 2011	51	\$ 28.02
December 31, 2011	50	\$ 28.08

(10) Employee Pension Plans

Forrester sponsors several defined contribution plans for eligible employees. Generally, the defined contribution plans have funding provisions which, in certain situations, require contributions based upon formulas relating to employee wages or the level of elective participant contributions, as well as allow for additional discretionary contributions. Further, certain plans contain vesting provisions. Forrester’s contributions to these plans totaled approximately \$3.6 million, \$3.2 million and \$3.0 million for the years ended December 31, 2013, 2012 and 2011, respectively.

FORRESTER RESEARCH, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)****(11) Reorganization**

During the year ended December 31, 2013 the Company incurred \$1.9 million of severance and related costs for the elimination of 31 jobs or approximately 2.5% of its workforce worldwide to streamline operations.

In the first quarter of 2012 the Company realigned its sales force to simplify the selling process to its customers and to increase the productivity of the sales organization. The Company incurred approximately \$0.4 million of severance costs in the fourth quarter of 2011 for three sales employees located outside of the U.S. based on statutory termination benefits in their country of employment and the fact that termination was considered probable at December 31, 2011. The Company incurred an additional \$1.4 million of severance and related costs in 2012 for the termination of 17 additional employees related to the sales reorganization and other cost reduction initiatives.

The activity related to the reorganization accrual during the years ended December 31, 2013 and 2012 is as follows (in thousands):

	Workforce Reduction
Accrual at December 31, 2011	\$ 375
Additions	1,421
Cash payments	<u>(1,782)</u>
Accrual at December 31, 2012	14
Additions	1,905
Cash payments	<u>(1,798)</u>
Accrual at December 31, 2013	<u>\$ 121</u>

(12) Operating Segment and Enterprise Wide Reporting

At the end of 2013 the Company reorganized its fulfillment organization into a single global research organization and a single global product organization to better support its client base by facilitating better research collaboration and quality, promoting a more uniform client experience and improved customer satisfaction, and encouraging innovation. During 2013 the Company also established a dedicated consulting organization to provide research-based project consulting services to its clients, allowing the Company's analysts to spend additional time on writing research and providing shorter-term advisory services. The Company anticipates reporting for 2014 fiscal periods segment information for the newly formed research, product, and consulting organizations, and to cease reporting on its historical client group organization.

Throughout 2013 the Company evaluated its business operations based on its historical client group organization. Until October 2013 the Company was organized into two client groups with each client group responsible for writing relevant research for the roles within the client organization on a worldwide basis. The two client groups, which were considered operating segments, were: Business Technology ("BT") and Marketing and Strategy ("M&S"). In addition, the Company's Events segment supported both client groups. Each client group generated revenue through sales of research, advisory and other service offerings targeted at specific roles within their targeted clients. Each client group consisted of research personnel focused primarily on issues relevant to particular roles and to the day-to-day responsibilities of persons within the roles. Amounts included in the Events segment relate to the operations of the events production department. Revenue reported in the Events segment consists primarily of sponsorships and sales of event tickets to Forrester events.

The Company evaluates reportable segment performance and allocates resources based on direct margin. Direct margin, as presented below, is defined as operating income excluding sales expenses, certain marketing and fulfillment

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

expenses, stock-based compensation expense, general and administrative expenses, depreciation expense, amortization of intangible assets and reorganization costs. In the first quarter of 2013, the Company modified segment direct margin for each of the BT and M&S clients groups to reflect the transfer of revenue and direct costs related to one product line from BT to M&S and to reallocate certain shared consulting costs between BT and M&S. Accordingly, the 2012 and 2011 amounts have been reclassified to conform to the current presentation. The accounting policies used by the segments are the same as those used in the consolidated financial statements.

The Company does not identify or allocate assets, including capital expenditures, by operating segment. Accordingly, assets are not being reported by segment because the information is not available by segment and is not reviewed in the evaluation of performance or making decisions in the allocation of resources.

The following tables present information about reportable segments (in thousands):

	<u>BT</u>	<u>M&S</u>	<u>Events</u>	<u>Consolidated</u>
Year ended December 31, 2013				
Revenue	\$ 156,068	\$ 128,738	\$ 12,844	\$ 297,650
Direct margin	104,810	83,689	4,146	192,645
Selling, marketing, administrative and other expenses				(166,677)
Amortization of intangible assets				(2,230)
Reorganization costs				(1,905)
Other income and gains/losses on investments				(1,841)
Income before income taxes				<u>\$ 19,992</u>
	<u>BT</u>	<u>M&S</u>	<u>Events</u>	<u>Consolidated</u>
Year ended December 31, 2012				
Revenue	\$ 154,974	\$ 125,228	\$ 12,829	\$ 293,031
Direct margin	105,816	81,798	3,941	191,555
Selling, marketing, administrative and other expenses				(156,929)
Amortization of intangible assets				(2,445)
Reorganization costs				(1,421)
Other income and gains/losses on investments				1,394
Income before income taxes				<u>\$ 32,154</u>
	<u>BT</u>	<u>M&S</u>	<u>Events</u>	<u>Consolidated</u>
Year ended December 31, 2011				
Revenue	\$ 147,688	\$ 122,474	\$ 13,173	\$ 283,335
Direct margin	102,713	78,132	5,765	186,610
Selling, marketing, administrative and other expenses				(146,957)
Amortization of intangible assets				(2,562)
Reorganization costs				(375)
Other income and gains/losses on investments				231
Income before income taxes				<u>\$ 36,947</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Net long-lived tangible assets by location as of December 31, 2013 and 2012 are as follows (in thousands):

	<u>2013</u>	<u>2012</u>
United States	\$35,167	\$42,098
United Kingdom	2,212	2,626
Europe (excluding United Kingdom)	174	313
Other	2,315	1,263
	<u>\$39,868</u>	<u>\$46,300</u>

Net revenues by geographic destination and as a percentage of total revenues for the years ended December 31, 2013, 2012, and 2011 are as follows (in thousands):

	<u>2013</u>	<u>2012</u>	<u>2011</u>
United States	\$218,900	\$211,211	\$198,175
Europe (excluding United Kingdom)	30,956	33,146	37,205
United Kingdom	16,293	16,555	17,870
Canada	16,995	16,742	16,056
Other	14,506	15,377	14,029
	<u>\$297,650</u>	<u>\$293,031</u>	<u>\$283,335</u>

	<u>2013</u>	<u>2012</u>	<u>2011</u>
United States	74%	72%	70%
Europe (excluding United Kingdom)	10%	11%	13%
United Kingdom	5%	6%	6%
Canada	6%	6%	6%
Other	5%	5%	5%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

(13) Certain Balance Sheet Accounts

Property and Equipment:

Property and equipment as of December 31, 2013 and 2012 is recorded at cost less accumulated depreciation and consists of the following (in thousands):

	<u>2013</u>	<u>2012</u>
Computers and equipment	\$18,446	\$17,614
Computer software	22,315	22,242
Furniture and fixtures	8,902	8,561
Leasehold improvements	26,029	25,640
Total property and equipment	75,692	74,057
Less accumulated depreciation and amortization	35,824	27,757
	<u>\$39,868</u>	<u>\$46,300</u>

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accrued Expenses and Other Current Liabilities:

Accrued expenses and other current liabilities as of December 31, 2013 and 2012 consist of the following (in thousands):

	<u>2013</u>	<u>2012</u>
Payroll and related benefits	\$20,635	\$16,293
Taxes	2,692	3,714
Other	10,144	10,071
	<u>\$33,471</u>	<u>\$30,078</u>

Non-current Liabilities

Non-current liabilities as of December 31, 2013 and 2012 consist of the following (in thousands):

	<u>2013</u>	<u>2012</u>
Deferred tax liability	\$ 852	\$ 218
Deferred rent	6,678	6,936
Other	2,612	2,309
	<u>\$10,142</u>	<u>\$9,463</u>

Allowance for Doubtful Accounts:

A roll-forward of the allowance for doubtful accounts as of and for the years ended December 31, 2013, 2012, and 2011 is as follows (in thousands):

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 404	\$ 326	\$ 407
Provision for doubtful accounts	189	708	233
Write-offs	(339)	(630)	(314)
Balance, end of year	<u>\$ 254</u>	<u>\$ 404</u>	<u>\$ 326</u>

(14) Summary Selected Quarterly Financial Data (unaudited)

The following is a summary of selected unaudited consolidated quarterly financial data for the years ended December 31, 2013 and 2012 (in thousands, except per share data):

	<u>Three Months Ended</u>			
	<u>March 31,</u> <u>2013</u>	<u>June 30,</u> <u>2013</u>	<u>September 30,</u> <u>2013</u>	<u>December 31,</u> <u>2013</u>
Total revenues	\$ 71,361	\$ 78,953	\$ 69,815	\$ 77,521
Income from operations	\$ 3,280	\$ 9,788	\$ 4,301	\$ 4,464
Net income	\$ 2,169	\$ 6,185	\$ 2,509	\$ 2,161
Basic income per common share	\$ 0.10	\$ 0.29	\$ 0.12	\$ 0.11
Diluted income per common share	\$ 0.10	\$ 0.28	\$ 0.12	\$ 0.11

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended			
	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012
Total revenues	\$ 70,165	\$ 78,932	\$ 68,773	\$ 75,161
Income from operations	\$ 4,533	\$ 11,152	\$ 7,130	\$ 7,945
Net income	\$ 3,124	\$ 7,584	\$ 11,111	\$ 4,477
Basic income per common share	\$ 0.14	\$ 0.34	\$ 0.50	\$ 0.20
Diluted income per common share	\$ 0.13	\$ 0.33	\$ 0.49	\$ 0.20

The Company recognized a \$1.9 million loss for the sale of its entire portfolio of auction rate securities during the three months ended December 31, 2013.

The Company recognized a \$5.9 million deferred income tax benefit during the three months ended September 30, 2012 resulting from the settlement of a tax audit at the Company's German subsidiary.

Revision of quarterly financial statements

As described in Note 2, during the quarter ended September 30, 2013, the Company identified certain immaterial prior period errors that affected the interim and annual periods in the years ended December 31, 2012 and 2011, as well as the interim periods in the six months ended June 30, 2013. The Company has reflected in the financial information included in this Note the correction of all identified prior period errors in the periods in which they originated. The prior period errors relate to:

- An adjustment of \$0.8 million for the three months ended June 30, 2013 to increase the amount of research services revenue related to recognition of revenue for the event ticket included in the Company's RoleView and Forrester Leadership Board subscription products. Based on the identification of this error, the Company reassessed its historical calculations and identified a required change in its methodology for the accounting for an insignificant amount of contract modifications during this period that resulted in an increase (decrease) to revenue of (\$0.1) million and \$0.1 million for the three months ended March 31, 2012 and September 30, 2012, respectively. The effect of this error has been reflected in deferred revenue in the revised consolidated statement of cash flows presented below.
- Adjustments to the Company's share of operating results in one of the technology-related investment funds in which the Company holds an interest, which adjustments are principally a result of information received by the Company from the fund after the applicable reporting periods. The Company records a portion of the fund's operating results, based on the Company's ownership interest in the fund, as investment gains (losses). The adjustments to the gains (losses) on investments for each period is as follows: (\$0.1) million and \$0.1 million for the three months ended March 31, 2013 and June 30, 2013, respectively, and \$0.6 million and (\$0.1) million for the three months ended September 30, 2012 and December 31, 2012, respectively. The effect of this error has been reflected in net (gains) losses from investments in the revised consolidated statement of cash flows presented below.
- Adjustments to revenue for historical insignificant variances in deferred revenue for reconciling items between the Company's general ledger and sub-ledger system. The increase (decrease) to revenue for each of the periods is as follows: (\$0.1) million, (\$0.2) million, \$0.2 million and \$0.1 million for the three months ended March 31, 2013, June 30, 2012, September 30, 2012 and December 31, 2012, respectively. The effect of this error has been reflected in deferred revenue in the revised consolidated statement of cash flows presented below.
- Adjustments within the year ended December 31, 2012 for the improper capitalization of software development costs during the three months ended June 30, 2012 and September 30, 2012. These errors

FORRESTER RESEARCH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

were corrected in the three months ended December 31, 2012 in the previously filed financial statements. The increase (decrease) in general and administrative expense for each of the periods is as follows: \$0.2 million, \$0.3 million and (\$0.5) million for the three months ended June 30, 2012, September 30, 2012 and December 31, 2012, respectively.

In addition, during the quarter ended December 31, 2013, the Company identified certain immaterial prior period errors related to income taxes that affected the three months ended September 30, 2012, December 31, 2012 and September 30, 2013, as well as the related year-to-date periods. The Company has reflected in the financial information included in this Note the correction of all identified prior period errors in the periods in which they originated. The prior period errors relate to:

- Adjustment of \$0.4 million to decrease income tax expense for the three months ended September 30, 2012 to increase the amount of net operating losses as a result of a settlement of a tax audit at the Company's German subsidiary.
- Adjustment of \$0.1 million to increase income tax expense for the three months ended December 31, 2012 and an adjustment of \$0.1 million to decrease income tax expense for the three months ended September 30, 2013 to correct for insignificant errors in each of the periods. The effect of these errors has been reflected in prepaid expenses and other current assets in the revised consolidated statement of cash flows presented below.

Revised Consolidated Statements of Income

	Three Months Ended September 30, 2013			Nine Months Ended September 30, 2013		
	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised
Income tax provision	\$ 1,813	\$ (74)	\$ 1,739	\$ 7,056	\$ (74)	\$ 6,982
Net income	\$ 2,435	\$ 74(a)	\$ 2,509	\$ 10,789	\$ 74(a)	\$ 10,863
Basic income per common share	\$ 0.12	\$ —	\$ 0.12	\$ 0.51	\$ —	\$ 0.51
Diluted income per common share	\$ 0.12	\$ —	\$ 0.12	\$ 0.50	\$ —	\$ 0.50

	Three Months Ended June 30, 2013			Six Months Ended June 30, 2013		
	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised
Revenues:						
Research services	\$ 50,512	\$ 800	\$ 51,312	\$ 100,890	\$ 700	\$ 101,590
Advisory services and other	27,652	(11)	27,641	48,773	(49)	48,724
Total revenues	78,164	789	78,953	149,663	651	150,314
Income from operations	8,999	789	9,788	12,417	651	13,068
Gains (losses) on investments, net	(51)	149	98	(102)	—	(102)
Income before income taxes	9,203	938	10,141	12,946	651	13,597
Income tax provision	3,581	375	3,956	4,983	260	5,243
Net income	\$ 5,622	\$ 563	\$ 6,185	\$ 7,963	\$ 391	\$ 8,354
Basic income per common share	\$ 0.26	\$ 0.03	\$ 0.29	\$ 0.37	\$ 0.01	\$ 0.38
Diluted income per common share	\$ 0.26	\$ 0.02	\$ 0.28	\$ 0.36	\$ 0.02	\$ 0.38

FORRESTER RESEARCH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended March 31, 2013			Three Months Ended December 31, 2012		
	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised
Revenues:						
Research services	\$ 50,378	\$ (100)	\$ 50,278	\$ 51,866	\$ 80	\$ 51,946
Advisory services and other	21,121	(38)	21,083	23,200	15	23,215
Total revenues	71,499	(138)	71,361	75,066	95	75,161
General and administrative	9,487	—	9,487	10,199	(457)	9,742
Total operating expenses	68,081	—	68,081	67,673	(457)	67,216
Income from operations	3,418	(138)	3,280	7,393	552	7,945
Gains (losses) on investments, net	(51)	(149)	(200)	(739)	(65)	(804)
Income before income taxes	3,743	(287)	3,456	7,058	487	7,545
Income tax provision	1,402	(115)	1,287	2,807	261	3,068
Net income	\$ 2,341	\$ (172)	\$ 2,169	\$ 4,251	\$ 226	\$ 4,477
Basic income per common share	\$ 0.10	\$ —	\$ 0.10	\$ 0.19	\$ 0.01	\$ 0.20
Diluted income per common share	\$ 0.10	\$ —	\$ 0.10	\$ 0.19	\$ 0.01	\$ 0.20

	Three Months Ended September 30, 2012			Nine Months Ended September 30, 2012		
	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised
Revenues:						
Research services	\$ 50,300	\$ 209	\$ 50,509	\$ 151,132	\$ 13	\$ 151,145
Advisory services and other	18,211	53	18,264	66,732	(7)	66,725
Total revenues	68,511	262	68,773	217,864	6	217,870
General and administrative	8,411	309	8,720	26,667	457	27,124
Total operating expenses	61,334	309	61,643	194,598	457	195,055
Income from operations	7,177	(47)	7,130	23,266	(451)	22,815
Gains (losses) on investments, net	147	608	755	290	608	898
Income before income taxes	7,681	561	8,242	24,452	157	24,609
Income tax provision	(2,692)	(177)	(2,869)	3,129	(339)	2,790
Net income	\$ 10,373	\$ 738	\$ 11,111	\$ 21,323	\$ 496	\$ 21,819
Basic income per common share	\$ 0.46	\$ 0.04	\$ 0.50	\$ 0.94	\$ 0.03	\$ 0.97
Diluted income per common share	\$ 0.45	\$ 0.04	\$ 0.49	\$ 0.93	\$ 0.02	\$ 0.95

FORRESTER RESEARCH, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended June 30, 2012			Six Months Ended June 30, 2012		
	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised
Revenues:						
Research services	\$ 51,072	\$ (100)	\$50,972	\$100,832	\$ (196)	\$100,636
Advisory services and other	28,021	(61)	27,960	48,521	(60)	48,461
Total revenues	79,093	(161)	78,932	149,353	(256)	149,097
General and administrative	8,645	148	8,793	18,256	148	18,404
Total operating expenses	67,632	148	67,780	133,264	148	133,412
Income from operations	11,461	(309)	11,152	16,089	(404)	15,685
Income before income taxes	11,675	(309)	11,366	16,771	(404)	16,367
Income tax provision	3,906	(124)	3,782	5,821	(162)	5,659
Net income	<u>\$ 7,769</u>	<u>\$ (185)</u>	<u>\$ 7,584</u>	<u>\$ 10,950</u>	<u>\$ (242)</u>	<u>\$ 10,708</u>
Basic income per common share	<u>\$ 0.34</u>	<u>\$ —</u>	<u>\$ 0.34</u>	<u>\$ 0.48</u>	<u>\$ (0.01)</u>	<u>\$ 0.47</u>
Diluted income per common share	<u>\$ 0.34</u>	<u>\$ (0.01)</u>	<u>\$ 0.33</u>	<u>\$ 0.47</u>	<u>\$ (0.01)</u>	<u>\$ 0.46</u>

	Three Months Ended March 31, 2012		
	As Previously Reported	Adjustments	As Revised
Revenues:			
Research services	\$ 49,760	\$ (96)	\$49,664
Advisory services and other	20,500	1	20,501
Total revenues	70,260	(95)	70,165
Income from operations	4,628	(95)	4,533
Income before income taxes	5,096	(95)	5,001
Income tax provision	1,915	(38)	1,877
Net income	<u>\$ 3,181</u>	<u>\$ (57)</u>	<u>\$ 3,124</u>
Basic income per common share	<u>\$ 0.14</u>	<u>\$ —</u>	<u>\$ 0.14</u>
Diluted income per common share	<u>\$ 0.14</u>	<u>\$ (0.01)</u>	<u>\$ 0.13</u>

Revised Consolidated Statements of Cash Flow

	Nine Months Ended September 30, 2013		
	As Previously Reported	Adjustments	As Revised
Cash flows from operating activities:			
Net income	\$ 10,789	\$ 74(a)	\$10,863
Prepaid expenses and other current assets	3,683	(74)	3,609
Net cash provided by operating activities	<u>\$ 32,352</u>	<u>\$ —</u>	<u>\$32,352</u>

FORRESTER RESEARCH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended March 31, 2013			Six Months Ended June 30, 2013		
	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised
Cash flows from operating activities:						
Net income	\$ 2,341	\$ (172)	\$ 2,169	\$ 7,963	\$ 391	\$ 8,354
Net (gains) losses from investments	51	149	200	102	—	102
Prepaid expenses and other current assets	1,271	(115)	1,156	4,619	260	4,879
Deferred revenue	2,709	138	2,847	(12,955)	(651)	(13,606)
Net cash provided by operating activities	\$ 35,453	\$ —	\$35,453	\$ 37,231	\$ —	\$ 37,231

- (a) As described above, during the quarter ended September 30, 2013 the Company identified prior period errors. These errors were corrected in the financial results reported for the three and nine months ended September 30, 2013 in the Company's Form 10-Q for the period. The adjustment shown in this column represents an additional error in the quarter ended September 30, 2013 that was identified during the quarter ended December 31, 2013.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2013.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles (GAAP). Internal control over financial reporting includes those policies and procedures that: 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect material misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2013. In making its assessment, management used the criteria set forth in Internal Control — Integrated Framework issued (1992) by the Committee of Sponsoring Organizations (“COSO”) of the Treadway Commission. Based on this assessment, management believes that as of December 31, 2013, the Company’s internal control over financial reporting is effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2013 has been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm, as stated in their report, which appears on page F-1 of this Annual Report on Form 10-K.

Remediation Steps to Address Prior Material Weaknesses

As of September 30, 2013, we reported that management had identified a material weakness in the Company’s internal control over financial reporting related to the recognition of revenue for event tickets that are included in certain of our subscription products. In addition, as of December 31, 2012, we reported that management had identified a material weakness in the Company’s internal control over financial reporting related to revenue for advisory services and consulting projects.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis.

We have made the following changes to our internal controls over financial reporting to remediate the previously reported material weaknesses.

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Advisory Services and Consulting Projects

1. Consulting Project Scoping: During the scoping phase of each project, we ensured that evidence was maintained of the review and approval of the allocation of the project revenue to the services to be delivered to the client and that the project allocation is accurately entered into our accounting system.
2. Advisory Services and Consulting Project Performance: Our project managers more closely monitored the performance of each advisory service and consulting project and maintained evidence of their review and approval of the services performed.
3. Training: We ensured that we conducted proper training so that the remedial actions identified above were understood and followed by applicable personnel.

Event Tickets Included In Subscription Products

1. Additional procedures were implemented to reconcile the inputs in the manual calculation to additional data contained in our accounting system. New accounting system reports were generated to facilitate the reconciliation.
2. Analytical procedures were implemented and performed by our financial planning and analysis group (this group is separate from the accounting group that prepares the referenced calculations) to assess the reasonableness of the amount of event revenue recognized.

In the fourth quarter of 2013, we completed our remediation activities, including the testing of the operating effectiveness of the enhanced controls. As a result, as of December 31, 2013, we concluded that we have remediated the previously reported material weaknesses in our internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

As described above, we completed the remediation plans for the previously identified material weaknesses. These actions constitute changes in our internal control over financial reporting which occurred during the quarter ended December 31, 2013 which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART III**Item 10. Directors, Executive Officers and Corporate Governance****Executive Officers**

The following table sets forth information about our executive officers as of March 1, 2014.

<u>Name</u>	<u>Age</u>	<u>Position</u>
George F. Colony	60	Chairman of the Board, Chief Executive Officer
Clifford Condon	50	Chief Research Officer
Michael A. Doyle	58	Chief Financial Officer and Treasurer
Gail S. Mann, Esq.	62	Chief Legal Officer and Secretary
Michael Morhardt	50	Chief Sales Officer
Steven Peltzman	45	Chief Business Technology Officer
Thomas Pohlmann	47	Chief Marketing and Strategy Officer
Lucia Luce Quinn	60	Chief People Officer
Dennis van Lingen	49	Chief Product Officer; Chief EMEA (Europe, Middle East, and Africa) Officer

George F. Colony, Forrester's founder, has served as Chairman of the Board of Directors and Chief Executive Officer since the Company's inception in July 1983, and as President since September 2001 and from 1983-2000.

Clifford Condon became Forrester's Chief Research Officer in October 2013. Previously he served as Vice President, Events, responsible for Forrester's global events business from August 2012 to September 2013, Vice President, Research Strategy and Innovation from January 2010 to July 2012, and Vice President, Marketing and Strategy Research from 2007-2009. Mr. Condon joined Forrester in 1997.

Michael A. Doyle began serving as the Company's Chief Financial Officer and Treasurer in September 2007. Prior to joining the Company, Mr. Doyle was Chief Financial Officer of Easylink Services Corporation, a publicly traded telecommunications messaging provider, since 2004. Prior to joining Easylink, Mr. Doyle was the Chief Financial Officer for North America of Dun & Bradstreet Corporation from 2002 to 2004, and from 1997 to 2002, he held various senior financial and marketing positions with Cendant Corporation.

Gail S. Mann, Esq. became Forrester's Chief Legal Officer and Secretary in February 2004. Ms. Mann previously was of counsel to the law firm of Morse, Barnes-Brown & Pendleton, P.C. from 2002 until joining Forrester. Prior to 2002 Ms. Mann was Vice President and Associate General Counsel of Harcourt General, Inc., a global multimedia publishing company, and its affiliate, The Neiman Marcus Group, a high-end specialty retailer, from 1999-2001, and Vice President and Assistant General Counsel of Digital Equipment Corporation from 1994 to 1998.

Michael Morhardt became Forrester's Chief Sales Officer in November 2012. From 2010 until joining our Company, he was Managing Director-Sales at Gerson Lehrman Group, and previously he served in various sales leadership roles at Gartner, Inc., most recently as Group Vice President Worldwide Event Sales and Group Vice President Americas Field Sales.

Steven Peltzman joined Forrester as its Chief Business Technology Officer in September 2011. From 2001 to 2011, Mr. Peltzman was the Chief Information Officer of the Museum of Modern Art in New York City. Prior to that, Mr. Peltzman served as the chief technology officer at MarketMedical.com and as the vice president of technology at Earthweb and was an officer in the United States Air Force.

Thomas Pohlmann became Forrester's Chief Marketing and Strategy Officer in April 2012. Previously he served as Managing Director of our Business Technology Client Group from December 2010 to April 2012. During 2010, Mr. Pohlmann served as Vice President in charge of researching and designing business

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requirements for a new client-facing website for the Company, and previously was Vice President of IT Research from 2007 to 2009, and a Research Director from 2004 to 2006. Mr. Pohlmann joined Forrester in 2000.

Lucia Luce Quinn became Forrester's Chief People Officer in June 2013. Prior to joining Forrester, from August 2012 to May 2013 Ms. Quinn consulted with the Center for Higher Ambition Leadership. From 2010 until 2012, she was the Senior Vice President, Human Resources and Corporate Affairs for ConvaTec, a private equity spin-off from Bristol-Meyers Squibb, and from 2005-2009 she served as Executive Vice President, Global Human Resources at Boston Scientific Corporation. Ms. Quinn previously held senior management positions at Quest Diagnostics, Honeywell International, and Digital Equipment Corporation.

Dennis van Lingen became Forrester's Chief Product Officer in October 2013. Previously, he served as Managing Director of our Marketing and Strategy Client Group since January 2007. Mr. Van Lingen also serves as Forrester's Chief Europe, Middle East, and Africa (EMEA) Officer. He was formerly President of EMEA from May 2006 to December 2006 and Vice President of Marketing for the Americas from January 2004 to May 2006. Mr. Van Lingen joined Forrester in 2000 as Director of Marketing for Europe. Before joining Forrester, Mr. Van Lingen worked as a senior manager in the marketing and public relations divisions of Nissan Europe for 10 years.

Our Code of Business Conduct and Ethics covers all employees, officers and directors, including our principal executive, financial and accounting officers. A copy of our Code of Business Conduct and Ethics can be found on our web site, www.forrester.com.

We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the Company's Code of Business Conduct and Ethics, that relates to a substantive amendment or material departure from a provision of the Code, by posting such information on our Internet website at www.forrester.com . We also intend to satisfy the disclosure requirements of the Nasdaq Stock Market regarding waivers of the Code of Business Conduct and Ethics by posting such information on our Internet website at www.forrester.com.

The remainder of the response to this item is contained in our Proxy Statement for our 2014 Annual Meeting of Stockholders (the "2014 Proxy Statement") under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance", all of which is incorporated herein by reference.

Item 11. Executive Compensation

The response to this item is contained in the 2014 Proxy Statement under the captions "Directors' Compensation" and "Executive Compensation" and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The response to this item is contained in the 2014 Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference.

The following table summarizes, as of December 31, 2013, the number of options issued under our equity incentive plans and the number of shares available for future issuance under these plans:

<u>Plan Category</u>	<u>(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</u>	<u>(b) Weighted Average Exercise Price of Outstanding options, Warrants and Rights</u>	<u>(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)(1)</u>
Equity compensation plans approved by stockholders	2,105,604(1)	\$ 31.85	2,212,185(2)
Equity compensation plans not approved by stockholders	N/A	N/A	N/A
Total	<u>2,105,604</u>	<u>\$ 31.85</u>	<u>2,212,185</u>

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- (1) Includes 371,705 restricted stock units that are not included in the calculation of the weighted average exercise price.
- (2) Includes, as of December 31, 2013, 1,894,587 shares available for issuance under our Amended and Restated 2006 Equity Incentive Plan and 317,598 shares that are available for issuance under our Amended and Restated Employee Stock Purchase Plan.

The shares available under our Amended and Restated 2006 Equity Incentive Plan are available to be awarded as restricted or unrestricted stock or stock units.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The response to this item is contained in the Company's 2014 Proxy Statement under the captions "Information with Respect to Board of Directors", "Certain Relationships and Related Transactions", and "Related Person Transactions" and is incorporated herein by reference.

Item 14. *Principal Accountant Fees and Services*

The response to this item is contained in the Company's 2014 Proxy Statement under the caption "Independent Auditors' Fees and Other Matters" and is incorporated herein by reference.

PART IV

Item 15. *Exhibits and Financial Statement Schedules.*

a. Financial Statements. See Index on page 32.

b. Financial Statement Schedules. None.

c. Exhibits. A complete listing of exhibits required is given in the Exhibit Index that precedes the exhibits filed with this report on page 37 hereof.

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3.1(2)	Restated Certificate of Incorporation of Forrester Research, Inc.
3.2(3)	Certificate of Amendment of the Certificate of Incorporation of Forrester Research, Inc.
3.3(14)	Amended and Restated By-Laws of Forrester Research, Inc.
4(2)	Specimen Certificate for Shares of Common Stock, \$.01 par value, of Forrester Research, Inc.
10.1+(16)	Registration Rights and Non-Competition Agreement
10.2+(5)	1996 Amended and Restated Equity Incentive Plan, as amended
10.3+(24)	Amended and Restated Employee Stock Purchase Plan
10.4+(6)	1996 Amended and Restated Stock Option Plan for Non-Employee Directors
10.5+(25)	Amended and Restated 2006 Equity Incentive Plan
10.6+(19)	Stock Option Plan for Directors, as amended
10.7+(8)	Form of Stock Option Certificate (1996 Amended and Restated Equity Incentive Plan)
10.8+(9)	Form of Performance-Based Option Certificate (1996 Amended and Restated Equity Incentive Plan)
10.9+(10)	Form of Director's Option Certificate (1996 Amended and Restated Stock Option Plan for Non-Employee Directors)
10.10+(11)	Form of Incentive Stock Option Certificate (2006 Equity Incentive Plan)
10.11+(11)	Form of Non-Qualified Stock Option Certificate (2006 Equity Incentive Plan)
10.12+(12)	Form of Performance-Based Option Certificate (2006 Equity Incentive Plan)
10.13+(17)	Form of Performance-Based Restricted Stock Unit Award Agreement (2006 Equity Incentive Plan)
10.14+(12)	Form of Director's Option Certificate (2006 Stock Option Plan for Directors)
10.15+(14)	Form of Restricted Stock Unit Award Agreement (Amended and Restated 2006 Equity Incentive Plan)
10.16+(13)	Form of Restricted Stock Unit Award Agreement for Directors (Amended and Restated 2006 Equity Incentive Plan)
10.17+(18)	Amended and Restated Executive Cash Incentive Plan
10.18+(12)	Employment Offer Letter from Company to Michael A. Doyle dated July 24, 2007
10.19+(1)	Amended and Restated Employment Agreement between Forrester Research B.V. and Dennis van Lingen effective as of October 1, 2013
10.20+(22)	Employee Retention Plan
10.21+(23)	Amendment to Employee Retention Plan
10.22+(7)	Amendment No. 2 to Employee Retention Plan
10.23+(1)	Separation Agreement between the Company and Ellen Daley dated October 9, 2013
10.24(20)	Lease of Premises at Cambridge Discovery Park, Cambridge, Massachusetts dated as of September 29, 2009 from BHX, LLC, as Trustee of Acorn Park I Realty Trust to the Company

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<u>Exhibit No.</u>	<u>Description</u>
10.25(21)	First Amendment of Lease dated as of December 21, 2009 by 200 Discovery Park, LLC, successor to BHX, LLC, as Trustee of Acorn Park I Realty Trust, and the Company
10.26(20)	Agreement Regarding Project Rights dated as of September 29, 2009, by BHX, LLC, a Massachusetts limited liability company, as Trustee of Acorn Park I Realty Trust, a Massachusetts nominee trust, and the Company
10.27(24)	Second Amendment of Lease dated as of February 8, 2012 by 200 Discovery Park, LLC and the Company
10.28(1)	Underlease dated July 15, 2010 among Covington & Burling LLP, Forrester Research Limited, and the Company
10.29(1)	Agreement of Lease dated as of April 30, 2010 between RFL 160 Fifth LLC and the Company
10.30(1)	Office Lease dated November 24, 2010 between 150 Spear Street, LLC and the Company
10.31(1)	First Amendment to Office Lease dated as of August 2012 between 150 Spear Street, LLC and the Company
21(1)	Subsidiaries of the Registrant
23.1(1)	Consent of PricewaterhouseCoopers LLP
31.1(1)	Certification of the Principal Executive Officer
31.2(1)	Certification of the Principal Financial Officer
32.1(1)	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2(1)	Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase

+ Denotes management contract or compensation arrangements.

(1) Filed herewith.

(2) Filed as an Exhibit to Forrester's Registration Statement on Form S-1A filed on November 5, 1996 (File No. 333-12761) and incorporated herein by reference.

(3) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 000-21433) and incorporated herein by reference.

(4) Intentionally omitted.

(5) Filed as an Exhibit to Forrester's Annual Report on 10-K for the year ended December 31, 2004 (File No. 000-21433) and incorporated herein by reference.

(6) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2002 (File No. 000-21433) and incorporated herein by reference.

(7) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 (File No. 000-21433) and incorporated herein by reference.

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- (8) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (File No. 000-21433) and incorporated herein by reference.
- (9) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (File No. 000-21433) and incorporated herein by reference.
- (10) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (File No. 000-21433) and incorporated herein by reference.
- (11) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (File No. 000-21433) and incorporated herein by reference.
- (12) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 000-21433) and incorporated herein by reference.
- (13) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (File No. 000-21433) and incorporated herein by reference.
- (14) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 000-21433) and incorporated herein by reference.
- (15) Intentionally omitted.
- (16) Filed as an Exhibit to Forrester's Registration Statement on Form S-1 filed on September 26, 1996 (File No. 333-12761) and incorporated herein by reference.
- (17) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 (File No. 000-21433) and incorporated herein by reference.
- (18) Filed as an Exhibit to Forrester's Current Report on Form 8-K filed on March 22, 2013 (File No. 000-21433) and incorporated herein by reference.
- (19) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (File No 000-21433) and incorporated herein by reference.
- (20) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 (File No. 000-21433) and incorporated herein by reference.
- (21) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 000-21433) and incorporated herein by reference.
- (22) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 000-21433) and incorporated herein by reference.
- (23) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 (File No. 000-21433) and incorporated herein by reference.
- (24) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 000-21433) and incorporated herein by reference.
- (25) Filed as an Exhibit to Forrester's Proxy Statement on Schedule 14A filed March 26, 2012 (File No. 000-21433) and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FORRESTER RESEARCH, INC.

By: /s/ GEORGE F. COLONY
George F. Colony
Chairman of the Board and Chief Executive Officer

Date: March 13, 2014

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

<u>Signature</u>	<u>Capacity In Which Signed</u>	<u>Date</u>
<u>/s/ GEORGE F. COLONY</u> George F. Colony	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 13, 2014
<u>/s/ MICHAEL A. DOYLE</u> Michael A. Doyle	Chief Financial Officer (Principal Financial Officer)	March 13, 2014
<u>/s/ SCOTT R. CHOUINARD</u> Scott R. Chouinard	Chief Accounting Officer (Principal Accounting Officer)	March 13, 2014
<u>/s/ HENK W. BROEDERS</u> Henk W. Broeders	Member of the Board of Directors	March 13, 2014
<u>/s/ ROBERT M. GALFORD</u> Robert M. Galford	Member of the Board of Directors	March 13, 2014
<u>/s/ GEORGE R. HORNIG</u> George R. Hornig	Member of the Board of Directors	March 13, 2014
<u>/s/ GRETCHEN TEICHGRAEBER</u> Gretchen Teichgraeber	Member of the Board of Directors	March 13, 2014
<u>/s/ MICHAEL H. WELLES</u> Michael H. Welles	Member of the Board of Directors	March 13, 2014

EMPLOYMENT AGREEMENT

THE UNDERSIGNED:

1. **FORRESTER RESEARCH B.V.**, a private limited liability company with its registered and business offices at Rijnsburgstraat 9-11, 1059 AT Amsterdam, The Netherlands, for this purpose duly represented by Michael A. Doyle, hereinafter referred to as “the Employer”;

and

2. Dennis van Lingen, Lunette 8 2141 MX Vijfhuizen, The Netherlands, hereinafter referred to as “the Employee”;

AGREE AS FOLLOWS:

Article 1. Commencement, position, term, notice and termination

1. The initial employment began on 1 August 2000. With effect from 1 October 2013 (the “Effective Date”), the Employee shall have the position of Chief Product Officer and Chief Europe Middle East and Africa (“EMEA”) Officer of the Forrester Research group of companies (the “Affiliated Companies”), of which both Forrester Research, Inc. and the Employer are members. The Employee will report to the Chief Executive Officer of Forrester Research, Inc. The Employer reserves the right, within the limits of what is considered reasonable, to make changes to the Employee’s position.
2. This Employment Agreement (“Agreement”) is entered for an indefinite period of time and may be terminated as at the end of a calendar month by either party by notice given in writing observing the statutory term of notice.
3. The Agreement shall in any event terminate, with no requirement for a notice period to be given, on the first day of the month following the month in which the Employee reaches the pensionable age.
4. The Employee’s employment is subject to and conditional upon the Employee being entitled to work in the Netherlands. The Employee provided the Employer with the required documents (i.e. copy of passport etc.) and will notify the Employer in case of any changes in his entitlement to work in the Netherlands.

Article 2. Employment address, working hours and duties

1. The duties shall be carried out at the Employer’s premises at Rijnsburgstraat 9-11 in Amsterdam or at any other location to be determined by the Employer within the greater metropolitan area of Amsterdam. Should this address change or should the Employer for business reasons decide on another location in the Netherlands, the place of work may change and the Employer reserves the right to transfer the Employee either temporarily or permanently to any alternative place of work in the Netherlands, including any office premises, having due consideration for personal and domestic circumstances.

2. The working week shall run from Monday to Friday. The usual office hours shall run from 8:30 a.m. to 5:30 p.m., with one hour off for lunch.
3. In view of the nature of the work, flexibility is expected from the Employee with respect to working outside of the usual office hours and/or over and above the usual working hours. The Employee covenants that, at the Employer's request, the Employee shall work overtime and/ or outside the normal working hours whenever a proper performance of duties so requires. With respect to said overtime, no remuneration shall be paid.
4. The Employee shall within the boundaries of his position, perform the duties assigned by the Employer management.
5. The Employee shall also perform, within the boundaries of his position, the functions reasonably assigned to the Employee by the Employer for any member of the Affiliated Companies. Such functions shall be governed by the terms and conditions contained in this Agreement and shall not entitle the Employee to any further remuneration.
6. For the purposes of this Agreement, an "Affiliated Company" is any entity controlling, controlled by or under common control with the Employer.

Article 3. Salary, holiday and benefits

1. The Employee shall receive a fixed base salary of € 262,987.00 gross on an annual basis ("Annual Base Salary"), prorated to the Effective Date, to be paid in twelve equal monthly instalments, payable in arrears on the last day of every calendar month. The Employee's 8% holiday allowance is included in this amount.
2. The Employee is also eligible (provided he is employed by the Employer or an Affiliated Company through the last working day of the calendar year) for additional variable compensation ("the Additional Variable Compensation") in accordance with the Forrester Research, Inc. Amended and Restated Executive Cash Incentive Plan ("the Plan"). For the period January 1, 2013 through the Effective Date, the Employee's annualized target Additional Variable Compensation is €98,007.00 gross. As of the Effective Date, the Employee's annualized target Additional Variable Compensation is €112,708.00 gross. The Employee acknowledges that Forrester Research, Inc. has reserved the right to change the terms and conditions of the Plan, or to cease operation of the Plan, at any time in order to reflect business goals. The exact amount of Additional Variable Compensation earned, if any, will be measured and determined annually in accordance with the Plan. As a result, the Employee may earn more or less than any targeted amount.
3. The Employee's Annual Base Salary will be reviewed at least once each year but neither the Employer nor any Affiliated Company shall be under any obligation to increase it following any such review. The award of any increase and the amount of any such increase will be at the Employer's sole discretion.
4. Subject to the approval of the Compensation and Nominating Committee of the Board of Directors of Forrester Research, Inc., the Employee shall be granted on the Effective Date an option to purchase 10,000 shares of the common stock of Forrester Research, Inc. with an exercise price equal to the closing price of such common stock on the grant date pursuant to the Forrester Research, Inc. Amended and

Restated 2006 Equity Incentive Plan. Any further grants of equity awards under such Plan or any similar plan are at the discretion of said Board of Directors or committee thereof.

5. The Employee shall be entitled to 25 days paid holiday for each full calendar year, in addition to normal public holidays that the Employer observes. The Employee's holiday entitlement should be taken in the year in which the holidays are accrued.
6. The Employer shall reimburse the Employee for the income-related contribution for medical insurance (*zorgverzekering*). The payments will be made directly through payroll, as the Employer's contribution is subject to tax deductions. In addition, the Employer shall make a contribution towards the Employee's annual nominal premium for health care, which is subject to tax deductions. The Employee will provide the Employer with a copy of his health insurance policy.
7. The Employee will continue to participate in the Employer's collective pension insurance, if and as soon as the Employee meets the relevant requirements (eligibility requires the Employee to be 21 years or older). The costs involved in the pension shall be divided between the Employer and Employee in accordance with the pension provisions as laid down in the pension scheme. The Employee authorises the Employer to withhold the Employee's contribution from the salary in equal and consecutive instalments, if possible. The Employer shall ensure payment of the total premium to the insurance company. Participation ends with termination of employment with the Employer, at the effective date of the old age pension or with death of the Employee.
8. The costs of commuting to and from the office shall be reimbursed in compliance with the Dutch legal fiscal laws and the Employer's policy if the distance between the Employer's office and the Employee's home address involves more than 10 kilometres.
9. Expenses for business travel in privately owned vehicles shall be reimbursed in compliance with the Dutch legal fiscal laws and the travel and expense policy of Forrester Research, Inc.
10. If the Employee is incapacitated to work on account of illness/disablement or accident for a period longer than two months, the Employer shall be entitled to suspend the transportation allowance until the Employee resumes work.
11. The Employee may join the Forrester Research, Inc. Amended and Restated Employee Stock Purchase Plan according to the rules of that plan.

Article 4. Illness and incapacity for work

1. If the Employee is incapacitated to work on account of illness/disablement or accident or unable to perform work for any reason, the Employee shall be obliged to inform the Employer and HR thereof before 9:30 a.m. on the first day of absence.
2. a) In the event of the Employee's incapacity to work on account of illness/disablement or accident the Employer shall for a maximum period of three months, but until no later than the date when the Employee's employment hereunder ends (if that date is the earlier), continue to pay 100 per cent of the Annual Base Salary as specified in article 3 of this Agreement, subject to deduction of any benefits to be received by the Employee under the social security laws and/or benefits under any other relevant insurances taken out by the Employer.

b) In case the Employee's incapacity to work, as referred to in article 4.2 a, continues after the first three months, the Employer shall for a maximum period of twenty one months, but until no later than the date when the Employee's employment hereunder ends (if that date is the earlier), continue to pay 70 per cent of the Annual Base Salary as specified in article 3 of this Agreement, subject to deduction of any benefits to be received by the Employee under the social security laws and/or benefits under any other relevant insurances taken out by the Employer.

3. On pain of forfeiture of entitlement to continued payment of salary pursuant to this Article 4, the Employee must strictly comply with any guidelines and instructions given by or on behalf of the Employer regarding sick leave (of which the Employee declares to be familiar with) and if so requested must co-operate in any medical examination with regard thereto. Forfeiture of the right on continued payment as provided above shall not prejudice the application of other sanctions in this respect.
4. For the purpose of this Agreement, periods of incapacity to work following each other at intervals of less than four weeks shall be regarded as one consecutive period of incapacity to work.

Article 5. Sidelines

1. During his employment hereunder the Employee shall not perform any paid or unpaid work or activities that could interfere with his obligations under this Agreement without prior written approval of the Employer.
2. The Employee shall not accept any monies or other remuneration from third parties in connection with his work for the Employer and/or any Affiliated Company.

Article 6. Confidentiality and non-disclosure

1. During his employment hereunder as well as after its termination -irrespective of the manner in which and the reasons for which his employment may be terminated- the Employee shall treat as strictly confidential and not disclose to third parties, whether directly or indirectly, in any form or manner whatsoever, any information which comes to his knowledge regarding the business and interests of the Employer and/or any Affiliated Company and/or its customers and other business relations, all this in the broadest sense.
2. In the event that the Employee is suspended and upon termination of the Employee's employment hereunder — irrespective of the manner in which and the reasons for which the employment may be terminated — the Employee shall at the Employer's first request to that effect surrender to the Employer all property of the Employer in the Employee's possession as well as all documents which in any way whatever relate to the Employer and/or any Affiliated Company and/or their customers and other business relations, all this in the broadest sense, as well as all copies of such documents (whether or not recorded on data carriers) and property.
3. In the event that the Employee commits any breach of this Article, he shall forfeit to the Employer, in variance from the provisions of Section 7:650, subsections 3, 4 and

5 of the Civil Code, an immediately payable penalty of € 4,500.00 for each such breach, to be increased by € 450.00 for each day that any such breach continues, without prior notice or judicial intervention being required and entirely without prejudice to the Employer's right, instead of this penalty, to demand full compensation for the loss actually suffered by it and/or to demand specific performance. Payment of the penalty referred to in this Article shall not release the Employee from his obligations specified in this Article.

Article 7. Non-competition

1. For a period of twelve (12) months after termination of employment hereunder - irrespective of the manner in which and the reasons for which employment has been terminated - the Employee shall not without prior written approval of the Employer be permitted to do any of the following:
 - a) to work for or be involved with, in any manner, whether directly or indirectly and whether paid or unpaid, any person, organization, company or enterprise pursuing activities in competition with or similar or related to the activities of the Employer and/or any Affiliated Company, or to have or take any interest in such organization, company or enterprise;
 - b) to solicit or endeavour to entice away from the Employer and/or any Affiliated Company the business or custom of any customer or prospective customer with a view towards providing goods or services to that customer or prospective customer in competition with the Employer and/or any Affiliated Company. For the purposes of this paragraph, a customer means any firm, company or other person or entity who, during the 12 months ending on the date of the termination of the Employee's employment, was a customer or client or in the habit of dealing with the Employer and/or any Affiliated Company. For the purposes of this paragraph, a prospective customer means any firm, company, or other person or entity who, during the period of 12 months ending on the date of the termination of the Employee's employment, shall have had negotiations or discussions with the Employer and/or any Affiliated Company with a view towards dealing with it.
 - c) to induce present employees of the Employer and/or any Affiliated Company or persons who in the period of one year preceding the termination of the Employee's employment have been or were employed by the Employer and/or any Affiliated Company to terminate their employment and/or to hire such present or former employees.
2. The Employee acknowledges that the business of the Employer and the Affiliated Companies is global in nature and accordingly the Employee agrees that the restrictions set forth in this Article apply worldwide.
3. In the event that the Employee commits any breach of this Article, he shall forfeit to the Employer, in variance from the provisions of Section 7:650, subsections 3, 4 and 5 of the Dutch Civil Code, an immediately payable penalty of € 4,500.00 for each such breach, to be increased by € 450.00 for each day that any such breach continues, without prior notice or judicial intervention being required and entirely without prejudice to the Employer's right, instead of this penalty, to demand full compensation for the loss actually suffered by it and/or to demand specific performance. Payment of the penalty referred to in this Article shall not release the Employee from his obligations specified in this Article.

Article 8. Intellectual and industrial property rights

1. All intellectual property rights, including but not limited to copyright and patent, design and trade mark rights, in any products, works and/or services developed by the Employee during or in connection with his employment hereunder shall vest in the Employer.
2. The Employee hereby, if required, assigns to the Employer, which assignment is hereby accepted by the Employer, all intellectual property rights in any products, works and/or services developed (completely or in part) by the Employee during or in connection with his employment hereunder. The Employee agrees that where this assignment (or part thereof) should at any time prove to be legally invalid, he shall at such time assign said rights - without imposing any condition thereon - to the Employer by a separate deed.
3. In respect of the products, works and/or services referred to in this Article, the Employee hereby waives any and all moral rights as defined in Section 25 of the Copyright Act.
4. The provisions of this Article imply that both during his employment hereunder and at any time thereafter the Employee shall not be permitted to commercially exploit or cause others to commercially exploit in whatever manner and/or to register or cause others to register any products, works and/or services developed by him during or in connection with his employment hereunder.
5. The parties agree that the salary of the Employee is deemed to include compensation for deprivation (if any) of intellectual property rights.

Article 9. Termination

1. The Employer shall be under no obligation to vest in or assign to the Employee any powers or duties or to provide any work for the Employee after lawful notice to terminate has been given, whether by the Employer or the Employee. The Employer may at any time or from time to time after lawful notice of termination has been served by either party in its discretion:
 - a) Require the Employee not to perform his duties including, without limitation, requiring him not to contact any customers, clients, suppliers, or employees of the Employer; and/or
 - b) Exclude the Employee from any premises of the Employer.

The Employee shall continue to receive his Annual Base Salary and other benefits hereunder during any period of notice in which he is required to remain away from work pursuant to this Article. The Employee shall continue to comply with all obligations under this Agreement (other than to provide work to the Employer), and shall continue to be bound by his obligations of fidelity in full and to the same extent as existed prior to the Employer's rights under this Article being exercised.

2. The Employer shall be entitled to dismiss the Employee without notice or payment in lieu of notice for gross misconduct if the Employee commits any serious breach of his obligations as an employee ("Dringende reden" as mentioned in article 7:678 of the Dutch Civil Code).
3. In the event that the Employee's employment is terminated at the initiative of the Employer for any reason other than the Employee's gross misconduct or gross negligence, the Employee will be entitled to severance compensation in an amount equal to the greater of any severance due under applicable Dutch law or the cash severance component of the written Forrester Research, Inc. severance plan applicable to executive team members then in effect, provided that the Employee executes a release of legal claims in the Employer's favour.

Article 10. Data Protection

1. By signing this Agreement, the Employee acknowledges and agrees that it may be necessary for the Employer, be it in connection with this Agreement or otherwise, to process, provide or transfer (sensitive) personal information and/or data concerning him. The Employee further acknowledges and agrees that it may be necessary for the Employer to provide or transfer this information and/or data to third parties, inside or outside the European Union. By signing this Agreement, the Employee consciously and expressly grants the Employer his permission for the aforementioned processing, providing and/or transferring of his (sensitive) personal information and/or data. The foregoing is notwithstanding the Employee's rights of access, rectification and opposition, or any other rights under the Act on the protection of personal data (*Wet Bescherming Persoonsgegevens*).

Article 11. Telecommunications and IT

1. The Employer has the right to monitor any and all aspects of its telephone and computer systems that are made available to the Employee, within the limits of Dutch privacy law, and to monitor, intercept and/or record any communications made by him, including any type of telephone, email or Internet communications, and the Employee hereby expressly consents to the Employer doing so. Such monitoring shall principally be for business purposes only. The Employee has been made aware of the Employer's policy in this connection with which he must comply.

Article 12. Code of Conduct

1. The Employee agrees by his signature that he has read, understood and will be bound by the attached Forrester Research, Inc. Code of Business Conduct and Ethics, except where the rules refer to US specific employment conditions.

Article 13. Miscellaneous

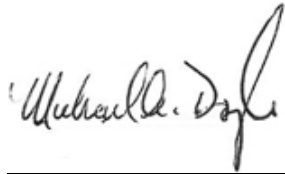
1. This Agreement is construed in accordance with the laws of the Netherlands and any disputes arising from or relating to this Agreement shall be governed by the laws of the Netherlands.
2. All income tax and social security contributions which an employer must by law deduct from its employees' salaries and pay to the relevant authorities shall be so deducted from and paid in respect of all amounts to be paid to the Employee under this Agreement, unless it follows from the nature of the payment that it may be made tax-free.

3. If at any time it is determined by the Inspector of Taxes and/or the Implementing Authority Employees Insurances (“UWV”) that any of the payments to be made to the Employee under or in connection with this Agreement are (in part) subject to the levy of income tax/wage tax and/or social security contributions, the compulsory deductions shall be made yet and charged to the debit of the Employee. As from such time the amounts of the relevant future payment(s) shall be reduced to the level at which such payment(s) may be made tax-free.
4. The Employer reserves the right, according to Article 7:613 of the Dutch Civil Code, within the limits of what is reasonable, to modify and/or supplement this Agreement and all arrangements made hereunder between the parties, if in the Employer’s judgement circumstances warrant such modification or supplementation.
5. The foregoing constitutes the entire agreement between the parties and supersedes all agreements and undertakings previously made and given by and between the Employee and the (bodies of the) Employer and/or any Affiliated Company. Amendments to this Agreement shall only be effective when made in writing and signed by both parties.

This agreed, drafted in duplicate and signed by the Employee in Amsterdam on 3 DECEMBER 2013.

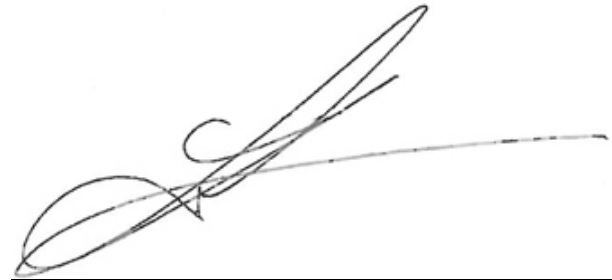
FORRESTER RESEARCH B.V.

The Employer



Michael A. Doyle
Director
Forrester Research B.V.

The Employee



Dennis van Lingen

The logo for Forrester, featuring the word "FORRESTER" in a serif font inside a dark oval.

September 12, 2013
As amended October 9, 2013

Ms. Ellen Daley
9 Valley Road
Dorchester, MA 01742

Dear Ellen:

This letter acknowledges the conclusion of your employment with Forrester Research, Inc. ("Forrester" or the "Company"), and sets forth Forrester's agreement with you concerning the terms of this conclusion.

You have agreed to resign from your position as Managing Director, Business Technology Client Group, and as an officer of Forrester, effective the close of business September 30, 2013. Your last day of employment with Forrester shall be December 31, 2013, unless you or Forrester terminates your employment earlier pursuant to paragraph 1, below. Your last day of employment with Forrester is referred to as the "Separation Date".

Between now and the Separation Date, you shall reasonably assist in the orderly transition of your duties as Managing Director, Business Technology Client Group, serve as the Managing Director, Customer Solutions, as such position is described more fully in the attached Addendum and in paragraph 1, below, and reasonably perform such other duties as Forrester may reasonably direct. You agree that if there is any inconsistency between the terms of this letter agreement and the Addendum, this letter agreement shall govern.

On the Separation Date Forrester will pay you an amount equal to any earned but previously unpaid base salary through such date, and payment for any accrued but unused vacation, reduced by all appropriate withholdings. Such payments are not contingent upon your execution of this letter agreement.

In addition, subject to your eligibility to elect continuing group medical, dental and vision insurance coverage in accordance with the federal law known as COBRA, your participation in Forrester's group medical, dental and vision insurance plans shall terminate on the last day of the calendar month in which the Separation Date occurs, in accordance with the terms of such plans and programs. Your participation in all other employee benefit plans and programs provided by Forrester shall terminate on the Separation Date in accordance with the terms of such plans and programs.

Forrester Research, Inc. 60 Acorn Park Drive, Cambridge, MA 02140 USA Tel: +1 617.613.6000 Fax: +1 617.613.5000
www.forrester.com

This letter does not alter the terms of any Company equity incentive plans (such as the Company's Amended and Restated 2006 Equity Incentive Plan), or the terms of any previously awarded grants under such plans.

Please be reminded of your continuing obligations pursuant to the Employee Confidentiality, Proprietary Rights and Noncompetition Agreement ("Noncompetition Agreement") that you signed with Forrester (copy enclosed). These obligations continue following the conclusion of your employment and apply regardless of whether you execute this letter agreement.

Further, in consideration of your fulfillment of your obligations set forth herein, and without admission of any wrongdoing or liability on the part of Forrester, you and Forrester agree as follows:

1. Subject to your execution and non-revocation of this letter agreement and your execution and non-revocation of the Affirmation of Release of Legal Claims ("Affirmation") attached as Exhibit A, as well as your continuing fulfillment of all of your obligations hereunder and in the Addendum, Forrester will provide you with the following:
 - (a) You will continue to receive your current base salary (\$283,500.00 gross annualized) and remain eligible to participate in Forrester's employee benefit programs, consistent with the applicable plan documents and Company policies, through your Separation Date. Either you or Forrester may terminate your employment at any time prior to December 31, 2013, by providing thirty (30) days' written notice. Forrester, in its discretion, may relieve you of your duties at any time during this notice period. In such event, you will continue to receive your base salary and participate in Forrester's employee benefits programs through the Separation Date.
 - (b) For purposes of this letter agreement, "Cause" is defined as your malfeasance or gross negligence in the performance of your duties; fraud or dishonesty by you with respect to the Company or which materially harms the Company's reputation in the marketplace; your conviction of or plea of *nolo contendere* to any felony or other crime involving moral turpitude; or your material breach of any provision of this letter agreement or the Noncompetition Agreement, but in the event of a material breach of this letter agreement or the Noncompetition Agreement, the Company will first provide you with written notice of the nature of the breach and the opportunity by you to cure the breach within five (5) days of your receipt of the written notice. Forrester may terminate your employment immediately for Cause. In such event, Forrester will pay you an amount equal to any earned but previously unpaid base salary through such date, and payment for accrued but unused vacation, both reduced by all appropriate withholdings, and

reimbursement of reasonable business expenses incurred by you prior to such date. In the event your employment is terminated for Cause, you will not be eligible for any other payments from Forrester, such as, but not limited to, the End of Service Payment set forth in paragraph 1(c) or the Annual Executive Bonus set forth in paragraph 1(d).

(c) If you remain employed by Forrester through December 31, 2013, Forrester will pay you a lump sum end of service payment of \$225,000.00, less applicable withholdings (the "End of Service Payment"). This payment will be made as soon as administratively possible following the expiration of the second revocation period set forth in paragraph 9, below, and no later than February 1, 2014. In the event the Separation Date occurs prior to December 31, 2013 because of your death or voluntary resignation, due to Forrester's termination of your employment for any reason other than Cause, or through mutual agreement between you and Forrester, the End of Service Payment shall be calculated by multiplying \$225,000.00 by a fraction, the numerator of which shall be the number of calendar days between August 1, 2013 and the Separation Date and the denominator of which shall be 153. For the avoidance of doubt, you will not be eligible for an End of Service Payment if your employment is terminated for Cause.

(d) You will remain eligible for a 2013 annual executive bonus (the "Annual Executive Bonus") in accordance with Forrester's Amended and Restated Executive Cash Incentive Plan (the "Plan"). You acknowledge and agree that the payment, or amount, of any such bonus is not guaranteed. For the avoidance of doubt, you will not be eligible for an Annual Executive Bonus if your employment is terminated for Cause. In the event the Separation Date occurs prior to December 31, 2013 because of your voluntary resignation, due to Forrester's termination of your employment for any reason other than Cause, or through mutual agreement between you and Forrester, you will be eligible for a pro rata portion of the Annual Executive Bonus, and you acknowledge and agree that the payment, or amount, of any such bonus is not guaranteed.

(e) In the event you die after signing this letter agreement and prior to receiving the End of Service Payment, Forrester will pay the End of Service Payment (as calculated in paragraph 1(c) above) to your estate, provided your estate executes a release of legal claims in Forrester's favor.

(f) Forrester agrees not to contest any claim you may file for unemployment compensation benefits provided your employment is not terminated for Cause. You acknowledge and agree that the decision whether to award such benefits rests with the state unemployment board and that Forrester cannot guarantee your receipt of such benefits.

2. Prior to your Separation Date, you shall return to Forrester all telephone cards, credit cards, building cards, keys, work papers, files and other documentation, laptop computer and other equipment, computer files and diskettes, and all other Forrester records and property, without retaining any copies or derivations thereof, except for your personnel and benefits documents.
3. You have agreed to submit for reimbursement purposes all business expense reports and any necessary supporting documentation to Forrester by the Separation Date. The End of Service Payment and any Annual Executive Bonus, as set forth in paragraph 1 above, will take into account a proper reconciliation of amounts due to you from Forrester and/or amounts due to Forrester from you. These reconciliation adjustments may include, but are not limited to, outstanding travel advances or expenses, overdue American Express bills, unreturned Company-owned equipment, and outstanding expense reports. For the avoidance of doubt, in the event these obligations to Forrester have not been previously satisfied, Forrester will offset them against any compensation payable hereunder, such as the End of Service Payment and the Annual Executive Bonus.
4. In consideration of the undertakings described herein, including the End of Service Payment, which Forrester has agreed to pay you hereunder, and to which you would not otherwise be entitled, you, on behalf of yourself and your representatives, assigns, executors, administrators, and heirs, hereby completely release and forever discharge Forrester Research, Inc. and its subsidiaries, and all of their respective shareholders (but only in their capacity as shareholders), officers, and all other representatives, agents, directors, employees, employee benefit plans, successors, and assigns, both individually and in their official capacities, from all claims, rights, demands, actions, obligations, and causes of action, of every kind, nature, and character, known or unknown, which you now have, may now have, or have ever had, against them until the date you execute this letter agreement arising from or in any way connected with your employment relationship with Forrester Research, Inc., any actions during the relationship, and/or the termination of such relationship. This release extends to, without limitation, "wrongful discharge" claims; all claims relating to any contracts of employment, express or implied; any claims related to defamation, privacy, misrepresentation, or breach of the covenant of good faith and fair dealing, express or implied, and tort claims of every nature; any claims under municipal, state, or federal statutes or ordinances; claimed violations of fair employment practices, anti-discrimination, or civil rights laws (including but not limited to all claims under Title VII of the Civil Rights Act of 1964, and any claims of discrimination on the basis of race, sex, pregnancy, age, religion, national origin, sexual orientation or sexual preference, handicap, disability, veteran status or any other protected classification; claims under the Age Discrimination in Employment Act, as amended; claims under the Family and Medical Leave Act, as amended, or any other federal or state law concerning leaves of absence; claims under the Americans With Disabilities Act, as amended, and any other laws and regulations relating to employment discrimination); claims under the Worker

Adjustment and Retraining Notification ("WARN") Act; claims under the Employee Retirement Income Security Act (other than claims against an employee benefit plan seeking payment of a vested benefit under the terms of that plan), all claims relating to payment of wages under the Massachusetts Wage Act, Gen. Laws ch. 149; claims for wages, bonuses, incentive compensation, stock payments, stock options, any form of equity participation, or any other compensation or benefits; and claims for compensatory or punitive damages or attorney's fees. This release does not apply to any equity awards granted under Forrester equity incentive plans, which shall remain in effect in accordance with their terms.

In addition, this release shall not apply to the following: a) any claim to enforce this letter agreement; b) any claim for indemnification and defense pursuant to any Forrester policy, such as its by-laws, or any insurance policy it may hold; c) any counterclaim against any individual released in this letter agreement (but not Forrester) who first files any claim against you; and d) any claim for Workers' Compensation benefits, for unemployment compensation benefits or COBRA benefits.

For good and valuable consideration, the receipt of which is hereby acknowledged, Forrester, for itself and for its subsidiaries, and all of its and their respective shareholders (but only in their capacity as shareholders), officers, and all other representatives, agents, directors, employees, employee benefit plans, successors, and assigns, both individually and in their official capacities, (collectively "Forrester Releasers") hereby completely releases and forever discharges you, on behalf of yourself and your representatives, assigns, executors, personal representatives, administrators, and heirs, from all claims, rights, demands, actions, obligations, and causes of action, of every kind, nature, and character, known or unknown, which the Forrester Releasers now have, may now have, or have ever had, against you until the date Forrester executes this letter agreement arising from or in any way connected with your employment relationship with Forrester, any actions during the relationship, and/or the termination of such relationship, except for any criminal misconduct and any claim to enforce this letter agreement.

5. You agree that unless and until Forrester determines that, under applicable law, Forrester is required to make the provisions of this letter agreement public, the terms of this letter agreement are confidential. All information relating to the subject matter of this agreement, including the terms and amounts set forth herein, have been and will be held confidential by you and not publicized or disclosed to any person (other than an immediate family member, legal counsel, or financial advisor, provided that any such individual to whom permissible disclosure is made agrees to be bound by these confidentiality obligations), business entity, or government agency (except as mandated by state or federal law). You also agree that you will not disparage Forrester, its officers and directors, and any employee who you know to be an employee on the Separation Date. You represent that, as

of the date of this letter agreement, you have not breached the Noncompetition Agreement you entered into with Forrester, and you further agree to abide by such Agreement going forward. Any material breach of this letter agreement or the Noncompetition Agreement, subject to your opportunity to cure the breach as referenced in Section 1(b) above, will be grounds for immediate termination and/or disgorgement of the End of Service Payment and 2013 Annual Executive Bonus provided to you hereunder. As additional consideration for signing this letter agreement, Forrester agrees to instruct its officers and directors to refrain from disparaging you. You further agree to cooperate with Forrester and to make yourself available to Forrester upon Forrester's "reasonable request," both before and after the Separation Date, in order to assist Forrester in: a) the defense of any pending or future legal claims as to which you may have relevant information, and b) the execution of any administrative or regulatory filings and related documentation, including as needed in order to effectuate your resignation or removal as a director, officer, or authorized signatory for any corporate group entity. A reasonable request under this section is one which takes into account the urgency of the Company's need for your assistance, the availability of others who have the necessary skills, knowledge or information, the amount of time required of you, and your other business and personal commitments. The Company agrees that, if reasonably possible, such cooperation after your Separation Date will occur at mutually agreeable times and places. The Company will reasonably endeavor to structure such cooperation after your Separation Date in order to minimize any interference with any future employment you may secure. Beginning one year after the Separation Date, and provided that you obtain a written authorization from the Company describing the scope of any ongoing assistance, the Company will pay you for time you spend with the Company or its attorneys providing such assistance at an hourly rate of \$150.00. Such payment will be made within 30 days of your provision of such assistance. You will not, however, receive any payment for providing testimony in Eastern Massachusetts in connection with a lawfully issued subpoena. The Company, moreover, will reimburse you for reasonable out-of-pocket expenses in connection with such cooperation for items such as travel, lodging and meals within 30 days of your submission of documentation of such expenses to the Company.

6. Massachusetts law shall govern the validity and interpretation of this agreement.
7. Any term or provision of this letter agreement that is determined to be invalid or unenforceable by any court of competent jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this letter agreement or affecting the validity or enforceability of any of the terms or provisions of this letter agreement in any other jurisdiction; and any such invalid or unenforceable provision shall be modified by such court so that it is enforceable to the greatest extent permitted by applicable law.

8. This letter agreement, the Addendum, and the Affirmation constitutes the entire understanding of the parties with respect to your employment, its termination, and all related matters, excepting only the Employee Confidentiality, Proprietary Rights and Noncompetition Agreement, the Plan, and any outstanding equity awards; which will remain in full force and effect according to their terms. You and Forrester expressly warrant that each has read and fully understands this agreement; that Forrester has advised you to consult with an attorney before signing this agreement, and that you have had the opportunity to consult with legal counsel of your own choosing and to have the terms of this agreement fully explained to you; that you are not executing this agreement in reliance on any promises, representations, or inducements other than those contained herein; and that you are executing this agreement knowingly and voluntarily, and free of any duress or coercion.
9. You may take up to twenty-one (21) days from the date of your receipt of this letter agreement to decide to sign and return this letter agreement to Forrester. The offer contained in this letter agreement will automatically become null and void if Forrester does not receive your signed acceptance in this twenty-one (21) day time frame. For a period of seven (7) days after you sign this letter agreement, you may revoke your acceptance of this agreement by delivery of written notice to Gail S. Mann, Chief Legal Officer, Forrester Research, Inc., 60 Acorn Park Drive, Cambridge, MA 02140. Your receipt of the End of Service Payment and any Annual Executive Bonus set forth in paragraph 1, above, is conditioned upon your execution and non-revocation of the attached Affirmation. You may take up to twenty-one (21) days from the Separation Date to sign and return the Affirmation, provided that you may not sign the Affirmation until the day following the Separation Date. Additionally, for a period of seven (7) days after you sign the Affirmation, you may revoke your acceptance of the Affirmation by delivery of written notice to Gail S. Mann, Chief Legal Officer, Forrester Research, Inc., 60 Acorn Park Drive, Cambridge, MA 02140. Your right to receive the End of Service Payment and any Annual Executive Bonus listed in paragraph 1, above, will not be effective until this second revocation period has expired, and further provided you have not timely revoked your acceptance of the Affirmation.
10. This letter agreement, and the rights and obligations of the Company and you hereunder, shall inure to the benefit of and shall be binding upon, you and the Company and your and the Company's respective successors, assigns, heirs and personal representatives. This letter agreement has been duly authorized by the Company's Board of Directors.

If you wish to accept this letter agreement, please sign the enclosed copy of this letter agreement within twenty-one (21) days of your receipt of this letter agreement, and return it to me. Please call me if you have any questions regarding the information set forth in this letter agreement.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Lucia L. Quinn". The signature is written in black ink on a white background.

Lucia L. Quinn
Chief People Officer

Accepted and Agreed:

A handwritten signature in cursive script, appearing to read "Ellen Daley". The signature is written in black ink on a white background.

Ellen Daley

10/16, 2013

AFFIRMATION OF RELEASE OF LEGAL CLAIMS

I, Ellen Daley, do hereby affirm my acceptance of the letter agreement dated October , 2013, which I signed on , 2013, attached hereto (the "Letter Agreement") and agree as follows:

1. In consideration for the benefits set forth in the Letter Agreement, and other good, valuable and sufficient consideration which Forrester Research, Inc. has agreed to pay me, and to which I acknowledge I am not otherwise entitled, on behalf of myself and my representatives, assigns, executors, administrators, and heirs, I hereby completely release and forever discharge Forrester Research, Inc. and its subsidiaries, and all of their respective shareholders (but only in their capacity as shareholders), officers, and all other representatives, agents, directors, employees, employee benefit plans, successors, and assigns, both individually and in their official capacities, from all claims, rights, demands, actions, obligations, and causes of action, of every kind, nature, and character, known or unknown, which I now have, may now have, or have ever had, against them until the date I execute this Affirmation arising from or in any way connected with my employment relationship with Forrester Research, Inc., any actions during the relationship, and/or the termination of such relationship. This release extends to, without limitation, "wrongful discharge" claims; all claims relating to any contracts of employment, express or implied; any claims related to defamation, privacy, misrepresentation, or breach of the covenant of good faith and fair dealing, express or implied, and tort claims of every nature; any claims under municipal, state, or federal statutes or ordinances: claimed violations of fair employment practices, anti-discrimination, or civil rights laws (including but not limited to all claims under Title VII of the Civil Rights Act of 1964, and any claims of discrimination on the basis of race, sex, pregnancy, age, religion, national origin, sexual orientation or sexual preference, handicap, disability, veteran status or any other protected classification; claims under the Age Discrimination in Employment Act, as amended; claims under the Family and Medical Leave Act, as amended, or any other federal or state law concerning leaves of absence; claims under the Americans With Disabilities Act, as amended, and any other laws and regulations relating to employment discrimination); claims under the Worker Adjustment and Retraining Notification ("WARN") Act; claims under the Employee Retirement Income Security Act (other than claims against an employee benefit plan seeking payment of a vested benefit under the terms of that plan); all claims relating to payment of wages under the Massachusetts Wage Act, Gen. Laws ch. 149; claims for wages, bonuses, incentive compensation, stock payments, stock options, any form of equity participation, or any other compensation or benefits; and claims for compensatory or punitive damages or attorney's fees. This release does not apply to any vested equity awards, including vested stock options and restricted stock units, nor does it alter the

terms of any equity incentive plans or previously awarded grants under such plans. This release shall not apply to the following: a) any claim to enforce the Letter Agreement; b) any claim for indemnification and defense pursuant to any Forrester policy, such as its by-laws, or any insurance policy it may hold; c) any counterclaim against any individual released in the Letter Agreement (but not Forrester) who first files any claim against me; and d) any claim for Workers' Compensation benefits, for unemployment compensation benefits or COBRA benefits.

2. I agree that unless and until Forrester determines that, under applicable law, Forrester is required to make the terms of the Letter Agreement and this Affirmation of Release of Legal Claims ("Affirmation") public, the terms of the Letter Agreement and this Affirmation are confidential. I will hold all information relating to the subject matter of the Letter Agreement and this Affirmation confidential and will not publicize or disclose to any person (other than an immediate family member, legal counsel, or financial advisor, provided that any such individual to whom permissible disclosure is made agrees to be bound by these confidentiality obligations), business entity, or government agency (except as mandated by state or federal law). I also agree that since I signed the Letter Agreement, I have not and will not disparage Forrester, its officers and directors and any employee who I know to be an employee on the Separation Date. I represent that, as of the date of the Letter Agreement and this Affirmation, that I have not breached the Employee Confidentiality, Proprietary Rights and Noncompetition Agreement ("Noncompetition Agreement"), I entered into with Forrester, and I further agree to abide by such Agreement going forward. Any material breach of the Letter Agreement or the Noncompetition Agreement, subject to the Company providing me with written notice of the nature of the breach and the opportunity to cure the breach within five (5) days of my receipt of the written notice, will be grounds for disgorgement of the End of Service Payment and the 2013 Annual Executive Bonus provided to me under the Letter Agreement and this Affirmation.

3. I expressly warrant that I have read and fully understand the Letter Agreement and this Affirmation; that Forrester has advised me to consult with an attorney before signing this Affirmation, and that I have had the opportunity to consult with legal counsel of my own choosing and to have the terms of this Affirmation fully explained to me; that I am not executing this Affirmation in reliance on any promises, representations, or inducements other than those contained herein; and that I am executing this Affirmation knowingly and voluntarily, and free of any duress or coercion.

4. I acknowledge that I was provided with twenty-one (21) days from my last day of employment on _____ to sign and return this Affirmation, and that in order to receive the End of Service Payment and any Annual Executive Bonus as set forth in the Letter Agreement, I must return this signed Affirmation within this twenty-one (21) day period. For a period of seven (7) days after I sign this Affirmation, I may revoke my acceptance by delivery of written notice to Gail S. Mann, Chief Legal Officer, Forrester

Research, Inc., 60 Acorn Park Drive, Cambridge, MA 02140. I understand and agree that I will not receive the End of Service Payment or any Annual Executive Bonus as set forth in the Letter Agreement if I revoke my acceptance of this Affirmation.

Accepted and Agreed:

Ellen Daley

Date

DATED 15 JULY 2010

COVINGTON & BURLING LLP

and

FORRESTER RESEARCH LIMITED

and

FORRESTER RESEARCH, INC

UNDERLEASE

Fourth floor and fifth floor
of Clement's Inn, 265 Strand,
London WC2

Commencement: 15 JULY 2010

Term: Until 24 September 2021

Rent: Six Hundred and Ninety Two Thousand Four
Hundred and Thirty Six pounds (£692,436) per
annum exclusive (subject to review)

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PRESCRIBED CLAUSES

- LR1. Date of lease**
15 JULY 2010
- LR2. Title number(s)**
- LR2.1 Landlord's title number(s)**
Leasehold title number NGL786233
- LR2.2 Other title numbers**
Freehold title number NGL291397
- LR3. Parties to this lease**
- Landlord**
COVINGTON & BURLING LLP a limited liability partnership organised under the Laws of the District of Columbia in the United States of America of 265 Strand, London WC2 1BH.
- Tenant**
FORRESTER RESEARCH LIMITED (company registration number: 03400112) whose registered office is at The Broadgate Tower, 3rd Floor, 20 Primrose Street, London EC2A 2RS.
- Guarantor**
FORRESTER RESEARCH, INC a company registered under the laws of the State of Delaware, File Number 2593585 whose principal offices are at 400 Technology Square, Cambridge, Massachusetts MA 02139 USA.
- LR4. Property**
In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail.
See the definition of "Property" in Schedule 1 Part 1 of this lease.
- LR5. Prescribed statements, etc.**
None.
- LR6. Term for which the Property is leased**
The Term as specified in this lease at page 3 in the definition of "Term".
- LR7. Premium**
None.
- LR8. Prohibitions or restrictions on disposing of this lease**
This lease contains a provision that prohibits or restricts dispositions.

-
- LR9. Rights of acquisition etc.**
- LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land**
None.
- LR9.2 Tenant's covenant to (or offer to) surrender this lease**
None.
- LR9.3 Landlord's contractual rights to acquire this lease**
None.
- LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property**
None.
- LR11. Easements**
- LR11.1 Easements granted by this lease for the benefit of the Property**
The easements as specified in Part 2 of Schedule 1 of this lease.
- LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property**
The easements as specified in Part 3 of Schedule 1 of this lease.
- LR12. Estate rentcharge burdening the Property**
None.
- LR13. Application for standard form of restriction**
None.
- LR14. Declaration of trust where there is more than one person comprising the Tenant**
None.

UNDERLEASE DETAILS

Date: 15 JULY 2010

Landlord: **COVINGTON & BURLING LLP** a limited liability partnership organised under the Laws of the District of Columbia in the United States of America of 265 Strand, London WC2 1BH.

Tenant: **FORRESTER RESEARCH LIMITED** (company registration number: 03400112) whose registered office is at The Broadgate Tower, 3rd Floor, 20 Primrose Street, London EC2A 2RS.

Surety: **FORRESTER RESEARCH, INC** a company registered under the laws of the State of Delaware, File Number 2593585 whose principal offices are at 400 Technology Square, Cambridge, Massachusetts MA 02139 USA.

Building: 265 Strand, London WC2 as shown edged red on Plan 3 and as registered at the Land Registry under title number NGL291397 and the premises shown edged red on Plan 4 as more particularly described in the Superior Lease and as registered at the Land Registry under title number NGL786233.

Premises: The Fourth Floor and the Fifth Floor of the Building as the same is more particularly described in Schedule 1 Part 1.

Term: From 15 JULY 2010 until (and including) 24 September 2021.

Yearly Rent: Six Hundred and Ninety Two Thousand Four Hundred and Thirty Six pounds (£692,436) exclusive of VAT.

Rent Commencement Date: 15 JULY 2011

Review Date: 29 September 2016

Permitted Use: Subject to clause 1.12 of Schedule 2 Offices within Use Class B1(a) of the Town and Country Planning (Use Classes) Order 1987.

Determination Date: 14 JULY 2015

THIS UNDERLEASE is made on the date specified in the Underlease Details between the Landlord and the Tenant.

THIS DEED WITNESSES as follows:

1. INTERPRETATION

1.1 In this Underlease, except where the context otherwise requires:

Access Road means the road coloured blue on Plan 3;

Adjoining Property means the land and buildings shown edged green on Plan 3;

Brown Roadway means the road coloured brown on Plan 3;

Business Hours means 08:00 to 20:00 hours Monday to Friday and 08:00 to 12:00 hours on Saturday;

CDM Regulations means the Construction (Design and Management) Regulations 2007;

Certificate means the certificate signed by the Landlord's Surveyor, or the Landlord's auditors or accountants (acting as expert and not as arbitrator) as soon after the end of the Relevant Financial Year as reasonably practicable and relating to such year, which certificate shall contain a fair summary of the Landlord's Expenses for the Relevant Financial Year;

Common Parts includes the roof, foundations, and main structure of the Building party and perimeter walls, the roads, vehicle ways, access ways, service yards, forecourts and pavements, landings, entrance halls, corridors, fire escapes, stairways, lifts, escalators, ramps, toilet accommodation, Conducting Media (other than any exclusively serving any Lettable Space), Plant for the supply of any services to the Building or the tenants or occupiers thereof (other than as aforesaid) and all other facilities provided or available for common or general use in or forming part of the Building (other than Lettable Space);

Conducting Media means sewers, drains, gutters, rain water pipes, watercourses, telecommunications, water, gas, electric, mains and other pipes, wires, cables, ducts and any other conducting media of whatsoever nature;

Conduits means tanks, pipes, sprinklers, wires, cables, drains, meters, ducts, trunking, sewers, gutters and associated apparatus and other similar items;

Counsel means leading counsel (having appropriate experience);

Demised Premises means the Premises specified in the Underlease Details;

PLAN 1

TCK

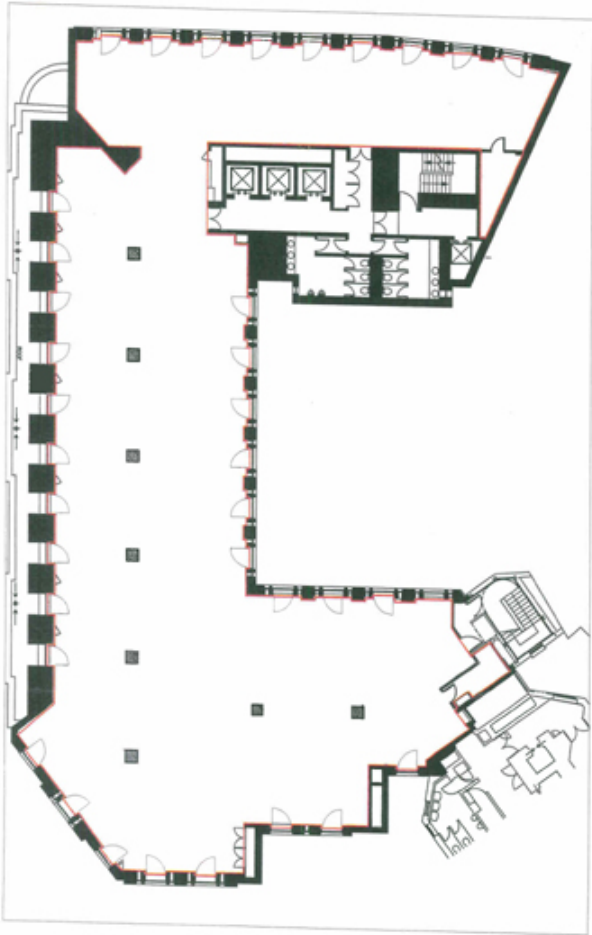
NOTES
 THIS DRAWING IS ISSUED FOR LOCAL REGISTRATION PURPOSES ONLY.
 THIS DRAWING IS NOT TO BE USED FOR ANY OTHER PURPOSES.
 THE DRAWING IS THE PROPERTY OF THE CONSULTANT AND SHALL BE KEPT IN CONFIDENCE.
 THE CONSULTANT SHALL NOT BE RESPONSIBLE FOR THE CONSTRUCTION OF ANY WORKS
 SHOWN ON THIS DRAWING. (ENR 10/2014)



Project Name	Queen's Building	Client	Queen's University Belfast
Project Address	University Road, Belfast	Project No.	10/11/12
Project Stage	Design	Scale	1:1250
Project Date	10/11/12	Scale	1:1250
Project Status	Approved	Scale	1:1250
Project Reference	10/11/12	Scale	1:1250
Project Description	Queen's Building	Scale	1:1250
Project Details	Queen's Building	Scale	1:1250
Project Information	Queen's Building	Scale	1:1250
Project Contact	Queen's Building	Scale	1:1250
Project Approval	Queen's Building	Scale	1:1250
Project Sign-off	Queen's Building	Scale	1:1250



GENERAL ARRANGEMENT - FIFTH FLOOR
SCALE 1:200



NOTES

THIS DRAWING IS ISSUED FOR LEAD REGISTRATION PURPOSES ONLY. THE CLIENT HAS AGREED TO PROVIDE ALL NECESSARY DATA FROM CLIENT SUPPLIED DATA AND SUBJECT TO DATA SUPPLIED BY OTHERS.

THIS DRAWING CONTAINS DESIGN DATA WHICH HAS BEEN APPROVED WITH THE AGREEMENT OF THE CONSULTANT OF RECORD. THE CONSULTANT OF RECORD IS NOT RESPONSIBLE FOR THE ACCURACY OF THE DATA SUPPLIED BY OTHERS.

— DESIGN
— SITE WORK/WORK

724

Client	Design & Building Ltd	Address	100, The Quadrant, London, W1A 0AB
Project	200 Bedford Square, London, WC1R 4EJ	Architect	Collins & Coker
Scale	1:200	Date	15/01/2010
Sheet	1/1	Drawn by	01/14/10
Project No	100/100	Checked by	01/14/10
Sheet No	1/1	Project Manager	01/14/10



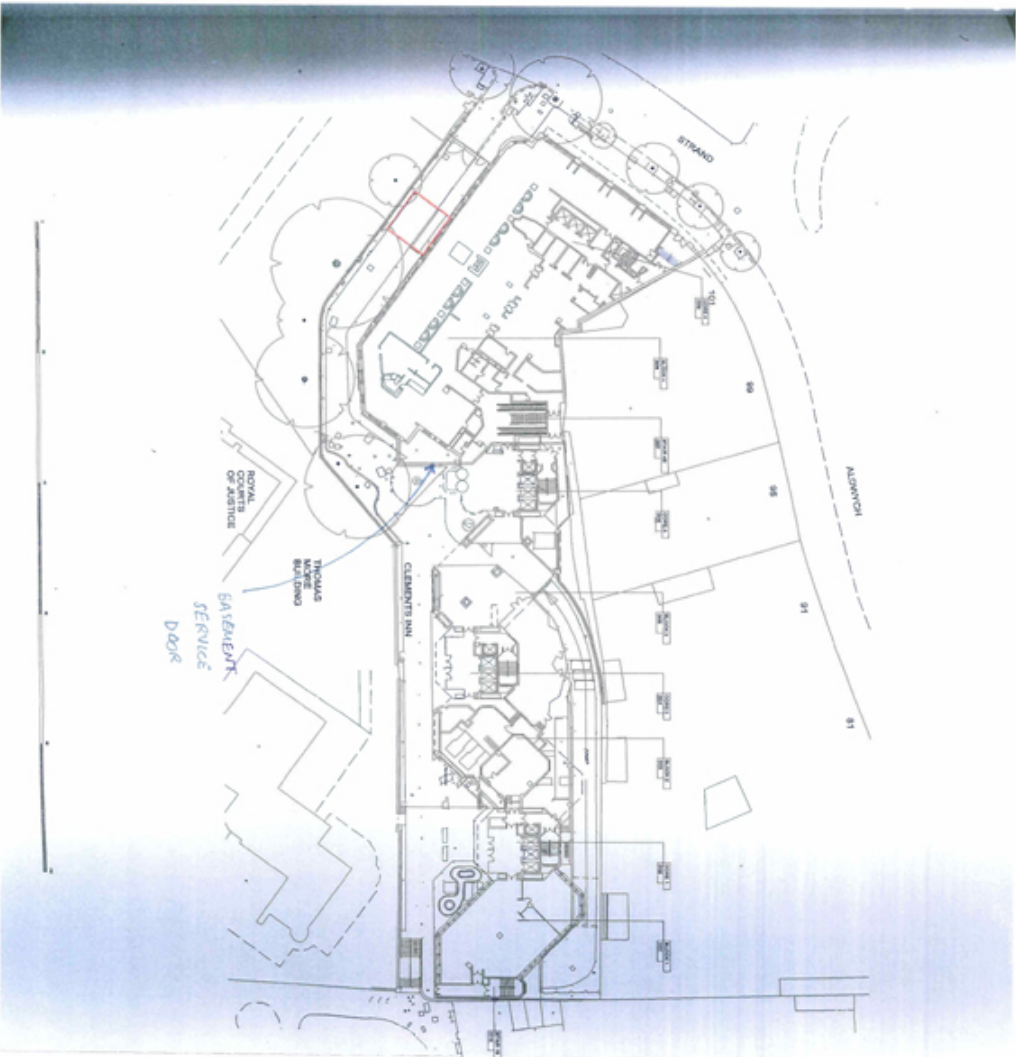


PLAN 3

1. WALLS
 2. FLOORING
 3. CEILING
 4. ROOFING
 5. MECHANICAL
 6. ELECTRICAL
 7. PLUMBING
 8. PAINTING
 9. FINISHES
 10. FURNITURE
 11. EQUIPMENT
 12. OTHER

1
 2
 3
 4
 5
 6
 7
 8
 9
 10
 11
 12

BUILDING IMPROVEMENTS
 CLEMENTS INN, 200 THE STRAND
 PROJECT NO. X-03-01D
 NOT FOR CONSTRUCTION
 DRAWN BY: [Signature]
 CHECKED BY: [Signature]
 DATE: [Date]



PLAN 4

NOTE TO CLIENTS: THIS PLAN IS A PRELIMINARY DESIGN AND SHOULD NOT BE USED FOR CONSTRUCTION WITHOUT THE APPROVAL OF THE ARCHITECT.

Legend:

- Existing walls
- Proposed walls
- Proposed doors
- Proposed windows
- Proposed furniture
- Proposed lighting
- Proposed services
- Proposed landscaping
- Proposed external works
- Proposed external walls
- Proposed external doors
- Proposed external windows
- Proposed external furniture
- Proposed external lighting
- Proposed external services
- Proposed external landscaping
- Proposed external walls
- Proposed external doors
- Proposed external windows
- Proposed external furniture
- Proposed external lighting
- Proposed external services
- Proposed external landscaping

724

BUILDING IMPROVEMENTS
 CLEMENTINE HALL, 285 THE STRAND

DATE: 15/01/2014
 DRAWN BY: [Name]
 CHECKED BY: [Name]
 PROJECT NO: [Number]

X-09-01C

NOT FOR CONSTRUCTION

ending of the Term means the coming to an end of the Term in any way including expiration, termination, surrender, frustration and forfeiture;

Excluded Costs means:

- (i) The carrying out of any works or any expenditure or any costs and fees in relation to any part of the Building which is either let or intended to be let;
- (ii) Any costs of or incidental to the recovery of the principal rent, service charge or insurance rent from any other tenants of the Building or enforcing covenants against such tenants or in relation to negotiation and settlement of any rent review;

Financial Year means the period ending on the 30th day of September in each year, or such other date as the Landlord may in its reasonable discretion from time to time determine, and Relevant Financial Year shall be construed accordingly;

Group means a group of companies within the meaning of section 42 of the Landlord and Tenant Act 1954, and in the case of partnerships includes any partnership or partnerships which, on a true and fair assessment of the nature and identity of the ownership or control of such partnership, would fall within such section were either one or both of such entities a company rather than a partnership;

Insured Risks shall have the meaning set out in the Superior Lease together with such other risks as the Tenant may reasonably require and which the Superior Landlord agrees to insure against (subject to any excesses exclusions and limitations applicable thereto from time to time);

Landlord means the Landlord specified in the Underlease Details, and any other person as may for the time being be entitled to the reversion immediately expectant on the ending of the Term;

Landlord's Conducting Media and Plant means Conducting Media and Plant not exclusively serving the Demised Premises,

Landlord's Expenses means subject to the provisions of Schedule 8 all costs, expenses, and other amounts paid, or incurred, or allowed, by or on behalf of the Landlord, whether directly, or by way of contribution or reimbursement in connection with the provision of the Services set out in Part A of Schedule 8, or under the heads of expenditure charge or allowance set out in Part B of Schedule 8 together with: (a) a reasonable proportion of any amounts paid or incurred prior to the commencement of the Term (to the extent referable to the Term) and (b) a sum or sums of money by way of reasonable provision for anticipated expenditure in each case, as the Landlord or the Landlord's Surveyor (as the case may be) may reasonably allocate to the Relevant Financial Year as being fair and reasonable in the circumstances but excluding costs, expenses and other amounts recovered from any insurance policy (unless the relevant insurance policy shall have been vitiated by the act or default of the Tenant or any undertenant or their respective servants, agents, licensees or visitors) and excluding any Excluded Costs;

Landlord's Surveyor means a reputable firm of Chartered Surveyors appointed by or acting for the Landlord to perform the function of a surveyor for any purpose under this Underlease;

Lettable Spaces means any areas within the Building which are designed for, and capable of, exclusive beneficial occupation (including the Demised Premises but excluding the Common Parts and Service Accommodation);

Permitted Part means a whole floor or part of a floor of the Demised Premises;

Plan 1 means the plan so marked annexed to this deed;

Plan 2 means the plan so marked annexed to this deed;

Plan 3 means the plan so marked annexed to this deed;

Plan 4 means the plan so marked annexed to this deed;

Plant means plant, equipment, machinery, apparatus and installations;

the Principal Yearly Rent means the Yearly Rent specified in the Underlease Details or else the principal yearly rent ascertained in accordance with Schedule 3;

Regulations means any regulations, and any variations or additions thereto, from time to time notified in writing to the Tenant and made by or on behalf of the Landlord, for the proper management, care or security of the Building or the comfort, safety or convenience of occupants thereof or persons resorting thereto;

Reinstatement Specification means the specification referred to in the Superior Lease

Service Accommodation means any offices, workshops, storerooms, caretaker's lodges, garaging for vehicles, or other accommodation (whether on the Building or not) provided or used by, or for the Landlord or its agents, for the purpose of administering the Building or in connection with the carrying out or provision of any of the Services;

Service Charge means the Tenant's Proportion of the Landlord's Expenses and the whole of the Landlord's Expenses relating solely to the Demised Premises;

Services means subject to the provisions of Schedule 8, the services rendered works undertaken and obligations and costs assumed by or on behalf of the Landlord as described in Part A of Schedule 8;

Statute means:

- (i) an Act of Parliament and sub-ordinate legislation; and
- (ii) a law, decree or direction of the European Community or other supranational body having effect as law in England,

now or from time to time in force;

Superior Landlord means the estate owner for the time being of any interest in reversion (whether mediate or immediate) on the termination of the term granted by the Superior Lease;

Superior Lease means the lease dated 7 September 2001 under which the Landlord holds the Demised Premises;

Tenant means the Tenant specified in the Underlease Details and its successors in title and assigns;

Tenant's Proportion means subject to the provisions of Schedule 8 such fair and reasonable proportion as the Landlord's Surveyor shall from time to time determine;

Term means the term of years granted by this Underlease;

Tower 1 means the land and buildings edged purple on Plan 3; and

this Underlease or **this Lease** means this deed and any instrument made under it or supplemental to it.

the 1954 Act means the Landlord and Tenant Act 1954

1.2 In this Underlease, unless otherwise specified:

- (a) a reference to a clause, or a schedule, is a reference to a clause of, or a schedule to this Underlease;
- (b) a reference to a paragraph is a reference to a paragraph of the schedule in which the reference appears, and a reference to a sub-paragraph is to a sub-paragraph of the paragraph in which the reference appears;
- (c) headings to clauses and paragraphs are for convenience only, and do not affect the interpretation of this Underlease;
- (d) a covenant by the Tenant not to do any act, matter or thing includes a covenant not to cause or permit or suffer the doing of it;
- (e) a reference to a particular Statute shall be construed as a reference to that Statute as it may have been or may in the future be amended, modified or re-enacted and to any regulation, statutory instrument, order, byelaw, direction or other provision that may have been made or may in the future be made under it;
- (f) where a party consists of two or more persons, the obligations of such persons are joint and several subject to the provisions of Schedule 5; and

- (g) any rights easements and privileges reserved to the Landlord under this Underlease and the benefit of all other provisions which may be exercised under this Underlease by the Landlord, shall also be for the benefit of and be exercisable by any Superior Landlord and any provision requiring the consent or approval of the Landlord, shall be construed as being deemed to require also the consent or approval of any Superior Landlord where necessary and any indemnity given to the Landlord shall be deemed to extend to any Superior Landlord.

1.3 This Underlease incorporates the Underlease Details first before written.

2. DEMISE

In consideration of the rents reserved by this Underlease, and the covenants on the part of the Tenant, the Landlord (at the request of the Surety) demises unto the Tenant with full title guarantee all those the Demised Premises to hold the Demised Premises unto the Tenant for the Term specified in the Underlease Details, together with the easements and rights specified in Part 2 of Schedule 1, except and reserved to the Landlord and all persons authorised by the Landlord or otherwise entitled the easements and rights specified in Part 3 of Schedule 1 yielding and paying to the Landlord:

- (a) the Principal Yearly Rent by equal quarterly payments in advance on the 24th March, 25th June, 29th September and 25th December in every year, the first payment in the sum of £1 in respect of the period from the date hereof to the Rent Commencement Date specified in the Underlease Details, to be made on the date hereof and the second payment in respect of the period commencing on the Rent Commencement Date specified in the Underlease Details up to the quarter day next thereafter to be made on such Rent Commencement Date;
- (b) a fair and reasonable proportion of monies paid by the Landlord pursuant to clause 2(B) of the Superior Lease or, if the Superior Lease has been determined, a fair and reasonable proportion of the costs and expenses properly incurred by the Landlord in connection with its obligations under Schedule 4; and
- (c) Service Charge Rent: by way of further rent within 21 days of demand, the Service Charge payable at the times and in the manner set out in Part C of Schedule 8.
- (d) Further Rent: by way of further rent all interest and other amounts payable under and at the times set out in this Underlease; and
- (e) Value Added Tax: the Value Added Tax which is or may be chargeable (by reason of an election of the Landlord or otherwise) in respect of the rents reserved by this Underlease.

3. TENANT'S COVENANTS

The Tenant covenants with the Landlord in accordance with Schedule 2.

4. SURETY'S COVENANT

The Surety covenants with the Landlord in accordance with Schedule 7.

5. LANDLORD'S COVENANTS

The Landlord covenants with the Tenant:

- 5.1 That the Tenant may peaceably hold and enjoy the Demised Premises during the Term without any interruption by the Landlord or any person lawfully claiming under or in trust for it.
- 5.2 To use reasonable endeavours, at the request and cost of the Tenant, to procure that the landlord under the Superior Lease observes and performs the covenants imposed on the landlord in the Superior Lease and to make any application for consent to the Superior Landlord as requested by the Tenant (but only at the Tenant's expense).
- 5.3 To observe and perform the tenant's covenants contained in the Superior Lease, save to the extent that the Tenant covenants to observe and perform such obligations under this Lease.
- 5.4 To provide the following services:
 - (a) so often as may be necessary and appropriate to repair, clean, repoint, decorate, and paint in a good and workmanlike manner:
 - (i) the structure of the Building including the roof and its structural parts, the foundations, the external walls and any internal structural walls and the walls which bound the Common Parts (but not the interior faces of any walls bounding any Lettable Space) the structural slabs and joists of the floors and ceilings, and any boundary walls and fences;
 - (ii) the Conducting Media in under and upon the Building (other than those comprised in or exclusively serving the Demised Premises or any Lettable Space) capable of being used by the Tenant in common with others;
 - (iii) the boilers and the heating and air-conditioning/circulating systems and hot water apparatus (if any) and security systems in the Building (except any now or hereafter installed which exclusively serve the Demised Premises or any Lettable Space, and which do not comprise part of a general heating or air-conditioning and/or circulating system serving the Building) capable of being used by or benefitting the Tenant in common with others, AND PROVIDED THAT if the Landlord is obliged under the Superior Lease at any time during the Term, or at the end of the Term to replace or renew the standby generator in the Demised Premises, the Landlord's obligation in that respect will be satisfied by the provision of a standby generator with a capacity of 750kva rather than a standby generator having a capacity equivalent to that of the existing standby generator; and
 - (iv) the lifts, lift shafts, escalators and machinery (if any) and the passages, landings and staircases and other areas within the Building capable of being used for access by the Tenant in common with others;

- (b) during Business Hours (and during such additional hours as the Tenant shall reasonably request at the sole cost of the Tenant) to provide the Demised Premises and Common Parts with heating, ventilation and air conditioning so that suitable and proper temperatures may be provided in accordance with the operating and design specification of the Plant; and
 - (c) to keep the lifts operational, and the entrances and passageways and corridors within the Common Parts which may reasonably be expected to be used for access by the Tenant, clean and reasonably lit.
- 5.5 To provide, manage and operate such of the other services mentioned in Part A of Schedule 8 hereto as shall from time to time be reasonably necessary or desirable in accordance with the principles of good estate management.
- 5.6 Not to permit any subletting under clause 2.21(c) of the Superior Lease which could restrict the Tenant's ability to allow the Demised Premises to be occupied by a maximum of three occupiers (including the Tenant) pursuant to clause 1.21(a) of Schedule 2.

6. RE-ENTRY

Without prejudice to any other rights or remedies of the Landlord if:

- (i) any of the rent reserved by this Underlease is in arrears for twenty one days after it becomes due (whether or not it has been legally demanded); or
- (ii) there is any breach of any of the tenant's covenants in this Underlease; or
- (iii) the Tenant, or the Surety, or any other party who at any time guarantees the obligations of the Tenant:
 - A. enters into any scheme, compromise, moratorium or arrangement with any of its creditors other than in the normal course of business and not involving a reduction in capital; or
 - B. has an execution, distress, sequestration or other process levied on any of its assets which is not discharged within twenty-one days; or
- (iv) the Tenant or the Surety or any such other surety being a company incorporated in the United Kingdom:
 - A. is struck off the register of companies; or
 - B. being an unlimited company is registered with limited liability; or
 - C. has a petition presented for the appointment of an administrator (otherwise than for frivolous or vexatious reasons) which in any case has not been withdrawn within twenty one days or has an administrator appointed; or

- D. has a petition presented for its winding up (otherwise than for frivolous or vexatious reasons) which in any case has not been withdrawn within twenty-one days or has a winding up order made against it, or it otherwise enters into a voluntary winding up or a meeting is convened for the purpose of considering a resolution for its winding up, or a meeting is convened for the purpose of considering a resolution for its winding up (other than a voluntary winding up of a solvent company for the purpose of amalgamation or reconstruction or any amalgamation, merger or reconstruction resulting in a solvent corporation); or
 - E. has a receiver or administrative receiver appointed over all or any of its assets;
- (v) the Tenant or the Surety being an individual:
- A. has a petition presented for his bankruptcy (otherwise than for frivolous or vexatious reasons) which in any case has not been withdrawn within twenty-one days or has a bankruptcy order made against him; or
 - B. is the subject of an order or appointment under section 253, 273 or 286 of the Insolvency Act 1986; or
 - C. is unable to pay his debts within the meaning of sections 267 and 268 of the Insolvency Act 1986;
- (vi) any circumstances exist or event occurs with respect to the Tenant, or the Surety, or any such other surety in any jurisdiction which has an effect equivalent or similar to any of those mentioned in this clause

then the Landlord may at any time re-enter the Demised Premises or any part in the name of the whole and forfeit this Underlease whereupon this Underlease and the Term created by it shall come to an end.

7. PROVISIONS

7.1 This Lease incorporates:

- (i) the rent review provisions in Schedule 3; and
- (ii) the insurance provisions in Schedule 4; and
- (iii) the further provisions in Schedule 5; and
- (iv) the provisions relating to Service Charge in Schedule 8;

and the Landlord and Tenant covenant with one another to comply with their respective obligations in such Schedules.

- 7.2 The Landlord and the Tenant will cooperate with each other:
- (i) by the Tenant providing whatever information the Landlord reasonably requires relating to the energy, water consumption and waste management statistics for the Demised Premises and by the Landlord providing what information the Tenant reasonably requires relating to such statistics for the Common Parts; and
 - (ii) in a reasonable manner in respect of any energy saving or carbon reduction initiative that the Landlord (acting reasonably) may choose to implement in relation to the Building, or that the Tenant (acting reasonably) may choose to implement) but not so as to breach any of the Tenant's covenants in this Underlease in relation to its use of the Demised Premises.

8. INCUMBRANCES

- (a) This Underlease is made subject to the matters contained or referred to in the deeds and documents referred to in Schedule 6.
- (b) The Tenant covenants with the Landlord to observe and perform such matters insofar as the same are binding upon the Landlord and relate to the Demised Premises.

9. OPTION TO DETERMINE

9.1 If the Tenant shall desire to determine the Term on the Determination Date, and shall give to the Landlord not less than 9 months previous written notice of such desire then provided that:

- (a) the Tenant shall up to the Determination Date pay the Yearly Rent payable under this Underlease; and
- (b) the Tenant shall on or before the Determination Date give up occupation of the Demised Premises; and
- (c) the Tenant shall on or before the Determination Date pay to the Landlord in cleared funds a penalty of 6 months rent together with Value Added Tax thereon

then the Term shall absolutely cease and determine on the Determination Date, but without prejudice to the remedies of either party against the other in respect of any antecedent claim or breach of covenant.

9.2 If the Tenant does not exercise the option to determine this Underlease as set out in clause 9.1 above the Tenant shall be granted a rent free period from the Determination Date until the 14 April 2016.

9.3 This paragraph 9 shall not have the effect of making time of the essence for the purpose of rent review.

10. CERTIFICATE

The parties certify that this Underlease is a new tenancy for the purposes of the Landlord and Tenant (Covenants) Act 1995.

11. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

The parties to this Underlease do not intend that any term of this Underlease is to be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Underlease.

12. EXCLUSION OF SECURITY OF TENURE

12.1 The parties confirm that:

12.1.1 The Landlord has served a notice on the Tenant, as required by Section 38A(3)(a) of the 1954 Act applying to the tenancy created by this Lease before this Lease was entered into

12.1.2 Lee Medlock who was duly authorised by the Tenant to do so made a Statutory Declaration dated 14 July 2010 in accordance with Section 38A(3)(b) of the 1954 Act; and

12.1.3 There is no Agreement to Lease to which this Underlease gives effect.

12.2 The parties agree that the provisions of Sections 24 to 28 of the 1954 Act are excluded in relation to the tenancy created by this Underlease

IN WITNESS whereof the Landlord and Tenant have executed this document as a deed the day and year first before written.

SCHEDULE 1

PART 1

THE DEMISED PREMISES

The Fourth floor and the Fifth floor of the Building shown edged red on Plans 1 and 2 annexed hereto all which premises include:

- (a) the internal finishings, linings, coverings and the fixings thereof and plaster work, tiles and other materials on the interior of the walls bounding the said premises, the doors, door furniture, and door frames and the glass in any windows and the internal window frames;
- (b) the internal non-structural walls, other partitions, plaster coverings and plaster work of all internal walls (structural and non-structural) and all partitions within the said premises and the doors, door furniture and door frames in such internal walls and partitions;
- (c) one half severed medially of all non-structural walls separating the said premises from adjoining premises (including the Common Parts) in the Building;
- (d) the finishings, linings coverings and fixings of the ceilings and floors, including suspended ceilings and raised floors to the said premises;
- (e) the void between the ceiling and the false ceiling, and the void between the floor slab and the raised floor;
- (f) all landlord's fixtures and fittings (other than the Landlord's Conducting Media and Plant and Tenant's and trade fixtures and fittings) at any time in or about the said premises; and
- (g) all conduits, plant, machinery and other conveniences exclusively serving the premises,

but exclude:

- (i) the main structure of the Building including the roof and its structural parts, the foundations its external walls and any internal structural walls, the structural slabs and joists of the ceilings and floors and any boundary walls and fences;
- (ii) the window frames fitted into the external elevations of the Building;
- (iii) the Common Parts; and
- (iv) Landlord's Conducting Media and Plant.

PART 2

EASEMENTS AND RIGHTS GRANTED

The following rights (in common with the Landlord and all others now or hereafter entitled to the like rights and subject to the terms of this Underlease and compliance with the Regulations):

1. Subject to **paragraph 9** of this Part 2 of this **Schedule 1**, and subject to the Tenant paying a fair and equitable proportion of the cost of cleaning, maintaining, repairing and replacing the same, the right for the Tenant and all persons authorised by it in common with the Landlord and all persons having a like right to pass and repass at all times with or without vehicles over and remain on the Access Road in order to gain access to and egress from the Demised Premises. This right is subject to:
 - (a) the right of the owner for the time being of the freehold interest in the relevant part of the Adjoining Property to erect and thereafter maintain gates along the boundary of the Access Road with the public highway, subject to there being established proper and reasonable regulations for the use and operation of such gates, in a manner enabling the above right to be freely exercised at all reasonable times; and
 - (b) the right of such owner to impose reasonable regulations from time to time as to the use of the Access Road.
2. The right of access to and from the exit marked on Plan 3 ("Service Door") over the route coloured yellow both for escape in emergency, and for the loading and unloading of goods, or along such other route or routes as may be reasonably specified by the owner for the time being of the freehold interest in the Adjoining Property from time to time.
3. Subject to paragraph 9 of this Part 2 of this Schedule 1, the right to use the Conduits now or during the Term laid or running through, under or over the Adjoining Property and Tower 1 (including the Access Road and the Brown Roadway) for the passage of gas, water, electricity, soil and other services to and from the Demised Premises. This right is subject to the liability to contribute a fair proportion of the cost of cleaning, maintaining, repairing and replacing every such Conduit used in common for the benefit of the Demised Premises and any other property.
4. The right at all reasonable times, upon reasonable notice, to enter onto the Adjoining Property and Tower 1 in order to repair, replace and maintain such Conduits SUBJECT TO the person exercising such right using all reasonable endeavours to minimise any inconvenience and damage caused and making good to the reasonable satisfaction of the freehold owner of the relevant part of the Adjoining Property and Tower 1 any damage caused as soon as reasonably practicable.

5. The right to service and make deliveries to the Demised Premises through the service door indicated on Plan 4.
6. Subject to paragraph 9 of this Part 2 of this Schedule 1 the right to use and maintain the wires and cabling now or during the Term running through, under or over the Adjoining Property from the electricity sub-station standing on the Adjoining Property and serving the Demised Premises.
7. The right of support as presently provided by the Adjoining Property to the Demised Premises.
8. Subject to paragraph 9 of this Part 2 of this Schedule 1 and subject to the Tenant paying a fair and equitable proportion of the cost of maintaining, repairing and renewing the same, the right to pass and repass on foot only over the Brown Roadway for the purposes of gaining access to and egress from the Demised Premises.
9. In the event that the owner of any part of the Adjoining Property or Tower 1 over which a right is exercised by or on behalf of the Tenant, or by any person claiming under or through the Tenant pursuant to the terms of this Part 2 of this Schedule 1 wishes to redevelop (partially or wholly) the relevant part of the Adjoining Property or Tower 1, then the right hereby granted is expressly made subject to the right of the estate owner to vary the route or position of the right hereby granted, provided that there shall be made available alternative rights of reasonable equivalence in substitution for those previously enjoyed.
10. Ingress and egress on foot only, over and along the access ways, pavements, entrance halls, stairways, landings and lifts and escalators (if any) within the Common Parts leading to and from the Demised Premises in any such case as the Landlord may from time to time direct.
11. To use, and with the Landlord's consent which shall not be unreasonably withheld or delayed, to connect into all Conducting Media now or hereafter provided from time to time for the Demised Premises and laid in under or over the Building or in under or over any property across which the Landlord shall have rights to carry the same for the passage of surface water and sewage from and water, gas, electricity, telecommunications and other services to and from the Demised Premises.
12. To use such of the toilets and ancillary facilities in the Building as may from time to time be allocated by the Landlord for the Demised Premises (whether exclusively or in common with others).
13. To use the refuse receptacles and facilities provided by the Landlord for the Tenant's use.

14. With the consent of the Landlord, which consent shall not be unreasonably withheld or delayed, and subject to compliance with the terms of clause 1.11 of Schedule 2, the right to install telecommunications cables and associated equipment and apparatus (“the Equipment”) in such locations within the Building as the Landlord may approve in order to provide telecommunications services to the Demised Premises by the Tenant’s chosen provider and the right to have access to use and maintain the Equipment save that any access to the Landlord’s basement/ground floor telecommunications room shall only be given at such times as may be agreed with the Landlord and always under the supervision of the Landlord’s staff.

PART 3

EASEMENTS AND RIGHTS RESERVED

1. The right to erect or alter or to consent to the erection or alteration of any building for the time being on any adjoining or neighbouring property provided that such erection or alteration shall not materially diminish the access of light and air enjoyed by the Demised Premises.
2. The right of free and uninterrupted passage and running of water, soil, gas, electricity and of all other services or supplies through such Conduits as are now or may hereafter be in, on or under the Demised Premises and serving or designed to serve the Building or adjoining or neighbouring property or any buildings now or hereafter erected thereupon together with the right to enter upon the Demised Premises to inspect, repair, replace or maintain any such conduits subject to the person exercising such right using reasonable endeavours to minimise any inconvenience and damage caused and making good to the reasonable satisfaction of the Tenant any damage caused as soon as reasonably practicable.
3. The rights and liberties to enter upon the Demised Premises in the circumstances in which in the covenants by the Tenant contained in this Underlease, the Tenant covenants to permit such entry including entry by security staff (if any) employed by the Landlord or its agents at anytime by day or night as it or they shall consider fit in order properly and lawfully to discharge their duties.
4. The right to enter the Demised Premises at all reasonable times on reasonable notice with or without workmen and others, and all necessary appliances and materials in order to inspect, maintain, execute works repairs or alterations to the Conducting Media and Plant, or the security control board, in through, over under or upon the Demised Premises and to maintain, execute works repairs or alterations to any part of the Building which cannot reasonably be accessed other than by entry to the Demised Premises, provided that such rights shall be exercised so as to cause as little inconvenience to the Tenant as is reasonably practicable, and making good to the reasonable satisfaction of the Tenant any physical damage caused as soon as reasonably practicable.
5. The rights and liberties referred to in the registered title numbers NGL291397 and NGL786233.
6. A right of way without interference through the Demised Premises in the event of fire or other emergency or for practice drills.

SCHEDULE 2

TENANT'S COVENANTS

1.1 Rent

- (a) To pay the rents reserved by this Underlease at the times and in the manner specified without any deduction (save those that the Tenant is required by law to make).
- (b) Save as aforesaid, not to exercise or seek to exercise any right or claim to withhold rent or any right or claim to set-off.

1.2 Outgoings

- (a) To pay and discharge all existing and future rates, taxes, duties, charges, assessments, outgoings and impositions (whether parliamentary, local or otherwise and whether of a capital, revenue, non-recurring or wholly novel nature) which are now or may at any time be assessed, charged or imposed upon the Demised Premises or on the owner or occupier in respect of them or anything done (save any tax/charge in respect of the receipt of rents or any dealing with any reversionary interest to this Lease) on them or pending separate assessment of the Demised Premises, a fair and equitable proportion to be determined by the Landlord (acting reasonably) of any sum payable in respect of property of which the Demised Premises form part.
- (b) To pay for all gas, electricity and water consumed or used on or for the Demised Premises, and all standing charges for meters and installation hire and maintenance in respect thereof, and to observe all regulations and requirements of the relevant supply authorities and to pay for all telephone and other communication systems serving the Demised Premises including in all above cases for the avoidance of doubt any taxes chargeable on such amounts.

1.3 Repair

- (a) Save in the case of damage by Insured Risks (except to the extent the insurance effected is vitiated, avoided or forfeited or the payment of the policy monies is refused or withheld by reason of the act or omission of the Tenant or any person deriving title under the Tenant or their respective servants, agents or licensees unless and to the extent that the Tenant shall have made good the deficiency in the insurance monies):
 - (i) to keep the Demised Premises in good and substantial repair and condition and, to the extent necessary to comply with its obligation in whole or in part rebuild, replace or renew them; and
 - (ii) to maintain properly at all times, and replace from time to time with others of modern and up to date design all lessor's fixtures and fittings which become incapable of repair.

Save that the Tenant shall not be obliged to keep the Demised Premises in a better condition than evidenced by the Schedule of Condition attached hereto.

1.4 **Decoration, maintenance and cleaning**

- (a) In 2016, and in every subsequent fifth year of the Term or more frequently if necessary and also in the three months immediately before the ending of the Term (unless the Demised Premises have been redecorated within 6 months thereof) to paint, clean or otherwise treat as the case may be all the inside structure and other internal parts of the Demised Premises usually or requiring to be painted, cleaned or otherwise treated in a good and workmanlike manner or otherwise decorate in a like manner all such parts usually or requiring to be decorated, the colour and method of all such painting and other works in the last 6 months of the Term to be approved by the Landlord (such approval not to be unreasonably withheld or delayed).
- (b) Forthwith to replace all broken or damaged glass in the Demised Premises with glass of the same colour tint and specification.
- (c) To clean the internal faces of all windows and window frames and other glass comprised in the Demised Premises as often as necessary, but at least once in every month.

1.5 **Yielding up**

- (a) At the ending of the Term:
 - (i) quietly to yield up the Demised Premises (except lessee's and trade fixtures and fittings which shall at the request of the Landlord be removed prior to the ending of the Term) in a condition consistent with the due performance and observance by the Tenant of its covenants in this Underlease;
 - (ii) if any alterations or additions have been made to the Demised Premises by the Tenant or any person deriving title under the Tenant, to reinstate the Demised Premises to their layout and condition on the date hereof;
 - (iii) to remove from the Demised Premises every sign, notice or other notification belonging to the Tenant or any person deriving title under the Tenant; and
 - (iv) to make good all damage caused by the removal of fittings, furniture and effects, to the reasonable satisfaction of the Landlord.
- (b) If the Tenant fails to leave the Demised Premises in such condition, to pay to the Landlord the reasonable and proper cost of remedying such default.

1.6 **Statutes**

- (a) To comply with all Statutes and the lawful requirements or directions of any government department, local authority or other competent authority affecting the Demised Premises or their use and occupation.

- (b) To execute all works and obtain all certificates and licences, and provide and maintain all arrangements which by or under any Statute or any such requirement or direction are or may be lawfully directed or required to be executed, obtained, provided or maintained upon or in respect of the Demised Premises.
- (c) Not to do or omit to do on the Demised Premises anything by reason of which the Landlord may, under any Statute or any such requirement or direction, incur or have imposed upon it or become liable to pay any penalty, damages, compensation, cost, levy, charge or expense Provided that this obligation shall extend only to the knowing acts or omissions of the Tenant in circumstances in which the relevant liability arises as a result of a voluntary act of the Landlord.
- (d) Upon receipt to deliver to the Landlord a copy of any communication from a government department, local authority or other competent authority affecting the Demised Premises and at the cost of the Tenant to make or join in making such objections, representations or appeals against or in respect of it as the Landlord may reasonably require.

1.7 **Planning**

- (a) To obtain from the relevant planning authority on its own behalf, and on behalf of the Landlord, all permissions and to serve such notices as may be required for the carrying out any development on the Demised Premises or the institution or continuance of any use.
- (b) Notwithstanding any other approval granted under this Lease, not to make any application for such permission without the consent of the Landlord (such consent not to be unreasonably withheld or delayed).
- (c) If any planning permission is granted subject to conditions, not to carry out such development or institute or continue such use before adequate security for the compliance with such conditions has been produced to the Landlord.
- (d) To pay and satisfy any charge or levy imposed in respect of carrying out or maintenance of any such development or the institution or continuance of any such use.
- (e) Before the ending of the Term, and unless the Landlord shall otherwise direct, to carry out in a good and workmanlike manner with suitable materials of good quality any works stipulated to be carried out by a date after the ending of the Term as a condition of any planning permission granted on the application of the Tenant during the Term and implemented by the Tenant in whole or in part.

Entry upon the Demised Premises

- (a) To permit the Landlord, and persons authorised by the Landlord, to enter the Demised Premises at reasonable times after prior notice (except in an emergency) and where requisite to remain with or without workmen, materials and equipment:
- (i) to alter, maintain or repair the Building or any adjoining property or its services;
 - (ii) in connection with the development of such property;
 - (iii) in connection with the easements and rights reserved by this Underlease;
 - (iv) to comply with the covenants, conditions and restrictions (if any) affecting the reversion on the Term;
 - (v) to inspect the Demised Premises and any alterations or additions being carried out;
 - (vi) to complete an inventory of the lessor's fixtures and fittings;
 - (vii) to measure or value the Demised Premises;
 - (viii) to remedy any breach of the Tenant's covenants in this Underlease;
 - (ix) to enable the Landlord to comply with any of its covenants and for all purposes in connection with the Services;
 - (x) to inspect and measure the Demised Premises and for all purposes connected with any intended or pending step under the provisions of Part II of the Landlord and Tenant Act 1954 or the review of the Yearly Rent hereunder;
 - (xi) to inspect and execute repairs, additions or alterations to or upon or maintain the Building and any adjoining or neighbouring premises;
 - (xii) to inspect, maintain, cleanse, repair, alter, test, renew, replace, lay and make connections to the Conducting Media and Plant; and
 - (xiii) for all purposes in connection with the Superior Lease including to take any action or steps to remedy anything which on a reasonable assessment shall or may or may tend to be a breach or non-observance thereof or to prevent any forfeiture or anticipated forfeiture thereof,
- without payment for any nuisance, annoyance, damage or inconvenience caused to the occupiers of the Demised Premises but subject to the persons entering doing so only where such works cannot be practicably be carried out otherwise than by entering on the Demised Premises and making good any damage caused to the Demised Premises and the Tenant's furniture, fixtures, fittings and equipment to the Tenant's reasonable satisfaction without unreasonable delay.
- (b) As soon as practicable after becoming aware of the same to give notice to the Landlord of any destruction or damage to the Demised Premises and of any

defect which would or might give rise to any obligation on the Landlord's part to do or refrain from doing any act or thing in order to comply with the duty of care imposed by the Defective Premises Act 1972.

1.9 Breaches

- (a) To make good all breaches of the Tenant's covenants in this Underlease diligently after the giving of written notice by the Landlord to the Tenant.
- (b) If the Tenant continues to default in the performance of any such covenants of which notice has been given, to permit the Landlord and all persons authorised by the Landlord to take reasonable and proper steps to remedy the breaches.

1.10 Costs

To indemnify the Landlord against all reasonable and proper costs arising from or in reasonable and bona fide contemplation of:

- (i) the enforcement of the Tenant's covenants in this Underlease or of the obligations of any person who at any time guarantees the obligations of the Tenant;
- (ii) the preparation and service of any notice or proceedings under sections 146 and 147 of the Law of Property Act 1925 or the Leasehold Property (Repairs) Act 1938 and the inspection and supervision of any works required to be done;
- (iii) the taking of steps subsequent to any such notice notwithstanding forfeiture is avoided otherwise than by relief granted by the Court;
- (iv) the effecting of any forfeiture not requiring such notice;
- (v) the recovery of sums due under this Underlease including the levy or attempted levy of any distress;
- (vi) the preparation and service of all notices and schedules (whether statutory or otherwise) relating to wants of repair to the Demised Premises, or other breaches of any of the Tenant's covenants in this Underlease, and the inspection and supervision of any works required to be done whether served during the Term or after its ending; and
- (vii) any application for a consent, licence or approval whether it is granted or refused or proffered subject to any qualification or condition, or whether the application is withdrawn or abandoned, (except in cases where the Landlord is obliged not to unreasonably withhold or delay its consent and the withholding or delaying of this consent or the imposing of conditions of such consent is adjudged to be unreasonable).

1.11 Alterations

- (a) Not without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) to make non-structural alterations to the Demised Premises (and for this purpose it is hereby expressly agreed that non-structural

alterations include the installation and relocation of air-conditioning ducts, outlets and other plant, plumbing, light fittings, electrical equipment and any exterior plant and equipment).

- (b) Not to make any alterations or additions to the Demised Premises or any installations, conduits, plant or machinery serving them otherwise than in accordance sub-paragraph (a).
- (c) Not to commence any alterations or additions before all necessary licences, approvals, permissions and consents from all relevant government departments, local authorities and other competent authorities have been obtained by the Tenant.
- (d) To procure that all alterations and additions are carried out by reputable contractors and that such alterations and additions (once completed) do not adversely affect the operation of any mechanical, electrical, sanitary, heating, ventilating, air conditioning or other service systems within the Demised Premises.
- (e) To carry out all alterations and additions in a good and workmanlike manner with suitable materials of good quality in accordance with all such licences, approvals, permissions and consents and (where relevant and required by this Underlease) the plans and specifications approved by the Landlord.
- (f) The Landlord shall be entitled as a condition of granting its consent under sub-paragraph (a) or (b) to stipulate that the Tenant enters into such covenants with the Landlord as the Landlord shall reasonably require, including (without limitation) a covenant for reinstatement and that the Tenant shall be responsible for the reasonable and proper legal and professional costs reasonably and properly incurred by the Landlord and Superior Landlord in approving and monitoring the carrying out of the alterations and additions.
- (g) Not in any event to use in the carrying out of any works in, at, or to the Demised Premises any material or substance not complying with the relevant standards or codes of practice, or otherwise not in accordance with good building practice at the relevant time, or generally known at such time to be deleterious.
- (h) To remove on demand, all alterations and additions made in contravention of this paragraph or in respect of which any requisite licence, approval, permission or consent is lawfully withdrawn or lapses and make good all damage caused by such removal and restore all parts of the Demised Premises to a good and substantial condition and properly decorated to the reasonable satisfaction of the Landlord.
- (i) To deliver to the Landlord one set of final 'record-set' plans and specifications (both hard copy and on CAD) disk within thirty days of substantial completion of any works.
- (j) Not to interfere with any Conducting Media which now are or may be after, in or through the Demised Premises or the Building, not cause access thereto to

be or become more difficult than the same now is nor cause the Conducting Media serving the Demised Premises or within the Building to be overloaded or subjected to use in excess to that for which the same were designed or restrict the level of supply of water, air, gas, electricity or other services to other parts of the Building.

- (k) Not to dismantle or make any alterations, changes, adjustments or carry out any works to any part of the heating, air conditioning, ventilating, plumbing fire detection or alarm or other system or related Plant of the Building within the Demised Premises (which does not exclusively serve the Demised Premises) or otherwise interfere with the operation or functioning thereof, other than to operate the external switches, valves or other surface controls (if any) intended for use for personal control and regulation by occupants.
- (1) Where the CDM Regulations apply to any alterations additions or other works to the Demised Premises:
 - (i) prior to commencement of any such works, to make and serve a declaration to the Health and Safety Executive to the effect that the Tenant shall act as the sole client in respect of such works for the purpose of the CDM Regulations (and supply a copy of the same to the Landlord);
 - (ii) to act as the sole client in respect of such works for the purposes of the CDM Regulations, and to comply with all the obligations imposed upon the client by the CDM Regulations;
 - (iii) to procure that the Tenant's planning supervisor (appointed from time to time under the CDM Regulation) and the Tenant's contractors and designers shall comply in all respects with the CDM Regulations; and
 - (iv) on completion of such works to supply to the Landlord's surveyor for retention by the Landlord, a full and complete copy of the Health and Safety File for the works prepared in accordance with the CDM Regulations and any code of practice or other guidance issued by any competent authority (the Health and Safety File), together with a royalty free irrevocable and non-exclusive copyright licence or licences to use and reproduce the same for any purposes relating to the Building or any part thereof (which licences shall carry the right to grant sub-licences and shall be transferable to third parties).
- (m) At the termination of the Term to forthwith deliver to the Landlord any and all Health and Safety Files relating to the Demised Premises produced and kept in accordance with the CDM Regulations.

1.12 **Use**

- (a) Not to use the Demised Premises for any dangerous, noxious, noisy, offensive, illegal or immoral purpose.
- (b) Not to hold any auction on the Demised Premises.

- (c) Not to use the Demised Premises as a betting shop or a betting office.
- (d) Not to use the Demised Premises for the sale of alcohol for consumption either on or off the Demised Premises.
- (e) Not to use the Demised Premises for residential purposes.
- (f) Not to change the use of the Demised Premises before all necessary licenses, approvals, permissions and consents from all relevant government departments, local authorities and other competent authorities have been produced to the Landlord and approved by it, such approval not to be unreasonably withheld or delayed.
- (g) Subject to the preceding sub-paragraphs of this paragraph, not without the consent of the Landlord to use the Demised Premises otherwise than for the Permitted Use specified in the Underlease Details.

1.13 **Signs**

Not to display on the exterior of the Building, or within the Building so as to be visible from outside the Building, any sign, fascia, poster, blind or advertisement other than as approved by the Landlord in accordance with the Landlord's signage policy for the Building and by the Superior Landlord.

1.14 **"For sale" and "to let" signs**

- (a) To permit with the Tenant's approval (such approval not to be unreasonably withheld or delayed) the Landlord and its agents to enter upon the Demised Premises to fix and retain on the exterior of the Demised Premises, a notice board for the disposal of the Landlord's or the Superior Landlord's reversionary interest, but not so as to obstruct the access of light or air to the Demised Premises.
- (b) Not to obscure or interfere with such notice board.
- (c) To permit all persons authorised by the Landlord or its agents to view the Demised Premises at reasonable times in connection with such disposal upon making a prior appointment and subject to the reasonable security arrangements of the Tenant.

1.15 **Security arrangements**

Not to leave the Demised Premises continuously unoccupied for more than one month, or to abandon the Demised Premises, without notifying the Landlord and providing security and caretaking arrangements approved by the Landlord (such approval not to be unreasonably withheld or delayed).

1.16 **Overloading**

- (a) Not to submit any part of the Demised Premises to any excessive load, nor to suspend any excessive weight from the ceilings or structure.
- (b) Not to overload or obstruct the conduits serving the Demised Premises or to discharge into any pipes, drains, or sewers any trade effluent or any harmful matter or substance.

1.17 **Entrances and service areas**

Not to load or unload, or receive delivery of or dispatch goods, otherwise than in the areas and through the entrances designated under this Underlease, nor to leave any article or vehicle so that such areas or the entrances roadways (including, without limitation, the Access Road) or means of access to the Demised Premises are blocked to trade or other vehicles or so that access by others is either precluded or unreasonably hindered or inconvenienced.

1.18 **Rights of light**

- (a) Not to darken or obstruct any windows belonging to the Demised Premises nor to accept payment or other consideration for consenting to anyone else doing so.
- (b) Upon becoming aware of the same to give notice to the Landlord of any third party making, acquiring or attempting to make or acquire any encroachment or easement against the Demised Premises and at the request of the Landlord to take such steps as the Landlord may reasonably require to prevent any such encroachment or easement being acquired.

1.19 **Alienation**

- (a) Not to assign or charge any part (as distinct from the whole) of the Demised Premises.
- (b) Not to assign or charge the whole of the Demised Premises or underlet, hold upon trust for another, or part with or share possession or occupation of the whole or any part of the Demised Premises except as provided in the following paragraphs 1.19, 1.20, 1.21 and 1.22.
- (c) Not to assign the whole of the Demised Premises, nor to underlet the whole or any part to a person entitled to claim diplomatic or sovereign immunity except in circumstances where such immunity has been effectively waived.
- (d) The Tenant may share occupation of the Demised Premises with one or more other entities which are in the same Group as the Tenant, on the following conditions:
 - (i) the Tenant promptly notifies the Landlord in writing of the beginning and end of the arrangement;
 - (ii) no relationship of landlord and tenant is created by the arrangement; and
 - (iii) the relevant occupiers vacate the Demised Premises immediately if any of them ceases to be a member of the same Group as the Tenant.

1.20 **Assignment**

- (a) Not to assign the whole of the Demised Premises without first entering into an authorised guarantee agreement with the Landlord, in accordance with section 16 of the Landlord and Tenant (Covenants) Act 1995 in such form as the Landlord may lawfully require:
- (i) imposing liability on the Tenant (and any person who may act as guarantor of the Tenant) as principal debtor in respect of the obligations owed by the assignee under the Tenant's covenants in this Underlease;
 - (ii) imposing liability on the Tenant as guarantor in respect of the assignee's performance of the covenants which is equivalent to that to which the Tenant would be subject as sole or principal debtor in respect of the obligations owed by the assignee under the covenants,
 - (iii) requiring the Tenant, in the event of this Underlease being disclaimed, to enter into a new lease of the Demised Premises:
 - A. whose term expires not later than the Term specified in the Underlease Details; and
 - B. containing tenant's covenants equivalent to those of this Underlease; and
 - (iv) making provision incidental or supplementary to any provision made by virtue of (i) to (iii) of this sub-paragraph.
- (b) Subject to sub-paragraph (a), not to assign the whole of the Demised Premises without the consent of the Landlord (such consent not to be unreasonably withheld) provided that for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Landlord may:
- (i) withhold its consent in circumstances where the Tenant has been unable to satisfy the Landlord (acting reasonably) within one month of the original application for such consent that the intended assignee or its surety is of appropriate financial standing;
 - (ii) withhold its consent unless prior to the date of the proposed assignment the Tenant has paid all sums which have fallen due for payment under this Underlease before that date;
 - (iii) make it a condition of its consent that the intended assignee enters into direct covenants with the Landlord to pay the rents reserved by this Underlease, and to observe and perform the Tenant's covenants in this Underlease throughout the Term; and
 - (iv) make it a condition of its consent that such sureties as the Landlord reasonably requires covenant by deed directly with the Landlord as principal debtors or covenantors in the terms set out in Schedule 7 by reference to the intended assignee.

- (c) Not to charge the whole of the Demised Premises without the consent of the Landlord, provided always that consent shall not be required for the creation of any security interest in the nature of a floating security or pledge not involving the creation of fixed security.

1.21 **Underletting**

- (a) Not to underlet any part of the Demised Premises save Permitted Parts will be permitted, so that at no time shall the number of occupiers of the Demised Premises exceed three (including the Tenant).
- (b) Not to underlet the whole or any Permitted Part of the Demised Premises for a term expiring later in time than the Term granted to the Tenant under this Underlease, nor without obtaining the consent of the Landlord (such consent not to be unreasonably withheld or delayed) nor otherwise than by an instrument in writing on terms consistent in all material respects (other than rent) with the provisions of this Underlease so far as applicable to the premises underlet and:
 - (i) containing an absolute prohibition against the underlessee, charging, underletting or assigning part of them;
 - (ii) permitting further underletting only of the whole of the underlet premises comprised in such underletting;
 - (iii) containing a covenant by the underlessee not to assign, charge, underlet, part with or share possession of the whole of the premises underlet without the prior written consent of the Landlord provided that such consent shall not be unreasonably withheld or delayed;
 - (iv) at the open market rent without taking a fine or premium;
 - (v) containing provisions for the rent reserved by the underlease to be reviewed in an upwards direction only at five yearly intervals; and
 - (vi) containing or having endorsed upon it an agreement excluding sections 24 to 28 of the Landlord and Tenant Act 1954 in accordance with the requirements of the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003.
- (c) Subject to sub-paragraph (a), not to underlet the whole of the Demised Premises or any Permitted Parts without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) provided that for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Landlord may:
 - (i) withhold its consent in circumstances where the Tenant has been unable to satisfy the Landlord, (acting reasonably) within one month of the original application for such consent, that the intended underlessee or its surety is of appropriate financial standing;

- (ii) withhold its consent unless prior to the date of the proposed underletting the Tenant has paid all sums which have fallen due for payment under this Underlease before that date;
- (iii) make it a condition of its consent that the intended underlessee enters into direct covenants with the Landlord:
 - A. to observe and perform the Tenant's covenants in this Underlease (other than as to the payment of rent) insofar as they relate to the premises to be underlet;
 - B. to pay the rents reserved by the proposed underlease and to observe and perform the underlessee's covenants in such underlease; and
 - C. not to assign or underlet the premises to be underlet without the prior consent of the Landlord;
- (iv) make it a condition of its consent that such sureties as the Landlord reasonably requires covenant by deed directly with the Landlord as principal debtors or covenantors, in such form as the Landlord reasonably requires, that the underlessee will pay the rent reserved by the proposed underlease and observe and perform the tenants covenants in the proposed underlease.
- (d) To enforce the observance and performance of and not to enter into any material waiver of or variation to the covenants on the part of any underlessee or the provisions for review of rent contained in any underlease.
- (e) Not to defer or accelerate the payment of rent under any underlease.

1.22 **Registration**

Within fourteen days after any assignment, underletting, assent, mortgage, charge, release or vacation of any mortgage or charge or devolution of or other instrument relating to the Demised Premises or any estate or interest in the Demised Premises however remote or inferior to give notice to the Landlord and the Superior Landlord and produce to them for their retention a certified copy of the deed or instrument effecting the transaction in question.

1.23 **Indemnity**

To indemnify the Landlord against all actions, costs, claims, demands and expenses arising as a result of any breach of the Tenant's covenants in this Underlease or by reason of any act or default of the Tenant or any person deriving title under the Tenant or their respective agents, servants or licensees including (without limitation) any act or default of any such person in connection with the exercise by the Tenant of any right of entry or access under this Underlease, provided always and the Landlord hereby agrees:

- (a) that it will use all reasonable endeavours to mitigate any losses sustained by it in relation to any such action, cost, claim, demand or expense, and
- (b) that this indemnity shall not extend to either consequential or indirect losses.

1.24 **Production of information**

To produce on demand such evidence as the Landlord may reasonably require to satisfy itself that the Tenant's covenants in this Underlease have been complied with and particulars of all derivative or occupational rights existing in respect of the Demised Premises however remote or inferior.

1.25 **Interest**

To pay to the Landlord if so required and without prejudice to the Landlord's other remedies (as well after as before any judgment) interest at the rate of four per centum per annum above the base rate of National Westminster Bank Plc from time to time on any sum becoming due under this Underlease (whether or not formally demanded) and not paid:

(a) in the case of the rent first reserved on the due date, and

(b) in the case of any other amount payable by the Tenant under this Underlease, within seven days of its becoming due

in any such case from the date it becomes due until the date of payment AND on any sum due under this Underlease but not accepted by the Landlord in good faith in reliance on an actual breach of covenant by the Tenant from the date of its becoming due until the date of acceptance.

1.26 **Value added tax**

To pay on production of a valid VAT invoice an amount equal to all value added tax or other tax of a similar nature payable in respect of any sum payable under this Underlease so that any such sum is deemed to be tax exclusive.

1.27 **Matters affecting the reversion**

To observe and perform all covenants, conditions and restrictions (if any) to which any reversion immediately or in the case of the Superior Lease immediately expectant on the Term may be subject.

1.28 **Superior Lease**

(a) To perform and observe all the covenants on the part of the lessee contained in the Superior Lease so far as they relate to the Demised Premises other than the covenant to pay rent.

(b) To permit the Landlord to enter on the Demised Premises for any purpose that in the reasonable opinion of the Landlord is necessary to enable it to comply with the covenants on its part contained in the Superior Lease notwithstanding that the obligation to comply with such covenants may be imposed on the Tenant by this Underlease, and in exercising such right the Landlord shall comply with the reasonable security requirements of the Tenant, and shall make good physical damage caused by such entry.

1.29 **Fire Precautions**

- (a) At the expense of the Tenant to comply with all requirements and recommendations (whether legally enforceable or not) from time to time of the appropriate authority in relation to fire precautions affecting the Demised Premises, and to keep and maintain sufficient fire fighting and extinguishing apparatus in and about the Demised Premises installed in compliance with such requirements and recommendations, and with any legal requirements, and open to inspection and maintained to the reasonable satisfaction of the Landlord and not to obstruct the access to or means of working of the same.
- (b) Not to remove or interfere with any fire fighting or extinguishing apparatus or appliances or any fire alarm system or associated equipment provided by the Landlord for the Building nor to obstruct the access to, or means of working or operation of any of the same.

1.30 **Use of Common Parts**

Not to cause any damage or obstruction to the Common Parts, or to the means of working of any Plant or services comprised within the Common Parts.

1.31 **Loadings**

Not to impose on any part of the floors, roof, roof trusses, ceilings or the structure of the Building any load or weight greater than that which the same are designed or constructed to bear with due margin for safety nor by machinery or otherwise to cause or permit any undue vibration to or nuisance by noise or otherwise in the Demised Premises.

1.32 **Regulations**

- (a) To observe and conform to, and procure that all persons resorting to the Demised Premises observe and conform to, the Regulations provided that nothing in the Regulations may purport to amend the terms of the Underlease or impose more onerous obligations on the Tenant as are imposed by this Underlease and in the event of any inconsistency between the terms of the Underlease and the Regulations the terms of the Underlease are to prevail.
- (b) Not to use the main entrance hall to the Building for trade deliveries which shall take place only via any loading bay and the goods lifts from time to time allocated by the Landlord and the access ways leading between the same, and from the goods lift to their destination or via any other route designated by the Landlord for this purpose.
- (c) Not to use any passenger lifts for the carriage of goods, nor to overload any passenger or goods lifts and to observe any loading limits or limits on numbers of passengers specified in notices displayed in any lift.

- (d) To retain all refuse upon the Demised Premises in a neat and tidy condition and in proper receptacles, and if receptacles are set aside by the Landlord to ensure the frequent removal of such refuse to such receptacles.
- (e) Not to do or omit anything whereby the working of any heating, air conditioning, ventilating, plumbing, fire detection or alarm or other system or Plant now or during the Term serving the Demised Premises or the Building may be impaired or adversely affected, nor whereby the air circulating in any heating, air conditioning or ventilating system may become contaminated or fouled.
- (f) To report to the Landlord any malfunction of any heating, air conditioning, ventilation, plumbing or other service or system or Plant or Conducting Media serving the Demised Premises or the Common Parts and any damage to the Common Parts as soon as possible after the same has come to the notice of the Tenant.

1.33 **Removal of fixtures and fittings**

Forthwith upon being required to do so by the Landlord, to remove any furniture, fixtures or fittings (other than landlord's fixtures or fittings) installed in the Demised Premises the removal of which is considered necessary or expedient by the Landlord, to enable the Landlord to carry out or to facilitate the carrying out of any repair, renewal, replacement, improvement or maintenance of any of the Services or any Conducting Media within the Demised Premises or the Building, provided that if within three days of the date of the notice given pursuant to this paragraph (or immediately in the case of emergency) the Tenant shall fail to remove such furniture fixtures or fittings then it shall be lawful for the Landlord (but without being obliged so to do) to do so at the expense of the Tenant, but without being liable to the Tenant or any other person for any loss or damage occasioned by such removal or for the storage or refixing of the same.

1.34 **Sustainability and Energy Performance Certificate ("EPC")**

Not to do or omit to do anything which adversely affects:

- 1.34.1 The EPC rating for the Building or the Demised Premises; or
- 1.34.2 The energy efficiency environmental performance or sustainability characteristics of the Building.

SCHEDULE 3

RENT REVIEW

1.1 Rent Review

With effect from and including the Review Date the principal yearly rent payable by the Tenant will be the greater of:

- (a) the Yearly Rent; and
- (b) the Open Market Rental Value (as defined in paragraph 1.2 of this Schedule.)

1.2 Open Market Rental Value

The Open Market Rental Value means the annual rent at which the Demised Premises could reasonably be expected to be let as a whole on the open market at the Review Date assuming that at that date:

- (a) the Demised Premises were constructed (as at the date of this Underlease) in accordance with the Reinstatement Specification (as attached to the Superior Lease) and are ready to receive the willing tenant's fitting out works;
- (b) any rent free period, concession or consideration required by or given to the proposed tenant for fitting out has expired;
- (c) if the Demised Premises have been destroyed or damaged they have been fully restored;
- (d) the Demised Premises are available to be let by a willing landlord to a willing tenant without a premium but with vacant possession and subject to the provisions of this Underlease (other than the amount of the principal yearly rent) for a term of 10 years commencing on the Review Date with a five yearly review; and
- (e) the Tenant's covenants in this Underlease have been fully performed and observed there being disregarded;
- (f) any effect on rent of the fact that any tenant and any undertenant is or has been in occupation of the Demised Premises;
- (g) any goodwill attached to the Demised Premises by reason of the carrying on there of business by the Tenant, or any other lawful occupier;
- (h) any improvement carried out during the Term by or on behalf of the Tenant with the consent of the Landlord, otherwise than in pursuance of an obligation to the Landlord under this Deed except obligations requiring compliance with Statutes or directions of local authorities or other bodies exercising powers under Statute or Royal Charter.

1.3 Referral of Disputes

The Landlord and the Tenant shall endeavour to agree the Open Market Rental Value as at the Review Date but, if it has not been agreed by the day three months before the Review Date, the question of the Open Market Rental Value at the Review Date may be referred by the Landlord or the Tenant to the determination of a referee acting as an arbitrator pursuant to the Arbitration Act 1996 or, if the Landlord and Tenant agree, as an expert.

1.4 Referee

- (a) The referee (who is to have not less than 10 years experiencing of the letting of properties such as the Demised Premises and in their vicinity) may be agreed on by the Landlord and the Tenant or if not agreed on by them within one month from the nomination in writing of a referee by one party to the other is to be appointed on the application of either party by the President for the time being of the Royal Institution of Chartered Surveyors;
- (b) If the referee relinquishes his appointment or dies or if it becomes apparent that he will be unable or unwilling to complete his duties the Landlord and the Tenant may agree upon or either of them may apply to the President for a substitute in his place which procedure may be repeated as many times as necessary;
- (c) If the President is unable or unwilling to make an appointment at the time of application the appointment may be made by the Vice-President or next senior officer of the Institution then able and willing to make it or, if no other officer is available, by such officer of such professional body as the Landlord designates;
- (d) If the referee acts as an expert he shall afford the Landlord and the Tenant the opportunity to make representations, subject to such reasonable time and other limits as he may prescribe, and he shall have regard to any such representations but not be bound by them, and in his award he shall give reasons for his award and may provide for the manner in which the costs of the determination are to be borne and for the payment of costs by one party to the other;
- (e) If either the Landlord or the Tenant fails to pay any part of the fees and expenses of the referee payable by it within 7 days of demand, the other party may pay it and the amount so paid shall be repaid by the party chargeable on demand together with interest at the rate specified in paragraph 1.25 of Schedule 2 from the date of payment by the relevant party to the date of repayment by the other.

1.5 Interim period

- (a) In respect of the period beginning with the Review Date and ending on the day preceding such one of the quarter days as immediately follows the date on which the increased rent is ascertained, the Principal Yearly Rent will continue to be paid at the yearly rate payable immediately before the Review Date.

- (b) At the expiration of the period the Tenant shall pay to the Landlord a sum equal to the amount (if any) by which the increased rent exceeds the principal yearly rent payable immediately before the Review Date, but duly apportioned in-respect of the period, together with interest at the rate of the base rate of National Westminster Bank PLC on the difference between the increased rent and the principal yearly rent payable immediately before the Review Date, calculated from the Review Date until the actual payment of such difference (as well after as before any judgment) and calculated from the respective dates on which the increased rent would have been payable had it been determined by the Review Date.

1.6 Rent review memorandum

Once the increased rent has from time to time been ascertained, the Landlord and the Tenant shall execute a memorandum in duplicate, to be prepared by the Landlord's solicitors at the Tenant's cost, specifying such rent which shall be attached to the original and counterpart of this deed.

1.7 Time not of the essence

Time is not of the essence for the purpose of this Schedule 3.

SCHEDULE 4

INSURANCE PROVISIONS

1.1 Insurance

- (a) Subject to any exclusions, excesses, conditions, and limitations imposed by the insurers or the underwriters in accordance with then current market practice, the Landlord covenants with the Tenant to use its reasonable endeavours to procure that the Superior Landlord insures with reputable insurers:
- (i) the Building against the Insured Risks either in such a sum as the Superior Landlord determines in good faith as being the full rebuilding and reinstatement cost (including sums for demolition and site clearance, architects' and other fees, value added tax and a due allowance for cost increases over the likely rebuilding period) of the Demised Premises, or such greater sum as the Landlord reasonably requests in writing;
 - (ii) against five years' loss of rent from the Demised Premises which may be calculated having regard to future rent reviews; and
 - (iii) against public liability and property owner's risks.
- (b) The Superior Landlord shall not be obliged to insure any fixtures or fittings which may be installed by the Tenant (whether landlord's or tenant's fixtures and fittings) or any additions or improvements to the Demised Premises, before the Tenant has notified the Landlord and the Superior Landlord in writing of their value or reinstatement cost.
- (c) The Landlord covenants with the Tenant to use its reasonable endeavours to procure that the Superior Landlord:
- (i) shall notify to the Tenant as soon as it becomes aware of any changes made to the terms or conditions attached to the said policy; and
 - (ii) procures to the extent that the same is generally available in the market, that the insurer waives all rights of subrogation it may have against the Landlord or any other lawful occupier of the Demised Premises.

1.2 Insurance particulars

The Landlord covenants with the Tenant to use reasonable endeavours to supply to the Tenant on written request full particulars of the insurance effected by the Superior Landlord sufficient to enable the Tenant to know the extent of the cover provided and the sums insured and any exclusions, excesses, conditions or limitations.

1.3 Reinstatement

The Landlord covenants with the Tenant to use reasonable endeavours to procure that the Superior Landlord applies all moneys received under such insurance in respect of loss or damage to the Demised Premises and the access thereto (other than sums relating to rent) and all monies paid by the Tenant to the Landlord under this Schedule 4, in rebuilding or reinstating the Demised Premises and the access thereto to the same or no less suitable and convenient state as before the loss or damage occurred, such rebuilding or reinstatement to be effected with all reasonable despatch and diligence after all necessary consents and approvals have been obtained.

1.4 Tenant's obligations

The Tenant covenants with the Landlord:

- (i) not without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) to do or bring or keep in the Building anything which might increase the risk of damage by any of the Insured Risks;
- (ii) not to do anything to cause the insurance effected on the Building or any adjoining or neighbouring property of the Landlord or Superior Landlord to become void or voidable, or the premium to be increased, save where the Tenant agrees to pay any such increased premium;
- (iii) to comply with the lawful requirements of the insurers of the Building and the local fire officer;
- (iv) to pay on demand a fair proportion of the Landlord's and/or Superior Landlord's proper and reasonable annual costs of valuing or obtaining valuations of the Building for insurance purposes;
- (v) if the Building is damaged or destroyed by any risk insured against by the Superior Landlord, and the policy of insurance in respect of it is vitiated, avoided or forfeited or the payment of the policy monies or any part of them is lawfully refused or withheld by reason of the act or default of the Tenant or any person deriving title under the Tenant or their respective agents, servants or licensees then and in every such case to pay to the Landlord on the date when the policy monies would otherwise have been paid an amount equal to the sum so refused or withheld, and if the Tenant has paid any monies to the Landlord pursuant to this paragraph then the Landlord will use reasonable endeavours to procure that the Superior Landlord will use all reasonable endeavours to recover monies withheld by the insurers and will forthwith pay to the Tenant any such monies recovered from the insurers;
- (vi) not to insure the Demised Premises against any risks which are from time to time insured by the Landlord or the Superior Landlord in pursuance of its obligations under this Schedule 4 and to hold any monies received from any policy effected in breach of this paragraph upon trust for the Landlord; and
- (vii) in the case of damage to the Demised Premises by any of the Insured Risks to pay to the Landlord, when reasonably requested by the Landlord, an amount equal to the excess on the policy of insurance or such lesser sum as shall be required to rebuild or reinstate the Demised Premises.

1.5 Insurance monies

Subject only to paragraph 1.4(v) of this Schedule 4 all insurance monies payable in respect of any risk against which the Superior Landlord shall have insured in accordance with this Schedule 4 will belong to the Superior Landlord.

1.6 Damage by Terrorist Activity

(a) In this paragraph 1.6 of Schedule 4 the following definitions shall have the following meanings:

“*Terrorist Activity*” means an act or acts of a person or persons whether acting on behalf of or in connection with any organisation or otherwise directed towards the overthrowing of or influencing by force or violence Her Majesty’s Government in the United Kingdom or any other national regional or local government or corporation or other legal entity de jure or de facto; and

“*Cost*” means the cost of reinstatement of damage or destruction of the Building.

(b) If the Demised Premises are destroyed or damaged by Terrorist Activity which is not an Insured Risk (it being agreed and declared by the parties that any insurance or reinsurance offered by Her Majesty’s Government and applicable to the Demised Premises (the Tenant having discharged its obligation to reimburse to the Landlord any part of premium paid for the same) shall be treated as insurance for the purposes of this paragraph 1.6) then:

(i) if it is agreed between the Landlord and the Superior Landlord or determined that the Cost is reasonably expected not to exceed one year’s then current Principal Yearly Rent under the Superior Lease, or if the Superior Lease has been determined, the Principal Yearly Rent reserved immediately before its determination, then the reinstatement of the Demised Premises and the Building shall be carried out by the Landlord at its own cost as if it were obliged to carry out the same under paragraph 1.3 of Schedule 2 of the Superior Lease, and the Tenant shall have no obligation to repair or reinstate but shall contribute a proportion of the Cost determined according to the extent of damage to the Demised Premises, any dispute as to such proportion to be determined by a single arbitrator in accordance with the Arbitration Act 1996 and provided that the amount of the Tenant’s contribution shall not exceed one year’s then current Principal Yearly Rent under this Underlease, exclusive of VAT;

(ii) if it is agreed between the Landlord and the Superior Landlord or determined that the Cost is reasonably expected to exceed one year’s then current Principal Yearly Rent under the Superior Lease, or if the Superior Lease has been determined, the Principal Yearly Rent reserved immediately before its determination, then the Landlord shall

not be obliged to reinstate the damage pursuant to sub-paragraph (i) above, but the Superior Landlord may elect within the period of twelve months following the date of such destruction or damage (the "Election Period") by notice in writing (an "Election Notice") to the Landlord to reinstate the Building in accordance with the Reinstatement Specification at its own cost;

- (iii) on service of an Election Notice the provisions of paragraph 1.3, shall apply as if the Demised Premises had been rendered unfit for occupation and use because of damage by an Insured Risk (notwithstanding the fact that such damage has not; in fact, been caused by an Insured Risk) and the relevant provisions of paragraphs 1.7 and 1.8 shall apply.
- (c) If the Superior Landlord shall have served an Election Notice then the Landlord shall use reasonable endeavours to procure that the Superior Landlord shall reinstate the Building in accordance with the Reinstatement Specification at the Superior Landlord's sole cost and otherwise in accordance with its obligations under paragraph 4.3 of the Superior Lease.
- (d) Following completion of the reinstatement of the Building, the Landlord may carry out and complete the fitting out of the Building (excluding the Demised Premises) in accordance with the provisions of the Superior Lease, and the Tenant may carry out and complete the fitting out of the Demised Premises in accordance with the provisions of this Underlease.
- (e) If the reinstatement of such destruction or damage does not commence by the date which is twelve months after the date of the relevant destruction or damage then any time prior to such commencement the Tenant may determine this Underlease with immediate effect on service of written notice to the Landlord.
- (f) If the Superior Landlord:
 - (i) elects in writing to the Landlord within the Election Period not to reinstate the Building; or
 - (ii) shall not have served an Election Notice within the Election Period;then either the Landlord or the Tenant may determine this Underlease with immediate effect after the earlier of:
 - (i) the date on which the Superior Landlord elects in writing to the Landlord within the Election Period not to reinstate the Demised Premises; and
 - (ii) the expiry of the Election Period.
- (g) Time shall be of the essence for the purposes of this paragraph 1.6.
- (h) The Landlord shall send copies of all Election Notices and other notices and correspondence arising in relation to damage by Terrorist Activity to the Tenant promptly.

1.7 Cesser of rent and service charge

- (a) If the whole or any part of the Demised Premises or access thereto, is damaged by any of the Insured Risks so as to be unfit for occupation and use, and the insurance effected by the Landlord or the Superior Landlord is not vitiated, avoided or forfeited or the payment of the insurance proceeds or of any part of them, refused or withheld by reason of any act or default of the Tenant or any person deriving title under the Tenant or their respective agents, servants or licensees then the Principal Yearly Rent and service charge or a fair proportion thereof according to the nature and extent of the damage sustained will be suspended from the date of such destruction or damage until the Demised Premises, and the access thereto are rebuilt or reinstated or until the expiration of such period in respect of which loss of rent insurance may have been effected whichever is the earlier.
- (b) If the relevant damage is caused by uninsured Terrorist Activity then:
 - (i) in circumstances in which paragraph 1.6(b)(i) applies then the Principal Yearly Rent and service charge or a fair proportion thereof according to the nature and extent of the damage sustained (such assessment to include a fair and reasonable assessment of the time that ought reasonably to be taken by the Superior Landlord in reinstating the relevant damage) will be suspended from the date of such destruction or until the expiration of the said fair and reasonable period for reinstatement whichever is the earlier;
 - (ii) where the damage or destruction is of the type referred to in paragraph 1.6(b)(ii), then the Principal Yearly Rent and service charge or a fair proportion of them according to the nature and extent of the damage sustained will be suspended from the date 12 months after such destruction or damage, until the Demised Premises are rebuilt or reinstated by the Superior Landlord in accordance with paragraph 1.6(b)(ii).
- (c) Any dispute arising under this paragraph 1.7 is to be determined by a single arbitrator in accordance with The Arbitration Act 1996.

1.8 Termination

- (a) If the Superior Landlord is unable:
 - (i) in the case of damage or destruction by an Insured Risk, after having used all reasonable endeavours to do so; or
 - (ii) in the case of damage by an uninsured Terrorist Activity, following the service of an Election Notice, and after having used all reasonable endeavours to do so;

to rebuild or reinstate the Demised Premises and the access thereto after the relevant loss or damage:

(iii) in the case of loss or damage by an Insured Risk within 5 years of the happening of the loss or damage; or

(iv) in the case of damage by Terrorist Activity within 5 years of the service of the relevant Election Notice;

then either party may (prior to the Demised Premises once again being fit for occupation and use as contemplated by this Underlease) determine this Underlease on giving not less than 14 days notice to the other.

- (b) On any such termination, the Superior Landlord will be entitled to retain the whole of the insurance monies (if any) but any such termination shall otherwise take effect without prejudice to any rights or remedies which either party may have accrued against the other in respect of any previous breach of this Underlease.

SCHEDULE 5

FURTHER PROVISIONS

1.1 Licences to be obtained

- (a) Any licence, consent or approval required from the Landlord and/or the Superior Landlord under this Underlease is to be obtained before the act or event to which it applies is carried out or done and is effective only when given in writing.
- (b) Whether or not it says so expressly any such licence, consent or approval is conditional on the Tenant obtaining all requisite licences, consents, permissions or approvals from the relevant government department, local authority or other competent authorities.

1.2 No implied warranty

Nothing contained or implied in this Underlease or in any such licence, consent or approval is to be taken to be a covenant, warranty or representation by the Landlord or its agents that the Demised Premises can be or are fit to be used for the Permitted Use or any other purpose or that any alteration or addition or change of use which the Tenant may intend to carry out will not require the approval of the relevant government department, local authority or other competent authority.

1.3 Unwanted property

If after the ending of the Term, any property remains on the Demised Premises the Landlord may either in so far as the same is annexed to the Demised Premises treat it as having reverted to the Landlord or as the agent of the Tenant (and the Landlord is appointed by the Tenant to act in that behalf) remove, store, and sell such property and then hold the proceeds of sale after deducting the costs and expenses of removal, storage and sale incurred by it to the order of the Tenant.

1.4 No implied easements

This Underlease does not confer upon or include by implication or otherwise in favour of the Tenant any right, privilege, estate or interest not expressly set out in, through, over upon any land or premises adjoining or near to the Demised Premises, or the air space over them or the ground below the foundations of them.

1.5 Costs

Costs payable to the Landlord and/or the Superior Landlord or against which the Landlord and/or Superior Landlord are entitled to be indemnified include but are not limited to all reasonable and proper solicitors', surveyors', architects' and other fees, disbursements and irrecoverable value added tax and other expenditure reasonably and properly incurred by the Landlord.

1.6 **Exclusion of liability**

The Landlord, its servants, agents, or licensees shall not be liable or responsible to the Tenant, its servants, agents, visitors, or licensees for any loss, injury, damage, nuisance, annoyance or inconvenience which may be sustained by the Tenant, its servants, agents, or licensees (either personally or to their property including the Demised Premises) caused by:

- (i) any act, neglect, default or misconduct of any agent, contractor, manager, workman, security officer, cleaner, caretaker or any other person employed by the Landlord (except for the Landlord's employees) or its agents or any interruption of their services caused by illness, industrial action, shortage of personnel or materials or other cause not directly under control of the Landlord; or
- (ii) any other occupier for the time being of the Building (or their respective servants agents or visitors);
- (iii) any failure of or defect in any conduits or services the Demised Premises;
- (iv) any defect in the Building;
- (v) the carrying out of inspections, repairs, decorations, additions, alterations or other works whether structural or otherwise which may reasonably appear to the Landlord to be necessary or desirable to the Building;
- (vi) the lawful exercise of the Landlord's discretion to take steps or refrain from taking steps in respect of any obstruction of or interference with the Common Parts or any easement right or privilege appurtenant to the Demised Premises by any third party.

Provided that this shall not extend to any loss, damage, injury nuisance, annoyance or inconvenience caused by the wilful act or default of the Landlord or anyone acting on its behalf.

1.7 **Adjoining property**

Nothing contained or implied in this Underlease imposes or is to be deemed to impose, any restriction on the use of any adjoining or neighbouring property or give the Tenant the benefit of or the right to enforce or to have enforced, or to prevent the release or modification of any covenant, agreement or condition entered into in respect of such property or to prevent or restrict its development.

1.8 **Interest rates**

If it ceases to be practicable to determine interest rates by reference to the base rate of National Westminster Bank Plc, the Landlord may specify a reasonable alternative.

1.9 No waiver

No demand for or receipt of rent, no grant of any licence, consent or approval and no acceptance of any document for registration under this Underlease by the Landlord or its agent with notice of a breach of any covenant on the part of the Tenant is or is to be deemed to be a waiver, wholly or partially, of any such breach but any such breach shall be deemed a continuing breach of covenant and neither the Tenant nor any person taking any estate or interest under or through the Tenant may set up any such demand, receipt, grant or acceptance in any action for forfeiture or otherwise.

1.10 Notices

Any notice, request, demand or other instrument under this Underlease shall be in writing and may be served either in accordance with section 23 of the Landlord and Tenant Act 1927 or, in the case of service on a person who is for the time being the Tenant or any surety for the Tenant, by sending it by first class letter post addressed to that person at the Demised Premises.

1.11 Law and Disputes

This Underlease shall be governed by English law and the parties hereby irrevocably submit to the non-exclusive jurisdiction of the English Courts.

1.12 Control of Common Parts

- (a) The Common Parts shall at all times be subject to the exclusive control and management of the Landlord who (subject to leaving or making available for use by the Tenant reasonable alternatives) shall be entitled to alter, stop up, close, divert or otherwise vary any of the same and to discontinue, suspend, or vary any of the Services (subject as aforesaid) and the Landlord shall have the right to install, construct, alter, divert, maintain, renew, replace, and operate lighting, heating, ventilating, air-conditioning, security, fire detection, fire extinguishing, lifts, escalators and other Plant systems and Conducting Media serving or forming part of the Building and from time to time (subject as aforesaid) to change the area level location and arrangement of, or add to, or reduce the Common Parts or make alterations or additions to any parts of the Building (other than the Demised Premises) and temporarily to close or suspend any of the same to such extent as may be desirable to prevent a dedication thereof or the accrual of any rights to any person or the public or for the purpose of inspecting repairing renewing improving replacing altering, cleansing, diverting, connecting to or maintaining the Building or the Conducting Media
- (b) Any service previously supplied (whether or not specifically mentioned in this Underlease) may be permanently or temporarily withdrawn in whole or in part at the discretion of the Landlord if in the reasonable opinion of the Landlord's Surveyor such withdrawal is in the interests of good estate management or is due to any cause beyond the reasonable control of the Landlord.

1.13 No letting scheme

Nothing shall create any letting scheme or restrict or interfere with the right of the Landlord to grant leases tenancies and other rights of occupation or possession of the Building subject to, or free from covenants and conditions similar to those contained

in this Underlease, or subject to other covenants and conditions as the Landlord shall in its absolute discretion require or confer on the Tenant any right to the benefit of or to enforce or impose on the Landlord any liability to enforce any covenant or agreement contained in any lease, or other instrument relating to any other part of the Building or the Regulations, or limit or affect the right of the Landlord to deal with the same now or at any time hereafter in any manner which the Landlord may think fit.

1.14 Certificates conclusive

Any decision or certificate of the Landlord's Surveyor on any matter on which he is required or entitled to decide or certify, and the Certificate shall be final and binding (save in case of manifest error) and shall not be subject to challenge in any manner insofar as the same is a decision or certificate on, or is founded on matters or issues of fact or opinion but nothing in this Underlease shall purport to prevent any such decision or certificate being challenged on any point or issue of law.

1.15 Requirement for notice of want of repair

The Landlord shall not be under any liability in respect of any want of maintenance or repair of any part of the Building being within, but not forming part, of the Demised Premises, unless the Landlord shall have received actual notice of the want of maintenance or repair and shall thereafter have failed to remedy the same as soon as reasonably practicable.

1.16 Compensation exclusion

Subject to section 38(2) of the Landlord and Tenant Act 1954, neither the Tenant nor any assignee or underlessee (whether immediate or derivative) of the Term, or of the Demised Premises shall be entitled on quitting the Demised Premises to any compensation under section 37 of such Act.

1.17 Severability

If any provision of this Underlease is held to be invalid or unenforceable then such provision shall (so far as invalid or unenforceable) be given no effect and shall be deemed not to be included in this Underlease but without invalidating any of the remaining provisions of this Underlease

1.18 Superior Landlord's approval

Where the consent or approval of the Landlord is required under this Underlease, and the consent or approval of any Superior Landlord is also required, the Landlord may require that the grant of the consent or approval of any Superior Landlord (which the Landlord at the reasonable cost of the Tenant shall use reasonable endeavours to obtain) shall be a condition precedent to the consideration or grant by the Landlord of any consent or approval, and the Landlord may require the Tenant to discharge the costs charges and expenses of any Superior Landlord in connection with the application for consent or approval whether the same is given, refused or withdrawn, and the Landlord may withhold or delay any consent or approval under this

Underlease if any necessary consent or approval of any Superior Landlord is withheld or delayed and the Landlord's consent or approval (if granted) shall be subject to any conditions imposed by any Superior Landlord as well subject to any imposed by the Landlord.

SCHEDULE 6**DEEDS AND DOCUMENTS**

<u>DATE</u>	<u>DOCUMENT</u>	<u>PARTIES</u>
16.12.1889	Agreement	The Commissioners of Her Majesty's Works and Public Buildings (1) and Richard Stephens Taylor (2)
21.11.1892	Conveyance	A.W. Cunnington (1) The Rev. W. Jephson (2) C.B. Battersea (3) W. Plower (4) G. Cox (5)
15.11.1895	Award	Thomas Rogers Smith
27.12.1895	Deed of Arrangement and Mutual Conveyances	The Commissioners of Her Majesty's Works and Public Buildings (1) Clements inn Limited (2) and Others
12.11.1898	Agreement	C. Battersea, W. Flower, A. Flower and S. Walton (1) and Cements Inn Limited (2)
06.06.1901	Agreement	The London County Council (1) and Mr. George Cox (2)
23.03.1923	Transfer	Scottish Widows Fund & London Life Association (1) and The London County Council (2)
13.05.1964	Deed	The Minister of Public Building and Works (1) and The London Life Association Limited (2)
05.07.1972	Deed of Grant	The Secretary of State for the Environment (1) and The London Life Association Limited (2)
14.06.1982	Deed	Mobil Services Company Limited (1) and Legal and General Assurance Society Limited (2)
09.03.1983	Lease	Mobil Services Company Limited (1) and The London Electricity Board (2)
27.02.1998	Transfer	Mobil Oil Company Limited (1) and Three ST. Clements SARL (2)
17.04.2000	Transfer of part	Three St Clements SARL (1) and Felbridge Limited (2)
17.04.2000	Transfer of part	Three St. Clements SARL (1) and London School of Economics and Political Science (2)

SURETY PROVISIONS

1.1 Payment

The Surety covenants with the Landlord that:

- (a) the Tenant will throughout the Term as well after as before any disclaimer of this Underlease pay the rents reserved by this Underlease as from time to time reviewed and will observe and perform the Tenant's covenants in this Underlease;
- (b) in case of default or delay on the part of the Tenant, the Surety will by way of primary obligation and not merely as a guarantor or as collateral to the Tenant's obligation, pay to the Landlord any sum which ought to be paid and make good any breaches of the Tenant's covenants in this Underlease including all losses, damages, costs and expenses arising or incurred by the Landlord; and
- (c) the Surety will indemnify the Landlord against all costs arising from or in proper contemplation of the enforcement of the Surety's covenants in this Underlease.

1.2 New lease

- (a) The Surety further covenants with the Landlord that if any event or default occurs rendering this Underlease liable to forfeiture, (whether or not the Landlord forfeits it) the Surety or such of the persons for the time being comprising the Surety as the Landlord may choose shall upon being required so to do by the Landlord by written notice given at any time within three months of such forfeiture, take up a new underlease of the Demised Premises and deliver a duly executed counterpart to the Landlord upon the same terms as this Lease save that:
 - (i) such lease will be subject to and with the benefit of this Underlease if and so far as it is subsisting;
 - (ii) the term will commence on the date of such notice and expire on the date the Term specified in the Underlease Details is due to expire or would have expired but for its having already ended; and
 - (iii) so far as there are outstanding breaches of the Tenant's covenants in this Underlease, the Landlord may require without prejudice to its other remedies that such Underlease contains a covenant that they will be remedied promptly at the cost of the Surety, to the reasonable satisfaction of the Landlord.
- (b) The Surety will:
 - (i) join in any consent, approval or licence required by any other person interested in the Demised Premises in connection with the grant of the lease; and
 - (ii) on completion of such underlease indemnify the Landlord against its reasonable and proper costs in connection with the obtaining of any such consent, approval or licence and the grant of the underlease.

1.3 Ranking of claims

- (a) The Surety will only be entitled to enforce its rights in respect of any sums it pays or liabilities it incurs under the Surety's covenants in this Underlease or in any new underlease it is required to take up under this Schedule after the Surety's obligations under all such covenants have been observed, performed and discharged in full and the Surety shall not:
 - (i) seek to recover from the Tenant or any third party whether directly or by way of set-off, lien, counter-claim or otherwise or accept any money or other property or security or exercise any rights in respect of any sum which may be or become due to the Surety on account of failure by the Tenant to observe, perform or discharge the Tenant's covenants in this Underlease;
 - (ii) claim, prove for or accept any payment in any composition by or winding up or liquidation of the Tenant or any third party in competition with the Landlord for any amount owing to the Surety on any account; or
 - (iii) exercise any right or remedy in respect of any amount paid by the Surety under the Surety's covenants in this Lease.

- (b) The Surety warrants to the Landlord that it has not taken and will not take any security from the Tenant or any third party in connection with the Surety's covenants in this Underlease, or in any new lease it is required to take up under this Schedule, and any such security so taken shall be held in trust for the Landlord as security for the respective liabilities of the Surety and the Tenant.

1.4 Sole or principal debtor

Without prejudice to the rights of the Landlord against the Tenant as principal, the Surety as a separate and independent stipulation agrees that any liability mentioned in this Schedule which may not be recoverable on the footing of a guarantee whether by reason of any legal limitation, disability or incapacity on or of the Tenant or any other fact or circumstance and whether known to the Landlord or not, will nevertheless be recoverable from the Surety as though it had been incurred by the Surety and the Surety was the sole or principal debtor in respect of it and will be paid by the Surety on demand, together with interest (as well after as before any judgment) at the rate of four per centum per annum above the base rate of National Westminster Bank Plc from time to time from the date of demand until payment.

1.5 Immediate recourse

The provisions of this Schedule are in addition to, and not in substitution for, any other rights which the Landlord may have and may be enforced against the Surety whether or not recourse has been had to any such rights and whether or not any steps or proceedings have been taken against the Tenant.

1.6 Obligations to subsist

The rights of the Landlord and the obligations of the Surety will continue to subsist notwithstanding:

- (a) the neglect or forbearance of the Landlord in endeavouring to obtain payment of the rents reserved by this Underlease or enforcing the observance and performance of the Tenant's covenants in this Underlease whether from or by the Tenant, the Surety or any other person;
- (b) any time which may be given by the Landlord for the payment of the rents reserved by this Underlease or the observance and performance of the Tenant's covenants in this Underlease whether from or by the Tenant, the Surety or any other person;
- (c) the demand or acceptance of sums at a time when the Landlord has notice of a breach of the Tenant's covenants in this Underlease;
- (d) the refusal by the Landlord in good faith to accept rent tendered by or on behalf of the Tenant, the Surety or any other person;
- (e) the grant of any licence, consent or approval by the Landlord;
- (f) any variation of this Underlease agreed between the Landlord and the Tenant for the time being;
- (g) the disposition of the Landlord's reversion or any part of it or any disposition of the Demised Premises by the Tenant;
- (h) the release of any one or more persons for the time being constituting the Tenant or the Surety; or
- (i) any other act omission, matter or thing by which (but for this provision) the Tenant or the Surety would be exonerated either wholly or in part from its obligations to the Landlord other than a release under seal given by the Landlord,

1.7 Supplemental

If so required by the Landlord the Surety will join in any instrument made under or supplemental to this Underlease for the purpose of acknowledging it is bound by it and that the obligations in this Schedule extend to it.

1.8 Statutory avoidance

No assurance, security or payment which may be avoided under any Statute nor any release, settlement or discharge of the Surety which may have been given or made on the faith of any such assurance, security or payment shall prejudice or affect the right of the Landlord to recover from the Surety to the full extent of this Schedule as if such release, settlement or discharge had not occurred,

SCHEDULE 8

SERVICE CHARGE

PART A

THE SERVICES

1. Landlord's Covenants

Complying with the Landlord's covenants outlined in Clause 5.4.

2. Repair maintenance and decoration

Inspecting, maintaining (including effecting maintenance contracts), cleansing (including window cleaning), preparing, repairing, overhauling, decorating, rebuilding renewing and replacing (where necessary as part of repair) amending, carpeting, polishing, painting, repointing and otherwise treating the Building and any parts thereof, (excluding Lettable Space but including Service Accommodation and the Common Parts) and other things thereto belonging or used in connection therewith including all ways, roads, pavements, Plant, Conducting Media (and laying the same or connecting thereto) boundary walls and fences, party walls, party structures, passages and other conveniences comprised in the Building or which may belong to or be used by or for the Building, whether or not in common with other adjoining or neighbouring premises and so far as such sums are lawfully and properly due paying for or making any contribution towards the cost of any of the foregoing **PROVIDED THAT** the obligations of the Landlord under this paragraph do not extend to:

- (a) repair of cornices and stone feature bands on the exterior facades of the Demised Premises or the Building; or
- (b) replacement of the standby generator (if so required under the Superior Lease) with a standby generator having a capacity equivalent to that of the existing standby generator the Landlord's obligation being limited to the provision of a standby generator with a capacity equivalent to 750kva.

3. Operation of plant and machinery

During Business Hours (and during such additional hours as the Tenant shall reasonably request at the sole cost of the Tenant) providing and operating any heating, ventilating, air conditioning and circulating and hot and cold water systems, lifts, escalators, generators and all other Plant and systems serving the Building and providing any water, oil, electricity, gas and other fuel required for or consumed by the same or used in the provision of the Services, or heating and lighting the Common Parts and discharging all meter rents, standing charges and other expenses incurred by the Landlord in connection with any of the foregoing.

4. Security installations

Providing, operating, insuring, maintaining, improving, repairing and renewing security systems and lighting installed in the Building.

5. Toilet accommodation

Providing hot water to the Building and drying facilities, soap and other toilet requisites to toilet accommodation.

6. Directory boards

Providing, maintaining, renewing and replacing street furniture, directory boards, name directional and other signs in the Building.

7. Open areas and displays

Keeping planted areas stocked and tended and grassed areas mown and forecourts roads, vehicle ways, access ways, service yards, pavements and open areas of the Building (or which are adjoining or adjacent thereto and are used in connection therewith) clean, neat and tidy and providing, maintaining, replacing, planting, cultivating and keeping in good order floral pictorial artistic and other displays and exhibitions within or on the Common Parts.

8. Statutory requirements

Taking all steps deemed desirable or expedient by the Landlord to comply with, or make representations against, or otherwise contest the incidence of the provisions of any Acts of Parliament relating or alleged to relate to the Building for which the Tenant is not directly liable under this Underlease.

9. Fire fighting and precautions

Providing, purchasing, leasing, maintaining, insuring, testing, improving, renewing and replacing fire fighting equipment and appliances to the Building and fire prevention alarm detection and precaution measures and related systems and equipment therefor.

10. Refuse collection and local authority charges

Removing rubbish and other refuse from the Building including the payment of costs levied by the local authority in relation to the collection of refuse or any other service rendered by the local authority and the provision and replacement of receptacles and Plant in connection therewith for use by the Tenant (and others in the Building).

11. Enforcement of covenants

Enforcing or attempting to enforce any covenant in any lease or licence of the Landlord's premises where in the opinion of the Landlord such enforcement is capable of benefiting the occupiers of the Building, including the Landlord, collectively (but excluding any covenant for the payment of principal rent).

12. Service Accommodation and Common Parts

Providing, carpeting, equipping, furnishing, insuring, restoring, decorating, maintaining, repairing, cleansing, heating and lighting (including the repair and replacement of lighting equipment and fittings) Service Accommodation and providing and replacing blinds and curtains to Service Accommodation or Common Parts or any other property used for or in connection with the carrying out of any of the Services and paying gas, electricity, telephone charges and other outgoings of whatsoever nature in connection therewith.

13. Staff

Employing staff and contractors, agents, workmen, porters, caretakers, housekeepers, professional advisers and others either directly or indirectly for the performance of duties in connection with the maintenance management or security of the Building and the provision of the Services and paying all expenditure in relation thereto including statutory and such other insurances, health, pension, welfare bonuses and other payments, contributions and premiums industrial training, levies, redundancy and similar or ancillary payments which the Landlord may be required by statute custom or otherwise to pay or may at its absolute discretion deem desirable or necessary and providing, purchasing, hiring and replacing uniforms, working clothes, protective and safety clothes and other items, tools, appliances, cleaning and other materials, bins, receptacles and other equipment and vehicles for the proper performance of their duties.

14. Other services

Providing any other services apparatus or facilities in the interests of good estate management to or for the Building or any part thereof or for the general benefit of the tenants and occupiers thereof.

PART B

HEADS OF EXPENDITURE CHARGE OR ALLOWANCE

1. Outgoings

Rates, water rates, taxes, charges, assessments, impositions and other outgoings whether parliamentary, parochial local or otherwise and whether or not of a capital or an annual or regularly recurring or novel nature at any time assessed on or payable by the owner or occupier of or in respect of the Building (other than Lettable Space but including Service Accommodation).

2. Management Fees

Fees of managing agents and others for computing, collecting and recovering rents, service charges, and other contributions from occupiers of Lettable Space and for the general management of the Building (excluding fees for negotiating rent reviews or letting Lettable Space).

In relation to any Services provided by the Landlord or any expenditure incurred under any of the heads of expenditure set out in this Schedule in respect of which managing agents are not employed a management fee of 10% of the amount of the relevant expenditure.

3. Audit fees

Fees and costs payable in respect of the Certificate and its certification, and of accounts kept and audits made for the purpose thereof, and of employing accountants or other professional persons for the proper administration of the Building and preparing accounts in connection with the Landlord's Expenses and service charges and supplying information to tenants in relation thereto and to insurance.

4. Bank charges

Bank charges and interest on overdrawings in respect of any accounts maintained for payment of the Landlord's Expenses or the receipt of interim payments or service charges or other sums payable by tenants or occupiers of the Building in connection with the Services, or any of the matters mentioned in this Schedule.

5. Taxation

Any tax of whatsoever nature including all penalties charges and interest thereon paid or payable by the Landlord in respect of any of the heads of expenditure or charge mentioned in this Schedule or otherwise in connection with the provision of the Services or the arrangements relating to any interest earning account or monies held for such purposes and any insurance policy referred to in this Lease.

6. Default

Costs and expenses incurred in the recovery of overdue sums payable by any person liable to contribute towards the Landlord's Expenses and any part of the Landlord's Expenses not recovered in whole or in part for any reason from any person (other than

the Landlord) Provided that if any sum in respect of an unpaid contribution to the Landlord's Expenses for one Financial Year shall be recovered in a later Financial Year, the same shall be treated as a credit towards the Landlord's Expenses incurred in the Financial Year in which the same is recovered.

7. Rent for Service Accommodation

Rent, rates, water rates, insurance premiums, service charges and other payments and outgoings payable for or in connection with the Service Accommodation and in the case of Service Accommodation within the Building (or otherwise for which the Landlord does not have to account for an open market rent) a sum equal to the Landlord's Surveyor's reasonable estimate of the open market rent or rents for such Service Accommodation, such rents to be determined in respect of each Financial Year by the Landlord's Surveyor on the assumption that the same is available for letting in the open market by a willing landlord and willing tenant with vacant possession on full repairing and insuring terms for use as Service Accommodation (and that such use is lawful) with all necessary rights for such use.

8. Value Added Tax

Value Added Tax payable by the Landlord in respect of the Services or any expenditure within this Schedule to the extent not recoverable by the Landlord as an input.

9. Other costs

Other costs or expenses properly attributable to the maintenance improvement protection or proper management of the Building and Service Accommodation and provision of the Services for the benefit of the Building or the tenants or occupiers thereof.

10. Litigation

Fees and costs payable in connection with any litigation pursued by the Landlord against the Superior Landlord pursuant to Schedule 4, paragraph 1.1(c).

11. Common expenses

Any costs and expenses (or a fair and reasonable proportion thereof) paid or incurred by or on behalf of the Landlord in connection with the provision of services or facilities on adjoining or neighbouring premises for the benefit of the Building.

PART C

CALCULATION AND PAYMENT OF THE SERVICE CHARGE

1. Preparation of Certificate

The Landlord shall as soon as reasonably practicable after the end of the Relevant Financial Year procure the preparation of the Certificate, and the delivery of a copy to the Tenant.

2. Demand for and calculation of the Service Charge

The Tenant shall within 14 days of demand accompanied by or following the provision of a copy of the Certificate for the Relevant Financial Year, pay the Landlord the Service Charge less any interim payments made by the Tenant on account thereof pursuant to this Schedule.

3. Quarterly interim payments on account

The Tenant shall on the 25th March, 24th June, 29th September and 25th December (“the quarter days”) in every year pay to the Landlord an interim payment being such sum in advance and on account of the Service Charge prospectively payable for the Relevant Financial Year as the Landlord shall consider to be fair and reasonable and notify in writing to the Tenant.

The Landlord shall be at liberty to revise the interim payment with effect from any usual quarter day before the commencement or during the course of any Financial Year by notice in writing to the Tenant, and the interim payment payable on each quarter shall unless so revised be equal to the interim payment payable on the previous quarter day.

4. Balancing payment

If it shall be found upon the issue of the Certificate that the aggregate of the interim payments made by the Tenant to the Landlord during the Relevant Financial Year:

- (a) exceeds the Service Charge payable for the Relevant Financial Year the excess shall be allowed to the Tenant against the interim payments next payable or, in the event of the Termination of the Term occurring, the excess or a duly apportioned part thereof shall be repaid to the Tenant; or
- (b) is less than the Service Charge payable for the Relevant Financial Year, the Tenant shall within 14 days of service of the Certificate pay the amount of any such shortfall to the Landlord.

5. Application to the Term

This Part of this Schedule shall continue to apply notwithstanding the termination of the Term but only in respect of the period down to the termination of the Term and for apportionment purposes the Landlord’s Expenses for any Financial Year shall be deemed to have accrued evenly on a daily basis throughout the Relevant Financial Year.

PART D

INSURANCE

1. Amount payable by the Tenant

The Tenant shall on demand pay to the Landlord:

- (a) the Tenant's Proportion of the cost (excluding any part of such cost wholly payable by the Tenant under paragraph (b) below or by any other tenant of any other part of the Building under any corresponding provision under its lease) incurred by the Landlord from time to time (without deduction of any agency or other commission paid or allowed to the Landlord which the Landlord shall be entitled to retain) of insuring or procuring insurance and settling insurance claims in relation to:
 - (i) the Building (in accordance with its covenant contained in this Underlease);
 - (ii) the boilers, heating, ventilating, air conditioning, Plant and other equipment against breakdown, bursting and overflowing or other unforeseen circumstances, and damage to the Building arising from leakage or explosion thereof, and such other risks and perils as the Landlord may from time to time deem desirable to the extent not within paragraph (i) above;
 - (iii) the lifts and other Plant against breakdown and such other risks and perils as the Landlord shall from time to time decide to the extent not within sub-paragraph (i) above;
 - (iv) property owner's, employer's, third party and public liabilities of the Landlord or relating to the Building including those arising under the Defective Premises Act 1972;
- (b) any increase in the cost incurred by the Landlord of any of the insurances referred to in paragraph (a) caused by the use, or proposed use, of the Demised Premises by the Tenant or any other occupier thereof;
- (c) the cost incurred by the Landlord of insuring loss of any rent pursuant to clause 1.1(a)(ii) of Schedule 4 to this Underlease;
- (d) in the event of any damage to the Demised Premises by any of the Insured Risks any applicable excess under the relevant insurance policy;
- (e) the cost of insuring any fixtures or fittings installed by the Tenant which have become part of the Demised Premises or any alterations to the Demised Premises of which the Tenant has given the Landlord written notice and which the Landlord has agreed to insure.

2. Option to collect as part of the Service Charge

If the Landlord shall so require all or any of the amounts payable pursuant to this Part of this Schedule may be collected as part of the Service Charge, in which case the said amounts or such of them as the Landlord may require shall be treated as if they were included within Part B of this Schedule and be collected pursuant to Part C of this Schedule.

FURTHER PROVISOS AGREEMENTS AND DECLARATIONS

1. Interruption of Services

Notwithstanding anything contained in this Underlease, the Landlord shall not be liable to the Tenant nor shall the Tenant have any claim against the Landlord in respect of:

- (a) any interruption in or to any of the services serving the Building or the Demised Premises or any failure to perform the Services by reason of any inspection, repair, renewal or maintenance of any systems or Plant or while any of the same are being replaced, nor while any new systems or Plant are being installed, nor by reason of damage thereto or destruction thereof or mechanical or other defect or breakdown, frost or other inclement conditions, strikes, lock out, shortage of fuel, materials water or labour or other cause beyond the Landlord's reasonable control or taking steps to comply with any notice given or requirement or direction of any competent authority in respect of the Building;
- (b) any breach of any obligation relating to the provision of the Services, or to the repair or maintenance of the Building, or any of the services serving the Demised Premises or the Building until notice in writing thereof shall have been given to the Landlord and then only after the Landlord has been able to obtain all necessary permissions and consents for the performance of its obligations and if the labour and materials required therefor are available and a reasonable time in which to perform or remedy the same has elapsed;

Provided that in the case of those of the Services specifically mentioned Clause 5.4, (landlord's covenant) the Landlord shall use all reasonable endeavours to remedy any such interruption, defect, breakdown or stoppage as soon as reasonably practicable after becoming aware of the same and to ensure that so far as reasonably possible the Tenant's use and enjoyment of the Demised Premises is not materially adversely effected.

2. Review of Services and Heads of Landlord's Expenses

The Landlord may from time to time review the Services, and the heads of cost expenditure charge or allowance included in the calculation of the Landlord's Expenses as it may consider appropriate in the interests of good estate management, and omit, add to, extend or vary the same and from, and after the relevant date of such review such omission, additions, extensions or variations shall be taken into account in the calculation of the Landlord's Expenses and the Service Charge.

3. Review of allocation of particular services

If by reason of any change in circumstances or otherwise in the opinion of the Landlord, part of the Landlord's Expenses relate to services provided for the benefit of part only of the Building or for any particular occupiers or category of occupiers thereof, or it is otherwise fair and reasonable to do so, the Tenant's Proportion may be

varied or such part of the Landlord's Expenses as shall so relate may be allocated in whole or in part to the persons (including the Tenant) so benefiting as may in the opinion of the Landlord be fair and reasonable.

4. Performance of Services

No costs or expenses shall be excluded from the Landlord's Expenses on the ground that the Landlord is obliged to carry out the relevant service to any third party and save as expressly provided in Clause 5.4 (*landlord's covenant*) the Landlord shall not be obliged to perform all or any of the Services, or to provide or install any system or service not in existence at the date hereof, and reference to the services or heads of expenditure in Part A and Part B of this Schedule shall import no obligation on the part of the Landlord to incur any expenditure or perform any services within all or any of such heads of expenditure.

No objection shall be made to any cost incurred by the Landlord included in the calculation of the Landlord's Expenses by reason that the material work or service in question might have been provided or performed at a lower cost or to a lower quality standard or specification or (save that the work or expense is not in respect of any of the Services or other expenditure within the definition of the Landlord's Expenses) otherwise.

5. Landlord to pay Service Charge for unlet parts

In the case of unlet Lettable Space, the Landlord shall bear the proportion of the Landlord's Expenses which would have been recoverable from the tenant thereof had the same been let on the terms of this Underlease.

6. Excluded Items

The Service Charge shall not include:

- (a) any costs or expenses (or increased costs or expenses) relating to Lettable Space of the Building occupied by the Landlord or any group company of the Landlord or any licensee or invitee of the Landlord that would be so recoverable had the same been let on a lease on similar terms of this Underlease;
- (b) any costs or expenses (or increased costs or expenses) relating to works done to any Lettable Space to induce another tenant or prospective tenant to take a lease or licence of any part of the Building;
- (c) any marketing costs for the Building;
- (d) in the case of any Lettable Space let or occupied on a basis that does not include service charge provisions at all, or service charge provisions materially less onerous than those contained in this Underlease, the Landlord shall bear on the same basis as the service charge in this Underlease (or shall be deemed to pay into the service charge amount) the amount of the service costs that would have been recoverable from the tenant thereof, had the same been let on similar terms to this Underlease (*mutates mutandis*);

- (e) if in respect of any item or cost or expenditure included in the Service Costs the Landlord shall receive any repayment thereof or contribution thereto in whole or part the amount so received shall be treated as a credit to the Service Costs in the Accounting period in which the same is received; and
- (f) any costs, expenses, charges or fees associated with or incurred or charged in respect of any Excluded Cost.

Signed as a deed on behalf of
COVINGTON & BURLING LLP,
a company incorporated in the District of
Columbia, by TIMOTHY C. HESTER
being a
person who, in accordance with
the laws of that territory, is
acting under the authority of the company



Authorised signatory

AGREEMENT OF LEASE

between

RFL 160 FIFTH LLC,

Landlord

and

FORRESTER RESEARCH, INC.,

Tenant

Dated: April 30, 2010

160 Fifth Avenue
New York, New York

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AGREEMENT OF LEASE, made as of the 30th day of April 2010 between RFL 160 FIFTH LLC, a Delaware limited liability company, having an address at c/o RFR Holding LLC, 390 Park Avenue, 3rd Floor, New York, New York 10022, ("Landlord") and FORRESTER RESEARCH, INC., a Delaware corporation, having an address at 400 Technology Square, Cambridge, Massachusetts 02139 ("Tenant").

REFERENCE PAGE

In addition to other terms elsewhere defined in this Lease, the following terms whenever used in this Lease shall have the meanings set forth in this Reference Page.

- (1) Premises: The entire third (3rd) floor of the Building, as approximately shown on the floor plan annexed to this Lease as Schedule A. Landlord and Tenant conclusively agree that for all purposes of this Lease, (i) the Premises consist of 15,219 rentable square feet, and (ii) the Building contains 122,328 rentable square feet.
- (2) Commencement Date: The date that is the earlier to occur of (a) the Substantial Completion Date and (b) the date Tenant (or any person claiming by, through or under Tenant) occupies any portion of the Premises for the conduct of its business; provided, however, that in no event shall the Commencement Date occur prior to August 15, 2010.
- (3) Rent Commencement Date: The date that is one hundred thirty-eight (138) days after the Commencement Date.
- (4) Fixed Expiration Date: The last day of the month in which the day immediately preceding the tenth (10th) anniversary of the Rent Commencement Date shall occur.
- (5) Term: Approximately ten (10) years and one hundred thirty-eight (138) days from the Commencement Date to the Fixed Expiration Date, subject to Tenant's right to renew the Term under Article 42 and Tenant's right to cancel this Lease under Article 35.
- (6) Fixed Rent: \$837,045 per annum (\$69,753.75 per month) from the Rent Commencement Date through the Fixed Expiration Date.
- (7) Tenant's Share: 12.44%.

- (8) Base Tax Factor: The Taxes payable for the Tax Year commencing on July 1, 2011, taking into account any exemption or abatement in effect pursuant to the ICIP.
- (9) Base Operating Factor: The Operating Expenses paid or incurred with respect to the Operating Year beginning January 1, 2010.
- (10) Permitted Use: The Premises shall be used for general, administrative and executive offices and uses incidentally and directly related thereto.
- (11) Broker(s): Cushman and Wakefield, Inc., Richards Barry Joyce & Partners, Studley, Inc. and RFR Realty LLC.
- (12) Late Charge: As more particularly set forth in Section 20.2, and subject to the terms thereof, (i) three percent (3%) of any Rental not paid within five (5) days after becoming due and (ii) interest at the Applicable Rate on any Rental not paid within ten (10) days after becoming due, computed from the date such Rental was due (without regard to such grace period) through the date paid.
- (13) Tenant Improvement Allowance: \$989,235.
- (14) Security Deposit: \$279,015.00 (subject to reduction as set forth in Section 40.6).
- (15) Renewal Term: One (1) term of five (5) years.
- (16) Option to Cancel: As described in Article 35.

W I T N E S S E T H:

The parties hereto, for themselves, their legal representatives, successors and assigns, hereby agree as follows:

ARTICLE 1

GLOSSARY

The following terms shall have the meanings indicated below:

“AAA” shall have the meaning set forth in Section 42.3.

“ADA” shall have the meaning set forth in Section 9.1.

“Additional Rent” shall have the meaning set forth in Section 2.2.

“Administrative Code” shall mean the Administrative Code of the City of New York, as amended.

“Alteration Fee” shall have the meaning set forth in Section 6.2.

“Alterations” shall mean alterations, decorations, installations, repairs, improvements, additions, replacements or other physical changes in or about the Premises made by Tenant.

“Applicable Rate” shall mean the lesser of (x) three percentage points above the then current Base Rate, and (y) the maximum rate permitted by applicable law.

“ASHRAE” shall mean the American Society of Heating, Refrigeration and Air-Conditioning Engineers.

“Bankruptcy Code” shall mean 11 U.S.C. Section 101 et seq., or any statute, federal or state, of similar nature and purpose.

“Baseball Arbitrator” shall have the meaning set forth in Section 42.3.

“Base Rate” shall mean the rate of interest publicly announced from time to time by Citibank, N.A., or its successor, as its “base rate” (or such other term as may be used by Citibank, N.A., from time to time, for the rate presently referred to as its “base rate”).

“BID Charges” shall have the meaning set forth in Section 3.1.

“Building” shall mean the buildings, equipment and other improvements and appurtenances of every kind and description now located or hereafter erected, constructed or placed upon the Land and any and all alterations, renewals, and replacements thereof, additions thereto and substitutions therefor.

“Building Systems” shall mean the base building mechanical, electrical, sanitary, heating, air conditioning, ventilating, elevator, plumbing, life-safety and other service systems of the Building, but shall not include installations made by Tenant or fixtures or appliances.

“Business Days” shall mean all days, excluding Saturdays, Sundays and all days then observed as holidays by the State of New York, the federal government or the labor unions servicing the Building. As of the date of this Lease, the holidays observed by the Building are as set forth on Schedule I annexed hereto.

“Cancellation Notice” shall have the meaning set forth in Article 35.

“Cancellation Option Termination Date” shall have the meaning set forth in Article 35.

“Cancellation Payment” shall have the meaning set forth in Article 35.

“Class E Systems” shall mean the fire and life safety system of the Building and its components.

“Control” shall have the meaning set forth in Section 15.3.

“Critical Services” shall have the meaning set forth in Section 28.3(B).

“Decorative Alterations” shall have the meaning set forth in Section 6.1.

“Deficiency” shall have the meaning set forth in Section 19.2.

“DOF” shall have the meaning set forth in Section 38.1.

“DSBS” shall have the meaning set forth in Section 38.1.

“DX Maintenance Obligations” shall have the meaning set forth in Section 45.1.

“DX Unit” shall have the meaning set forth in Section 28.1(C).

“Electricity Additional Rent” shall have the meaning set forth in Section 4.2.

“Escalation Rent” shall mean payments required to be made by Tenant pursuant to Article 3.

“Event of Default” shall have the meaning set forth in Section 18.1.

“Existing Mortgagee” shall mean Union Labor Life Insurance Company.

“Expiration Date” shall mean the Fixed Expiration Date or such earlier or later date on which the Term sooner or later ends pursuant to any of the terms, conditions or covenants of this Lease or pursuant to law.

“Fair Market Value” shall mean the rental rate determined at the applicable times set forth in this Lease (i) with respect to the Renewal Term or (ii) with respect to ROFO Space, for vacant space pursuant to a direct lease that a willing landlord would accept and a willing tenant would pay in buildings of comparable age and quality of the Building located in the immediate vicinity of the Building and taking into account all relevant factors, whether favorable to Landlord or Tenant, including, without limitation, tenant improvement allowances, rental concessions, abatements and brokerage commissions being offered or paid by landlords of buildings of comparable age and quality of the Building located in the immediate vicinity of the Building.

“Government Authority (Authorities)” shall mean the United States of America, the State of New York, the City of New York, any political subdivision thereof and any agency, department, commission, board, bureau or instrumentality of any of the foregoing, now existing or hereafter created, having jurisdiction over the Real Property or any portion thereof.

“HVAC” shall mean heat, ventilation and air conditioning.

“HVAC System” shall mean the Building Systems providing HVAC, including the DX Unit described in Section 28.1(C) of this Lease.

“Hazardous Materials” shall have the meaning set forth in Section 9.2.

“ICIP” shall have the meaning set forth in Section 38.1.

“Indemnitees” shall mean Landlord, its trustees, partners, shareholders, officers, directors, employees, agents and contractors and the Manager (and the partners, shareholders, officers, directors and employees of Landlord’s agents and contractors and of the Manager).

“Installations” shall have the meaning set forth in Section 41.1.

“Issuer” shall have the meaning set forth in Section 40.2.

“Issuer Criteria” shall have the meaning set forth in Section 40.2.

“Land” shall mean the land known by the address of 160 Fifth Avenue, New York, New York.

“Landlord” on the date as of which this Lease is made, shall mean RFL 160 Fifth LLC, a Delaware limited liability company, but thereafter, “Landlord” shall mean only the fee owner of the Real Property or, if there then exists a Superior Lease, the tenant thereunder.

“Landlord’s Maximum Determination” shall have the meaning set forth in Section 42.2.

“Landlord’s Operating Statement” shall mean a good faith statement containing a computation of Escalation Rent due pursuant to the provisions of Section 3.3 furnished by Landlord to Tenant.

“Landlord’s Statement” shall mean either a Landlord’s Operating Statement or a Landlord’s Tax Statement.

“Landlord’s Tax Statement” shall mean a good faith statement containing a computation of Escalation Rent due pursuant to the provisions of Section 3.2 furnished by Landlord to Tenant.

“Landlord’s Work” shall have the meaning set forth in Schedule C annexed.

“Laws” shall mean all present and future laws, rules, ordinances, regulations, statutes, requirements, codes and executive orders, extraordinary as well as ordinary, retroactive and prospective, of all Government Authorities now existing or hereafter created, and of any applicable fire rating bureau, or other body exercising similar functions, affecting the Real Property, or any street, avenue or sidewalk comprising a part or in front thereof or any vault in or under the same, or requiring removal of any encroachment, or affecting the maintenance, use or occupation of the Real Property.

“Lessor(s)” shall mean a lessor under a Superior Lease.

“Letter of Credit” shall have the meaning set forth in Section 40.2.

“Manager” shall mean RFR Realty LLC, or any successor contractor under Landlord’s contract for the management of the Building.

“Mortgage(s)” shall mean any mortgage which may now or hereafter affect the Real Property, the Building or any Superior Lease and the leasehold interest created thereby, and all renewals, extensions, supplements, amendments, modifications, consolidations and replacements thereof or thereto, substitutions therefor, and advances made thereunder.

“Mortgagee(s)” shall mean any trustee under or mortgagee or holder of a Mortgage.

“Non-Disturbance Agreement” shall have the meaning set forth in Section 10.7.

“Non-Renewal Notice” shall have the meaning set forth in Section 40.2.

“Notice(s)” shall have the meaning set forth in Section 27.1.

“Operating Expenses” shall have the meaning set forth in Section 3.1.

“Operating Hours” shall mean 8:00 a.m. to 6:00 p.m. on Business Days.

“Operating Year” shall mean each calendar year that includes any part of the Term.

“Overtime Periods” shall have the meaning set forth in Section 28.2.

“Parties” shall have the meaning set forth in Section 39.2.

“Partnership Tenant” shall have the meaning set forth in Article 29.

“Person(s) or person(s)” shall mean any natural person or persons, a partnership, a corporation and any other form of business or legal association or entity.

“Persons Within Landlord’s Control” shall mean and include Landlord, Manager and all of their respective principals, officers, agents, contractors, servants, employees and licensees

“Persons Within Tenant’s Control” shall mean and include Tenant, all of Tenant’s respective principals, officers, agents, contractors, servants, employees, licensees and invitees.

“Real Property” shall mean the Building and the Land.

“Recapture Space” shall have the meaning set forth in Section 15.4.

“Recapture Sublease” shall have the meaning set forth in Section 15.4.

“Recapture Subtenant” shall have the meaning set forth in Section 15.4.

“Renewal Notice” shall have the meaning set forth in Section 42.1.

“Renewal Option” shall have the meaning set forth in Section 42.1.

“Rental” shall mean and be deemed to include Fixed Rent, Additional Rent and any other sums payable by Tenant hereunder.

“Requirements” shall mean (i) all Laws, (ii) all requirements, obligations and conditions of all instruments of record on the date of this Lease, and (iii) all requirements, obligations and conditions imposed by the carrier of Landlord’s hazard insurance policy for the Building.

“Rules and Regulations” shall mean the rules and regulations annexed hereto as Schedule F, and such other reasonable modifications and additions to same as Landlord and Landlord’s agents may from time to time adopt, on reasonable advance written notice to Tenant to be given in accordance with the terms of this Lease. The parties agree that rules and regulations which are designed for the safety or security of occupants of the Building, property in the Building or the Building itself shall be deemed to be reasonable, including without limitation, rules requiring tenants to cause their mail to be opened outside the Building and irradiated or otherwise cleaned before being brought into the Building when external circumstances justify such action. Landlord shall not discriminate against Tenant in enforcing the Rules and Regulations.

“Specialty Installations” shall have the meaning set forth in Section 6.1(C).

“Sublease Additional Rent” shall have the meaning set forth in Section 15.5.

“Sublease or Assignment Statement” shall have the meaning set forth in Section 15.4.

“Substantially Completed” or “Substantial Completion” shall, whenever used in this Lease with respect to work to be performed by Landlord, be deemed to mean that stage of the progress of such work as shall enable Tenant to have (a) the services to be provided to Tenant pursuant to Article 28 hereof, and (b) access to the Premises to commence Tenant’s use and occupancy of the Premises without unreasonable interference by reason of the need to complete unfinished details of work (and, if applicable, adjustment of equipment and fixtures) to be performed by Landlord. Within twenty (20) days after work performed by Landlord shall have been Substantially Completed, Tenant shall deliver to Landlord a punchlist of items of unfinished work required by this Lease to be performed by Landlord (“Tenant’s Punchlist”). Landlord shall diligently complete the unfinished items of work identified in Tenant’s Punchlist.

“Substantial Completion Date” shall mean the date on which Landlord’s Work is Substantially Completed and Tenant has been given five (5) Business Days’ written notice thereof.

“Superior Lease(s)” shall mean all ground or underlying leases of the Real Property or the Building heretofore or hereafter made by Landlord and all renewals, extensions, supplements and modifications thereof.

“Taxes” shall have the meaning set forth in Section 3.1.

“Tax Year” shall mean each period of twelve (12) months, commencing on the first day of July of each year, that includes any part of the Term, or such other period of twelve (12) months as may be duly adopted as the fiscal year for real estate tax purposes by the City of New York.

“Tenant”, on the date as of which this Lease is made, shall mean the Tenant named in this Lease, but thereafter “Tenant” shall mean only the tenant under this Lease at the time in question; provided, however, that the Tenant named in this Lease and any successor tenant hereunder shall not be released from liability hereunder in the event of any assignment of this Lease.

“Tenant Delay” shall mean any actual delay beyond the anticipated completion date for the matter at issue that Landlord encounters in the performance of Landlord’s obligations under this Lease by reason of (i) any intentional act, negligence or omission (where there is a duty to act) of any nature of Tenant or Persons Within Tenant’s Control, including, without limitation, delays due to changes in or additions to Landlord’s Work requested by Tenant or Tenant’s failure to timely submit information or to timely give authorizations or approvals required to be given by Tenant hereunder, or (ii) postponement of any Landlord’s Work at the written request of Tenant.

“Tenant Indemnitees” shall have the meaning set forth in Section 33.2.

“Tenant’s BID Payment” shall have the meaning set forth in Section 3.2.

“Tenant’s Operating Payment” shall have the meaning set forth in Section 3.3.

“Tenant’s Projected Operating Share” shall have the meaning set forth in Section 3.3.

“Tenant’s Property” shall mean Tenant’s movable fixtures and movable partitions, telephone and other equipment, furniture, furnishings and other movable items of personal property, including the personal property of Tenant’s agents and employees.

“Tenant’s Tax Payment” shall have the meaning set forth in Section 3.2.

“Unavoidable Delays” shall have the meaning set forth in Article 26.

ARTICLE 2

DEMISE, PREMISES, TERM, RENT

Section 2.1 Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the Premises for the Term to commence, subject to Article 23, on the Commencement Date and to end on the Fixed Expiration Date, unless earlier terminated or extended as provided herein. Tenant shall also have, as appurtenant to the Premises, the use, on a non-exclusive basis and in common with the other tenants in the Building (and subject to Landlord’s Rules and Regulations), the common areas of the Building and the Land, including (i) the public lobby, public hallways and public stairways, (ii) the public elevators, (iii) common walkways necessary for access to the Building, and (iv) all other parts of the Real Property made available by Landlord to all tenants in the Building.

Section 2.2 Tenant shall pay to Landlord, in lawful money of the United States of America, without notice or demand, by good and sufficient check drawn to the Landlord's order on a bank or trust company with an office in the Borough of Manhattan, the City of New York, State of New York, or by wire transfer, at Tenant's option at the office of Landlord or at such other place as Landlord may designate from time to time by fifteen (15) days prior written notice to Tenant, the following:

(A) commencing upon the Rent Commencement Date, the Fixed Rent, at the annual fixed rental rate set forth in the Reference Page, which shall be payable in equal monthly installments of Fixed Rent in advance on the first day of each and every calendar month during the Term, except that the first monthly installment of Fixed Rent shall be payable by Tenant upon execution of this Lease; and

(B) commencing upon the Commencement Date, additional rent ("Additional Rent") consisting of all other sums of money (including, without limitation, Escalation Rent) as shall become due from and be payable by Tenant hereunder (for default in the payment of which Landlord shall have the same remedies as for a default in the payment of Fixed Rent).

Section 2.3 If the Rent Commencement Date is other than the first day of a calendar month, or the Expiration Date is other than the last day of a calendar month, Fixed Rent for such month shall be prorated on a per diem basis.

Section 2.4 Tenant shall pay the Fixed Rent and Additional Rent when due without abatement, deduction, counterclaim, setoff or defense for any reason whatsoever, except such abatements, deductions, counterclaims, setoffs or defenses as may be occasioned by the occurrence of any event permitting same as specifically set forth in this Lease.

Section 2.5 Landlord may submit to Tenant a written agreement, substantially in the form annexed as Schedule H, confirming the dates fixed by Landlord, in accordance with the provisions of this Lease, as the Commencement Date, the Rent Commencement Date and the Fixed Expiration Date, and Tenant shall execute such agreement and return it to Landlord within five (5) Business Days thereafter. Any failure of the parties to execute such written agreement shall not affect the validity of the Commencement Date, the Rent Commencement Date or the Fixed Expiration Date as fixed and determined by Landlord as aforesaid. If Tenant disputes the Commencement Date, Tenant must notify Landlord of the nature of, and reasons for, such dispute within such five (5) Business Day period.

ARTICLE 3

ESCALATION

Section 3.1 For the purposes of this Article 3, the following terms shall have the meanings set forth below:

(A) "Operating Expenses" shall mean the aggregate of those costs and expenses (and taxes thereon, if any) paid or incurred by Landlord or on behalf of Landlord, without duplication, with respect to the operation, cleaning, repair, safety, replacement, management, security and maintenance of the Real Property, Building Systems, sidewalks, curbs, plazas, and other areas adjacent to the Building, and with respect to the services provided to tenants, including, without limitation: (i) salaries, wages and bonuses paid to, and the cost of any hospitalization, medical, surgical, union and general welfare benefits (including group life insurance), any pension, retirement or life insurance plans and other benefits or similar expenses relating to employees of Landlord engaged in the operation, cleaning, repair, safety, replacement,

management, security or maintenance of the Real Property and the Building Systems or in providing services generally to tenants; (ii) social security, unemployment and other payroll taxes, the cost of providing disability and worker's compensation coverage imposed by any Laws, union contract or otherwise with respect to said employees; (iii) the cost of gas, oil, steam, water, sewer rental, HVAC and other utilities furnished to the Building and utility taxes; (iv) the expenses incurred for casualty, rent, liability, fidelity, plate glass and any other insurance related to the ownership and operation of the Building; (v) the cost of repairs, maintenance and painting, including the cost of acquiring or renting all supplies, tools, materials and equipment used in operating or repairing the Building; (vi) expenditures, whether by purchase or lease, for capital improvements and capital equipment that under generally applied real estate practice are expensed or regarded as deferred expenses and capital expenditures, whether by purchase or lease, that are made to comply with Laws first enacted or first becoming effective after the date of this Lease or for emergency or labor-saving devices or security or property protection systems or in lieu of a repair, in each case such capital expenditures to be included in Operating Expenses for the Operating Year in which such costs are incurred and every subsequent Operating Year, on a straight-line basis, to the extent that such items are amortized over their useful lives, determined in accordance with generally accepted accounting principles, consistently applied, with interest calculated at an annual rate equal to the Applicable Rate in effect at the time of Landlord's having made said expenditure (provided that with respect to labor-saving devices, the maximum amount that may be included in Operating Expenses for any such capital equipment or capital expenditure shall not exceed the amount of savings such device has been designed to achieve); (vii) the cost or rental of all supplies, tools, materials and equipment; (viii) the cost of uniforms, work clothes and dry cleaning; (ix) the cost of window cleaning, janitorial, concierge, guard, watchman or other security personnel, service or system, if any; (x) management fees (not to exceed three percent (3%) of gross revenues derived from the Building); (xi) charges of independent contractors performing work included within this definition of Operating Expenses; (xii) telephone and stationery costs; (xiii) legal, accounting and other professional fees and disbursements incurred in connection with the operation and management of the Real Property; (xiv) association fees and dues; (xv) the cost of seasonal decorations (but not permanent works of art); (xvi) depreciation of hand tools and other movable equipment used in the operation, cleaning, repair, safety, management, security or maintenance of the Building; (xvii) exterior and interior landscaping; and (xviii) all electrical costs incurred in the operation of the Real Property, other than leaseable areas of the Building.

Provided, however, that the foregoing costs and expenses shall exclude or have deducted from them, as the case may be:

(1) compensation for persons above the grade of building manager;

(2) the cost of any items or services for which Landlord is reimbursed or entitled to be reimbursed from Tenant or other third parties, other than pursuant to provisions similar in nature to this Article 3;

(3) cost of repairs or replacements or restoration incurred by reason of fire or other casualty or condemnation, except that the amount of any deductible paid by Landlord may be included in Operating Expenses;

(4) costs incurred in performing work or furnishing services or utilities for any tenant, whether at such tenant's or Landlord's expense, to the extent that such work or service is in excess of any work or service or utilities that Landlord is obligated to furnish to Tenant at Landlord's expense;

(5) Taxes;

(6) financing or refinancing costs and mortgage interest and mortgage amortization payments, all penalties, fines and damages payable under any Mortgage and legal and other professional fees incurred in connection with such financing or refinancing;

(7) leasing commissions, brokerage commissions, entertainment expenses, rental concessions and lease buy-outs;

(8) amortization and depreciation, except as otherwise specifically provided in clauses (vi) and (xvi) above and in the first paragraph (unnumbered) following this list of exclusions;

(9) amounts paid to affiliates of Landlord for services to the extent that such costs exceed the costs of such services were they not rendered by an affiliate of Landlord;

(10) rental under any Superior Lease, other than rental in the nature of an Operating Expense, as described in this Article 3, and all penalties, fines and damages payable under any Superior Lease;

(11) professional fees (including legal and accounting fees) not allocated to the operation or management of the Real Property and professional fees (including legal and accounting fees) allocable to disputes with, or preparation of leases for, tenants and prospective tenants or in enforcing any lease or in renewing, extending or amending any lease for a tenant in the Building;

(12) advertising and marketing and promotional expenses with respect to the Real Property;

(13) all electrical costs incurred and furnished to leaseable areas of the Building;

(14) the cost of any demolition, alterations, additions, changes, replacements, improvements and construction to prepare space for occupancy by a new tenant (including Tenant) or made to the Building solely for the benefit of a new tenant or to renovate space for an existing tenant, and any cash contributions or allowances with respect thereto;

(15) costs incurred with respect to a sale of all or any portion of the Building or the Land or any interest therein or of any interest in Landlord or any entity comprising Landlord;

(16) to the extent any cost is includable in Operating Expenses and incurred with respect to both the Building and other properties (including, without limitation, salaries, fringe benefits and other compensation of Landlord's personnel who provide services to both the Building and other properties), there shall be excluded from Operating Expenses a fair and reasonable percentage thereof which is properly allocable to such other properties;

(17) the cost of the acquisition of the Land or the construction of improvements to the Building in connection with an expansion thereof;

(18) cost of repairs or other work occasioned by the exercise of the right of eminent domain;

(19) costs incurred to clean up, contain, abate, remove or otherwise remediate Hazardous Materials from the Real Property that have been determined to be Hazardous Materials as of the date of this Lease;

(20) any compensation paid to clerks, attendants, or other persons engaged in commercial concessions operated by Landlord for profit;

(21) costs or expenses associated with the operation of the business of the entity which constitutes Landlord, such as the formation of the entity, internal accounting and legal matters;

(22) permanent works of art (as distinct from seasonal or other decorations);

(23) Landlord's general corporate overhead and general and administrative expenses (except that Tenant hereby acknowledges that Operating Expenses shall include a management fee as set forth above);

(24) costs of items considered capital repairs, replacements, improvements and equipment under generally accepted accounting principles consistently applied or otherwise, except as expressly provided in Section 3.1(A)(vi) and the penultimate grammatical paragraph of this Section 3.1(A); and

(25) costs arising from Landlord's charitable or political contributions.

If Landlord purchases any item of capital equipment or makes any capital expenditure that is intended to have the effect of reducing the expenses that would otherwise be included in Operating Expenses, then the costs of such capital equipment or capital expenditure shall be included in Operating Expenses for the Operating Year in which the costs are incurred and every subsequent Operating Year on a straight-line basis, to the extent that such items are amortized over their useful lives, determined in accordance with generally accepted accounting principles, consistently applied, with interest calculated at the Applicable Rate in effect at the time of Landlord's having made said expenditure. If Landlord leases any item of capital equipment designed to result in savings or reductions in expenses that would otherwise be included in Operating Expenses, then the rentals and other costs paid with respect to such leasing shall be included in Operating Expenses for the Operating Years in which such rentals and costs are incurred. Notwithstanding the provisions of this paragraph, the maximum amount that may be included in any Operating Year for any such capital equipment or capital expenditure shall not exceed the amount of savings realized by such capital equipment or capital expenditure. To the extent that the amount of such savings is less than the amortized cost plus interest in any one

Operating Year, Landlord shall include in subsequent Operating Years until fully recovered the amount not included in an Operating Year by reason of such limitation (provided that such limitation is not exceeded in any subsequent Operating Year).

If Landlord is not furnishing any particular work or service (the cost of which if performed by Landlord would constitute an Operating Expense) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord for all or any portion of an Operating Year (including calendar year 2010), Operating Expenses for such Operating Year shall be deemed to be increased by an amount equal to the additional Operating Expenses which reasonably would have been incurred during such Operating Year by Landlord if it had, at its own expense, furnished such work or service to such tenant.

(B) "Taxes" shall mean the aggregate amount of real estate taxes and any general or special assessments (exclusive of penalties and interest thereon) payable with respect to the Real Property (including, without limitation, (i) assessments made upon or with respect to any "air" and "development" rights now or hereafter appurtenant to or affecting the Real Property, (ii) any fee, tax or charge imposed by any Government Authority for any vaults, vault space or other space within or outside the boundaries of the Real Property not used by and paid for by one or more specified tenants, and (iii) any assessments levied after the date of this Lease for public benefits to the Real Property or the Building, other than BID Charges (as hereinafter defined); provided that if, because of any change in the taxation of real estate, any other tax or assessment, however denominated (including, without limitation, any franchise, income, profit, sales, use, occupancy, gross receipts or rental tax) is imposed upon Landlord or the owner of the Real Property or the Building, or the occupancy, rents or income therefrom, in substitution for any of the foregoing Taxes or for an increase in any of the foregoing Taxes, such other tax or assessment shall be deemed part of Taxes computed as if Landlord's sole asset were the Real Property. With respect to any Tax Year, all reasonable expenses, including customary attorneys' fees and disbursements and reasonable experts' and other witnesses' fees, incurred in contesting the validity or amount of any Taxes or in obtaining a refund of Taxes shall be considered as part of the Taxes for such Tax Year. Anything contained herein to the contrary notwithstanding, Taxes shall not be deemed to include (a) any taxes on Landlord's income, or profit or corporate taxes, (b) franchise taxes, (c) estate, inheritance, succession, capital stock, gains, transfer or gift taxes, or (d) any similar taxes imposed on Landlord, except to the extent such taxes are levied, assessed or imposed as a substitute for the whole or any part of, or as a substitute for an increase in, the taxes, assessments, levies, fees, charges and impositions that now constitute Taxes. In no event shall Taxes include any interest or penalties incurred as a result of Landlord's late payment of Taxes. Taxes shall be calculated taking into account any abatement or exemption then in effect pursuant to the ICIP.

(C) "BID Charges" shall mean business improvement district charges imposed on the Building and/or the Land, and any expenses incurred by Landlord in contesting the same.

Section 3.2

(A) Tenant shall pay as Escalation Rent for each Tax Year, (i) an amount ("Tenant's Tax Payment") equal to Tenant's Share of the amount by which the Taxes for such Tax Year are greater than the Base Tax Factor and (ii) an amount ("Tenant's BID Payment") equal to Tenant's Share of the BID Charges. Notwithstanding any provision contained in this

Lease to the contrary, Tenant shall have no obligation to make any Tenant's Tax payment or any Tenant's BID Payment with respect to the period prior to the first anniversary of the Commencement Date. Tenant's Tax Payment and Tenant's BID Payment shall be payable by Tenant to Landlord in twelve (12) equal monthly installments (subject to the further provisions of this Section 3.2), the first of which shall be due within thirty (30) days after receipt of a Landlord's Tax Statement, regardless of whether such Landlord's Tax Statement is received prior to, on or after the first day of such Tax Year and the remaining installments shall be due on the first day of each month thereafter. If there is any increase in Taxes or in BID Charges for any Tax Year, whether during or after such Tax Year, or if there is any decrease in the Taxes or in BID Charges for any Tax Year whether during or after such Tax Year, Landlord may furnish a revised Landlord's Tax Statement for any Tax Year affected, and Tenant's Tax Payment and Tenant's BID Payment for such Tax Year shall be adjusted and, (a) within thirty (30) days after Tenant's receipt of such revised Landlord's Tax Statement, Tenant shall (with respect to any increase in Taxes and/or BID Charges for such Tax Year) pay the appropriate increase in Tenant's Tax Payment and/or Tenant's BID Payment to Landlord, or (b) (with respect to any decrease in Taxes and/or BID Charges for such Tax Year) Landlord shall, at its election, either credit such decrease in Tenant's Tax Payment and/or Tenant's BID Payment against the next installment(s) of Rental payable by Tenant until fully applied or refund the amount of such decrease by check to the order of Tenant or, if at the end of the Term, there shall not be any further installments of Rental remaining against which Landlord can credit any decrease in Taxes and/or BID Charges due Tenant, Landlord shall deliver to Tenant Landlord's check in the amount of the refund due Tenant within thirty (30) days after Landlord's receipt of any refund. If, during the Term, Taxes or BID Charges are required to be paid (either to the appropriate taxing authorities or as tax escrow payments to the Lessor or the Mortgagee), in full or in quarterly or other installments on any other date or dates than as presently required, then Tenant's Tax Payments and Tenant's BID Payments shall be correspondingly accelerated or revised so that Tenant's Tax Payments and Tenant's BID Payments are due at least thirty (30) days prior to the date payments are due to the taxing authorities, the Lessor or the Mortgagee.

(B) Only Landlord shall be eligible to institute tax reduction or other proceedings to reduce Taxes or BID Charges, which Landlord shall institute for each Tax Year during the Term so long as Landlord determines there is a reasonable basis therefor. If, after a Landlord's Tax Statement has been sent to Tenant, a refund of Taxes or BID Charges is actually received by or on behalf of Landlord, then, promptly after receipt of such refund, Landlord shall send Tenant a Landlord's Tax Statement adjusting the Taxes and BID Charges for such Tax Year (taking into account Landlord's reasonable expenses therefor and any interest paid on such refund) and setting forth Tenant's Share of such refund, and Tenant shall be entitled to receive such amount by way of a credit against the next installment(s) of Rental until fully applied or by a refund to Tenant by check within thirty (30) days of Landlord's receipt of the refund if at the end of the Term; provided, however, that Tenant's Share of such refund shall be limited to the amount of Tenant's Tax Payment or Tenant's BID Payment as applicable, which Tenant had theretofore paid to Landlord attributable to increases in Taxes or BID Charges for the Tax Year to which the refund is applicable.

(C) Tenant's Tax Payment and Tenant's BID Payment and any credits with respect thereto as provided in this Section 3.2 shall be made as provided in this Section 3.2 regardless of the fact that Tenant may be exempt, in whole or in part, from the payment of any taxes by reason of Tenant's diplomatic or other tax exempt status or for any other reason whatsoever.

(D) Tenant shall pay to Landlord within thirty (30) days after demand as Additional Rent any occupancy tax or rent tax now in effect or hereafter enacted, if payable by Landlord with respect to the Premises in the first instance or hereafter required to be paid by Landlord with respect to the Premises.

(E) Each Landlord's Tax Statement furnished by Landlord with respect to Tenant's Tax Payment and Tenant's BID Payment shall be accompanied by a copy of the real estate tax bill or bills for the Tax Year referred to therein, but Landlord shall have no obligation to deliver more than one such copy of the real estate tax bill or bills in respect of any Tax Year, and Landlord's failure to deliver such copy shall not affect Tenant's obligations as to amount or due date(s) thereof.

(F) If the Base Tax Factor subsequently shall be adjusted, corrected, reduced or increased, whether as the result of protest, by means of agreement or as the result of legal proceedings, the Base Tax Factor for the purpose of computing any Additional Rent payable pursuant to this Article shall be the Base Tax Factor as so adjusted, corrected, reduced or increased. Until the Base Tax Factor is so adjusted, corrected, reduced or increased, if ever, Tenant shall pay Additional Rent hereunder based upon the unadjusted, uncorrected, unreduced or un-increased Base Tax Factor and upon such adjustment, correction, reduction or increase occurring, any Additional Rent payable by Tenant prior to the date of such occurrence shall be recomputed and either (x) Tenant shall pay to Landlord any Escalation Rent found due by such recomputation within thirty (30) days after being billed therefor (which bill shall set forth in reasonable detail the pertinent data causing and comprising such recomputation) or (y) Landlord shall deliver to Tenant Landlord's check in the amount of the refund in Escalation Rent found due by such recomputation within thirty (30) days after Tenant shall first be entitled thereto.

(G) If the Commencement Date or the Expiration Date occurs on a date other than July 1 or June 30, respectively, any Tenant's Tax Payment and Tenant's BID Payment under this Article 3 for the Tax Year in which such Commencement Date or Expiration Date occurs shall be apportioned in that percentage which the number of days in the period from the Commencement Date to June 30 or from July 1 to the Expiration Date, as the case may be, both inclusive, bears to the total number of days in such Tax Year. If the Commencement Date or the Expiration Date occurs on a date other than January 1 or December 31, respectively, any Tenant's Operating Payment under this Article 3 for the Operating Year in which such Commencement Date or Expiration Date occurs shall be apportioned in that percentage which the number of days in the period from the Commencement Date to December 31 or from January 1 to the Expiration Date, as the case may be, both inclusive, bears to the total number of days in such Operating Year. In the event of a termination of this Lease, any Escalation Rent under this Article 3 shall be paid or adjusted within thirty (30) days after submission of a Landlord's Statement. In no event shall Fixed Rent ever be reduced by operation of this Article 3 and the rights and obligations of Landlord and Tenant under the provisions of this Article 3 with respect to any Escalation Rent shall survive the Expiration Date.

Section 3.3

(A) Tenant shall pay as Escalation Rent for each Operating Year an amount ("Tenant's Operating Payment") equal to Tenant's Share of the amount by which Operating Expenses for such Operating Year are greater than the Base Operating Factor. Notwithstanding any provision contained in this Lease to the contrary, Tenant shall have no obligation to make any Tenant's Operating Payment with respect to the period prior to the first anniversary of the Commencement Date.

(B) Landlord shall furnish to Tenant, with respect to each Operating Year, a Landlord's Operating Statement setting forth Landlord's good faith estimate of Tenant's Operating Payment for such Operating Year ("Tenant's Projected Operating Share"). Tenant shall pay to Landlord on the first day of each month during such Operating Year, as Escalation Rent, an amount equal to one-twelfth of Tenant's Projected Operating Share for such Operating Year. If, however, Landlord furnishes any such Landlord's Operating Statement for an Operating Year subsequent to the commencement of such Operating Year, then (a) until the first day of the month following the month in which such Landlord's Operating Statement is furnished to Tenant (but in no event less than thirty (30) days), Tenant shall pay to Landlord on the first day of each month an amount equal to the monthly sum payable by Tenant to Landlord under this Section 3.3 in respect of the last month of the preceding Operating Year; (b) after such Landlord's Operating Statement is furnished to Tenant or together therewith, Landlord shall give notice to Tenant stating whether the installments of Tenant's Projected Operating Share previously made for such Operating Year were greater or less than the installments of Tenant's Projected Operating Share to be made for such Operating Year in accordance with such estimate, and (i) if there is a deficiency, Tenant shall pay the amount thereof within thirty (30) days after demand therefor, or (ii) if there was an overpayment, Landlord shall credit the amount thereof against subsequent payments of Rental until fully applied or, if at the end of the Term there shall not be any further installments of Rental remaining against which Landlord can credit any such overpayment due Tenant, Landlord shall deliver to Tenant Landlord's check in the amount of the refund due Tenant within thirty (30) days after Tenant shall first be entitled to a credit for the overpayment of Operating Expenses; and (c) on the first day of the month following the month in which such Landlord's Operating Statement is furnished to Tenant (but in no event less than thirty (30) days), and monthly thereafter throughout the remainder of such Operating Year, Tenant shall pay to Landlord an amount equal to one-twelfth of Tenant's Projected Operating Share shown in such Landlord's Operating Statement. Landlord may furnish to Tenant a revised Landlord's Operating Statement with a new good faith estimate of Tenant's Projected Operating Share for such Operating Year and, in such case, Tenant's Projected Operating Share for such Operating Year shall be adjusted and paid or credited, as the case may be, substantially in the same manner as provided in the preceding sentence.

(C) Within one hundred eighty (180) days after the end of each Operating Year, Landlord shall endeavor to furnish to Tenant a Landlord's Operating Statement for such Operating Year. Each such year-end Landlord's Operating Statement shall be accompanied by a computation of Operating Expenses for the Building prepared by the Manager or a certified public accountant designated by Landlord from which Landlord shall make the computation of Escalation Rent due in respect of Operating Expenses hereunder. In making computations of Operating Expenses, the certified public accountant or the Manager may rely on Landlord's reasonable estimates and allocations whenever said estimates and allocations are needed for this

Article 3. If the Landlord's Operating Statement shows that the sums paid by Tenant under Section 3.3(B) exceeded Tenant's Operating Payments required to be paid by Tenant for such Operating Year, Landlord shall credit the amount of such excess against subsequent payments of Rental until fully applied or, if at the end of the Term there shall not be any further installments of Rental remaining against which Landlord can credit any such overpayments due Tenant, Landlord shall deliver to Tenant Landlord's check in the amount of the refund due Tenant within thirty (30) days after Tenant shall first be entitled to a credit for the overpayment of Operating Expenses; and if the Landlord's Operating Statement for such Operating Year shows that the sums so paid by Tenant were less than Tenant's Operating Payment due for such Operating Year, Tenant shall pay the amount of such deficiency within thirty (30) days after demand therefor.

Section 3.4 Landlord's failure to render any Landlord's Statement with respect to any Tax Year or Operating Year shall not prejudice Landlord's right thereafter to render a Landlord's Statement with respect thereto or with respect to any subsequent Tax Year or Operating Year, as the case may be, nor shall the rendering of a Landlord's Statement prejudice Landlord's right thereafter to render a corrected Landlord's Statement for that Tax Year or Operating Year; provided, however, that if Landlord shall fail to furnish a Landlord's Statement with respect to (i) a Tax Year within two (2) years after the later to occur of (x) the expiration of the Term of this Lease and (y) the date of final settlement with the taxing authority for Taxes for such Tax Year, or (ii) an Operating Year within two (2) years following the expiration of the Term of this Lease, as the case may be, then Landlord shall be deemed to have irrevocably waived its right to furnish a Landlord's Statement with respect to such Tax Year or Operating Year.

Section 3.5 Any Landlord's Statement sent to Tenant shall be conclusively binding upon Tenant unless, within one hundred eighty days (180) days after such Landlord's Statement is sent, Tenant shall send a written notice to Landlord objecting to such Landlord's Statement. If Tenant shall send such notice with respect to a Landlord's Operating Statement, then Tenant may, at its own expense, select an auditor which is an independent certified public accountant, who or which is not being compensated by Tenant, in whole or in part, on a contingency basis (an "Approved Examiner"), provided that such Approved Examiner is not and has not during the Term been affiliated with, a shareholder in, an officer, director, partner, or employee of, any Manager during the Term or the Manager named in this Lease, and such Approved Examiner may examine Landlord's books and records relating solely to the Operating Expenses to determine the accuracy of such Landlord's Operating Statement. In connection therewith, upon the written request of Tenant, Landlord's Chief Financial Officer shall certify the amount of the gross revenues derived from the Building for the applicable Operating Year. Tenant recognizes the confidential nature of Landlord's books and records and any certification received from Landlord's Chief Financial Officer with respect to gross revenues, and agrees that information obtained by it or an Approved Examiner during any examination (including any compromise, settlement or adjustment relating to the results of such examination) shall be maintained in strict confidence by Tenant and such Approved Examiner. As a condition precedent to Tenant's exercise of its right to examine Landlord's books and records, Tenant shall deliver to Landlord a confidentiality agreement, reasonably satisfactory to Landlord (but containing commercially reasonable and standard exceptions to confidentiality), from the Approved Examiner to the same effect as Tenant's agreement contained in the preceding sentence. If, after such examination, Landlord's calculation of Operating Expenses for the Operating Year under inspection was overstated by more than five percent (5%), then, after verification, Landlord shall reimburse Tenant for its actual reasonable out-of-pocket costs of such examination, within thirty (30) days

after receipt of Tenant's invoice therefor. If, after such examination, such Approved Examiner shall dispute such Landlord's Operating Statement, either party may refer the decision of the issues raised to a reputable independent firm of certified public accountants not affiliated or having had worked for Landlord or Tenant or their respective affiliates within the prior three (3) year period, selected by Landlord and approved by Tenant, which approval shall not be unreasonably withheld, conditioned or delayed, and the decision of such accountants shall be conclusively binding upon the parties. The fees and expenses involved in resolving such dispute shall be borne by the unsuccessful party (and if both parties are partially unsuccessful, the accountants shall apportion the fees and expenses between the parties based upon the degree of success of each party). Notwithstanding the giving of such notice by Tenant, and pending the resolution of any such dispute, Tenant, as a condition of Tenant's right to challenge a Landlord's Statement, shall pay to Landlord when due the amount shown on any such Landlord's Statement, as provided in this Article 3. The obligations contained in this Section 3.5 shall survive the Expiration Date.

Section 3.6 In determining the amount of the Base Operating Factor and Operating Expenses, if less than 95% of the Building's rentable area shall have been occupied by tenant(s) at any time during the calendar year 2010 or any subsequent Operating Year, Operating Expenses, for the purposes of the Base Operating Factor and for any such subsequent Operating Year, shall be adjusted to the amount which would normally be expected to be incurred had 95% of all such areas been occupied throughout 2010 or any Operating Year. The provisions of this paragraph with respect to adjustments of Operating Expenses for vacancy, shall apply only to Operating Expenses which are variable and which increase in the same relationship to the increase in occupancy in the Building and shall not apply to any Operating Expenses which do not vary with the level of occupancy in the Building.

ARTICLE 4

ELECTRICITY

Section 4.1 Tenant shall at all times comply with the rules, regulations, terms and conditions applicable to service, equipment, wiring and requirements of the public utility supplying electricity to the Building. Landlord shall provide to the Premises, and Tenant agrees that at no time will the electrical connected load in the Premises exceed, in the aggregate six (6) watts per rentable square foot, exclusive of the electricity required to operate the HVAC System and the base Building mechanical, emergency power, emergency lighting and Class E Systems. Tenant shall not, without Landlord's prior written consent in each instance, connect any fixtures, machinery, appliances or equipment to the Building electric distribution system or make any alteration or addition to Tenant's machinery, appliances or equipment, or the electric system of the Premises, if the effect thereof would be to increase the electrical load in the Premises over the load specified in this Section 4.1. Landlord's consent to such request shall not be unreasonably withheld or delayed, taking into consideration the fact that Landlord will have to reserve additional power for other space in the Building. Should Landlord grant such consent, all additional risers or other equipment required therefor shall be provided by Landlord and the reasonable cost thereof shall be paid by Tenant within 30 days after Landlord's demand. Landlord shall not be liable in any way to Tenant for any interruption or failure or defect in the supply or character of electric service furnished to the Premises or for any loss, damage or expense Tenant may sustain if either the quantity or character of electric service is changed or is

no longer suitable for Tenant's requirements, whether by reason of any requirement, act or omission of the public utility serving the Building or for any other reason, other than to the extent resulting from the negligence or willful misconduct of Landlord or its agents.

Section 4.2 (A) As of the Commencement Date, electricity shall be furnished by Landlord to the Premises, and Tenant shall pay to Landlord, as Additional Rent for such service (including the electricity used to operate any units providing HVAC solely to the Premises), the amounts (the "Electricity Additional Rent"), as determined by one or more submeters purchased and installed by Landlord, at Landlord's expense (and maintained, repaired and replaced by Landlord, at Landlord's expense), at charges, terms and rates, applied to the monthly readings on each such meter or submeter, as set from time to time during the Term by the public utility serving the Building based upon the average rate per kilowatt hour payable by Landlord for the electricity furnished to the Building during the applicable billing period (computed by dividing the electricity bill for the Building for such period by the total kilowatt hours on such bill), plus an amount equal to five (5%) percent thereof to reimburse Landlord for administrative services in connection with supplying and billing such electricity, and for line loss.

(B) Bills for the Electricity Additional Rent shall be rendered to Tenant at such time as Landlord may elect but no more frequently than every thirty (30) days, and Tenant shall pay the amount shown thereon to Landlord within thirty (30) days after the rendering of such bill.

(C) Wherever reference is made in this Article to rate(s) or charge(s) of the public utility supplying electricity to the Building or to increases in such rates or charges, the words rates or charges shall be deemed to include without limitation, any and all (including any new or additional) (i) kilowatt hours or energy charge; (ii) kilowatts of demand charge; (iii) fuel adjustment charge; (iv) transfer adjustment charge; (v) utility tax; (vi) sales tax; and (vii) any and all other charges and taxes required to be paid by Landlord to the utility company.

Section 4.3 Tenant, at Landlord's option, shall purchase from Landlord all lighting tubes, lamps, bulbs and ballasts used in the Premises, and Tenant shall pay to Landlord Landlord's reasonable and competitive charges for providing and installing the same, as Additional Rent.

Section 4.4 Landlord shall have the right, in its sole discretion, to select any entity or entities which it desires to have as the electrical service provider to the Building (including the Premises), and Tenant shall not have the right to select the same or participate in the selection of the same, except and to the extent that any Laws mandate that Tenant have any such right(s). Any such new electric service provider shall charge electric rates that are competitive with the then existing electric service provider to the Building.

Section 4.5 Landlord reserves the right to discontinue furnishing electric energy to the Premises at any time upon not less than sixty (60) days notice to Tenant provided that Landlord shall not exercise such right unless it discontinues furnishing electricity to a substantial portion of the Building and until Tenant, acting diligently, shall be able to obtain electric energy directly from the electric service provider for the Building. If Landlord exercises such right of termination, this Lease shall continue in full force and effect and shall be unaffected thereby, except only that, from and after the effective date of such discontinuance, Landlord shall not be

obligated to furnish electric energy to Tenant and Tenant shall no longer be obligated to pay Electricity Additional Rent. If Landlord voluntarily discontinues furnishing electric energy to Tenant, Landlord shall, prior to the effective date of such discontinuance, at Landlord's expense, make such changes in panel boards, feeders, risers, wiring and other conductors and equipment to the extent required to permit Tenant to obtain electric energy directly from the electric service provider for the Building. If, on the other hand, Landlord is required by any Laws to discontinue furnishing electric energy to Tenant, Tenant shall reimburse Landlord promptly upon demand for the cost incurred by Landlord in making such changes in panel boards, feeders, risers, wiring and other conductors and equipment in order to permit Tenant to obtain electric energy directly from the electric service provider for the Building.

ARTICLE 5

USE AND OCCUPANCY

Section 5.1 Tenant shall use and occupy the Premises for the Permitted Use and for no other purpose.

Section 5.2 Tenant shall not use the Premises or any part thereof, or permit the Premises or any part thereof to be used, (1) for the business of photographic, multilith or multigraph reproductions or offset printing (other than those which are ancillary to an otherwise Permitted Use), (2) for an off-the-street retail commercial banking, thrift institution, loan company, trust company, depository or safe deposit business accepting deposits from the general public, (3) for the off-the-street retail sale of travelers checks, money orders, drafts, foreign exchange or letters of credit or for the receipt of money for transmission, (4) by the United States government, the City or State of New York, any foreign government, the United Nations or any agency or department of any of the foregoing having or asserting sovereign immunity, (5) for the preparation, dispensing or consumption of food or beverages in any manner whatsoever, except for the preparation, dispensing and consumption of food by Tenant's employees who work in the Premises and Tenant's invitees (but not invitees who are invitees solely for the consumption or purchase of food or beverages unrelated to any other business with Tenant) and not for the sale of food to any Persons other than such employees and invitees, (6) as an employment agency, day-care facility, labor union, school, or vocational training center (except for the training of employees of Tenant intended to be employed at the Premises and for seminars conducted by Tenant for investors, potential investors, employees and other business professionals), (7) as a barber shop, beauty salon or manicure shop, (8) for product display activities (such as those of a manufacturer's representative), (9) as offices of any public utility company, (10) for data processing activities (other than those which are ancillary to an otherwise Permitted Use), (11) for health care activities, (12) for clerical support services or offices of public stenographers or typists (other than those which are ancillary to an otherwise Permitted Use), (13) as reservation centers for airlines or travel agencies, (14) for retail or manufacturing use, (15) as studios for radio, television or other media, (16) for offices for a real estate brokerage firm or (17) for any obscene or pornographic purpose or any sort of commercial sex establishment or for exhibition to the public of any obscene or pornographic materials. For purposes of the preceding clause (17), "pornographic" shall mean that the material or purpose has prurient appeal or relates, directly or indirectly, to lewd or prurient sexual activity and "obscene" shall have the meaning ascribed thereto in New York Penal Law Section 235.00. Furthermore, the Premises shall not be used for any purpose that would, in Landlord's reasonable judgment, tend to lower the first-class

character of the Building, create unreasonable or excessive elevator or floor loads, violate the certificate of occupancy of the Building, impair or interfere with any of the Building operations or the proper and economic heating, air-conditioning, cleaning or any other services of the Building, interfere with the use of the other areas of the Building by any other tenants, or impair the appearance of the Building.

ARTICLE 6

ALTERATIONS

Section 6.1

(A) Tenant, upon notice to and coordination with Landlord, but without obtaining Landlord's consent, may make Alterations which (x)(i) do not affect any structural or mechanical portion of the Building or Building Systems, (ii) do not require that a building permit be obtained, and (iii) are of a decorative nature such as painting, carpeting, wall covering, and the like and (y) when added with any other similar Alterations within the prior twelve month period, costs less than \$75,000 in the aggregate (a "Decorative Alteration"). Tenant shall not make or permit to be made any other Alterations without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, provided that (1) the outside appearance of the Building shall not be affected; (2) the strength of the Building shall not be affected; (3) the structural parts of the Building shall not be affected; (4) no part of the Building outside of the Premises shall be affected; and (5) the proper functioning of the Building Systems shall not be adversely affected and the use of such systems by Tenant shall not be increased beyond Tenant's allocable portion of reserve capacity thereof, if any. Reference is made to Schedule B hereto, which contains the Building Rules and Building Standards for Alterations applicable to the Building, which is incorporated by reference in this Lease. Landlord reserves the right to make reasonable changes and additions thereto, that are generally applicable to all tenants of the Building; provided, however, that such changes or additions shall not conflict with the express provisions of this Lease.

(B) (1) Prior to making any Alterations, Tenant shall, at Tenant's expense, (i) other than with respect to Decorative Alterations, submit to Landlord six sets of blue lines of final, stamped and detailed plans and specifications (including layout, architectural, electrical, mechanical and structural drawings) that comply with all Laws for each proposed Alteration, and Tenant shall not commence any such Alteration without first obtaining Landlord's approval of such plans and specifications, which approval shall not be unreasonably withheld, conditioned or delayed, (ii) at Tenant's expense, obtain all permits, approvals and certificates required by any Government Authorities with respect to such Alterations, and (iii) furnish to Landlord certificates evidencing worker's compensation insurance (covering all persons to be employed by Tenant, and Tenant's contractors and subcontractors, in connection with such Alteration) and copies of Tenant's policies of commercial general liability insurance (including premises operation, bodily injury, personal injury, death, independent contractors, products and completed operations, broad form contractual liability and broad form property damage coverages) in such form, with such companies, for such periods and in such amounts as Landlord may reasonably approve, naming Landlord and its agents, any Lessor and any Mortgagee, as additional insureds. Upon completion of such Alteration, Tenant, at Tenant's expense, shall obtain certificates of final approval of such Alterations required by any Government Authority (including the

Landmarks Preservation Commission) and shall furnish Landlord with copies thereof, together with the “as-built” plans and specifications for such Alterations. All Alterations shall be made and performed substantially in accordance with the plans and specifications therefor as approved by Landlord, all Laws and the Rules and Regulations. All materials and equipment to be incorporated in the Premises as a result of any Alterations shall be first quality and no such materials or equipment shall be subject to any lien, encumbrance, chattel mortgage, title retention or security agreement. In addition, except for Decorative Alterations, any Alteration for which the cost of labor and materials (as estimated by Landlord’s architect, engineer or contractor) is in excess of Seventy-Five Thousand (\$75,000.00) Dollars, shall be performed only under the supervision of a licensed architect reasonably satisfactory to Landlord.

(2) Landlord shall endeavor to respond to the proposed plans and specifications referred to in Section 6.1(B)(1)(i) within ten (10) Business Days after submission (and within five (5) Business Days after any resubmission, if required), but Landlord shall have no liability to Tenant by reason of Landlord’s failure to respond within such time period. If Landlord shall fail to respond within such time period, however, Landlord’s approval of such plans and specifications shall be deemed granted, provided that Tenant shall have sent Landlord a second request for approval containing the following language in eighteen-point print: “THIS IS A SECOND REQUEST FOR APPROVAL OF THE PROPOSED PLANS AND SPECIFICATIONS. IF LANDLORD DOES NOT RESPOND TO THIS REQUEST WITHIN FIVE (5) BUSINESS DAYS, LANDLORD’S APPROVAL SHALL BE DEEMED GRANTED PURSUANT TO THE PROVISIONS OF THE LEASE” and Landlord shall have failed to respond within such time period. Landlord reserves the right to disapprove any plans and specifications in part, to reserve approval of items shown thereon pending its review and approval of other plans and specifications, and to condition its approval upon Tenant making reasonable revisions to the plans and specifications or supplying additional information. Any disapproval by Landlord shall specify its reasons for disapproval with sufficient specificity to enable Tenant to amend its plans and specifications. Tenant agrees that any review or approval by Landlord of any plans and/or specifications with respect to any Alteration is solely for Landlord’s benefit, and without any representation or warranty whatsoever to Tenant or any other Person with respect to the adequacy, correctness or sufficiency thereof or with respect to Laws or otherwise.

(C) Except as otherwise provided in the Building Rules and Building Standards for Alterations, Tenant shall be permitted to perform Alterations during Operating Hours, provided that such work does not unreasonably interfere with or unreasonably interrupt the operation and maintenance of the Building or unreasonably interfere with or unreasonably interrupt the use and occupancy of the Building by other tenants in the Building; provided that Tenant shall not be entitled to have any construction material delivered, or any construction debris removed, during Operating Hours on Business Days, except as set forth in Section 28.1(B). Otherwise, Alterations shall be performed at Tenant’s expense and at such times and in such manner as Landlord may from time to time reasonably designate. All Alterations (but not Tenant’s Property) shall become a part of the Building and shall be Landlord’s property from and after the installation thereof and may not be removed or changed without Tenant’s compliance with the applicable provisions of this Article 6. Notwithstanding the foregoing, if on or before the date Landlord approves Tenant’s plans and specifications (or other documentation) for such Alterations, Landlord notifies Tenant that Landlord is reserving the right to require Tenant to remove any Alterations designated by Landlord as specialty Alterations (“Specialty

Installations”) which shall be only those that exceed the customary standard types of alterations for general, executive and administrative business offices in Manhattan, then Landlord, prior to the Fixed Expiration Date or within 15 days after any earlier termination of this Lease, may require Tenant to remove such Specialty Installations and to repair and restore in a good and workmanlike manner to Building standard condition (reasonable wear and tear excepted) any damage to the Premises or the Building caused by such removal. Without limiting the foregoing, upon the Expiration Date or the earlier termination of the Term, Tenant shall be obligated to remove any wiring and cabling from the raceways and conduits located in the Premises and installed by Tenant. All Tenant’s Property shall remain the property of Tenant and, on or before the Expiration Date or earlier end of the Term, may be removed from the Premises by Tenant at Tenant’s option, provided, however, that Tenant shall repair and restore in a good and workmanlike manner to Building standard condition (reasonable wear and tear excepted) any damage to the Premises or the Building caused by such removal. The provisions of this Section 6.1(C) shall survive the expiration or earlier termination of this Lease.

(D) (1) All Alterations shall be performed, at Tenant’s sole cost and expense (but subject to the Tenant Improvement Allowance), by contractors and subcontractors selected by Tenant and approved by Landlord and under the supervision of a construction or project manager selected by Tenant and approved by Landlord, which approval in any such cases shall not be unreasonably withheld, conditioned or delayed. Prior to making any Alteration, at Tenant’s request, Landlord shall furnish Tenant with a list of contractors who may perform Alterations to the Premises on behalf of Tenant. If Tenant shall enter into a contract with any contractor set forth on the list, within six months after Landlord shall furnish Tenant with such list, Tenant shall not be required to obtain Landlord’s consent to such contractor unless, prior to entering into a contract with such contractor or the commencement of work by the contractor, Landlord notifies Tenant that such contractor has been removed from the list.

(2) Notwithstanding the foregoing, with respect to any Alteration affecting the Class E Systems or security systems of the Building, (i) Tenant shall employ Landlord’s or the Manager’s designated contractor, and (ii) the Alteration shall, at Tenant’s reasonable expense, be designed by either Landlord’s or the Manager’s engineer. In addition, Landlord’s or the Manager’s designated expediter shall review any filings with, or other submissions to, applicable Government Authorities in connection with any of Tenant’s Alterations.

(E) (1) Any mechanic’s lien filed against the Premises or the Real Property for work claimed to have been done for, or materials claimed to have been furnished to, Tenant shall be cancelled or discharged by Tenant, by payment or filing of the bond required by law, within thirty (30) days after notice to Tenant that such lien shall have been filed, and Tenant shall indemnify and hold Landlord harmless from and against any and all costs, expenses, claims, losses or damages resulting therefrom by reason thereof.

(2) If Tenant shall fail to discharge such mechanic’s lien within the aforesaid period, then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit in court or bonding, and in any such event, Landlord shall be entitled, if Landlord so elects, to compel the prosecution of an action for the foreclosure of such mechanic’s lien by the lienor and to pay the amount of the judgment, if any, in favor of the lienor, with interest, costs and allowances.

(3) Any amount paid by Landlord for any of the aforesaid charges and for all reasonable expenses of Landlord (including, but not limited to, reasonable attorneys' fees and disbursements) incurred in defending any such action, discharging said lien or in procuring the discharge of said lien, with interest on all such amounts at the maximum legal rate of interest then chargeable to Tenant from the date of payment, shall be repaid by Tenant within thirty (30) days after written demand therefor, and all amounts so repayable, together with such interest, shall be considered Additional Rent.

Section 6.2 (A) In the case of Alterations costing in excess of \$75,000, Tenant shall pay to the Manager a fee (the "Alteration Fee") equal to \$5,000 per month (prorated for a partial month) during the performance of such Alterations. Such Alteration Fee or any portion thereof shall be paid by Tenant to the Manager within five (5) Business Days after demand therefor. Notwithstanding the foregoing, Tenant shall not be obligated to pay the Alteration Fee for any Alterations as to which Tenant has engaged Tristar Construction, Sweet Construction or Corporate Interiors as the general contractor, so long as such selected entity is then authorized to perform work in the Building.

(B) As an alternative to the payment of the Alteration Fee as set forth in Section 6.2(A), at Tenant's election, Tenant may retain the Manager's construction services division for the construction management of Tenant's Alterations. In such case, Tenant shall pay the Manager (i) a "General Conditions" on the entire cost of the Alterations plus (ii) a fee for overhead and profit, to be applied against the cost of such Alterations, such fee to be agreed upon by Tenant and the Manager in advance.

(C) Tenant also shall reimburse Landlord, within thirty (30) days after demand for any reasonable out-of-pocket third party expense incurred by Landlord for reviewing the plans and specifications for any Alterations or inspecting the progress of completion of the same.

Section 6.3 Landlord, at Tenant's expense, and upon the request of Tenant, shall join in any applications for any permits, approvals or certificates required to be obtained by Tenant in connection with any permitted Alteration (provided that the provisions of the applicable Laws shall require that Landlord join in such application) and shall otherwise cooperate with Tenant in connection therewith, provided that Landlord shall not be obligated to incur any cost or expense or liability in connection therewith.

Section 6.4 At Landlord's request, Tenant shall furnish to Landlord copies of records of all Alterations and of the cost thereof within thirty (30) days after the completion of such Alterations.

Section 6.5 Tenant shall not, at any time prior to or during the Term, directly or indirectly employ, or permit the employment of, any contractor, mechanic or laborer in the Premises, whether in connection with any Alteration or otherwise, if such employment would interfere or cause any conflict with other contractors, mechanics or laborers engaged in the construction, maintenance or operation of the Building by Landlord, Tenant or others. In the

event of any such interference or conflict, Tenant, upon demand of Landlord, shall cause all contractors, mechanics or laborers causing such interference or conflict to leave the Building immediately.

Section 6.6 Landlord and Tenant shall cooperate to enable Landlord to obtain a LEED certification for the Building and for Tenant to obtain a LEED certification for the interior design of the Premises, but will not be obligated to modify Tenant's Alterations to comply with any LEED certification requirements.

ARTICLE 7

REPAIRS; FLOOR LOAD

Section 7.1 Tenant, at Tenant's sole cost and expense, shall take good care of the Premises and the fixtures, equipment and appurtenances therein and make all repairs thereto as and when needed to preserve them in good working order and condition, except for (a) reasonable wear and tear, (b) obsolescence and (c) damage for which Tenant is not responsible pursuant to the provisions of Article 13. Except as otherwise provided in this Section 7.1, Tenant shall not be obligated to repair any exterior or structural components of the Building or the Building Systems, except that Tenant shall maintain the fire and life safety systems and components thereof installed within the Premises and connected to the Class E Systems by entering into a maintenance contract with the Building's Class E Systems contractor. The design and decoration of the elevator areas of each floor of the Premises and the public corridors of any floor of the Premises occupied by more than one (1) occupant shall be under the sole control of Landlord. Notwithstanding any provision contained in this Lease to the contrary, all damage or injury to the Premises, and all damage or injury to any other part of the Building, or to its fixtures, equipment and appurtenances (including the Building Systems), whether requiring structural or non-structural repairs, caused by the moving of Tenant's Property or caused by or resulting from any act or wrongful or negligent omission of, or Alterations made by, Tenant or Persons Within Tenant's Control, shall be repaired by Tenant, at Tenant's sole cost and expense, to the reasonable satisfaction of Landlord (if the required repairs are non-structural in nature and do not affect any Building Systems), or by Landlord at Tenant's sole cost and expense (if the required repairs are structural in nature or affect any Building Systems). All of the aforesaid repairs shall be performed in a manner and with materials and design of first class and quality consistent with first-class office buildings in the immediate vicinity of the Building and shall be made in accordance with the provisions of Article 6. If Tenant shall fail, after ten (10) Business Days' notice (or such shorter period as may be required because of an emergency), to proceed to diligently pursue repairs required to be made by Tenant, the same may be made by Landlord, at the reasonable expense of Tenant, and the expenses thereof incurred by Landlord, with interest thereon at the Applicable Rate, shall be paid to Landlord, as Additional Rent, within thirty (30) days after rendition of a bill or statement therefor. Tenant shall give Landlord notice promptly after becoming aware of any defective condition in any Building Systems located in, servicing or passing through the Premises.

Section 7.2 Tenant shall not place a load upon any floor of the Premises which exceeds the per square foot "live load" for such floor that such floor was designed to carry. Tenant shall not locate or move any safe, heavy machinery, heavy equipment, business machines, freight, bulky matter or fixtures into or out of the Building without Landlord's prior

consent, which consent shall not be unreasonably withheld, conditioned or delayed, and Tenant shall make payment to Landlord of Landlord's reasonable out-of-pocket costs in connection therewith, plus fifteen (15%) percent for Landlord's overhead (if such move is not part of an Alteration). If such safe, machinery, equipment, freight, bulky matter or fixture requires special handling (as reasonably determined by Landlord), Tenant shall employ only persons holding a Master Rigger's license to do said work. All work in connection therewith shall comply with the Requirements, and shall be done during such hours as Landlord may reasonably designate. Business machines and mechanical equipment shall be placed and maintained by Tenant, at Tenant's expense, in settings sufficient, in Landlord's reasonable judgment, to absorb and prevent vibration, noise and annoyance.

Section 7.3 Landlord (at its expense, but subject to the reimbursement by Tenant under the provisions of Article 3 to the extent permitted thereby) shall operate, maintain and make all necessary repairs (both structural and non-structural) to the Building Systems (including the maintenance and all necessary repairs and replacements of the DX Unit) and the common areas and other public portions of the Building, both exterior and interior, in conformance with standards applicable to first-class office buildings in the immediate vicinity of the Building, except for those repairs for which Tenant is responsible pursuant to any other provision of this Lease. Landlord shall use reasonable efforts to minimize interference with Tenant's use and occupancy of the Premises in making any repairs, alterations, additions or improvements; provided, however, that Landlord shall have no obligation to employ contractors or labor at so-called overtime or other premium pay rates or to incur any other overtime costs in connection with such repairs, alterations, additions or improvements. Notwithstanding the foregoing, if Tenant shall so request, Landlord shall employ contractors or labor at so-called overtime or other premium pay rates or incur other overtime costs in making such repairs, alterations, additions or improvements, provided Tenant shall pay to Landlord, as Additional Rent, within thirty (30) days after demand therefor, an amount equal to the reasonable, out-of-pocket overtime costs incurred by Landlord by reason of compliance with Tenant's request. Except as expressly provided in this Lease, there shall be no allowance to Tenant for a diminution of rental value and no liability on the part of Landlord by reason of inconvenience, annoyance or injury to business arising from Landlord, Tenant or others making, or failing to make, any repairs, alterations, additions or improvements in or to any portion of the Building or the Premises, or its fixtures, appurtenances or equipment.

ARTICLE 8

WINDOW CLEANING

Section 8.1 Tenant shall not clean, nor require, permit, suffer or allow any window in the Premises to be cleaned, from the outside in violation of Section 202 of the Labor Law, or any other applicable law, or of the rules of the Board of Standards and Appeals, or of any other board or body having or asserting jurisdiction.

REQUIREMENTS OF LAW

Section 9.1 Tenant shall not do, and shall not permit Persons Within Tenant's Control to do, any act or thing in or upon the Premises or the Building which will invalidate or be in conflict with the certificate of occupancy for the Premises or the Building or violate any Requirements. Tenant shall, at Tenant's sole cost and expense, take all action, including making any required Alterations necessary to comply with all Laws (including, but not limited to, applicable terms of Local Laws No. 5 of 1973, No. 16 of 1984, No. 76 of 1985, No. 58 of 1987 and the Americans With Disabilities Act of 1990 (the "ADA"), each as modified and supplemented from time to time) which shall impose any violation, order or duty upon Landlord or Tenant arising from, or in connection with, the Premises, Tenant's occupancy, use or manner of use of the Premises (including, without limitation, any occupancy, use or manner of use that constitutes a "place of public accommodation" under the ADA), or any installations in the Premises, or required by reason of a breach of any of Tenant's covenants or agreements under this Lease, whether or not such Laws shall now be in effect or hereafter enacted or issued, and whether or not any work required shall be ordinary or extraordinary or foreseen or unforeseen at the date hereof. Notwithstanding the preceding sentence, Tenant shall not be obligated to perform any Alterations necessary to comply with any Requirements, unless compliance shall be required by reason of (i) any cause or condition arising out of any Alterations or installations in the Premises made by Tenant or by Landlord on behalf of Tenant (other than Landlord's Work and any other Alterations or installations made by Landlord prior to the Commencement Date to prepare the Premises for Tenant's occupancy), or (ii) Tenant's particular use, manner of use or occupancy on behalf of Tenant of the Premises (as opposed to mere office use), or (iii) any breach of any of Tenant's covenants or agreements under this Lease, or (iv) any wrongful act or wrongful or negligent omission by Tenant or Persons Within Tenant's Control, or (v) Tenant's use or manner of use or occupancy of the Premises as a "place of public accommodation" within the meaning of the ADA, in which event Tenant's obligation to perform any Alteration by reason of this clause (v) shall apply only to the Premises. Notwithstanding the foregoing or any other provision of this Lease to the contrary, Tenant shall comply with all Laws with respect to all restrooms on any full floor of the Premises (whether or not any such restroom is existing as of the date of this Lease and whether or not Tenant has retrofitted or altered the same) and with respect to all elevator lobbies serving any full floor of the Premises (whether or not Tenant has retrofitted or altered any such elevator lobby); such compliance shall include the making of any Alterations that may be required by any Laws (provided, however, that Landlord shall deliver the core restrooms and the elevator lobby on the third floor of the Building to Tenant on the Commencement Date in compliance with all applicable Laws, including the ADA.).

Section 9.2 (a) Tenant covenants and agrees that Tenant shall, at Tenant's sole cost and expense, comply at all times with all Laws governing the use, generation, storage, treatment and/or disposal of any Hazardous Materials (as defined below), the presence of which results from the act or omission of Tenant or Persons Within Tenant's Control or the breach of this Lease by Tenant or Persons Within Tenant's Control. The term "Hazardous Materials" shall mean any biologically or chemically active or other toxic or hazardous wastes, pollutants or substances, including, without limitation, asbestos, PCBs, petroleum products and by-products, substances defined or listed as "hazardous substances" or "toxic substances" or similarly identified in or pursuant to the Comprehensive Environmental Response, Compensation and

Liability Act, 42 U.S.C. § 9601 et seq., and as hazardous wastes under the Resource Conservation and Recovery Act, 42 U.S.C. § 6010, et seq., any chemical substance or mixture regulated under the Toxic Substance Control Act of 1976, as amended, 15 U.S.C. § 2601, et seq., any “toxic pollutant” under the Clean Water Act, 33 U.S.C. § 466 et seq., as amended, any hazardous air pollutant under the Clean Air Act, 42 U.S.C. § 7401 et seq., hazardous materials identified in or pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. § 1802, et seq., and any hazardous or toxic substances or pollutant regulated under any other Laws. Tenant shall agree to execute, from time to time, at Landlord’s request, reasonable affidavits, representations and the like concerning Tenant’s knowledge and belief regarding the presence of Hazardous Materials in, on, under or about the Premises, the Building or the Land. Tenant shall indemnify and hold harmless all Indemnitees from and against any loss, cost, damage, liability or expense (including reasonable attorneys’ fees and disbursements) arising by reason of any remediation, detoxification action or any other activity required or recommended of any Indemnitees by any Government Authority by reason of the presence in or about the Building or the Premises of any Hazardous Materials, as a result of the act or omission of Tenant or Persons Within Tenant’s Control or the breach of this Lease by Tenant or Persons Within Tenant’s Control. Landlord shall indemnify and hold harmless Tenant from and against any loss, cost, damage, liability or expense (including reasonable attorney’s fees and disbursements) arising by reason of any remediation, detoxification action or any other activity required of Tenant by any Governmental Authority by reason of the release in or about the Building or the Premises of any Hazardous Material prior to Tenant’s occupancy of the Premises or the presence in or about the Building or the Premises of any Hazardous Materials as a result of any act or omission of Landlord or any Person Within Landlord’s Control or the breach of this Lease by Landlord. The foregoing covenants and indemnities shall survive the expiration or any termination of this Lease.

(b) Tenant acknowledges that there are certain areas of vinyl asbestos tile (“VAT”) encapsulated in accordance with Laws in the floor of the Premises. If Tenant desires to make any Alterations which will require trenching or core drilling, Tenant will indicate on its plans and specifications the locations where such work is to be done and submit the same to Landlord for its approval. If an area of trenching or core drilling indicated on Tenant’s plans and specifications contains VAT, then Landlord will perform the trenching or core drilling in such area at Tenant’s expense, and Landlord will remediate or encapsulate the VAT in such area in accordance with Laws at Landlord’s expense.

Section 9.3 If Tenant shall receive notice of any violation of, or defaults under, any Requirements, liens or other encumbrances applicable to the Building or the Premises, Tenant shall give prompt notice thereof to Landlord.

Section 9.4 If any governmental license or permit shall be required for the proper and lawful conduct of Tenant’s business and if the failure to secure such license or permit would, in any way, affect Landlord or the Building, then Tenant, at Tenant’s expense, shall promptly procure and thereafter maintain, submit for inspection by Landlord, and at all times comply with the terms and conditions of, each such license or permit.

Section 9.5 Tenant, at Tenant’s sole cost and expense and after notice to Landlord, may contest, by appropriate proceedings prosecuted diligently and in good faith, the legality or applicability of any Laws affecting the Premises provided that: (a) neither Landlord nor any

Indemnitees shall be subject to criminal penalties, nor shall the Real Property or any part thereof be subject to being condemned or vacated, nor shall the certificate of occupancy for the Premises or the Building be suspended or threatened to be suspended, by reason of non-compliance or by reason of such contest; (b) such non-compliance or contest shall not constitute or result in a violation (either with the giving of notice or the passage of time or both) of the terms of any Mortgage or Superior Lease, or if such Superior Lease or Mortgage conditions such non-compliance or contest upon the taking of action or furnishing of security by Landlord, such action shall be taken or such security shall be furnished at the expense of Tenant; and (c) Tenant shall keep Landlord regularly advised as to the status of such proceedings.

Section 9.6 Within thirty (30) days after Tenant's submission to Landlord of final Plans referred to in the Work Agreement annexed as Schedule C and Landlord's approval of such Plans, Landlord shall deliver to Tenant an ACP-5 certificate with respect to the Premises. Landlord shall remove, treat or encapsulate, in accordance with applicable Laws, at its expense, any asbestos-containing materials existing in the Premises or discovered in the Premises during the Term, so long as such asbestos-containing materials were not introduced into the Premises by Tenant or by Persons Within Tenant's Control.

Section 9.7 Landlord shall comply with all Laws (including the ADA) which shall impose a duty on Landlord or Tenant with respect to the Premises or the Real Property with which Tenant is not obligated to comply, if and solely to the extent that (x) such non-compliance by Landlord prevents or impairs Tenant's ability to use the Premises for its normal business operations or precludes the issuance of a temporary or permanent certificate of occupancy with respect to the Premises; or (y) as the result of such non-compliance by Landlord, a Government Authority shall issue a fine or other monetary sanction, an injunction or an enforcement order against Tenant (unless Landlord shall indemnify Tenant therefor).

ARTICLE 10

SUBORDINATION

Section 10.1 Except as otherwise provided in Section 10.6(B), this Lease shall be subject and subordinate to the lien of each Superior Lease and to each Mortgage, whether made prior to or after the execution of this Lease, and to the lien of all renewals, extensions, supplements, amendments, modifications, consolidations and replacements thereof or thereto, substitutions therefor, and advances made thereunder. This clause shall be self-operative and no further agreement of subordination shall be required to make the interest of any Lessor or Mortgagee superior to the interest of Tenant hereunder. In confirmation of such subordination, however, Tenant shall promptly execute and deliver, at its own cost and expense, any reasonable document, in recordable form if requested, that Landlord, any Lessor or any Mortgagee may request to evidence such subordination. If, in connection with the financing of the Real Property, the Building or the interest of the lessee under any Superior Lease, or if, in connection with the entering into of a Superior Lease, any lending institution or Lessor, as the case may be, requests reasonable modifications of this Lease that do not increase Rental or change the Term of this Lease, or materially and adversely affect either the rights or obligations of Tenant or the obligations of Landlord under this Lease, Tenant shall make such modifications.

Section 10.2 If, at any time prior to the expiration of the Term, any Superior Lease shall terminate or shall be terminated for any reason, or any Mortgagee comes into possession of the Real Property or the Building or the estate created by any Superior Lease by receiver or otherwise, Tenant shall attorn, from time to time, to any such owner, Lessor or Mortgagee or any person acquiring the interest of Landlord as a result of any such termination, or as a result of a foreclosure of the Mortgage or the granting of a deed in lieu of foreclosure, upon the then executory terms and conditions of this Lease (except as provided below), for the remainder of the Term, provided that such owner, Lessor or Mortgagee, as the case may be, or receiver caused to be appointed by any of the foregoing, is then entitled to possession of the Premises. Any such attornment shall be made upon the condition that no such owner, Lessor or Mortgagee shall be:

(1) liable for any act or omission of any prior landlord (including, without limitation, the then defaulting landlord) but shall remain obligated to remedy any continuing defaults; or

(2) subject to any defense, abatement, or offsets (except as expressly set forth in this Lease) which Tenant may have against any prior landlord (including, without limitation, the then defaulting landlord); or

(3) bound by any payment of Rental which Tenant might have paid for more than one month in advance of its due date to any prior landlord (including, without limitation, the then defaulting landlord); or

(4) bound by any obligation to make any payment to Tenant which was required to be made prior to the time such owner, Lessor or Mortgagee succeeded to any prior landlord's interest; or

(5) bound by any obligation to perform any work or to make improvements to the Premises except for (i) repairs and maintenance pursuant to the provisions of Article 7 and compliance with Law obligations under Article 9, (ii) repairs to the Premises or any part thereof as a result of damage by fire or other casualty pursuant to Article 13, but only to the extent that such repairs can be reasonably made from the net proceeds of any insurance actually made available to such owner, Lessor or Mortgagee, and (iii) repairs to the Premises as a result of a partial condemnation pursuant to Article 14, but only to the extent that such repairs can be reasonably made from the net proceeds of any award made available to such owner, Lessor or Mortgagee. The provisions of this Section 10.2 shall inure to the benefit of any such owner, Lessor or Mortgagee, shall apply notwithstanding that, as a matter of law, this Lease may terminate upon the termination of any such Superior Lease, and shall be self-operative upon any such demand, and no further agreement shall be required to give effect to said provisions. Tenant, however, upon demand of any such owner, Lessor or Mortgagee, shall execute, from time to time, agreements in confirmation of the foregoing provisions of this Section 10.2, reasonably satisfactory to any such owner, Lessor or Mortgagee, and to Tenant, and acknowledging such attornment and setting forth the terms and conditions of its tenancy.

Section 10.3 Subject to Section 10.6 hereof, if requested by any Mortgagee, any Lessor or Landlord, Tenant shall promptly execute and deliver, at Tenant's own cost and expense, any document in accordance with the terms of this Article 10, in recordable form, to evidence such subordination and non-disturbance.

Section 10.4 At any time and from time to time within fifteen (15) Business Days after notice to Tenant or Landlord given by the other, or to Tenant given by a Lessor or Mortgagee (which fifteen (15) Business Day period is not subject to any notice and cure periods otherwise provided in this Lease), Tenant or Landlord, as the case may be, shall, without charge, execute, acknowledge and deliver a statement in writing addressed to such party as Tenant, Landlord, Lessor or Mortgagee, as the case may be, may designate, in form reasonably satisfactory to Tenant, Landlord, Lessor or Mortgagee, as the case may be, certifying all or any of the following: (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and stating the modifications); (ii) whether the Term has commenced and Fixed Rent and Additional Rent have become payable hereunder and, if so, the dates to which they have been paid; (iii) whether or not, to the best knowledge of the signer of such certificate, Landlord is in default in performance of any of the terms of this Lease and, if so, specifying each such event of default of which the signer may have knowledge; (iv) whether Tenant has accepted possession of the Premises; (v) whether Tenant has made any claim against Landlord under this Lease and, if so, the nature thereof and the dollar amount, if any, of such claim; (vi) either that Tenant does not know of any default in the performance of any provision of this Lease or specifying the default of which Tenant may have knowledge; and (vii) such further reasonable information with respect to this Lease or the Premises as Landlord or Tenant may reasonably request or Lessor or Mortgagee may require; it being intended that any such statement delivered pursuant hereto may be relied upon by any prospective purchaser of the Real Property or any part thereof or of the interest of Landlord in any part thereof, by any Mortgagee or prospective Mortgagee, by any Lessor or prospective Lessor, by any tenant or prospective tenant of the Real Property or any part thereof, or by any prospective assignee of any Mortgage or by any assignee or subtenant of Tenant.

The failure of either Tenant or Landlord to execute, acknowledge and deliver to the other a statement in accordance with the provisions of this Section 10.4 within said fifteen (15) Business Day period shall constitute an acknowledgment by Tenant or Landlord, as the case may be, which may be relied on by any person who would be entitled to rely upon any such statement, that such statement as submitted by Landlord or Tenant, as the case may be, is true and correct.

Section 10.5 As long as any Superior Lease or Mortgage exists, Tenant shall not seek to terminate this Lease by reason of any act or omission of Landlord until Tenant has given written notice of such act or omission to all Lessors and Mortgagees at such addresses as may have been furnished to Tenant by such Lessors and Mortgagees and, if any such Lessor or Mortgagee, as the case may be, notifies Tenant within forty-five (45) days following receipt of such notice of its intention to remedy such act or omission, until a reasonable period of time (not to exceed 150 days) shall have elapsed following the giving of such notice, during which period such Lessors and Mortgagees shall have the right, but not the obligation, to remedy such act or omission.

Section 10.6 (A) (i) Simultaneously with its execution and delivery of this Lease, Tenant shall execute and deliver to Landlord a non-disturbance agreement in the form of Schedule G annexed hereto. Landlord, at its cost and expense, shall use commercially reasonable efforts to cause the existing Mortgagee to execute and deliver to Tenant such non-disturbance agreement within sixty (60) days after the execution and delivery of this Lease by Landlord and Tenant. Notwithstanding the foregoing, in the event that Tenant shall negotiate the non-disturbance agreement with the existing Mortgagee for any changes to the form annexed as

Schedule G hereto, Tenant shall reimburse Landlord upon demand for any and all actual out-of-pocket costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred or payable by Landlord in connection with such negotiation of the non-disturbance agreement. Landlord represents that there is no Superior Lease affecting the Real Property as of the date of this Lease. Except as expressly set forth in Section 10.6(A)(i) below, Landlord shall have no liability to Tenant if the existing Mortgagee refuses to deliver the non-disturbance agreement in favor of Tenant, and this Lease shall continue in full force and effect

(ii) Notwithstanding the foregoing, if Landlord shall fail to deliver to Tenant within sixty (60) days after the execution and delivery of this Lease by Landlord and Tenant a non-disturbance agreement from the existing Mortgagee in the form of Schedule G annexed hereto (the "Existing Mortgagee NDA"), then Tenant may, as its sole and exclusive remedy for Landlord's failure to obtain the Existing Mortgagee NDA, terminate this Lease upon ten (10) days prior written notice to Landlord given within the ten (10) day period immediately after such sixty (60) day period (but prior to the delivery to Tenant of the Existing Mortgagee NDA), time being of the essence with respect to Tenant's exercise of Tenant's right to terminate and, if Tenant shall give such notice, this Lease shall terminate effective as of the tenth (10th) day after the date such notice is given by Tenant to Landlord as if the termination date were the Fixed Expiration Date, and neither party shall have any further liability to the other except that Landlord shall refund to Tenant the first installment Fixed Rent and the Security Deposit (provided that the same were delivered upon execution of this Lease); provided further, however, that if the Existing Mortgagee NDA shall be delivered prior to such tenth (10th) day or if Tenant shall not have exercised its right to terminate this Lease in accordance with this sentence, then, in either case, Tenant's right to terminate this Lease shall be void and of no force or effect.

(B) As a condition precedent to Tenant's obligation to subordinate this Lease to any future Mortgage or Superior Lease, Landlord shall obtain from the holder of such future Mortgage or the Lessor under such future Superior Lease a commercially reasonable non-disturbance agreement in favor of Tenant that provides in substance that, so long as Tenant shall not then be in default in the performance of any of its obligations under this Lease beyond any applicable notice and cure period, Tenant's possession of the Premises in accordance with this Lease shall not be disturbed by such Person giving the non-disturbance agreement or any successor or purchaser at a foreclosure sale (as the case may be) which shall succeed to the rights of Landlord under this Lease. Landlord shall have no liability to Tenant if such holder or Lessor refuses to deliver the non-disturbance agreement in favor of Tenant. Such non-disturbance agreement shall be in such form as is commercially reasonable and is customarily used by the Mortgagee or Lessor. Tenant shall execute such form, provided the same is commercially reasonable. If Tenant negotiates with any holder of a future Mortgage or Lessor under a future Superior Lease the non-disturbance agreement customarily used by it, for any protections in addition to those set forth in the form annexed as Schedule G hereto, Tenant shall reimburse Landlord upon demand for any and all out-of-pocket costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred or payable by Landlord in connection with such negotiation of the non-disturbance agreement.

ARTICLE 11

RULES AND REGULATIONS

Section 11.1 Tenant and Persons Within Tenant's Control shall comply with the Rules and Regulations. Nothing contained in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce the Rules and Regulations or the terms, covenants or conditions in any other lease against any other tenant, and Landlord shall not be liable to Tenant for violation of the same by any other tenant, its employees, agents, visitors or licensees. Landlord shall not discriminate against Tenant in enforcing the Rules and Regulations. In case of any conflict or inconsistency between the provisions of this Lease and of any of the Rules and Regulations as originally or as hereinafter adopted, the provisions of this Lease shall control.

ARTICLE 12

INSURANCE, PROPERTY LOSS OR DAMAGE; REIMBURSEMENT

Section 12.1

(A) Neither Tenant nor Persons Within Tenant's Control shall entrust any Tenant's Property to any Building employee. Any Building employee to whom any Tenant's Property is entrusted by or on behalf of Tenant in violation of the foregoing prohibition shall be deemed to be acting as Tenant's agent with respect to such Tenant's Property and neither Landlord nor its agents shall be liable for any damage to Tenant's property or property of others entrusted to employees of the Building, nor for the loss of or damage to any such property by theft or otherwise. Landlord and Landlord's agents shall not be liable for any damage to any of Tenant's Property or for interruption of Tenant's business, however caused, including but not limited to damage caused by other tenants or persons in the Building. Landlord shall not be liable for any latent defect in the Premises or in the Building, except as set forth in Article 21. The foregoing shall not relieve Landlord from liability to Tenant (other than for consequential damages) directly resulting from the negligence or willful misconduct of Landlord, its employees and agents.

(B) If at any time any windows of the Premises are temporarily closed, darkened or covered for any reason whatsoever, including Landlord's own acts, or any of such windows are permanently closed, darkened or bricked-up by reason of any Requirements, Landlord shall not be liable for any damage Tenant may sustain thereby, and Tenant shall not be entitled to any compensation therefor nor abatement of Fixed Rent or any other item of Rental, nor shall the same release Tenant from Tenant's obligations hereunder nor constitute an eviction. Landlord shall endeavor to (i) give Tenant notice (which notice may be given orally, notwithstanding the provisions of Article 27) prior to any temporary closing, darkening or bricking-up of any windows by reason of repairs, maintenance, alterations or improvements, and (ii) cause any such work to be performed as expeditiously as is practicable and in a manner designed to minimize any interference with Tenant's business operations at the Premises, but Landlord's failure to so notify Tenant or to cause such work to be completed expeditiously shall not impose any liability upon Landlord.

(C) Tenant shall give notice to Landlord promptly after Tenant learns of any accident, emergency, occurrence for which Landlord might be liable, fire or other casualty and all damages to or defects in the Premises or the Building for the repair of which Landlord might be responsible or which constitutes Landlord's property. Such notice shall be given by telecopy or personal delivery to the address(es) of Landlord in effect for notice.

Section 12.2 Tenant shall not do or permit to be done any act or thing in or upon the Premises which will invalidate or be in conflict with the terms of the New York State standard policies of fire insurance and liability (hereinafter referred to as "Building Insurance"); and Tenant, at Tenant's own expense, shall comply with all rules, orders, regulations and requirements of all insurance boards (except for structural changes, repairs or Laws with which Landlord is otherwise required to comply under this Lease), and shall not do or permit anything to be done in or upon the Premises or bring or keep anything therein or use the Premises in a manner which increases the rate of premium for any of the Building Insurance over the rate in effect at the commencement of the Term of this Lease.

Section 12.3 If by reason of any failure of Tenant to comply with the provisions of this Lease, the rate of premium for Building Insurance or other insurance on the property and equipment of Landlord shall increase, Tenant shall reimburse Landlord for that part of the insurance premiums thereafter paid by Landlord which shall have been charged because of such failure by Tenant. Tenant shall make said reimbursement within thirty (30) days of Landlord's submission to Tenant of an invoice therefor, together with customary back-up documentation.

Section 12.4

(A) Tenant, at Tenant's sole cost and expense, shall obtain, maintain and keep in full force and effect during the Term commercial general liability insurance in a form approved in New York State (including coverage for contractual liability recognizing the indemnity provisions of this Lease to the extent covered by the Commercial General Liability policy and protecting the Indemnitees as required, whether or not Tenant is negligent or otherwise responsible for the additional insured's loss, liability or expense). The limits of liability shall be not less than Five Million and 00/100 (\$5,000,000.00) Dollars per occurrence, which amount may be satisfied with a primary commercial general liability policy of not less than \$1,000,000.00 per occurrence / \$2,000,000.00 general aggregate and an excess (or "Umbrella") liability policy affording coverage, at least as broad as that afforded by the primary commercial general liability policy, in an amount not less than the difference between \$5,000,000 and the amount of the primary policy. Landlord, the Manager, any Lessors and any Mortgagees shall be included as additional insureds in said policies and shall be protected against all liability, to the extent covered by the Commercial General Liability policy, arising in connection with this Lease, whether or not Tenant is negligent or otherwise responsible for the additional insured's loss, liability or expense. All said policies of insurance shall be written as "occurrence" policies with general aggregate limit provided on a "per location" basis. Whenever, in Landlord's reasonable judgment, good business practice and changing conditions indicate a need for additional amounts or different types of insurance coverage, Tenant shall, within ten (10) days after Landlord's request, obtain such insurance coverage, at Tenant's expense.

(B) Tenant, at Tenant's sole cost and expense, shall obtain, maintain and keep in full force and effect during the Term: (i) "All Risk" insurance, with deductibles in an amount reasonably satisfactory to Landlord, protecting and indemnifying Tenant against any and all damage to or loss of any Alterations and leasehold improvements, including any made by Landlord to prepare the Premises for Tenant's occupancy, and Tenant's Property. Such insurance shall not contain any exclusions for flood, mold/fungus (subject to the policy's \$50,000 coverage carve-back) or acts of terrorism or similar events. All said policies shall cover the full replacement value of all Alterations, leasehold improvements and Tenant's Property; (ii) Workers' compensation and occupational disease insurance, employee benefit insurance or any other insurance in the statutory amounts required by the laws of the State of New York with broad form all-states endorsement, and employer's liability insurance with a limit of One Million (\$1,000,000.00) Dollars for each accident and (iii) Business interruption insurance (including Extra Expense) fully compensating for the amount of Fixed Rent, additional rent and other charges owed to Landlord by Tenant for a period of not less than twelve (12) months. The coverage shall be "All Risk" (subject to policy terms, conditions and exclusions) as stated in clause (i) above.

(C) The Commercial General Liability policy of insurance shall be (i) written as primary policy coverage and not contributing with or in excess of any coverage which Landlord or any Lessor may carry; and (ii) issued by reputable and independent insurance companies rated in Best's Insurance Guide or any successor thereto (or, if there is none, an organization having a national reputation), as having a general policyholder rating of "A" and a financial rating of at least "13", and which are licensed to do business in the State of New York. Tenant shall, not later than ten (10) Business Days prior to the Commencement Date, deliver to Landlord the policies of insurance and shall thereafter furnish to Landlord, at least fifteen (15) days prior to the expiration of any such policies and any renewal thereof, a new policy in lieu thereof. Each of said policies shall also contain a provision whereby the insurer agrees not to cancel or fail to renew said insurance policy(ies) without having given Landlord, the Manager and any Lessors and Mortgagees at least thirty (30) days prior written notice thereof. Tenant shall promptly send to Landlord a copy of all notices sent to Tenant by Tenant's insurer relating to the Premises.

(D) Tenant shall pay all premiums and charges for all of said policies, and, if Tenant shall fail to make any payment when due or carry any such policy, Landlord may, but shall not be obligated to, make such payment or carry such policy, and the amount paid by Landlord, with interest thereon (at the Applicable Rate), shall be repaid to Landlord by Tenant on demand, and all such amounts so repayable, together with such interest, shall be deemed to constitute Additional Rent hereunder. Payment by Landlord of any such premium, or the carrying by Landlord of any such policy, shall not be deemed to waive or release the default of Tenant with respect thereto.

Section 12.5

(A) Landlord shall cause each policy carried by Landlord insuring the Building against loss, damage or destruction by fire or other casualty, and Tenant shall cause each insurance policy carried by Tenant and insuring the Premises and Tenant's Alterations, leasehold improvements and Tenant's Property against loss, damage or destruction by fire or other casualty, to be written in a manner so as to provide that the insurance company waives all

rights of recovery by way of subrogation against Landlord, Tenant and any tenant of space in the Building in connection with any loss or damage covered by any such policy. Neither party shall be liable to the other for the amount of such loss or damage which is in excess of the applicable deductible, if any, caused by fire or any of the risks enumerated in its policies, provided that such waiver was obtainable at the time of such loss or damage. However, if such waiver cannot be obtained, or shall be obtainable only by the payment of an additional premium charge above that which is charged by companies carrying such insurance without such waiver of subrogation, then the party undertaking to obtain such waiver shall notify the other party of such fact and such other party shall have a period of ten (10) days after the giving of such notice to agree in writing to pay such additional premium if such policy is obtainable at additional cost (in the case of Tenant, pro rata in proportion of Tenant's rentable area to the total rentable area covered by such insurance); and if such other party does not so agree or the waiver shall not be obtainable, then the provisions of this Section 12.5 shall be null and void as to the risks covered by such policy for so long as either such waiver cannot be obtained or the party in whose favor a waiver of subrogation is desired shall refuse to pay the additional premium. If the release of either Landlord or Tenant, as set forth in the second sentence of this Section 12.5, shall contravene any law with respect to exculpatory agreements, the liability of the party in question shall be deemed not released, but no action or rights shall be sought or enforced against such party unless and until all rights and remedies against the other's insurer are exhausted and the other party shall be unable to collect such insurance proceeds.

(B) The waiver of subrogation referred to in Section 12.5(A) above shall extend to the agents and employees of each party (including, as to Landlord, the Manager), but only if and to the extent that such waiver can be obtained without additional charge (unless such party shall pay such charge). Nothing contained in this Section 12.5 shall be deemed to relieve either party from any duty imposed elsewhere in this Lease to repair, restore and rebuild.

Section 12.6 Landlord shall maintain and keep in full force and effect or cause to be maintained and kept in full force and effect, such insurance as the Lessor under any Superior Lease or the holder of any Mortgage shall require. If no Superior Lease or Mortgage is in effect, then Landlord shall maintain and keep in full force and effect, with a reputable, good and solvent insurance company licensed to do business in the State of New York, the following insurance: (a) commercial general liability insurance (including premises operation, bodily injury, personal injury, death, independent contractors, products and completed operations, broad form contractual liability and broad form property damage coverages) in a combined single limit amount of not less than \$5,000,000, arising from the conduct of Landlord, or omissions of Landlord, its agents, servants and contractors and (b) "all-risk" property insurance in amounts then customary for other commercial office buildings in the vicinity of the Building in the City and County of New York.

ARTICLE 13

DESTRUCTION BY FIRE OR OTHER CAUSE

Section 13.1 If the Premises or any part thereof shall be damaged by fire or other casualty, Tenant shall give prompt written notice thereof to Landlord. Landlord shall, subject to the provisions of Sections 13.2 and 13.3 below, proceed with commercially reasonable diligence, after receipt of the net proceeds of Landlord's insurance (which Landlord shall use commercially

reasonable diligence to obtain), to repair or cause to be repaired such damage at its expense, but in no event shall Landlord be obligated to repair any damage to or to restore any of Tenant's leasehold improvements or Alterations, whether initially installed by Landlord or Tenant. Tenant, after receipt of the net proceeds of Tenant's insurance (which Tenant shall use commercially reasonable diligence to obtain), shall repair and restore in accordance with Article 6 and with reasonable dispatch all leasehold improvements and Alterations made by or for Tenant in the Premises. If the Premises, or any part thereof, shall be rendered untenantable by reason of such damage, then the Fixed Rent and the Escalation Rent hereunder, or an amount thereof apportioned according to the area of the Premises so rendered untenantable (if less than the entire Premises shall be so rendered untenantable), shall be abated for the period from the date of such damage to the date which is sixty days after the repair of such damage shall have been Substantially Completed. Notwithstanding any provisions contained in this Lease to the contrary, there shall be no abatement with respect to any portion of the Premises which has not been so damaged and which is accessible and reasonably usable for the Permitted Use, provided that the continued operation of Tenant's business in such portion of the Premises is reasonably practicable (it being agreed that if Tenant is actually occupying such portion of the Premises for the conduct of its business, continued operation therein shall be deemed reasonably practicable). Landlord's determination of the date when the Premises are tenantable shall be controlling unless Tenant disputes the same by notice to Landlord given within 10 Business Days after such determination by Landlord in writing to Tenant, and pending resolution of such dispute, Tenant shall commence the payment of the Fixed Rent and the Escalation Rent that had been abated, as of the date specified by Landlord. Tenant covenants and agrees to cooperate with Landlord and any Lessor or any Mortgagee in their efforts to collect insurance proceeds (including rent insurance proceeds) payable to such parties. Landlord shall not be liable for any delay which may arise by reason of adjustment of insurance on the part of Landlord and/or Tenant, or any cause beyond the control of Landlord or contractors employed by Landlord.

Section 13.2 Landlord shall not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from damage from fire or other casualty or the repair thereof. Tenant understands that Landlord, in reliance upon Section 12.4, will not carry insurance of any kind on Tenant's Property, Tenant's Alterations and on leasehold improvements, and that Landlord shall not be obligated to repair any damage thereto or replace the same. In the event of a partial or total destruction of the Premises, Tenant shall as soon as practicable remove any and all of Tenant's Property from the Premises or the portion thereof destroyed, as the case may be, and if Tenant does not promptly so remove Tenant's Property, Landlord may discard the same after giving Tenant fifteen (15) Business Days' prior notice of the same or may remove Tenant's Property to a public warehouse for deposit or retain the same in its own possession.

Section 13.3

(A) Notwithstanding anything to the contrary contained in Sections 13.1 and 13.2 above, in the event that:

(i) at least one-third of the rentable area of the Building shall be damaged by fire or other casualty so that substantial alteration or reconstruction of the Building shall, in Landlord's sole opinion, be required (whether or not the Premises shall have been damaged by such fire or other casualty and without regard to the structural integrity of the Building); or

(ii) the Premises shall be totally or substantially damaged or shall be rendered wholly or substantially untenable (and at least 25,000 rentable square feet of the Building other than the Premises shall also have been totally or substantially damaged or shall be rendered wholly or substantially untenable); or

(iii) there shall be any damage to the Premises within the last year of the Term wherein the cost of repair exceeds an amount equal to four (4) monthly installments of Fixed Rent,

then Landlord in the case of the circumstances described in clauses (i) through (iii) above, and Tenant in the case of the circumstances described in clause (iii) above only, may, in such party's sole and absolute discretion, terminate this Lease and the term and estate hereby granted, by notifying the other party in writing of such termination within ninety (90) days after the date of such damage. In the event that such a notice of termination shall be given, then this Lease and the term and estate hereby granted shall expire as of the date of termination stated in said notice with the same effect as if that were the Fixed Expiration Date, and the Fixed Rent and Escalation Rent hereunder shall be apportioned as of such date.

(B) Notwithstanding anything to the contrary contained in this Section 13.3, Landlord shall deliver to Tenant within ninety (90) days after the date of any casualty an estimate prepared by a reputable contractor selected by Landlord setting forth such contractor's estimate as to the time reasonably required to repair such damage. If the period to repair set forth in any such estimate exceeds eighteen (18) months from the date of such casualty, Tenant may elect to terminate this Lease by notice to Landlord given not later than thirty (30) days following Tenant's receipt of such estimate. If Tenant exercises such election, this Lease and the term and estate hereby granted shall expire as of the 60th day after notice of such election given by Tenant with the same effect as if that were the Fixed Expiration Date, and the Fixed Rent and Escalation Rent hereunder (as abated in accordance with Section 13.1) shall be apportioned as of such date. If (i) Tenant shall not have exercised its right to terminate this Lease pursuant to this Section 13.3(B), but the damage shall not have been repaired by the date set forth in such estimate (subject to extension due to Unavoidable Delay or Tenant Delay), or (ii) if the period to repair in such estimate is eighteen (18) months or less, but the damage shall not have been repaired within eighteen (18) months after the date of the casualty (subject to extension due to Unavoidable Delay or Tenant Delay), Tenant may elect to terminate this Lease by notice to Landlord given not later than thirty (30) days following the period set forth in such estimate for completion (where the same exceeds eighteen (18) months in the circumstances contemplated in clause (i) or following such eighteen (18) month period (where the period set forth in such estimate for completion was eighteen (18) months or more, in the circumstances contemplated in clause (ii)), unless prior to the giving of such notice, Landlord shall have Substantially Completed such repair.

Section 13.4 Except as may be provided in Section 12.5, nothing herein contained shall relieve either party from any liability to the other party or to the other party's insurers in connection with any damage to the Premises or the Building by fire or other casualty if the other party shall be legally liable in such respect.

Section 13.5 This Lease shall be considered an express agreement governing any case of damage to or destruction of the Building or any part thereof by fire or other casualty, and Section 227 of the Real Property Law of the State of New York providing for such a contingency in the absence of express agreement and any other law of like import now or hereafter in force, shall have no application in such case.

ARTICLE 14

EMINENT DOMAIN

Section 14.1 If the whole of the Real Property, the Building or the Premises is acquired or condemned for any public or quasi-public use or purpose, this Lease and the Term shall end as of the date of the vesting of title with the same effect as if said date were the Fixed Expiration Date. If only a part of the Real Property and not the entire Premises is so acquired or condemned then, (1) except as hereinafter provided in this Section 14.1, this Lease and the Term shall continue in effect but, if a part of the Premises is included in the part of the Real Property so acquired or condemned, from and after the date of the vesting of title, the Fixed Rent and Tenant's Share shall be reduced in the proportion which the area of the part of the Premises so acquired or condemned bears to the total area of the Premises immediately prior to such acquisition or condemnation; (2) Landlord, at Landlord's option, may give to Tenant, within sixty (60) days next following the date upon which Landlord receives notice of vesting of title, a sixty (60) day notice of termination of this Lease; and (3) if the part of the Real Property so acquired or condemned contains more than thirty (30%) percent of the total area of the Premises immediately prior to such acquisition or condemnation, or if, by reason of such acquisition or condemnation, Tenant no longer has reasonable access to the Premises, Tenant, at Tenant's option, may give to Landlord, within sixty (60) days next following the date upon which Tenant receives notice of vesting of title, a sixty (60) day notice of termination of this Lease. If any such sixty (60) day notice of termination is given, by Landlord or Tenant, this Lease and the Term shall come to an end and expire upon the expiration of said sixty (60) days with the same effect as if the date of expiration of said sixty (60) days were the Fixed Expiration Date. If a part of the Premises is so acquired or condemned and this Lease and the Term are not terminated pursuant to the foregoing provisions of this Section 14.1, Landlord, at Landlord's cost and expense, shall restore that part of the Premises not so acquired or condemned to a self-contained rental unit, exclusive of Tenant's Alterations, Tenant's leasehold improvements and Tenant's Property. In the event of any termination of this Lease and the Term pursuant to the provisions of this Section 14.1, the Fixed Rent shall be apportioned as of the date of sooner termination and any prepaid portion of the Fixed Rent or Escalation Rent for any period after such date shall be refunded by Landlord to Tenant.

Section 14.2 In the event of any such acquisition or condemnation of all or any part of the Real Property, Landlord shall be entitled to receive the entire award for any such acquisition or condemnation (subject to the last sentence of this Section 14.2). Tenant shall have no claim against Landlord or the condemning authority for the value of any unexpired portion of the Term and Tenant hereby expressly assigns to Landlord all of its right in and to any such award. Nothing contained in this Section 14.2 shall be deemed to prevent Tenant from making a separate claim in any condemnation proceedings for the value of any Tenant's Property included in such taking, and for any moving expenses, so long as Landlord's award is not reduced thereby.

Section 14.3 If the whole or any part of the Premises is acquired or condemned temporarily (i.e., for not more than twelve (12) consecutive months) during the Term for any public or quasi-public use or purpose, Tenant shall give prompt notice thereof to Landlord and the Term shall not be reduced or affected in any way and Tenant shall continue to pay in full all items of Rental payable by Tenant hereunder without reduction or abatement, and Tenant shall be entitled to receive for itself any award or payments for such use, provided, however, that if the acquisition or condemnation is for a period extending beyond the Term, such award or payment shall be apportioned between Landlord and Tenant as of the Expiration Date.

ARTICLE 15

ASSIGNMENT, SUBLETTING, MORTGAGE, ETC.

Section 15.1 Except as otherwise provided in this Article 15, Tenant shall not (a) assign this Lease (whether by operation of law, transfers of interests in Tenant or otherwise); or (b) mortgage or encumber Tenant's interest in this Lease, in whole or in part; or (c) sublet, or permit the subletting of, the Premises or any part thereof; or (d) permit the Premises or any part thereof to be occupied or used for desk space, mailing privileges or otherwise by any person other than Tenant. Tenant shall not advertise or authorize a broker to advertise for a subtenant or assignee, without in each instance, obtaining the prior written consent of Landlord to the form of such advertisement, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 15.2 If Tenant's interest in this Lease shall be assigned in violation of the provisions of this Article 15, such assignment shall be invalid and of no force and effect against Landlord; provided, however, that Landlord may collect an amount equal to the then Fixed Rent plus any other item of Rental from the assignee as a fee for its use and occupancy. If the Premises or any part thereof are sublet to, or occupied by, or used by, any person other than Tenant, whether or not in violation of this Article 15, Landlord, after default by Tenant under this Lease, may collect any item of Rental or other sums paid by the subtenant, user or occupant as a fee for its use and occupancy, and shall apply the net amount collected to the Fixed Rent and the items of Rental reserved in this Lease. No such assignment, subletting, occupancy, or use, whether with or without Landlord's prior consent, nor any such collection or application of Rental or fee for use and occupancy, shall be deemed a waiver by Landlord of any term, covenant or condition of this Lease or the acceptance by Landlord of such assignee, subtenant, occupant or user as Tenant hereunder, nor shall the same, in any circumstances, relieve Tenant of any of its obligations under this Lease. The consent by Landlord to any assignment, subletting, occupancy or use shall not relieve Tenant from its obligation to obtain the express prior consent of Landlord to any further assignment, subletting, occupancy or use. Any Person to which this Lease is assigned with Landlord's consent shall be deemed without more to have assumed all of the obligations arising under this Lease from and after the date of such assignment and shall execute and deliver to Landlord, upon demand, an instrument in commercially reasonable form confirming such assumption. Notwithstanding and subsequent to any assignment, Tenant's primary liability hereunder shall continue notwithstanding (a) any subsequent amendment hereof, or (b) Landlord's forbearance in enforcing against Tenant any obligation or liability, without notice to Tenant, to each of which Tenant hereby consents in advance. If any such amendment operates to increase the obligations of Tenant under this Lease, the liability under this Section 15.2 of the assigning Tenant shall continue to be no greater than if such amendment had not been made (unless such party shall have expressly consented in writing to such amendment).

(A) For purposes of this Article 15, (i) the transfer of a majority of the issued and outstanding capital stock of any corporate tenant, or of a corporate subtenant, or the transfer of a majority of the total interest in any partnership tenant or subtenant, or the transfer of control in any general or limited liability partnership tenant or subtenant, or the transfer of a majority of the issued and outstanding membership interests in a limited liability company tenant or subtenant, however accomplished, whether in a single transaction or in a series of related or unrelated transactions, involving the tenant, subtenant and/or its parent (including, without limitation, and by way of example only, the transfer of a majority of the outstanding capital stock of a company, which company owns 100% of a second tier company, which in turn owns 51% of the outstanding capital stock of a corporate tenant hereunder), shall be deemed an assignment of this Lease, or of such sublease, as the case may be, except that the transfer of the outstanding capital stock of any corporate tenant, subtenant or parent, shall be deemed not to include the sale of such stock by persons or parties, other than those deemed “affiliates” of Tenant within the meaning of Rule 144 promulgated under the Securities Act of 1933, as amended, through the “over-the-counter market” or through any recognized stock exchange, (ii) any increase in the amount of issued and/or outstanding capital stock of any corporate tenant, or of a corporate subtenant, or such tenant’s or subtenant’s parent, or of the issued and outstanding membership interests in a limited liability company tenant or subtenant, or such tenant’s or subtenant’s parent, and/or the creation of one or more additional classes of capital stock of any corporate tenant or any corporate subtenant, or such tenant’s or subtenant’s parent, in a single transaction or a series of related or unrelated transactions involving the tenant, subtenant and/or its parent, resulting in a change in the legal or beneficial ownership of such tenant, subtenant or parent so that the shareholders or members of such tenant, subtenant or parent existing immediately prior to such transaction or series of transactions shall no longer own a majority of the issued and outstanding capital stock or membership interests of such entity, shall be deemed an assignment of this Lease, (iii) an agreement by any other person or entity, directly or indirectly, to assume Tenant’s obligations under this Lease shall be deemed an assignment, (iv) any person or legal representative of Tenant, to whom Tenant’s interest under this Lease passes by operation of law, or otherwise, shall be bound by the provisions of this Article 15 and (v) a modification, amendment or extension of a sublease shall be deemed a sublease. Tenant agrees to furnish to Landlord on request at any time such information and assurances as Landlord may reasonably request that neither Tenant, nor any previously permitted subtenant, has violated the provisions of this Article 15.

(B) The provisions of clauses (a), (c) and (d) of Section 15.1 and Section 15.4 shall not apply to (and Landlord’s consent shall not be required for) (i) a change in ownership of Tenant as a result of a merger, consolidation or reorganization or the sale of substantially all of Tenant’s assets (provided such merger, consolidation, reorganization or transfer of assets is for a good business purpose and not principally for the purpose of transferring the leasehold estate created by this Lease, and provided further, that the assignee has a net worth at least equal to or in excess of ninety-five (95%) percent of the net worth of Tenant as of the date of this Lease; (ii) the sale, exchange, issuance or other transfer of Tenant’s stock on a national stock exchange; or (iii) the assignment of this Lease or sublease of all or any portion of the Premises to, or the use of

the Premises by, an entity which controls, is controlled by or is under the common control of Tenant. Tenant shall notify Landlord before any such transaction is consummated, unless such prior notice violates any securities laws or regulatory requirements applicable to Tenant, in which event Tenant shall notify Landlord promptly after Tenant is permitted to do so.

(C) The term "control" as used in this Lease (i) in the case of a corporation shall mean ownership of more than fifty (50%) percent of the outstanding capital stock of that corporation, (ii) in the case of a general or limited liability partnership, shall mean ownership of more than fifty (50%) percent of the general partnership or membership interests of the partnership, (iii) in the case of a limited partnership, shall mean ownership of more than fifty (50%) percent of the general partnership interests of such limited partnership, and (iv) in the case of a limited liability company, shall mean ownership of more than fifty (50%) percent of the membership interests of such limited liability company.

Section 15.4

(A) If Landlord shall not exercise its rights pursuant to paragraph (B)(x) or (y) of this Section 15.4, Landlord shall not unreasonably withhold, condition or delay its consent to a proposed subletting of the Premises, or an assignment of this Lease (and shall provide Tenant with Landlord's reasons for any disapproval), provided that in each such instance, the following requirements shall have been satisfied (if Tenant proposes a partial sublet, references in this Section 15.4 to the Premises shall, unless the context otherwise requires, refer to such portion):

(1) in the case of a proposed subletting, the listing or advertising for subletting of the Premises shall not have included a proposed rental rate, provided, however, that Tenant may quote in writing directly to prospective subtenants the proposed rental rate;

(2) no Event of Default shall have occurred and be continuing;

(3) the proposed subtenant or assignee shall have a financial standing adequate in Landlord's reasonable judgment to satisfy its obligations under the sublease or this Lease, as applicable, be engaged in a business, and propose to use the Premises in a manner in keeping with the standards in such respects of the other tenancies in the Building;

(4) provided that Landlord then has comparable space available for lease in the Building or reasonably expects to have comparable space available for lease in the Building within the following six (6) month period, the proposed subtenant or assignee shall not be (x) a Person with whom Landlord is then actively negotiating the leasing of space in the Building, which shall be evidenced by the issuance of a proposed term sheet or offer by Landlord or its agent or by the proposed subtenant or assignee or its broker; or (y) a tenant in or occupant of the Building or any Person that, directly or indirectly, is controlled by, controls or is under common control with any such tenant or occupant;

(5) intentionally omitted;

(6) any subletting shall be expressly subject to all of the terms, covenants, conditions and obligations on Tenant's part to be observed and performed under this Lease and any assignment or subletting shall be subject to the further condition and restriction that this Lease or the sublease shall not be further assigned, encumbered or otherwise transferred

or the subleased premises further sublet by the subtenant in whole or in part, or any part thereof suffered or permitted by the assignee or subtenant to be used or occupied by others, without the prior written consent of Landlord in each instance, which consent shall be governed by all of the applicable provisions of this Article 15, and if Landlord shall consent to any further subletting by the subtenant or the assignment of the sublease, Sections 15.5 and 15.6 of this Lease shall apply to any such transactions as if the further subletting or assignment of the sublease were a proposed subletting or assignment being made by Tenant under this Lease so that Landlord shall be entitled to receive all amounts described in such Sections;

(7) the subleased premises shall be regular in shape and at no time shall there be more than two (2) occupants with separately demised space for each full floor, including Tenant, in the Premises, all of whom shall have direct access through existing public corridors to elevators, fire stairs and core rest rooms.

(8) Tenant shall reimburse Landlord on demand for any reasonable and actual out-of-pocket costs that are incurred by Landlord in connection with said assignment or sublease, including, without limitation, any reasonable and actual out-of-pocket processing fees, attorneys' fees and disbursements, and the reasonable and actual out-of-pocket costs of making investigations as to the acceptability of the proposed assignee or subtenant;

(9) any sublease shall expressly provide that in the event of termination, re-entry or dispossession of Tenant by Landlord under this Lease, Landlord may, at its option, take over all of the right, title and interest of Tenant as sublessor under such sublease, and such subtenant shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not be (i) liable for any previous act or omission of Tenant under such sublease, (ii) subject to any offset that theretofore accrued to such subtenant against Tenant, (iii) bound by any previous modification of such sublease or by any previous prepayment of more than one month's rent unless previously approved by Landlord, (iv) bound by any covenant to undertake or complete or make payment to or on behalf of a subtenant with respect to any construction of the Premises or any portion thereof demised by such sublease and (v) bound by any obligations to make any other payment to or on behalf of the subtenant, except for services, repairs, maintenance and restoration provided for under the sublease to be performed after the date of such termination, reentry or dispossession by Landlord under this Lease and which Landlord is required to perform hereunder with respect to the subleased space at Landlord's expense;

(10) The nature of the occupancy of the proposed assignee or subtenant will not result in (x) additional density of employees or increased traffic or (y) make additional demands on the Building Systems or (z) present a greater (by more than a *de minimis* amount) security risk to the Building than is presented by Tenant;

(11) The nature of the occupancy, the use and the manner of use of the Premises by the proposed subtenant or assignee shall not impose on Landlord any requirements of the ADA in excess of those requirements imposed on Landlord in the absence of such proposed subtenant or assignee or such occupancy, use or manner of use, unless such proposed subtenant or assignee shall have agreed to comply with each of such excess requirements; and

(12) Landlord and Tenant shall have agreed on the computation required under Section 15.5 or Section 15.6, as applicable.

(B) Upon obtaining a proposed assignee or subtenant, upon terms satisfactory to Tenant, Tenant shall submit to Landlord in writing (the following documents and information being collectively referred to as the “Sublease or Assignment Statement”): (i) the name and business address of the proposed assignee or subtenant; (ii) the nature and character of the business and credit of the proposed assignee or subtenant; (iii) an original counterpart of the proposed assignment or sublease and all related agreements, the effective or commencement date of which shall be at least thirty (30) days after the date Tenant’s notice to Landlord is given, along with Tenant’s and the subtenant’s (or assignee’s) affidavit that such sublease or assignment instrument is the true and complete statement of the subletting or assignment and reflects all sums and other consideration passing between the parties to the sublease or assignment and all reports, returns, transferor and transferee questionnaires and other documents required to be filed under Article 31 of the New York State Tax Law and under Chapter 21 of the New York City Administrative Code; (iv) current financial information with respect to the proposed assignee or subtenant, including, without limitation, its most recent financial statements, certified by an independent certified public accountant (“CPA”) if such financial statements are certified by a CPA (or, if not, certified by the chief financial officer of the proposed assignee or subtenant as being true and correct) and (v) any other information that Landlord may reasonably request. Landlord shall have the following rights, exercisable within thirty (30) days after Landlord’s receipt of the Sublease or Assignment Statement (including any additional information reasonably requested by Landlord): (x) in the case of an assignment of this Lease or a subletting of the entire Premises, to sublet (in its own name or that of its designee) the entire Premises from Tenant on the terms and conditions set forth in paragraph (C) of this Section 15.4, or to terminate this Lease or to take an assignment of this Lease from Tenant or (y) in the case of a subletting of a portion of the Premises for a term ending within three years of the Expiration Date, to sublet (in its own name or that of its designee) such portion of the Premises (the entire Premises sublet by Landlord (or its designee) pursuant to clause (x) or such portion of the Premises sublet by Landlord (or its designee) pursuant to this clause (y) being referred to as the “Recapture Space”) from Tenant on the terms and conditions set forth in paragraph (C) of this Section 15.4, or to terminate this Lease with respect only to the Recapture Space or (z) to approve or disapprove the proposed assignment or sublease in accordance with the provisions of Section 15.4 (A). If Landlord shall fail to notify Tenant within said thirty (30) day period of Landlord’s intention to exercise its rights pursuant to clauses (x) or (y) of this Section 15.4(B), or to have approved or disapproved the transaction, Landlord shall be deemed to have not exercised its right to sublet or terminate or take an assignment of this Lease and shall be deemed to have approved such transaction, provided that Tenant shall have sent Landlord a second request for approval following such thirty (30) day period containing the following language in eighteen-point print: “THIS IS A SECOND REQUEST FOR APPROVAL OF THE PROPOSED [ASSIGNMENT] OR [SUBLETTING]. IF LANDLORD DOES NOT RESPOND TO THIS REQUEST WITHIN FIVE (5) BUSINESS DAYS, LANDLORD’S APPROVAL SHALL BE DEEMED GRANTED PURSUANT TO THE PROVISIONS OF SECTION 15.4 OF THE LEASE” and Landlord shall have failed to respond within such time period. If pursuant to the exercise of any of Landlord’s options pursuant to this Section 15.4, this Lease is terminated as to only a portion of the Premises, then the Fixed Rent and Escalation Rent shall be adjusted in proportion to the portion of the Premises affected by such termination.

(C) (1) If Landlord shall exercise its option to sublet the Recapture Space, then, notwithstanding the terms contained in the Sublease or Assignment Statement, such sublease (a "Recapture Sublease") to Landlord or its designee as subtenant (the "Recapture Subtenant") or assignee shall:

(a) be at a rate, at all times throughout the term of the Recapture Sublease, equal to (if Tenant had proposed to sublet the Premises) the lower of (i) the rate then payable by Tenant under this Lease and (ii) the rate set forth in the Sublease or Assignment Statement;

(b) otherwise be upon the same terms and conditions as those contained in the Sublease or Assignment Statement (other than, in the case of an assignment, payment of consideration therefor to Tenant) and (except as modified by the Sublease or Assignment Statement) the terms and conditions contained in this Lease, except such as are irrelevant or inapplicable and except as otherwise expressly set forth to the contrary in this paragraph (C);

(c) give the Recapture Subtenant the unqualified and unrestricted right, without Tenant's permission, to assign such sublease and to further sublet the Recapture Space or any part thereof and to make any and all changes, alterations, and improvements in and to the Recapture Space;

(d) provide in substance that any such changes, alterations, and improvements made in the Recapture Space may be removed, in whole or in part, prior to or upon the expiration or other termination of the Recapture Sublease provided that any material damage and injury caused thereby shall be repaired, and *provided further that*, if the term of the sublease shall expire more than one (1) year prior to the Expiration Date (as the same may have been extended), if required by Tenant, the Recapture Subtenant shall remove any or all of such changes, alterations and improvements prior to or upon the expiration or other termination of the Recapture Sublease and any material damage and injury caused thereby shall be repaired by the Recapture Subtenant;

(e) provide that (i) the parties to such Recapture Sublease expressly negate any intention that any estate created under the Recapture Sublease be merged with any estate held by either of said parties, (ii) prior to the commencement of the term of the Recapture Sublease, Tenant, at its expense, shall make such alterations as may be required or reasonably deemed necessary by the Recapture Subtenant to physically separate the Recapture Space from the balance of the Premises and to provide appropriate means of access thereto and to the public portions of the balance of the floor such as toilets, janitor's closets, telephone and electrical closets, fire stairs, elevator lobbies, etc., and (iii) at the expiration of the term of such Recapture Sublease, the Recapture Subtenant shall quit and surrender to Tenant the Recapture Space, vacant, broom clean, in good order and condition, ordinary wear and tear excepted, and the Recapture Subtenant shall remove any changes, alterations and improvements made by the Recapture Subtenant in the Recapture Space to the extent required pursuant to Section 15.4(C)(1)(d) (provided, however, that in no event shall Tenant be liable hereunder for the removal of any changes, alterations, and improvements made to the Recapture Space by the Recapture Subtenant or for anything done in or to the Recapture Space during the Recapture Subtenant's occupancy thereof); and

(f) provide that the Recapture Subtenant or occupant shall use and occupy the Recapture Space for any purpose approved by Landlord (without regard to any limitation set forth in the Sublease or Assignment Statement).

(2) Until the termination of a Recapture Sublease, performance by Recapture Subtenant under a Recapture Sublease shall be deemed performance by Tenant of any similar obligation under this Lease and Tenant shall not be liable for any default under this Lease or deemed to be in default hereunder if such default is occasioned by or arises from any act or omission of Recapture Subtenant under the Recapture Sublease or is occasioned by or arises from any act or omission of any occupant under the Recapture Sublease.

(3) If Recapture Subtenant is unable to give Tenant possession of the Recapture Space at the expiration of the term of the Recapture Sublease by reason of the holding over or retention of possession of any tenant or other occupant, then (w) until the date upon which Recapture Subtenant gives Tenant possession of such Recapture Space free of occupancies, Recapture Subtenant shall continue to pay all charges previously payable, and comply with all other obligations under the Recapture Sublease and the provisions of Section 15.4(C)(2) shall continue to apply, (x) neither the Expiration Date nor the validity of this Lease shall be affected, (y) Tenant waives any rights under Section 223-a of the Real Property Law of New York, or any successor statute of similar import, to rescind this Lease and further waives the right to recover any damages from Landlord or Recapture Subtenant that may result from the failure of Landlord to deliver possession of the Recapture Space at the end of the term of the Recapture Sublease, and (z) Recapture Subtenant, at Recapture Subtenant's expense, shall use its reasonable efforts to deliver possession of such Recapture Space to Tenant and in connection therewith, if necessary, shall institute and diligently and in good faith prosecute holdover and any other appropriate proceeding against the occupant of such Recapture Space. Notwithstanding the foregoing, if Recapture Subtenant is unable to give Tenant possession of the Recapture Space at the Expiration Date, then provided that Tenant has complied with its obligation to surrender the remainder of the Premises, if any, in accordance with the terms of this Lease, this Lease shall end as of the Expiration Date and Tenant shall not be liable for any costs incurred nor shall Tenant have any further obligations with respect to the Recapture Space, other than any obligations under this Lease which accrued prior to the commencement of the term of the Recapture Sublease and which by their terms survive the expiration or earlier termination of this Lease.

(4) The failure by Landlord to exercise its option under Section 15.4(B)(x) or (y) with respect to any subletting or assignment shall not be deemed a waiver of such option with respect to any extension of such subletting or assignment except for extensions pursuant to the terms contained in the Sublease or any subsequent subletting or assignment.

Section 15.5 If Tenant sublets any portion of the Premises to a Person in a transaction for which Landlord's consent is required, Landlord shall be entitled to and Tenant shall pay to Landlord, as Additional Rent (the "Sublease Additional Rent"), a sum equal to fifty (50%) percent of any rents, additional charges and other consideration payable under the sublease to Tenant by the subtenant in excess of the Fixed Rent and Escalation Rent accruing during the term of the sublease in respect of the subleased space (at the rate per square foot payable by Tenant under this Lease) pursuant to the terms of this Lease (including, but not limited to, sums paid for the sale or rental of Tenant's Property less, in the case of a sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income

tax or federal information returns) after first deducting from such rents, additional charges and other consideration the actual out-of-pocket expenses reasonably incurred by Tenant in connection with such sublease on account of brokerage commissions, advertising expenses, legal fees, customary rent concessions, work contributions and the cost of work performed by Tenant to prepare the Premises for the subtenant's occupancy, all amortized on a straight-line basis over the term of the sublease. Such Sublease Additional Rent shall be payable as and when received by Tenant.

Section 15.6 If Tenant shall assign this Lease to a Person in a transaction for which Landlord's consent is required, Landlord shall be entitled to and Tenant shall pay to Landlord, as Additional Rent, an amount equal to fifty (50%) percent of all sums and other consideration paid to Tenant by the assignee for or by reason of such assignment (including, but not limited to, sums paid for the sale or rental of Tenant's Property less, in the case of a sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax or federal information returns) and after first deducting from such sums and other consideration the actual out-of-pocket expenses reasonably incurred by Tenant in connection with such assignment on account of brokerage commissions, advertising expenses, legal fees, customary rent concessions, work contributions and the cost of work performed by Tenant to prepare the Premises for the assignee's occupancy. Such Additional Rent shall be payable as and when received by Tenant from the assignee.

Section 15.7 Landlord shall have no liability for brokerage commissions incurred with respect to any assignment of this Lease or any subletting of all or any part of the Premises by or on behalf of Tenant. Tenant shall pay, and shall indemnify and hold Landlord harmless from and against, any and all cost, expense (including reasonable attorneys' fees and disbursements) and liability in connection with any compensation, commissions or charges claimed by any broker or agent with respect to any such assignment or subletting.

ARTICLE 16

ACCESS TO PREMISES

Section 16.1

(A) Tenant shall permit Landlord, Landlord's agents and public utilities servicing the Building to erect, use and maintain concealed ducts, pipes and conduits in and through the Premises, provided same (i) do not unreasonably interfere with Tenant's use or occupancy of the Premises, (ii) do not diminish the usable area of the Premises by more than a de minimis amount, and (iii) comply with Section 16.1(C) below. Landlord or Landlord's agents shall have the right to enter the Premises at all reasonable times upon (except in case of emergency) reasonable prior notice, which notice may be oral, (I) to examine the same, (II) to show the same to prospective purchasers, Mortgagees or Lessors or, within the last twelve (12) months of the Term, to prospective tenants of space in the Building, or (III) to make such repairs, alterations, improvements or additions (a) as Landlord may deem necessary or desirable to the Premises or to any other portion of the Building, or (b) which Landlord may elect to perform at least ten (10) Business Days after notice (except in an emergency when no notice shall be required) following Tenant's failure to make repairs or perform any work which Tenant is obligated to make or perform under this Lease, or (c) for the purpose of complying with

Requirements, and Landlord shall be allowed to take all material into (but not store) and upon the Premises that may be required therefor without the same constituting an eviction or constructive eviction of Tenant in whole or in part and the Fixed Rent (and any other item of Rental) shall in no respect abate or be reduced by reason of said repairs, alterations, improvements or additions, wherever located, or while the same are being made, by reason of loss or interruption of business of Tenant, or otherwise. Landlord shall make commercially reasonable efforts to minimize interference with Tenant's use of the Premises as a result of any such entry and shall (x) promptly repair any damage caused to the Premises by such work, alterations, improvements or additions, or by the acts of any prospective tenants, purchasers, Mortgagees or Lessors accompanying Landlord into the Premises pursuant to clause (II) above, and (y) indemnify and hold harmless Tenant from and against any liability caused by acts in the Premises of any prospective tenants, purchasers, Mortgagees or Lessors accompanying Landlord into the Premises pursuant to clause (II) above.

(B) Any work performed or installations made pursuant to this Article 16 shall be made with reasonable diligence and otherwise pursuant to Section 7.3.

(C) Any pipes, ducts, or conduits installed in or through the Premises pursuant to this Article 16 shall, if reasonably practicable, either be concealed behind, beneath or within partitioning, columns, ceilings or floors located or to be located in the Premises, or completely furred at points immediately adjacent to partitioning, columns or ceilings located or to be located in the Premises.

Section 16.2 If Tenant is not present when for any reason entry into the Premises may be necessary or permissible in the case of emergency (or for normal janitorial services performed during non-Operating Hours), Landlord or Landlord's agents may enter the same without rendering Landlord or such agents liable therefor (if during such entry Landlord or Landlord's agents accord reasonable care to Tenant's Property), and without in any manner affecting this Lease.

Section 16.3 Landlord also shall have the right at any time, without the same constituting an actual or constructive eviction and without incurring any liability to Tenant therefor, (i) to change the arrangement or location of public entrances or passageways; public doors, doorways, and corridors; public elevators; public stairs; public toilets; or other public parts of the Building, provided any such change does not unreasonably interfere with, or deprive Tenant of access to, the Building or the Premises; (ii) to put so-called "solar film" or other energy-saving installations on the inside and outside of the windows; and (iii) to change the name, number or designation by which the Building is commonly known. All parts (except surfaces facing the interior of the Premises) of all walls, windows and doors bounding the Premises (including exterior Building walls, exterior core corridor walls, exterior doors and entrances), all balconies, terraces and roofs adjacent to the Premises, all space in or adjacent to the Premises used for shafts, stacks, stairways, chutes, pipes, conduits, ducts, fan rooms, heating, air cooling, plumbing and other mechanical facilities, service closets and other Building facilities are not part of the Premises, and Landlord shall have the use thereof, as well as access thereto through the Premises for the purposes of inspection, operation, maintenance, alteration and repair, subject to Landlord's compliance with the provisions of this Article 16.

ARTICLE 17

CERTIFICATE OF OCCUPANCY

Section 17.1 Landlord has obtained a temporary certificate of occupancy for the Building ("TCO"), a copy of which is annexed hereto as Schedule K, and Landlord shall maintain and renew, as necessary, such TCO until such time as a permanent certificate of occupancy is issued for the Building by the New York City Department of Buildings.

Section 17.2 Tenant shall not at any time use or occupy the Premises in violation of any TCO or permanent certificate of occupancy issued for the Premises or for the Building. In the event that any Government Authority hereafter contends or declares by notice, violation, order or in any other manner whatsoever that the Premises are used for a purpose that is a violation of such certificate of occupancy, Tenant shall, upon three (3) Business Days' written notice from Landlord or any Government Authority, immediately discontinue such use of the Premises; provided, however, that nothing herein shall prevent Tenant from contesting such violation pursuant to and in accordance with the provisions of Section 9.5.

ARTICLE 18

DEFAULT

Section 18.1 Each of the following events shall be an "Event of Default" under this Lease:

(A) if Tenant shall on any occasion default in the payment when due of any installment of Fixed Rent or in the payment when due of any other item of Rental and such default shall continue for five (5) Business Days after Landlord shall have given Tenant written notice of such default; or

(B) if the Premises shall be abandoned by Tenant; or

(C) if Tenant's interest in this Lease shall devolve upon or pass to any person, whether by operation of law or otherwise, except as expressly permitted under Article 15 hereof; or

(D) (1) if Tenant shall not, or shall be unable to, or shall admit in writing Tenant's inability to, as to any obligation, pay Tenant's debts as they become due; or

(2) if Tenant shall commence or institute any case, proceeding or other action (a) seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to Tenant or Tenant's debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property; or

(3) if Tenant shall make a general assignment for the benefit of creditors; or

(4) if any case, proceeding or other action shall be commenced or instituted against Tenant (a) seeking to adjudicate Tenant a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to Tenant or Tenant's debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for Tenant or for all or any substantial part of Tenant's property, which either (i) results in any such entry of an order for relief, adjudication of bankruptcy or insolvency or such an appointment or the issuance or entry of any other order having a similar effect or (ii) remains undismissed for a period of ninety (90) days; or

(5) if a trustee, receiver or other custodian shall be appointed for any substantial part of the assets of Tenant which appointment is not vacated or effectively stayed within ninety (90) days; or

(6) if Tenant rejects this Lease in connection with any action or proceeding under the Bankruptcy Code; or

(E) if Tenant shall default in the observance or performance of any other term, covenant or condition of this Lease on Tenant's part to be observed or performed and Tenant shall fail to remedy such default within 30 days after notice by Landlord to Tenant of such default, or if such default is of such a nature that it cannot with due diligence be completely remedied within said period of 30 days and the continuation of which for the period required for cure will not subject Landlord to the risk of criminal liability or termination of any Superior Lease or foreclosure of any Mortgage, if Tenant shall not, (i) within said 30 day period advise Landlord of Tenant's intention duly to institute all steps necessary to remedy such situation, (ii) duly institute within said 30 day period, and thereafter diligently and continuously prosecute to completion all steps necessary to remedy the same and (iii) complete such remedy within such time after the date of the giving of said notice by Landlord as shall reasonably be necessary.

Section 18.2 If an Event of Default shall occur, Landlord may, at any time thereafter (unless such Event of Default has been remedied or waived by Landlord), at Landlord's option, give written notice to Tenant stating that this Lease and the Term shall expire and terminate on the date specified in such notice, which date shall not be less than five (5) days after the giving of such notice, whereupon this Lease and the Term and all rights of Tenant under this Lease shall automatically expire and terminate as if the date specified in the notice given pursuant to this Section 18.2 were the Fixed Expiration Date and Tenant immediately shall quit and surrender the Premises, but Tenant shall remain liable for damages as provided herein or pursuant to law. Anything contained herein to the contrary notwithstanding, if such termination shall be stayed by order of any court having jurisdiction over any proceeding described in Section 18.1(E), or by federal or state statute, then, following the expiration of any such stay, or if the trustee appointed in any such proceeding, Tenant or Tenant as debtor-in-possession fails to assume Tenant's obligations under this Lease within the period prescribed therefor by law or within one hundred twenty (120) days after entry of the order for relief or as may be allowed by the court, or if said trustee, Tenant or Tenant as debtor-in-possession shall fail to provide adequate protection of Landlord's right, title and interest in and to the Premises or adequate assurance of the complete and continuous future performance of Tenant's obligations under this Lease, Landlord, to the extent permitted by law or by leave of the court having jurisdiction over such proceeding, shall

have the right, at its election, to terminate this Lease on five (5) days' notice to Tenant, Tenant as debtor-in-possession or said trustee and upon the expiration of said five (5) day period this Lease shall cease and expire as aforesaid and Tenant, Tenant as debtor-in-possession or said trustee shall immediately quit and surrender the Premises as aforesaid.

Section 18.3 If, at any time, (i) Tenant shall consist of two (2) or more persons, or (ii) Tenant's obligations under this Lease shall have been guaranteed by any person other than Tenant, or (iii) Tenant's interest in this Lease has been assigned, the word "Tenant" as used in Section 18.1(E), shall be deemed to mean any one or more of the persons primarily or secondarily liable for Tenant's obligations under this Lease. Any monies received by Landlord from or on behalf of Tenant during the pendency of any proceeding of the types referred to in Section 18.1(E) shall be deemed paid as compensation for the use and occupancy of the Premises and the acceptance of any such compensation by Landlord shall not be deemed an acceptance of Rental or a waiver on the part of Landlord of any rights under Section 18.2.

ARTICLE 19

REMEDIES AND DAMAGES

Section 19.1

(A) If any Event of Default shall occur, or this Lease and the Term shall expire and come to an end as provided in Article 18:

(1) Tenant shall quit and peacefully surrender the Premises to Landlord, and Landlord and its agents may immediately, or at any time after such Event of Default or after the date upon which this Lease and the Term shall expire and come to an end, re-enter the Premises or any part thereof, either by summary proceedings, or by any other applicable legal action or legal proceeding (without being liable to indictment, prosecution or damages therefor), but excluding by force, and may repossess the Premises and dispossess Tenant and any other persons from the Premises by summary proceedings or otherwise (excluding by force) and remove any and all of their property and effects from the Premises (and Tenant shall remain liable for damages as provided herein or pursuant to law); and

(2) Landlord, at Landlord's option, may relet the whole or any part or parts of the Premises from time to time, either in the name of Landlord or otherwise, to such tenant or tenants, for such term or terms ending before, on or after the Fixed Expiration Date, at such rent or rentals and upon such other conditions, which may include concessions and free rent periods, as Landlord, in Landlord's sole discretion, may determine; provided, however, that Landlord shall have no obligation to relet the Premises or any part thereof and shall in no event be liable for refusal or failure to relet the Premises or any part thereof, or, in the event of any such reletting, for refusal or failure to collect any rent due upon any such reletting, and no such refusal or failure shall operate to relieve Tenant of any liability under this Lease or otherwise affect any such liability, and Landlord, at Landlord's option, may make such Alterations, in and to the Premises as Landlord, in Landlord's sole discretion, shall consider advisable or necessary in connection with any such reletting or proposed reletting, without relieving Tenant of any liability under this Lease or otherwise affecting any such liability.

(B) Tenant hereby waives the service of any notice of intention to re-enter or to institute legal proceedings to that end that may otherwise be required to be given under any present or future law. Tenant, on its own behalf and on behalf of all persons claiming through or under Tenant, including all creditors, does further hereby waive any and all rights that Tenant and all such persons might otherwise have under any present or future law to redeem the Premises, or to re-enter or repossess the Premises, or to restore the operation of this Lease, after (a) Tenant shall have been dispossessed by a judgment or by warrant of any court or judge, or (b) any re-entry by Landlord, or (c) any expiration or termination of this Lease and the Term, whether such dispossession, re-entry, expiration or termination is by operation of law or pursuant to the provisions of this Lease. The words "re-entry", "re-enter" and "re-entered" as used in this Lease shall not be deemed to be restricted to their technical legal meanings. In the event of a breach or threatened breach by Tenant, or any persons claiming through or under Tenant, of any term, covenant or condition of this Lease, Landlord shall have the right to enjoin such breach and the right to invoke any other remedy allowed by law or in equity as if re-entry, summary proceedings and other special remedies were not provided in this Lease for such breach. The right to invoke the remedies hereinbefore set forth are cumulative and shall not preclude Landlord from invoking any other remedy allowed at law or in equity.

Section 19.2

(A) If this Lease and the Term shall expire and come to an end as provided in Article 18, or by or under any summary proceeding or any other action or proceeding, or if Landlord shall re-enter the Premises as provided in Section 19.1, or by or under any summary proceeding or any other action or proceeding, then, in any of said events:

(1) Tenant shall pay to Landlord all Fixed Rent, Escalation Rent, other Additional Rent and other items of Rental payable under this Lease by Tenant to Landlord to the date upon which this Lease and the Term shall have expired and come to an end or to the date of re-entry upon the Premises by Landlord, as the case may be;

(2) Tenant also shall be liable for and shall pay to Landlord, as damages, any deficiency ("Deficiency") between the Rental for the period which otherwise would have constituted the unexpired portion of the Term and the net amount, if any, of rents collected under any reletting effected pursuant to the provisions of Section 19.1(A)(2) for any part of such period (after first deducting from the rents collected under any such reletting all of Landlord's expenses in connection with the termination of this Lease, Landlord's reentry upon the Premises and such reletting including, but not limited to, all repossession costs, brokerage commissions, attorneys' fees and disbursements, alteration costs and other expenses of preparing the Premises for such reletting); any such Deficiency shall be paid in monthly installments by Tenant on the days specified in this Lease for payment of installments of Fixed Rent; Landlord shall be entitled to recover from Tenant each monthly Deficiency as the same shall arise, and no suit to collect the amount of the Deficiency for any month shall prejudice Landlord's right to collect the Deficiency for any subsequent month by a similar proceeding; and

(3) whether or not Landlord shall have collected any monthly Deficiency as aforesaid, Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord, on demand, in lieu of any further Deficiency as and for liquidated and agreed final damages, a sum equal to the amount by which the unpaid Rental for the period which otherwise

would have constituted the unexpired portion of the Term exceeds the then fair and reasonable rental value of the Premises for the same period, both discounted to present worth at the Base Rate; if, before presentation of proof of such liquidated damages to any court, commission or tribunal, the Premises, or any part thereof, are relet by Landlord for the period which otherwise would have constituted the unexpired portion of the Term, or any part thereof, the amount of rent reserved upon such reletting shall be deemed, prima facie, to be evidence of the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting.

(B) If the Premises, or any part thereof, shall be relet together with other space in the Building, the rents collected or reserved under any such reletting and the expenses of any such reletting shall be equitably apportioned for the purposes of this Section 19.2. Tenant shall in no event be entitled to any rents collected or payable under any reletting, whether or not such rents exceed the Fixed Rent reserved in this Lease. Solely for the purposes of this Article 19, the term “Escalation Rent” as used in Section 19.2(A) shall mean the Escalation Rent in effect immediately prior to the Expiration Date, or the date of re-entry upon the Premises by Landlord, as the case may be, adjusted to reflect any increase pursuant to the provisions of Article 3 hereof for the Operating Year immediately preceding such event. Nothing contained in Article 18 or this Article 19 shall be deemed to limit or preclude the recovery by Landlord from Tenant of the maximum amount allowed to be obtained as damages by any statute or rule of law, or of any sums or damages to which Landlord may be entitled in addition to the damages set forth in this Section 19.2.

ARTICLE 20

FEES AND EXPENSES

Section 20.1 If (i) an Event of Default shall occur under this Lease, or (ii) Tenant fails to comply with its obligations under this Lease and Landlord in its good faith determination believes that there is, as a direct result, a material and imminent threat to the preservation of property or the safety of any tenant, occupant or other person, Landlord may (1) perform the same for the account of Tenant and shall notify Tenant after such performance, or (2) make any expenditure or incur any obligation for the payment of money in connection with any obligation owed to Landlord, including, but not limited to, reasonable attorneys’ fees and disbursements in instituting, prosecuting or defending any action or proceeding, and in either case the cost thereof, with interest thereon at the Applicable Rate, shall be deemed to be Additional Rent hereunder and shall be paid by Tenant to Landlord within thirty (30) days after rendition of any bill or statement to Tenant therefor accompanied by reasonable evidence thereof. In addition, Tenant shall pay Landlord any reasonable attorneys’ fees and disbursements incurred by Landlord in connection with any proceeding in which the value for the use and occupancy of the Premises by Tenant is being determined (whether or not any such proceeding results from a default by Tenant under this Lease).

Section 20.2 If Tenant shall fail to pay any installment of Fixed Rent, Additional Rent or any other item of Rental for a period longer than five (5) days after the same shall have become due, Tenant shall pay to Landlord, in addition to such installment of Fixed Rent, Additional Rent or other item of Rental, as the case may be, as a late charge and as Additional Rent, a sum equal to three (3%) percent of the amount unpaid (provided that such three (3%)

percent late charge shall not be payable the first time in any twelve (12) consecutive month period that Tenant shall fail to pay an item of Rental for a period longer than five (5) days after the same shall have become due if such sum shall have been paid within the same calendar month in which the item of Rental is due). If Tenant shall fail to pay any installment of Fixed Rent, Additional Rent or any other item of Rental for a period longer than 10 days after the same shall have become due, Tenant shall pay to Landlord, in addition to such installment of Fixed Rent, Additional Rent or other item of Rental, as the case may be, and in addition to the late charge payable by Tenant pursuant to the preceding sentence, as a late charge and as Additional Rent, a sum equal to interest at the Applicable Rate on the amount unpaid. All late charges payable by Tenant hereunder shall be computed from the date such payment was due (without regard to any grace period set forth in this Section 20.2), to and including the date of payment.

ARTICLE 21

NO REPRESENTATIONS BY LANDLORD

Section 21.1 Landlord and Landlord's agents have made no representations, warranties or promises with respect to the Building, the Real Property or the Premises except as herein expressly set forth, and no rights, easements or licenses are acquired by Tenant by implication or otherwise except as expressly set forth herein. Tenant shall accept possession of the Premises in its "as is" but broom-clean condition on the Commencement Date, and vacant and free of occupants, with Landlord's Work Substantially Completed. Subject to the performance of Landlord's Work, Landlord shall have no obligation to perform any work or make any installations in order to prepare the Premises for Tenant's occupancy. The taking of occupancy of the whole or any part of the Premises by Tenant shall be conclusive evidence, as against Tenant, that Tenant accepts possession of the same and that the Premises and the Building were in good and satisfactory condition at the time such occupancy was so taken and that the Premises were substantially as shown on Schedule A, but subject to the performance by Landlord of the items on Tenant's Punchlist, and except that if Tenant notifies Landlord in writing of any latent defects in Landlord's Work within four (4) months after Tenant occupies the Premises for the conduct of its business, Landlord shall remedy such latent defects (unless such defect was caused by Tenant or Persons Within Tenant's Control during the performance of any Alterations). The foregoing is not intended to relieve Landlord from its ongoing repair, maintenance and compliance with Laws obligations under this Lease. All references in this Lease to the consent or approval of Landlord shall be deemed to mean the written consent or approval executed by Landlord and no other consent or approval of Landlord shall be effective for any purpose whatsoever. Promptly following the conclusion of the four (4) month period after Tenant occupies the Premises for the conduct of its business, Landlord shall assign to Tenant the benefit of any contractors' or manufacturers' warranties applicable to Landlord's Work.

ARTICLE 22

END OF TERM

Section 22.1 Upon the expiration or other termination of this Lease, Tenant shall quit and surrender to Landlord the Premises, vacant, broom clean, in good order and condition, ordinary wear and tear and any damage from casualty or condemnation which Tenant shall not have been obligated to restore hereunder excepted, and Tenant shall remove those of Tenant's

Alterations to the extent required pursuant to Article 6 or any other provision of this Lease. Tenant shall also remove all of Tenant's Property and all other personal property and personal effects of all persons claiming through or under Tenant, and shall pay the cost of repairing all damage to the Premises and the Real Property occasioned by such removal. Any Tenant's Property or other personal property that remains in the Premises after the termination of this Lease shall be deemed to have been abandoned and either may be retained by Landlord as its property or may be disposed of in such manner as Landlord may see fit. If such Tenant's Property or other personal property or any part thereof is sold, Landlord may receive and retain the proceeds of such sale as the property of Landlord. Any expense incurred by Landlord in removing or disposing of such Tenant's Property or other personal property or Alterations required to be removed as provided in Article 6, as well as the cost of repairing all damage to the Building or the Premises caused by such removal, shall be reimbursed to Landlord by Tenant, as Additional Rent, on demand.

Section 22.2 If the Expiration Date falls on a day which is not a Business Day, then Tenant's obligations under Section 22.1 shall be performed on or prior to the immediately preceding Business Day.

Section 22.3 Tenant expressly waives, for itself and for any person claiming through or under Tenant, any rights that Tenant or any such person may have under the provisions of Section 2201 of the New York Civil Practice Law and Rules and of any similar or successor law of like import then in force in connection with any holdover proceedings that Landlord may institute to enforce the provisions of this Article.

Section 22.4 If the Premises are not surrendered within ninety (90) days after the Expiration Date, Tenant hereby indemnifies Landlord against liability or expense (including any consequential damages but excluding punitive damages) resulting from delay by Tenant in so surrendering the Premises, including any claims made by any succeeding tenant or prospective tenant founded upon such delay and agrees to be liable to Landlord for (i) any payment or rent concession which Landlord may be required to make to any tenant obtained by Landlord for all or any part of the Premises in order to induce such tenant not to terminate its lease by reason of the holding-over by Tenant and (ii) the loss of the benefit of the bargain if any such tenant shall terminate its lease by reason of the holding-over by Tenant. Landlord's rights under this Section 22.4 are in addition to the holdover rental payable by Tenant under Section 39.7.

Section 22.5 Tenant's obligations under this Article shall survive the expiration or termination of this Lease.

ARTICLE 23

POSSESSION

Section 23.1 Except as otherwise set forth in Section 23.2, If Landlord shall be unable to deliver possession of the Premises or any additional space to be included within the Premises on the specific date (if any) designated in this Lease for any reason whatsoever, Landlord shall not be subject to any liability therefor and the validity of this Lease shall not be impaired thereby, but the Commencement Date shall be postponed until five (5) Business Days following notice from Landlord that the Premises or such additional space, as the case may be, are

available for occupancy by Tenant. In such event, the Rent Commencement Date and the Fixed Expiration Date shall be delayed by an equal number of days. Tenant expressly waives any right to rescind this Lease under Section 223-a of the New York Real Property Law or under any present or future statute of similar import then in force and further expressly waives the right to recover any damages that may result from Landlord's failure to deliver possession of the Premises or such additional space on the specific date (if any) designated for the commencement of the Term. Tenant agrees that the provisions of this Article 23 are intended to constitute "an express provision to the contrary" within the meaning of said Section 223-a.

Section 23.2

(i) Notwithstanding the foregoing or anything contained herein to the contrary, provided that this Lease shall be fully executed and delivered on or prior to 5:00 p.m. on April 30, 2010 (with time being of the essence) and the Plans (as defined in Exhibit C) shall have been approved by Landlord and Tenant on or prior to 5:00 p.m. on April 16, 2010 (with time being of the essence), Landlord shall endeavor to cause Substantial Completion of Landlord's Work to occur on or prior to September 15, 2010 (such date, subject to adjustment as set forth in this Section 23.2(i), the "Target Date"). Provided that no Event of Default shall have occurred and be continuing, if Landlord shall not have achieved Substantial Completion of Landlord's Work on or prior to the Target Date (as such date shall be extended, on a day for day basis, by Unavoidable Delays and by delays caused by Tenant or Persons Within Tenant's Control), Tenant shall be entitled, as Tenant's sole and exclusive remedy by reason of such delay (other than Tenant's right to terminate this Lease as set forth in Section 23.2(ii)), to an additional credit against Fixed Rent commencing on the Rent Commencement Date in the amount of \$5,812.81 for each day after the Target Date that the Commencement Date fails to occur.

(ii) Notwithstanding the foregoing or anything contained herein to the contrary, in the event that Landlord fails to deliver possession of the Premises to Tenant by November 1, 2010 (such date, subject to adjustment as set forth in this Section 23.2(ii), the "Outside Date"), Tenant shall have the option to terminate this Lease by notice to Landlord given, if at all, within thirty (30) days after the Outside Date (with time being of the essence), and, in such event, this Lease shall terminate effective as of the thirtieth (30th) day after the date such notice by Tenant is given as if such termination date were the Expiration Date; provided, however, that if the Commencement Date shall have occurred prior to such thirtieth (30th) day after such notice is given (or if Tenant shall fail to give such notice within the thirty (30) day period after the occurrence of the Outside Date), Tenant's exercise of such right to terminate this Lease shall be null and void and of no force or effect. For the purposes of this Section 23.2(ii), the Outside Date shall be extended, on a day for day basis, by Unavoidable Delays and by delays caused by Tenant or Persons Within Tenant's Control. Upon termination of this Lease as set forth in this Section 23.2(ii), Landlord shall immediately return to Tenant the first installment of Fixed Rent and the Security Deposit. Tenant hereby acknowledges and agrees that such rescission right shall be Tenant's sole and exclusive remedy if the Commencement Date shall not have occurred on or before the Outside Date, and that Landlord shall have no other liability to Tenant for failure of the Commencement Date to occur.

(iii) In addition to, and without limiting the foregoing, in the event that the Commencement Date is delayed by Tenant or Persons Within Tenant's Control, then Tenant agrees that, the term of this Lease and Tenant's obligations shall commence on the date that this Lease would have commenced had the Commencement Date not been so delayed by Tenant or Persons Within Tenant's Control.

ARTICLE 24

NO WAIVER

Section 24.1 No act or thing done by Landlord or Landlord's agents during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing signed by Landlord. No employee of Landlord or of Landlord's agents shall have any power to accept the keys to the Premises prior to the termination of this Lease. The delivery of keys to any employee of Landlord or of Landlord's agents shall not operate as a termination of this Lease or a surrender of the Premises. If Tenant shall at any time desire to have Landlord sublet the Premises for Tenant's account, Landlord or Landlord's agents are authorized to receive the keys for such purpose without releasing Tenant from any of the obligations under this Lease, and Tenant hereby relieves Landlord of any liability for loss of or damage to any of Tenant's effects in connection with such subletting.

Section 24.2 The failure of either party to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease, or, in the case of Landlord, any of the Rules and Regulations, shall not prevent a subsequent act, which would have originally constituted a violation, from having all of the force and effect of an original violation. The receipt by Landlord or payment by Tenant of Fixed Rent, Additional Rent or any other item of Rental with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. The failure of Landlord to enforce any of the Rules and Regulations against Tenant or any other tenant in the Building shall not be deemed a waiver of any such Rules and Regulations. Except as expressly provided to the contrary in this Lease, no provision of this Lease shall be deemed to have been waived by Landlord or Tenant, unless such waiver shall be in writing and shall be signed by the waiving party. No payment by Tenant or receipt by Landlord of a lesser amount than the Rental then due and payable shall be deemed to be other than on account of the earliest item(s) of Rental, or as Landlord may elect to apply the same, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance due of the Rental or pursue any other remedy in this Lease provided. This Lease contains the entire agreement between the parties and all prior negotiations and agreements are merged herein. Any executory agreement hereafter made shall be ineffective to change, discharge or effect an abandonment of this Lease in whole or in part unless such executory agreement is in writing and signed by the party against whom enforcement of the change, discharge or abandonment is sought.

ARTICLE 25

WAIVER OF TRIAL BY JURY

Section 25.1 Landlord and Tenant shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, whether during or after the Term, or for

the enforcement of any remedy under any statute, emergency or otherwise. If Landlord shall commence any summary proceeding against Tenant, Tenant will not interpose any counterclaim of whatever nature or description in any such proceeding (unless failure to impose such counterclaim would preclude Tenant from asserting in a separate action the claim which is the subject of such counterclaim), and will not seek to consolidate such proceeding with any other action which may have been or will be brought in any other court by Tenant or Landlord.

ARTICLE 26

INABILITY TO PERFORM

Section 26.1 Except as expressly provided to the contrary in this Lease, this Lease and the obligation of Tenant to pay Rental hereunder and to perform all of the other covenants and agreements hereunder on the part of Tenant to be performed shall in no way be affected, impaired or excused because Landlord is unable to fulfill any of Landlord's obligations under this Lease, expressly or implicitly to be performed by Landlord, or because Landlord is unable to make or is delayed in making any repairs, additions, alterations, improvements or decorations, or is unable to supply or is delayed in supplying any services, equipment or fixtures, if Landlord is prevented from or delayed in so doing by reason of acts of God, casualty, strikes or labor troubles, accident, acts of war, terrorism, bioterrorism (i.e., the release or threatened release of an airborne agent that may adversely affect the Building or its occupants), governmental preemption in connection with an emergency, Laws, conditions of supply and demand which have been or are affected by war, terrorism, bioterrorism or other emergency, or any other cause whatsoever, whether similar or dissimilar to the foregoing, beyond Landlord's reasonable control ("Unavoidable Delays") (it being understood that a lack of funds shall not constitute an Unavoidable Delay).

Section 26.2 Tenant shall not be liable for any failure or delay in performing its obligations under this Lease, except for the payment of any Rental, if Tenant is prevented from or delayed in so doing by reason of acts of God, casualty, strikes or labor troubles, accident, acts of war, terrorism, bioterrorism (as described above), governmental preemption in connection with an emergency, Laws, conditions of supply and demand which have been or are affected by war, terrorism, bioterrorism or other emergency or any other cause whatsoever, whether similar or dissimilar to the foregoing, beyond Tenant's reasonable control. The inability of Tenant to pay for goods or services or to meet its debts shall not excuse Tenant from performing its obligations under this Lease.

BILLS AND NOTICES

Section 27.1

(A) Except as otherwise expressly provided in this Lease, any bills, statements, consents, notices, demands, requests or other communications given or required to be given under this Lease (“Notice(s)”) shall be in writing and shall be deemed sufficiently given or rendered only if delivered by hand (against a signed receipt), by a recognized overnight courier service (with a signed receipt) or if deposited in a securely fastened, postage prepaid envelope in a depository that is regularly maintained by the U.S. Postal Service, sent by registered or certified mail (return receipt requested) and in any case addressed:

if to Tenant (a) at 400 Technology Square, Cambridge, MA 02139, Attention: Vice President – Corporate Services, or at any place where Tenant or any agent or employee of Tenant may be found if given subsequent to Tenant’s vacating, deserting, abandoning or surrendering such address, with simultaneous copies to each of:

- (i) Forrester Research, Inc.
400 Technology Square
Cambridge, MA 02139
Attention: Chief Financial Officer

and

- (ii) Forrester Research, Inc.
400 Technology Square
Cambridge, MA 02139
Attention: Chief Legal Officer

and

- (iii) Dionne & Gass LLP
131 Dartmouth Street
Suite 501
Boston, MA 02116
Attention: Joanne A. Robbins, Esq.

if to Landlord, at Landlord’s address set forth in this Lease, Attn: General Counsel, with simultaneous copies to each of:

- (i) RFR Realty LLC
390 Park Avenue
New York, New York 10022
Attention: President

- (ii) Loeb & Loeb LLP
345 Park Avenue
New York, New York 10154
Attention: Raymond A. Sanseverino, Esq.

and

- (iii) any Mortgagee or Lessor who may have requested the same, by Notice given in accordance with the provisions of this Article 27, at the address designated by such Mortgagee or Lessor.

Landlord or Tenant may designate new address(es) by notice given to the other in accordance with the provisions of this Article 27.

(B) Notices shall be deemed to have been rendered or given (i) on the Business Day delivered, if delivered by hand or by recognized overnight courier service, prior to 5:00 p.m. of such Business Day, or if delivered on a day other than a Business Day or after 5:00 p.m. on any day, then on the next Business Day following such delivery, or (ii) three (3) Business Days after the date mailed, if mailed as provided in Section 27.1(A). Notice given by counsel for either party on behalf of such party or by the Manager on behalf of Landlord shall be deemed valid notices if addressed and sent in accordance with the provisions of this Article.

Section 27.2 Notwithstanding the provisions of Section 27.1, Notices requesting services for Overtime Periods pursuant to Article 28 may be given by delivery to the Building superintendent or any other person in the Building designated by Landlord to receive such Notices, and bills may be sent by first class mail or delivered to the Premises without receipt.

ARTICLE 28

SERVICES AND EQUIPMENT

Section 28.1 Landlord shall, at Landlord's expense:

(A) Provide passenger elevator service to the Premises on Business Days during Operating Hours and, subject to Section 28.3, have at least one passenger elevator on call at all other times. Tenant agrees that Landlord may, at its election, install elevators with or without operators and may change the same from time to time.

(B) Tenant acknowledges that the Building does not have a dedicated freight elevator. Provided that no other tenants are physically occupying any space on floors 2 through 9 of the Building, Landlord shall dedicate one passenger elevator for Tenant's non-exclusive use, at no charge, during Operating Hours, for the first thirty (30) days after the Commencement Date. If another tenant is in physical occupancy of any space on floors 2-9 of the Building during such thirty (30) day period, then any Major Delivery of construction materials shall be scheduled on Business Days after Operating Hours, at the charges set forth in Section 28.2. After such thirty (30) day period, Landlord shall provide one passenger elevator for freight purposes on a reservation, "first come, first served" basis during Overtime Periods, as further described in Section 28.2. "Major Delivery" shall mean any delivery of materials, furniture or equipment that either (i) exceeds the weight capacity of the elevators in the Building or (ii) does not fit within the openings of the elevators in the Building.

(C) Landlord has installed in the Premises a new United Air Cool, air-cool DX air conditioning unit, with electric heating coil, that can accommodate either a variable or constant volume control (the "DX Unit"). The DX Unit shall have a 30 ton capacity and shall be connected to Tenant's electrical submeters to measure its consumption of electricity. Tenant shall have control of the operation of the DX Unit 24 hours per day, seven days per week. Landlord shall furnish heat or ventilation (as needed), to the Premises from October 15 through April 30 through a centrally located boiler and perimeter fin tube radiator, containing thermostatic control valves in the Premises controlled by Tenant, during Operating Hours.

Tenant shall draw and close the draperies or blinds for the windows of the Premises whenever the HVAC System is in operation and the position of the sun so requires and shall, at all times, reasonably cooperate with Landlord and abide by all of the Rules and Regulations which Landlord may prescribe for the proper functioning of the HVAC System. Tenant expressly acknowledges and agrees that Tenant shall not permit any of the windows in the Premises to be opened as the same shall interfere with the proper operation of the HVAC System (provided, however, that the opening of any window(s) in the Premises shall not entitle Landlord to terminate this Lease or to take possession of the Premises, provided further, however, that Tenant shall be liable to Landlord for any and all damages (including, without limitation, water damage and freezing damage) caused to the Building and/or the Building Systems due to the opening of such window(s) in the Premises). Tenant hereby expressly waives any claims against Landlord arising out of the cessation of operation of the HVAC System, or the suitability of the Premises when the same is not in operation, whether due to normal scheduling or the reasons set forth in Section 28.3. Landlord will not be responsible for the failure of the HVAC System if such failure results from the occupancy of the Premises by more than an average of one person for each 100 square feet of usable area or if Tenant uses in excess of six (6) watts connected load of electricity per rentable square foot (or if Tenant shall fail to keep the windows in the Premises closed or to draw and close the draperies or blinds as required hereunder). If Tenant occupies the Premises at an occupancy rate of greater than that for which the HVAC System was designed (1 person per 100 square feet of usable area), or uses in excess of six (6) watts connected load of electricity per rentable square foot or if Tenant's partitions are arranged in such a way as to interfere with the normal operation of the HVAC System, Landlord may elect to make changes to the HVAC System or the ducts through which it operates required by reason thereof, and the cost thereof shall be reimbursed by Tenant to Landlord as Additional Rent within thirty (30) days after presentation of a bill therefor. Landlord, throughout the Term, shall have free access to all mechanical installations of Landlord, including but not limited to air-cooling, fan, ventilating and machine rooms and electrical closets, and Tenant shall not construct or place partitions, furniture or other obstructions that may interfere with Landlord's free access thereto or the proper functioning of Building Systems, or interfere with the moving of Landlord's equipment to and from the enclosures containing said installations. Neither Tenant nor its agents, employees or contractors shall at any time enter the said enclosures or tamper with, adjust, touch or otherwise in any manner affect said mechanical installations. Landlord's obligations under this Section 28.1 and under Section 28.2 are subject to applicable Laws that may limit the hours or the extent to which Landlord is permitted to supply HVAC.

(D) Furnish cold water for ordinary drinking, cleaning, pantry and lavatory purposes. If Tenant requires, uses or consumes water for any other purposes, Tenant agrees that Tenant shall install a meter or meters or other means to measure Tenant's water consumption, and Tenant further agrees to pay for the cost of the meter or meters and the installation thereof, and to pay for the maintenance of said meter equipment and/or to pay Landlord's cost of other means of measuring such water consumption by Tenant. In such event, Tenant shall reimburse Landlord for the cost of all water consumed as measured by said meter or meters or as otherwise measured, including sewer rents, as Additional Rent within thirty (30) days after bills are rendered. If Tenant wishes to use hot water for its pantries or lavatories, Tenant, at its sole cost and expense and in accordance with Article 6, shall install a system to generate such hot water.

(E) Provided Tenant shall keep the Premises in order, Landlord, at Landlord's expense, shall cause the Premises, and excluding any portions thereof used as security areas or

used for the storage, preparation, service or consumption of food or beverages, to be cleaned on Business Days in accordance with the cleaning specifications annexed to this Lease as Schedule D. If, however, any additional cleaning of the Premises is to be done by Tenant, it shall be done at Tenant's sole expense, in a manner reasonably satisfactory to Landlord and no one other than persons approved by Landlord shall be permitted to enter the Premises or the Building for such purpose. Tenant shall pay to Landlord the cost of removal of any of Tenant's refuse and rubbish from the Premises and the Building (i) to the extent that the same, in any one day, exceeds the average daily amount of refuse and rubbish usually attendant upon the use of such Premises as offices, as described and included in Landlord's cleaning contract for the Building or as reasonably recommended by Landlord's cleaning contractor, and (ii) related to or deriving from the preparation or consumption of food or drink. Bills for the same shall be rendered by Landlord to Tenant at such time as Landlord may elect and shall be due and payable as Additional Rent within thirty (30) days after the time rendered. Tenant shall cause all portions of the Premises used for the storage, preparation, service or consumption of food or beverages to be cleaned daily in a manner reasonably satisfactory to Landlord, and to be treated against infestation by vermin, rodents or roaches, whenever there is evidence of any infestation. Tenant shall not permit any person to enter the Premises or the Building for the purpose of providing such extermination services, unless such persons have been approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. If so requested by Landlord, Tenant, at Tenant's expense, shall store any refuse generated by the consumption of food or beverages on the Premises in a cold box or similar facility.

(F) Subject to the Rules and Regulations, Tenant (and its employees, permitted subtenants and occupants, and invitees) shall have access to the Premises 24 hours per day seven (7) days per week.

(G) Landlord shall maintain and provide security systems, procedures and personnel for the Building on a 24-hour per day basis, including (i) a manned concierge desk in the lobby of the Building which shall provide for controlled access into the Building and cameras at lobby doors and (ii) a card key access system through the elevators and to tenant spaces during non-Operating Hours.

(H) If the "sprinkler system" installed in the Building or any of its appurtenances are damaged or injured or not in proper working order by reason of any act or omission of Tenant or of Persons Within Tenant's Control, Tenant shall forthwith restore the same to good working condition at Tenant's expense; and if the New York Board of Fire Underwriters or the New York Insurance Rating Organization or any Government Authority requires or recommends that any changes, modifications, alterations or additional sprinkler heads or other equipment be made or supplied by reason of Tenant's business, or the location of the partitions, trade fixtures, or other contents of the Premises, Landlord shall, at Tenant's expense, promptly make and supply such changes, modifications, alterations, additional sprinkler heads or other equipment (pursuant to submission of necessary engineering plans and specifications for Landlord's approval).

Section 28.2 The Fixed Rent does not reflect or include any charge to Tenant for the furnishing of any necessary elevator facilities for freight purposes or heat to the Premises during periods ("Overtime Periods") other than the hours and days set forth above. Accordingly, if Landlord furnishes any such elevator facilities for freight purposes or heat to the Premises at the

request of Tenant during Overtime Periods, Tenant shall pay Landlord Additional Rent for such services at the standard rates then fixed by Landlord for the Building. Landlord shall not be required to furnish any such services during any Overtime Periods unless Landlord has received advance notice from Tenant requesting such services prior to 2:00 p.m. of the day upon which such services are requested or by 2:00 p.m. of the last preceding Business Day if such Overtime Periods are to occur on a day other than a Business Day. If Tenant fails to give Landlord such advance notice, then failure by Landlord to furnish or distribute any such services during such Overtime Periods shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of Rental, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or its agents by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business or otherwise.

Section 28.3(A) Landlord reserves the right to stop the furnishing of the Building services and to stop service of the Building Systems, when necessary, by reason of accident, or emergency, or for Alterations in the judgment of Landlord advisable or necessary to be made, until said Alterations shall have been completed; and Landlord shall have no responsibility or liability for failure to supply air-conditioning, ventilation, heat, elevator, plumbing, electric, or other services during said period or when prevented from so doing by strikes, lockouts, labor troubles, difficulty of obtaining materials, accidents or by any cause beyond Landlord's reasonable control, or by Laws or failure of electricity, water, steam, coal, oil or other suitable fuel or power supply, or inability by exercise of reasonable diligence to obtain electricity, water, steam, coal, oil or other suitable fuel or power. Except as otherwise expressly provided in this Lease, no diminution or abatement of rent or other compensation shall or will be claimed by Tenant as a result therefrom, nor shall this Lease or any of the obligations of Tenant be affected or reduced by reason of such interruption, curtailment or suspension, nor shall the same constitute an actual or constructive eviction. Without limiting events that may constitute "any cause beyond Landlord's reasonable control," the following are items which Landlord and Tenant agree are beyond Landlord's reasonable control:

(1) Lack of access to the Building or the Premises (which shall include, but not be limited to, the lack of access to the Building or the Premises when it or they are structurally sound but inaccessible due to the actions of a Government Authority, the evacuation of the surrounding area or damage to nearby structures or public areas);

(2) any cause outside the Building;

(3) Reduced air quality or other contaminants within the Building that would adversely affect the Building or its occupants (including, but not limited to, the presence of biological or other airborne agents within the Building or the Premises);

(4) Disruption of mail and deliveries to the Building or the Premises resulting from a casualty;

(5) Disruption of telephone and telecommunications services to the Building or the Premises resulting from a casualty; or

(6) Blockages of any windows, doors, or walkways to the Building or the Premises resulting from a casualty.

(B) Notwithstanding anything to the contrary contained herein, if, by reason of Landlord's failure to (i) provide (I) the electricity required to be provided to the Premises by Landlord under Article 4 hereof, or (II) water service to the entire Building or (III) access to the Premises, and in any such case, such failure is due to the negligence or wrongful act or wrongful omission of Landlord or its agents, employees or contractors, or (ii) make repairs required to be made by Landlord pursuant to this Lease (or if due to the performance of such repairs by Landlord), or (iii) provide the services required to be provided by Landlord under Sections 28.1(A), (B) and (C) (such required electrical service, water service to the Building, and access to the Premises, or required repairs or service obligations set forth in this Section 28.3(B) being referred to individually and/or collectively as "Critical Services"), and as a result thereof a material portion of the Premises is rendered untenantable for the conduct of Tenant's business and Tenant ceases to use such portion of the Premises for the conduct of its business, and Landlord's failure to provide such Critical Services continues unremedied for more than five (5) consecutive Business Days after Tenant gives written notice to Landlord of such failure and the fact that a material portion of the Premises has been rendered untenantable for the conduct of Tenant's business by reason of such Landlord failure and that Tenant shall have ceased using such portion of the Premises for the conduct of its business, then the Fixed Rent and the Escalation Rent shall be abated during the time that such portion remains so untenantable and unused by reason of such Landlord failure to provide such Critical Services after such fifth (5th) consecutive Business Day, apportioned according to the rentable area of the Premises so rendered untenantable and unused. Nothing contained in this Section 28.3(B) is intended to, or shall be deemed to, make any event described in or contemplated by Articles 13, 14 or 26 or Section 28.3(A) or any event resulting from an act or omission of Tenant or Persons Within Tenant's Control, a Landlord failure to provide Critical Services.

Section 28.4 Tenant agrees to reasonably cooperate with Landlord, and to abide by all reasonable requirements which Landlord may prescribe, to ensure the effective and energy-efficient operation of the Building, and for the proper protection and functioning of its Building Systems and the furnishing of the Building services; provided, however, that such cooperation shall not entail any unreasonable interference with Tenant's use or occupancy of, or access to, the Premises. Tenant further agrees to reasonably cooperate with Landlord in any conservation effort pursuant to a program or procedure promulgated or recommended by the public utility serving the Building, or ASHRAE or any Requirements.

Section 28.5 Landlord shall have no obligation to clean, repair, replace or maintain any "private" plumbing fixtures or facilities (i.e., plumbing fixtures and facilities other than those that would be the common toilets in a multi-tenant floor) or the rooms in which they are located.

Section 28.6 Tenant acknowledges that the Building does not contain facilities to furnish condenser or chilled water to the Premises. Subject to Tenant's compliance with all of the provisions of Article 6 with respect to Alterations, Landlord approves in concept the installation by Tenant, at its sole cost and expense, of air-cooled supplemental air-conditioning units to service specialized areas of the Premises.

Section 28.7 Landlord shall provide Tenant reasonable and non-exclusive access to use a 2 1/2 inch sleeve from the basement to the roof of the Building designated by Landlord which may be reasonably required for Tenant's installation, removal, replacement, repair, maintenance and operation therein, at Tenant's sole cost and expense, of lines, cables, conduits and other installations for telecommunications purposes. All such installations shall be subject to Landlord's reasonable review and approval. Landlord shall not unreasonably withhold its consent to Tenant's proposed telecommunications providers, so long as they execute Landlord's commercially reasonable standard form of license agreement.

ARTICLE 29

PARTNERSHIP TENANT

Section 29.1 If Tenant is a partnership, or is comprised of two (2) or more persons, individually or as co-partners of a partnership (any such partnership and such persons are referred to in this Article 29 as "Partnership Tenant"), or if Tenant's interest in this Lease shall be assigned to a Partnership Tenant, the following provisions shall apply to such Partnership Tenant: (a) the liability of each of the parties comprising Partnership Tenant shall be joint and several; (b) each of the parties comprising Partnership Tenant hereby consents in advance to, and agrees to be bound by (i) any written agreement that may hereafter be executed by Partnership Tenant or any successor entity, changing, extending or discharging this Lease, in whole or in part, or surrendering all or any part of the Premises to Landlord, and (ii) any Notices that may hereafter be given by Partnership Tenant or by any of the parties comprising Partnership Tenant; (c) any Notices given or rendered to Partnership Tenant or to any of such parties shall be binding upon Partnership Tenant and all such parties; (d) if Partnership Tenant admits new partners, all of such new partners shall, by their admission to Partnership Tenant, be deemed to have assumed joint and several liability for the performance of all of the terms, covenants and conditions of this Lease on Tenant's part to be observed and performed; (e) Partnership Tenant shall give prompt notice to Landlord of the admission of any such new partners, and upon demand of Landlord, shall cause each such new partner to execute and deliver to Landlord an agreement in form satisfactory to Landlord, wherein each such new partner assumes joint and several liability for the performance of all the terms, covenants and conditions of this Lease on Tenant's part to be observed and performed (but neither Landlord's failure to request any such agreement nor the failure of any such new partner to execute or deliver any such agreement to Landlord shall vitiate the provisions of clause (d) of this Article 29); and (f) any present or future partner of Partnership Tenant who is no longer a partner of Partnership Tenant at the time of any default under this Lease shall, nevertheless, remain liable for the obligations of Tenant under this Lease, as if any such partner had been a partner of Partnership Tenant on the date of such default. The provisions of this Article 29 shall be inapplicable to the Tenant named in this Lease and to its corporate successors under Section 15.3(B).

ARTICLE 30

VAULT SPACE

Section 30.1 Notwithstanding anything contained in this Lease or indicated on any sketch, blueprint or plan, any vaults, vault space or other space outside the boundaries of the Real Property are not included in the Premises. Landlord makes no representation as to the

location of the boundaries of the Real Property. All vaults and vault space and all other space outside the boundaries of the Real Property which Tenant may be permitted to use or occupy are to be used or occupied under a revocable license, and if any such license is revoked, or if the amount of such space is diminished or required by any Government Authority or by any public utility company, such revocation, diminution or requisition shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of Rental, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord. Any fee, tax or charge imposed by any Government Authority for any such vaults, vault space or other space occupied by Tenant shall be paid by Tenant.

ARTICLE 31

SIGNS

Section 31.1 The location, size, materials, quality, design, color and lettering of any signs desired by Tenant, including in the elevator lobby of the Premises, shall be subject to the prior approval of Landlord (which Landlord shall not unreasonably withhold, condition or delay) and shall be subject to the terms of this Article 31 and in compliance with the standards set forth in the Building and Rules and Building Standards for Alterations. At Landlord's option, Landlord may install any such signs, and Tenant shall pay all reasonable costs associated with such installation, as Additional Rent, within thirty (30) days after demand therefor, together with customary back-up documentation.

ARTICLE 32

BROKER

Section 32.1 Landlord represents and warrants to Tenant that Landlord has not dealt with any broker or Person in connection with this Lease other than the Broker(s). Tenant represents and warrants to Landlord that Tenant has not dealt with any broker or Person in connection with this Lease other than the Broker(s). The execution and delivery of this Lease shall be conclusive evidence that the parties have relied upon the foregoing representation and warranty. Landlord and Tenant shall indemnify and hold harmless the other party from and against any and all claims for commission, fee or other compensation by any Person (other than the Broker(s) with respect to Tenant's indemnity to Landlord) who claims to have dealt with the indemnitor in connection with this Lease and for any and all costs incurred by the indemnitee in connection with such claims, including, without limitation, reasonable attorneys' fees and disbursements. Landlord shall pay Broker their commissions pursuant to separate agreement. This provision shall survive the expiration or earlier termination of this Lease.

ARTICLE 33

INDEMNITY

Section 33.1 Tenant shall not do or permit any act or thing to be done upon the Premises or the Real Property by any Person Within Tenant's Control that may subject any Indemnitee to any liability or responsibility for injury, damage to persons or property or to any liability by reason of the existence or application of, compliance with or violation of any

Requirement, but shall exercise such control over the Premises as to protect each Indemnitee fully against any such liability and responsibility. Tenant shall indemnify and save harmless the Indemnitees from and against (a) all claims of whatever nature against the Indemnitees arising from any act, omission or negligence of Tenant or Persons Within Tenant's Control, (b) all claims against the Indemnitees arising from any accident, injury or damage whatsoever caused to any person or to the property of any person and occurring in or about the Premises during the Term or during Tenant's occupancy of the Premises, unless and to the extent caused by the act, omission or negligence of Landlord, the Manager or its principals, officers, employees, agents or contractors, (c) all claims against the Indemnitees arising from any accident, injury or damage occurring outside of the Premises but anywhere within or about the Real Property, where such accident, injury or damage results or is claimed to have resulted from an act, omission or negligence of Tenant or Persons Within Tenant's Control, and (d) any breach, violation or non-performance of any covenant, condition or agreement contained in this Lease to be fulfilled, kept, observed and performed by Tenant. This indemnity and hold harmless agreement shall include indemnity from and against any and all liability, fines, suits, demands, costs and expenses of any kind or nature (including, without limitation, reasonable attorneys' fees and disbursements) incurred in or in connection with any such claim or proceeding brought thereon, and the defense thereof, but shall be offset to the extent of any insurance proceeds collected by the Indemnitees under policies covering the Indemnitees. In addition, the foregoing indemnity shall exclude consequential damages, other than as set forth in Section 22.4.

Section 33.2 Except to the extent otherwise expressly limited in this Lease, Landlord shall indemnify and save Tenant harmless from and against (a) all claims of whatever nature against Tenant and its shareholders, officers, directors, employees, agents and contractors ("Tenant Indemnitees") arising from any willful misconduct or negligence of Landlord or Persons Within Landlord's Control, (b) all claims against Tenant Indemnitees arising from any accident, injury or damage occurring within or about the Real Property to the extent such accident, injury or damage results or is claimed to have resulted from the willful misconduct or negligence of Landlord or Persons Within Landlord's Control, and (c) any breach, violation or non-performance of any covenant, condition or agreement contained in this Lease to be fulfilled, kept, observed and performed by Landlord. This indemnity and hold harmless agreement shall include indemnity from and against any and all liability, fines, suits, demands, costs and expenses of any kind of nature (including, without limitation, reasonable attorneys' fees and disbursements) incurred in or in connection with any such claims or proceeding brought thereon, and the defense thereof, but shall be offset to the extent of any insurance proceeds collected by Tenant Indemnitees under policies covering Tenant Indemnitees. In addition, the foregoing indemnity shall exclude consequential damages.

Section 33.3 If any claim, action or proceeding is made or brought against (i) any Indemnitee, against which claim, action or proceeding Tenant is obligated to indemnify such Indemnitee pursuant to the terms of this Lease, or (ii) any Tenant Indemnitee against which claim, action or proceeding Landlord is obligated to indemnify such Tenant Indemnitee pursuant to the terms of this Lease, then, upon demand by the Indemnitee or Tenant Indemnitee (as the case may be), the applicable indemnitor, at its sole cost and expense, shall resist or defend such claim, action or proceeding in the Indemnitee's or Tenant's Indemnitee's name if necessary, by such attorneys as the indemnitor may select, subject to the Indemnitee's or Tenant's Indemnitee's reasonable consent. Notwithstanding the foregoing, an Indemnitee or a Tenant Indemnitee may retain its own attorneys to defend or assist in defending any claim, action or

proceeding involving potential liability of Seven Million Five Hundred Thousand Dollars (\$7,500,000) or more, and the indemnitor shall pay the reasonable fees and disbursements of such attorneys. The provisions of this Article 33 shall survive the expiration or earlier termination of this Lease.

ARTICLE 34

ADJACENT EXCAVATION; SHORING

Section 34.1 If an excavation shall be made upon land adjacent to the Building, or shall be authorized to be made, Tenant shall, upon reasonable advance notice, afford to the person causing or authorized to cause such excavation, license to enter upon the Premises for the purpose of doing such work as said person shall deem necessary to preserve the walls of the Building from injury or damage and to support the same by proper foundations without any claim for eviction or constructive eviction, damages or indemnity against Landlord, or diminution or abatement of Rental, provided that Tenant continues to have access to the Premises for the conduct of its business therein.

ARTICLE 35

OPTION TO CANCEL

Section 35.1 Provided that (i) an Event of Default under this Lease shall not then be continuing, (ii) this Lease shall be in full force and effect at all times mentioned below, and (iii) Tenant shall not have assigned its interest in this Lease in a transaction requiring Landlord's consent, Tenant shall have the one-time right to cancel this Lease effective as of the seventh (7th) anniversary of the Rent Commencement Date (the "Cancellation Option Termination Date"), provided that (A) Tenant shall have given Landlord, at least twelve (12) months prior to the Cancellation Option Termination Date, a notice (the "Cancellation Notice") of Tenant's cancellation of this Lease effective as of the Cancellation Option Termination Date, and (B) Tenant shall have paid Landlord, simultaneously with the giving of the Cancellation Notice, an amount equal to (x) the unamortized costs incurred and paid by Landlord in connection with this Lease for (a) brokerage commissions, (b) free rent, and (c) the cost of Landlord's Work and the Tenant Improvement Allowance, all amortized on a straight-line basis over the originally scheduled Term, at an annual interest rate of 8% (the "Cancellation Payment"). Upon Tenant's request, Landlord shall promptly deliver to Tenant an itemized list of such costs incurred by Landlord and, where applicable, evidence of such costs. Time is of the essence with respect to the giving of the Cancellation Notice by Tenant and the making of the Cancellation Payment by Tenant by the date set forth above. Upon the timely giving of the Cancellation Notice and the timely payment of the Cancellation Payment, the Term of this Lease shall expire on the Cancellation Option Termination Date as if such date were the Fixed Expiration Date and neither party shall have any further rights or obligations under this Lease, except for such rights and obligations which expressly survive the termination or expiration of the Term of this Lease.

ARTICLE 36

RENT REGULATION

Section 36.1 If at any time or times during the Term of this Lease, the Rental reserved in this Lease is not fully collectible by reason of any Law, Tenant shall enter into such agreements and take such other steps (without additional expense to Tenant) as Landlord may request and as may be legally permissible to permit Landlord to collect the maximum rents that may from time to time during the continuance of such legal rent restriction be legally permissible (and not in excess of the amounts reserved under this Lease). Upon the termination of such legal rent restriction (a) the Rental shall become and thereafter be payable hereunder in accordance with the amounts reserved in this Lease for the remainder of the Term, and (b) Tenant shall pay to Landlord, if legally permissible, an amount equal to (i) the items of Rental that would have been paid pursuant to this Lease but for such legal rent restriction less (ii) the rents paid by Tenant to Landlord during the period or periods such legal rent restriction was in effect. This provision shall survive the expiration or earlier termination of this Lease to the maximum enforceable extent.

ARTICLE 37

COVENANT OF QUIET ENJOYMENT

Section 37.1 Landlord covenants that, upon Tenant paying the Fixed Rent and Additional Rent and observing and performing all the terms, agreements, covenants, provisions and conditions of this Lease on Tenant's part to be observed and performed, Tenant may peaceably and quietly enjoy the Premises, subject nevertheless to the terms and conditions of this Lease, and provided, however, that no eviction of Tenant by reason of the foreclosure of any Mortgage now or hereafter affecting the Premises or by reason of any termination of any Superior Lease to which this Lease is subject and subordinate, whether such termination is effected by operation of law, by agreement or otherwise, shall be construed as a breach of this covenant nor shall any action by reason thereof be brought against Landlord, and provided further that this covenant shall bind and be enforceable against Landlord or any successor to Landlord's interest, subject to the terms hereof, only so long as Landlord or any successor to Landlord's interest, is in possession and is collecting rent from Tenant but not thereafter.

ARTICLE 38

ICIP PROGRAM

Section 38.1 Landlord hereby notifies Tenant that Landlord intends to avail itself of certain exemptions and/or abatements of Taxes under the Industrial and Commercial Incentive Program ("ICIP") in connection with the renovation of the Building, including any work to be performed by Landlord in the Premises. Tenant agrees to comply, and to cause its contractors and subcontractors performing Alterations in the Premises to comply, with all rules and regulations of the ICIP in effect from time to time, including, but not limited to, the filing requirements of the New York City Department of Finance ("DOF") and the New York City Department of Small Business Services ("DSBS") with respect to all Alterations performed by Tenant in the Premises and the Building. In connection therewith, all of Tenant's construction

managers, contractors and subcontractors employed in connection with the Alterations shall be contractually required by Tenant to comply with DSBS requirements currently and hereinafter applicable to construction projects benefiting from the ICIP. Such compliance, as of the date hereof, includes the following: the submission and approval of a Construction Employment Report, attendance at a pre-construction conference with representatives of DSBS and adherence to the provisions of Article 22 of the ICIP Rules and Regulations, the provisions of the New York City Charter Chapter 13B and the provisions of Executive order No. 50 (1980) and cooperation with Landlord with respect to Landlord's application to obtain the ICIP exemption and/or abatements and the implementation of the ICIP through the period that the program shall be in effect. Promptly following knowledge or receipt of notice of any failure of any contractor or subcontractor to comply with such contractual provisions regarding DSBS compliance, Tenant shall use all commercially reasonable efforts to enforce such contractual DSBS compliance obligations, including, without limitation, by way of termination of such contracts and/or subcontracts.

Section 38.2 Prior to performing the Alterations, obtaining building permits in connection with the Alterations or executing an agreement with a contractor to perform the Alterations, Tenant shall direct its architect or engineer to prepare a narrative description of the project with a construction budget. In addition, Tenant shall (i) upon Landlord's request and upon thirty (30) days notice to Tenant, report annually to Landlord the use of the Premises, number of workers permanently engaged in employment in the Premises, the nature of each worker's employment, and to the extent applicable, the New York City residency of each worker, (ii) provide access to the Premises by employees and agents of the Department (as such term is defined in the ICIP rules and regulations) at all reasonable times, (iii) enforce the contractual obligations of Tenant's construction managers, contractors, and subcontractors to comply with the DSBS requirements, (iv) timely submit required ICIP documentation which shall include copies of blueprints, plans, building permits, (v) furnish to Landlord (and cause its contractors and subcontractors to so furnish), simultaneously with the submission to any agency administering the ICIP, copies of all documents submitted by Tenant or required to be submitted by Tenant in connection with the ICIP (and cause its contractors and subcontractors to do the same) and (vi) submit to Landlord on completion of the Alterations, an architect's letter of completion, a summary by trade of the costs incurred in the performance of such Alterations, certified by a reputable, independent certified public accountant. Tenant agrees to cause all such information and reports to be supplied within the time limits for submitting such information.

Section 38.3 The ICIP imposes certain requirements with respect to construction managers, contractors and subcontractors performing Alterations in the Building. Tenant agrees that it shall use only those contractors that qualify under and satisfy the requirements of the ICIP.

ARTICLE 39

MISCELLANEOUS

Section 39.1 This Lease is presented for signature by Tenant and it is understood that this Lease shall not constitute an offer by or be binding upon Landlord or Tenant unless and until Landlord and Tenant shall have executed and delivered a fully executed copy of this Lease to the other.

Section 39.2 The obligations of Landlord under this Lease shall not be binding upon Landlord named herein after the sale, conveyance, assignment or transfer by such Landlord (or upon any subsequent landlord after the sale, conveyance, assignment or transfer by such subsequent landlord) of its interest in the Building or the Real Property, as the case may be, and in the event of any such sale, conveyance, assignment or transfer, Landlord shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord under this Lease thereafter arising, and the transferee shall be deemed to have assumed, subject to the remaining provisions of this Section 39.2, all obligations of the Landlord under this Lease arising after the effective date of the transfer. No trustee, partner, shareholder, director or officer of Landlord, or of any partner or shareholder of Landlord (collectively, the “Parties”) shall have any direct or personal liability for the performance of Landlord’s obligations under this Lease, and Tenant shall look solely to Landlord’s interest in the Real Property (and the net proceeds derived therefrom) to enforce Landlord’s obligations hereunder and shall not otherwise seek any damages against Landlord personally or any of the Parties whatsoever. Tenant shall not look to any other property or assets of Landlord or any property or assets of any of the Parties in seeking either to enforce Landlord’s obligations under this Lease or to satisfy a judgment for Landlord’s failure to perform such obligations.

Section 39.3 Notwithstanding anything contained in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated Fixed Rent, Escalation Rent, Additional Rent or Rental, shall constitute rent for the purposes of Section 502(b)(7) of the Bankruptcy Code.

Section 39.4 Intentionally Omitted.

Section 39.5 Except as otherwise expressly stated in this Lease, any consent or approval required to be obtained from Landlord may be granted by Landlord in its sole discretion. In any instance in which Landlord agrees not to act unreasonably, Tenant hereby waives any claim for damages against or liability of Landlord that Tenant may have based upon any assertion that Landlord has unreasonably withheld, unreasonably conditioned or unreasonably delayed any consent or approval requested by Tenant, and Tenant agrees that its sole remedy shall be an action or proceeding to enforce any related provision or for specific performance, injunction or declaratory judgment. If with respect to any required consent or approval Landlord is required by the express provisions of this Lease not to unreasonably withhold, condition or delay its consent or approval, and if it is determined in any such proceeding referred to in the preceding sentence that Landlord acted unreasonably, the requested consent or approval shall be deemed to have been granted; however, Landlord shall have no liability whatsoever to Tenant for its refusal or failure to give such consent or approval. Tenant’s sole remedy for Landlord’s unreasonably withholding, conditioning or delaying consent or approval shall be as provided in this Section 39.5 and in Section 39.22.

Section 39.6

(A) Tenant represents and warrants that to its actual knowledge (a) Tenant and each person or entity owning an interest in Tenant is (i) not currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury (“OFAC”) and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the

“List”), and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States Laws, regulation, or Executive Order of the President of the United States, (b) none of the funds of Tenant have been derived from any unlawful activity with the result that this Lease is in violation of Laws, and (c) Tenant has implemented procedures, and will consistently apply those procedures, to ensure that it is in compliance with Laws.

(B) Tenant covenants and agrees (a) to comply with all Laws relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, (b) to immediately notify Landlord in writing if any of the representations, warranties or covenants set forth in this paragraph or the preceding paragraph are no longer true or have been breached, (c) not to use funds from any “Prohibited Person” (as such term is defined in the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) to make any payment due to Landlord under this Lease and (d) at the request of Landlord, to provide such information as may be requested by Landlord to determine Tenant’s compliance with the terms hereof, provided that Tenant shall otherwise be required to provide such information to Government Authorities under applicable Law.

(C) Tenant hereby acknowledges and agrees that Tenant’s inclusion on the List at any time during the Term shall be a material default of this Lease. Notwithstanding anything herein to the contrary, Tenant shall not knowingly permit the Premises or any portion thereof to be used or occupied by any person or entity on the List, and any such use or occupancy of the Premises by any such person or entity shall be a material default of this Lease.

In connection with this Lease or any proposed assignment of this Lease or sublease, Tenant shall provide to Landlord within thirty (30) days after request the names of the persons holding an ownership interest in Tenant or any proposed assignee or sublessee, as applicable, if required for purposes of compliance with Presidential Executive Order 13224 (issued September 24, 2001), as amended.

Section 39.7 If Tenant shall remain in possession of the Premises after the Expiration Date, without the execution by both Tenant and Landlord of a new lease, Tenant, at the election of Landlord, shall be deemed to be occupying the Premises as a Tenant from month-to-month, at a monthly rental equal to (i) for the first thirty (30) days of such holdover, 150% of the Rental payable during the last month of the Term, and (ii) thereafter during such holdover, 200% of the Rental payable during the last month of the Term, subject to all the other conditions, provisions and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy. The acceptance of any holdover rental paid by Tenant pursuant to this Section 39.7 shall not preclude Landlord from commencing and prosecuting a holdover or summary eviction proceeding.

Section 39.8 This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted. If any words or phrases in this Lease are stricken out or otherwise eliminated, whether or not any other words or phrases have been added, this Lease shall be construed as if the words or phrases so stricken out or otherwise eliminated were never included in this Lease and no implication or inference shall be drawn from the fact that such words or phrases were stricken out or otherwise eliminated.

Section 39.9 Landlord shall make available to Tenant on any directory in the lobby of the Building which Landlord may install, Tenant's Share of the total number of listings available, which listings may include subtenants occupying the Premises in accordance with the terms hereof. The initial listing shall be without charge to Tenant. From time to time, but not more frequently than once every three (3) months, Landlord shall revise the directory to reflect such changes in the listings therein as Tenant may request, and Tenant within thirty (30) days after demand by Landlord shall pay to Landlord, as Additional Rent, Landlord's reasonable cost in making each revision that Tenant requests.

Section 39.10 Intentionally Omitted.

Section 39.11 If any of the provisions of this Lease, or the application thereof to any person or circumstance, shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby and shall remain valid and enforceable, and every provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 39.12 Landlord shall have the right to erect any gate, chain or other obstruction or to close off any portion of the Real Property to the public at any time to the extent necessary to prevent a dedication thereof for public use, so long as Tenant's access to the Premises shall not be unreasonably impaired thereby.

Section 39.13 Landlord and Tenant each hereby represents to the other party that it is not entitled, directly or indirectly, to diplomatic or sovereign immunity and agrees that in all disputes arising directly or indirectly out of this Lease it shall be subject to service of process in, and the jurisdiction of the courts of, the State of New York. The provisions of this Section 39.13 shall survive the expiration of this Lease.

Section 39.14 This Lease contains the entire agreement between the parties and all prior negotiations and agreements are merged into this Lease. This Lease may not be changed, abandoned or discharged, in whole or in part, nor may any of its provisions be waived except by a written agreement that (a) expressly refers to this Lease, and (b) is executed by the party against whom enforcement of the change, abandonment, discharge or waiver is sought.

Section 39.15 Any apportionment or prorations of Rental to be made under this Lease shall be computed on the basis of a three hundred sixty (360) day year, with twelve (12) months of thirty (30) days each.

Section 39.16 This Lease shall be governed by the laws of the State of New York without regard to conflict of laws principles.

Section 39.17 Each person executing this Lease on behalf of Landlord and Tenant hereby covenants, represents and warrants that such entity is duly incorporated or duly qualified (if foreign) and is authorized to do business in the State of New York; and that each person executing this Lease on behalf of such party is an officer or member or partner of such party (or such party's partner) and that he or she is duly authorized to execute, acknowledge and deliver this Lease (a copy of a resolution to that effect to be supplied to Landlord by Tenant upon request).

Section 39.18 The captions are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Lease nor the intent of any provision thereof.

Section 39.19 The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective legal representatives, successors, and, except as otherwise provided in this Lease, their assigns.

Section 39.20 From and after the date of this Lease, Tenant and Persons Within Tenant's Control shall maintain the terms and conditions of this Lease confidential and, without Landlord's prior written consent, shall neither discuss nor disclose the terms and conditions of this Lease with any tenant or occupant of the Building or with any other person, other than (i) the Broker, (ii) the attorneys who are representing Tenant in connection with this Lease, (iii) Tenant's accountants and (iv) any proposed subtenant of the Premises or assignee of this Lease and only if and to the extent such other parties listed in clauses (i) to (iv) inclusive are informed by Tenant of the confidential nature of this Lease and shall agree to act in accordance with the provisions of this section, or (v) if required to do so to enforce the terms of this Lease, or as may otherwise be required to be disclosed by Laws or judicial process; provided that, if Tenant is required or requested by legal process to disclose the terms and conditions of this Lease, Tenant shall provide Landlord with prompt notice of such requirement or request and unless Landlord waives the confidentiality requirements of this Lease, Tenant shall cooperate with Landlord, at Landlord's cost and expense, in obtaining an appropriate protective order regarding such disclosure. Tenant acknowledges that a breach or threatened breach of this section will cause irreparable injury and damage to Landlord, and, therefore, agrees that, in addition to any other remedies that may be available to Landlord, Landlord shall be entitled to an injunction and/or other equitable relief (without the requirement of posting a bond or other security) as a remedy for a breach or threatened breach of this section and to secure its enforcement.

Section 39.21 For the purposes of this Lease and all agreements supplemental to this Lease, unless the context otherwise requires:

(a) The words "herein", "hereof", "hereunder" and "hereby" and words of similar import shall be construed to refer to this Lease as a whole and not to any particular Article or Section unless expressly so stated.

(b) Tenant's obligations hereunder shall be construed in every instance as conditions as well as covenants, each separate and independent of any other terms of this Lease.

(c) Reference to Landlord as having "no liability" or being "without liability" shall mean that Tenant shall not be entitled to terminate this Lease, or to claim actual or constructive eviction, partial or total, or to receive any abatement or diminution of rent, or to be relieved in any manner of any of its other obligations hereunder, or to be compensated for loss or injury suffered or to enforce any other right or liability whatsoever against Landlord under or with respect to this Lease or with respect to Tenant's use or occupancy of the Premises.

(d) Reference to “termination of this Lease” or “expiration of this Lease” and words of like import includes expiration or sooner termination of this Lease and the Term and the estate hereby granted or cancellation of this Lease pursuant to any of the provisions of this Lease or to law. Upon the termination of this Lease, the Term and estate granted by this Lease shall end at 11:59 p.m. on the date of termination as if such date were the Fixed Expiration Date, and neither party shall have any further obligation or liability to the other after such termination except (i) as shall be expressly provided for in this Lease, and (ii) for such obligations as by their nature under the circumstances can only be, or by the provisions of this Lease, may be, performed after such termination, and, in any event, unless expressly otherwise provided in this Lease, any liability for a payment (which shall be apportioned as of such termination) which shall have accrued to or with respect to any period ending at the time of termination shall survive the termination of this Lease.

(e) Words and phrases used in the singular shall be deemed to include the plural and vice versa, and nouns and pronouns used in any particular gender shall be deemed to include any other gender.

(f) The rule of “ejusdem generis” shall not be applicable to limit a general statement following or referable to an enumeration of specific matters to matters similar to the matters specifically mentioned.

Section 39.22 If Tenant desires to determine any dispute between Landlord and Tenant as to the reasonableness of Landlord’s decision to refuse to consent to any Alterations in accordance with the provisions of Article 6 or to any subletting or assignment in accordance with the provisions of Article 15, such dispute shall be settled and finally determined by arbitration in The City of New York in accordance with the following provisions of this Section. Within five (5) Business Days following the giving of any notice by Tenant to Landlord stating that it wishes such dispute to be so determined, Landlord and Tenant shall each give notice to the other setting forth the name and address of an arbitrator designated by the party giving such notice. If either party shall fail to give notice of such designation within said five (5) Business Days, then the arbitrator chosen by the other side shall make the determination alone. The two arbitrators shall designate a third arbitrator. If the two arbitrators shall fail to agree upon the designation of a third arbitrator within five (5) Business Days after the designation of the second arbitrator, then either party may apply to the Supreme Court of the State of New York or to any other court having jurisdiction, for the designation of such arbitrator. All arbitrators shall be persons who shall have had at least ten (10) years of continuous experience in the business of owning or managing real estate in the Borough of Manhattan, The City of New York. The three arbitrators shall conduct such hearings as they deem appropriate, making their determination in writing and giving notice to Landlord and Tenant of their determination as soon as practicable, and if possible, within five (5) Business Days after the designation of the third arbitrator; the concurrence of any two of said arbitrators shall be binding upon Landlord and Tenant, or, in the event no two of the arbitrators shall render a concurrent determination, then the determination of the third arbitrator designated shall be binding upon Landlord and Tenant. Judgment upon any award rendered in any arbitration held pursuant to this Section shall be final and binding upon Landlord and Tenant, whether or not a judgment shall be entered in any court. Each party shall pay its own counsel fees and expenses, if any, in connection with any arbitration under this Section, including the expenses and fees of any arbitrator selected by it in accordance with the

provisions of this Section, and the parties shall share all other expenses and fees of any such arbitration. The arbitrators shall be bound by the provisions of this Lease, and shall not add to, subtract from or otherwise modify such provisions.

ARTICLE 40

SECURITY DEPOSIT

Section 40.1 Tenant has deposited with Landlord on the signing of this Lease the Security Deposit by Letter of Credit (as defined and further described in Section 40.2), as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this Lease. Tenant agrees that in the event of the occurrence of an Event of Default, Landlord may draw upon the Letter of Credit and use, apply or retain the whole or any part of such proceeds, to the extent required for the payment of any Fixed Rent, Escalation Rent, or any other sum as to which Tenant is in default, or for any sum that Landlord may expend or may be required to expend by reason of the default (including any damages or deficiency accrued before or after summary proceedings or other re-entry by Landlord). If Landlord applies or retains any portion or all of the proceeds of the Letter of Credit, Tenant shall forthwith restore the amount so applied or retained by delivering an additional or new Letter of Credit so that, at all times, the amount of the Security Deposit shall be the amount set forth on the Reference Page. Provided there is no uncured default, any balance of the proceeds of the Letter of Credit held by Landlord and not used, applied or retained by Landlord as above provided, and any remaining Letter of Credit, shall be returned to Tenant after the Expiration Date and after delivery of possession of the entire Premises to Landlord in accordance with the terms of this Lease.

Section 40.2 Tenant shall deliver to Landlord a clean, irrevocable and unconditional letter of credit (such letter of credit, and any replacement thereof as provided herein, is called a "Letter of Credit") issued and drawn upon UBS Financial Services, Inc. (together with the issuer of any replacement Letter of Credit, the "Issuer"), which Letter of Credit shall have a term of not less than one year, be in form and content satisfactory to Landlord, be for the account of Landlord and be in the amount of the Security Deposit set forth in the Reference Page. The form of letter of credit annexed to this Lease as Schedule E is satisfactory. The Letter of Credit shall provide that:

(1) The Issuer shall pay to Landlord or its duly authorized representative an amount up to the face amount of the Letter of Credit upon presentation of the Letter of Credit and a sight draft in the amount to be drawn;

(2) The Letter of Credit shall be deemed to be automatically renewed, without amendment, for consecutive periods of one year each during the Term, unless the Issuer sends written notice (the "Non-Renewal Notice") to Landlord by certified or registered mail, return receipt requested, at least thirty (30) days prior to the expiration date of the Letter of Credit, to the effect that it elects not to have such Letter of Credit renewed;

(3) The Letter of Credit delivered in respect of the last year of the Term shall have an expiration date of not earlier than sixty (60) days after the Fixed Expiration Date; and

(4) The Letter of Credit shall be transferable by Landlord as provided in Section 40.4.

Any replacement Letter of Credit shall be issued by a commercial bank or other financial institution approved by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed) upon which presentation may be made in the City of New York or by facsimile presentation with original to follow which shall have combined capital, surplus and undivided profits of at least One Billion Dollars (\$1,000,000,000) and a financial strength rating of at least "A" and a long-term bank deposit rating of at least "Aa", as published by Moody's Investors Services, Inc., or its successor (collectively, the "Issuer Criteria"). If at any time during the Term, the Issuer does not maintain the Issuer Criteria, then Landlord may so notify Tenant and, unless Tenant delivers a replacement Letter of Credit from another bank or financial institution meeting the Issuer Criteria within thirty (30) days after receipt of such notice, Landlord may draw the full amount of the Letter of Credit and hold the proceeds as a cash security deposit in accordance with all Laws. Landlord shall release such proceeds to Tenant upon delivery to Landlord of a replacement Letter of Credit complying with the terms of this Article 40.

Section 40.3 Landlord, after receipt of the Non-Renewal Notice, shall have the right to draw the entire amount of the Letter of Credit and to hold the proceeds as a cash Security Deposit. Landlord shall release such proceeds to Tenant upon delivery to Landlord of a replacement Letter of Credit complying with the terms hereof.

Section 40.4 In the event of the sale or lease or other conveyance of the Building or the Real Property, Landlord shall transfer the Security Deposit, without charge for such transfer to Landlord, the purchaser, lessee or other transferee, and Landlord shall thereupon be released by Tenant from all liability for the return of such Security Deposit. In such event, Tenant agrees to look solely to the new Landlord for the return of said Security Deposit. It is agreed that the provisions hereof shall apply to every transfer or assignment made of the Security Deposit to a new Landlord. Tenant shall execute such documents as may be necessary to accomplish such transfer or assignment of the Letter of Credit.

Section 40.5 Tenant covenants that it will not assign or encumber, or attempt to assign or encumber, the Security Deposit held hereunder, and that neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment, or attempted encumbrance. In the event that any bankruptcy, insolvency, reorganization or other debtor-creditor proceedings shall be instituted by or against Tenant, its successors or assigns, or any guarantor of Tenant hereunder, the security shall be deemed to be applied to the payment of the Fixed Rent and Additional Rent due Landlord for periods prior to the institution of such proceedings and the balance, if any, may be retained by Landlord in partial satisfaction of Landlord's damages.

Section 40.6 Provided that no Event of Default shall have occurred and then be continuing at any time on or after the third (3rd) anniversary of the Rent Commencement Date, Tenant may reduce the Security Deposit to the amount of \$139,507.50. In no event shall the Security Deposit be further reduced to an amount below \$139,507.50. Such reduction(s) shall be effected by (x) Tenant exchanging a replacement Letter of Credit meeting the requirements of this Article 40 in the reduced amount for the existing Letter of Credit, or (y) the Issuer delivering

an amendment to the Letter of Credit reducing the amount thereof to the amount then permitted pursuant to this Section 40 (but which does not otherwise amend or modify same), which Landlord shall promptly countersign or authorize in writing if required by the Issuer.

ARTICLE 41

ROOF INSTALLATIONS

Section 41.1 Tenant shall have the right to install, remove, replace, repair, maintain and operate on the available space on the roof of the Building, at Tenant's sole cost and expense (and by using Landlord's designated contractor), a sixteen (16") inch DSL satellite dish, antenna and support equipment (hereinafter collectively referred to as the "Installations"), at a mutually agreeable location reasonably suitable for the installation and operation thereof, subject to all of the terms, covenants and conditions of this Lease (including Article 6), and subject to Landlord's prior written approval, including, without limitation, approval as to size, weight, location and method of attachment, which approval shall not be unreasonably withheld, conditioned or delayed, and the approval of the Landmarks Preservation Commission. Landlord's approval shall also be required for modifications to, and the removal of, the Installations, which approval shall not be unreasonably withheld, conditioned or delayed. In connection with Tenant's installation, removal, replacement, repair, maintenance and operation of its Installations, Tenant shall comply with all Laws and shall procure, maintain and pay for all permits and licenses required therefor, including all renewals thereof. Landlord shall cooperate with Tenant to assist Tenant in obtaining such permits and licenses. The parties agree that Tenant's use of the roof of the Building is a non-exclusive use and Landlord may permit the use of any other portion of the roof to any other person, firm or corporation for any use, including the installation of other antennas, generators and/or communications systems. Tenant shall ensure that its use of the roof does not impair such other person's, firm's or corporation's data transmission and reception via their respective antennas and support equipment, if any, and Landlord agrees that it shall require other tenants or occupants of the Building requesting use of the roof to make a similar covenant in connection therewith. Tenant, at its sole cost and expense, shall install any screening device reasonably requested by Landlord at any time to ensure that the Installations cannot be viewed or seen by the public and, if such screening device is installed, it shall be deemed to be an Installation under this clause.

Section 41.2 In no event shall the maximum level of emissions from the Installations exceed a reasonable portion of the total emissions allowable for the Building under applicable Laws, taking into account the number of rooftop installations at the Building.

Section 41.3 Tenant shall pay for all electrical service required for Tenant's use of the Installations in accordance with Article 4 of this Lease. Tenant shall be responsible for connecting the Installations and the Premises by core drilling and, if necessary, installing a conduit in the Building shafts and risers, and Landlord shall provide Tenant, at no cost to Tenant, with all reasonable and non-exclusive access to such shafts and risers for Tenant's installation, removal, replacement, repair, maintenance and operation therein of lines, cables and other installations.

Section 41.4 Tenant, at Tenant's sole cost and expense, shall promptly repair any and all damage to the roof of the Building and to any part of the Building caused by or resulting from

the installation, maintenance and repair, operation or removal of the Installations erected or installed by Tenant pursuant to the provisions of this Article 41. Tenant further covenants and agrees that the Installations and any related equipment erected or installed by Tenant pursuant to the provisions of this Article 41 shall be erected, installed, repaired, maintained and operated by Tenant at the sole cost and expense of Tenant and without charge, cost or expense to Landlord.

Section 41.5 The Installations and related equipment installed by Tenant pursuant to the provisions of this Article 41 shall be Tenant's Property, and, upon the expiration or earlier termination of the Term of this Lease shall be removed by Tenant, at Tenant's sole cost and expense and Tenant shall repair any damage to the roof of the Building, or any other portion or portions of the Building caused by or resulting from said removal.

Section 41.6 Landlord may require Tenant to relocate the Installations and related equipment to another reasonably suitable portion of the roof upon thirty (30) days' notice to Tenant or to remove the Installations if their existence would constitute a violation of any Laws.

ARTICLE 42

OPTION TO RENEW

Section 42.1 Provided that both at the time of the exercise of the Renewal Option (as hereinafter defined) and at the time of the commencement of the Renewal Term (as hereinafter defined): (i) this Lease shall be in full force and effect; (ii) there shall not then be existing an Event of Default under this Lease; and (iii) Tenant (and its affiliates) are in physical occupancy of the entire Premises, Tenant shall have one option to extend the Term of this Lease (the "Renewal Option") for a period of five (5) years (the "Renewal Term"). The Renewal Term shall commence on the day following the Fixed Expiration Date. The Renewal Option shall be exercisable by written notice (the "Renewal Notice") to Landlord given not earlier than eighteen (18) months, nor later than twelve (12) months, prior to the Fixed Expiration Date. Notwithstanding the first sentence of this Section 42.1, Landlord, in its sole discretion, may waive any default by Tenant and no such default may be used by Tenant to negate the effectiveness of Tenant's exercise of the Renewal Option. The Renewal Term shall constitute an extension of the Term of this Lease and shall be upon all of the same terms and conditions as the existing Term, except that (A) during the Renewal Term there shall be no further option to renew the Term of this Lease, (B) Landlord shall not be required to furnish any materials or perform any Landlord's Work or other work to prepare the Premises for Tenant's continued occupancy during the Renewal Term and Landlord shall not be required to make a Tenant Improvement Allowance or to reimburse Tenant for any Alterations made or to be made by Tenant during or in preparation of the Renewal Term, and (C) the Fixed Rent for the Renewal Term shall be payable at a rate per annum equal to the Fair Market Value of the Premises as of the first day of the Renewal Term. During the Renewal Term, all Escalation Rent that Tenant is obligated to pay under Article 3 of this Lease during the existing Term hereof shall continue without interruption, it being the intention of the parties hereto that the Renewal Term shall be deemed a part of and continuation of the existing Term of this Lease, except that the Base Tax Factor for the Renewal Term shall be the Taxes payable for the Tax Year commencing on July 1, 2020 and the Base Operating Factor shall be the Operating Expenses paid or incurred with respect to the Operating Year commencing on January 1, 2020.

Section 42.2 If Tenant has given the Renewal Notice in accordance with Section 42.1, the parties shall endeavor to agree upon the Fair Market Value of the Premises, as of the commencement date of the Renewal Term. In the event that the parties are unable to agree upon the Fair Market Value for the Renewal Term within six months prior to the first day of the Renewal Term then the same shall be determined as follows. Landlord shall notify Tenant of Landlord's good faith determination of the Fair Market Value, which shall constitute the maximum that Landlord can claim is the Fair Market Value of the Premises for the applicable Renewal Term in any arbitration thereof ("Landlord's Maximum Determination"). Within 30 days after Landlord shall have given Tenant Landlord's Maximum Determination (time being of the essence as to Tenant's obligation to give Landlord Tenant's Minimum Determination by such date), Tenant shall notify Landlord whether Tenant disputes Landlord's Maximum Determination and, if Tenant disputes Landlord's Maximum Determination, Tenant shall set forth in such notice Tenant's good faith determination of the Fair Market Value of the Premises for the applicable Renewal Term, which shall constitute the minimum that Tenant can claim is the Fair Market Value for the Premises for the applicable Renewal Term in any arbitration thereof ("Tenant's Minimum Determination"). If Tenant fails to dispute Landlord's Maximum Determination or to set forth Tenant's Minimum Determination within the time period set forth above (time being of the essence as to Tenant's obligation to give Landlord Tenant's Minimum Determination by such date), then Tenant shall be deemed to have accepted Landlord's Maximum Determination as the Fair Market Value for the Renewal Term.

Section 42.3 If Tenant disputes Landlord's determination of Fair Market Value, and Landlord and Tenant fail to agree as to the amount thereof within 30 days after the giving of Tenant's Minimum Determination, then the dispute shall be resolved by arbitration as set forth below. If the dispute shall not have been resolved on or before the first day of the Renewal Term, then pending such resolution, Tenant shall pay, as Fixed Rent for the Renewal Term, an amount equal to Landlord's Maximum Determination. If such resolution shall be in favor of Tenant, then within 30 days after the final determination of Fair Market Value for the Renewal Term, Landlord shall refund to Tenant any overpayment. Any dispute as to Fair Market Value shall be determined as follows. A senior officer of a recognized New York City leasing brokerage firm (the "Baseball Arbitrator") shall be selected and paid for jointly by Landlord and Tenant. If Landlord and Tenant are unable to agree upon the Baseball Arbitrator, then the same shall be designated by the American Arbitration Association ("AAA"). The Baseball Arbitrator selected by the parties or designated by the AAA shall not have been employed by Landlord or Tenant during the previous five-year period and shall have at least ten years experience in the leasing of office space in Manhattan in the vicinity of the Building. Landlord and Tenant shall each submit to the Baseball Arbitrator and to the other its determination of the Fair Market Value for the applicable Renewal Term, as set forth above, which need not be Landlord's Maximum Determination or Tenant's Minimum Determination. The Baseball Arbitrator shall determine which of the two rent determinations more closely represents the Fair Market Value for the Renewal Term. The Baseball Arbitrator may not select any other rental value for the Renewal Term other than one submitted by Landlord or Tenant. The determination of the Baseball Arbitrator shall be binding upon Landlord and Tenant and shall serve as the Fixed Rent payable for the Renewal Term. After a determination has been made of the Fair Market Value, the parties shall execute and deliver an instrument setting forth the Fixed Rent for the Renewal Term, but the failure to so execute and deliver any such instrument shall not affect the determination of such Fixed Rent in accordance with this Article 42.

RIGHT OF FIRST OFFER

Section 43.1 As used herein,

“Available” means, as to the ROFO Space, that such space is vacant and free of any present or future possessory right or option then existing in favor of any third party. Tenant acknowledges that Tenant shall have no rights under this Article 43 with respect to particular ROFO Space unless and until Landlord has first leased such ROFO Space after the date of this Lease. Tenant further acknowledges and agrees that the ROFO Space is presently vacant and that Landlord may lease all or any of such space on whatever terms Landlord may deem appropriate, and that the availability of the ROFO Space shall be subject to any rights of first offer or expansion granted to other tenants in the Building as of the date of this Lease as more particularly set forth on Schedule J annexed hereto. Tenant further acknowledges and agrees that Tenant shall have no rights under this Article 43 with respect to particular ROFO Space until the end of the twenty-fifth (25th) month after the Rent Commencement Date. In addition, ROFO Space shall not be deemed Available if Landlord is negotiating a renewal or extension, or a new lease, with an existing occupant of the ROFO Space, and Landlord shall be free to enter into any such agreement with such occupant at any time.

“ROFO Space” means any space on the second (2nd), fourth (4th) or fifth (5th) floors of the Building, provided that ROFO Space may include other space in the Building marketed by Landlord together with the ROFO Space, even if such other space is not on the second, fourth or fifth floors of the Building.

Section 43.2 (A) Provided that (i) this Lease shall be in full force and effect, (ii) there shall not then be existing an Event of Default under this Lease, (iii) Tenant (and its affiliates) shall then physically occupy the entire Premises, and (iv) as of the Anticipated ROFO Inclusion Date (as hereinafter defined), there shall be at least five (5) years remaining in the Term or the Renewal Term (if Tenant shall have exercised its Renewal Option); then from and after the end of the twenty-fifth (25th) month after the Rent Commencement Date, if as and when, from time to time during the Term, all or any portion of the ROFO Space becomes, or Landlord becomes aware that all or any portion of the ROFO Space will become, Available, then Landlord, as soon as practicable, shall give Tenant notice (a “ROFO Notice”) thereof, specifying (A) Landlord’s good faith determination of the Fair Market Value for such ROFO Space, which shall constitute the maximum thereof Landlord can claim as the Fair Market Value for such space in any arbitration thereof (“Landlord’s Maximum ROFO Determination”), (B) the date or estimated date that such ROFO Space has or shall become Available (the “Anticipated ROFO Inclusion Date”), and (C) a description of such ROFO Space.

(B) Provided that on the date that Tenant exercises a ROFO Space Option (as hereinafter defined) and on the applicable ROFO Space Inclusion Date (as hereinafter defined), (i) this Lease shall be in full force and effect, (ii) there shall not then be existing an Event of Default under this Lease, (iii) Tenant (and its affiliates) shall then physically occupy the entire Premises, and (iv) at the time that Tenant exercises the ROFO Space Option and on the ROFO Space Inclusion Date, there shall be at least five (5) years remaining in the Term or the Renewal Term (if Tenant shall have exercised its Renewal Option), Tenant shall have the option with

respect to each portion of the ROFO Space covered by a ROFO Notice (a “ROFO Space Option”), exercisable by notice (a “ROFO Acceptance Notice”) given to Landlord on or before the date that is ten (10) Business Days after the giving of such ROFO Notice (time being of the essence with respect to Tenant’s obligation to give the ROFO Acceptance Notice by such date) to include such ROFO Space (and not less than all of such ROFO Space) in the Premises for a term ending on the Fixed Expiration Date. Tenant shall notify Landlord in its ROFO Acceptance Notice whether Tenant accepts or disputes Landlord’s Maximum ROFO Determination, and if Tenant disputes Landlord’s Maximum ROFO Determination, the ROFO Acceptance Notice shall set forth Tenant’s good faith determination of the Fair Market Value for such ROFO Space, which shall constitute the minimum that Tenant can claim as the Fair Market Value for such space in any arbitration thereof (“Tenant’s Minimum ROFO Determination”). If Tenant fails to object to Landlord’s Maximum ROFO Determination in the ROFO Acceptance Notice and to set forth therein Tenant’s Minimum ROFO Determination, then Tenant shall be deemed to have accepted Landlord’s Maximum ROFO Determination as the Fair Market Value for such ROFO Space.

(C) Notwithstanding anything to the contrary contained in this Section 43.2, if at any time after the end of the twenty-fifth (25th) month after the Rent Commencement Date all or any portion of the ROFO Space becomes, or Landlord becomes aware that all or any portion of the ROFO Space will become, Available when less than five (5) years but more than eighteen (18) months are then remaining in the Term, Landlord nevertheless shall give the ROFO notice to Tenant and Tenant nevertheless shall have the right to exercise the ROFO Space Option if, together with the ROFO Acceptance Notice, Tenant shall exercise its Renewal Option (in which event the limitation set forth in Section 42.1 as to the time when the Renewal Notice may be given shall not apply).

Section 43.3 If Tenant timely delivers a ROFO Acceptance Notice, then, on the date on which Landlord delivers vacant and broom-clean possession of the applicable ROFO Space to Tenant (the “ROFO Space Inclusion Date”), such ROFO Space shall become part of the Premises, upon all of the terms and conditions set forth in this Lease, except (i) the Fixed Rent for the ROFO Space shall be equal to the Fair Market Value, without an abatement of Fixed Rent, (ii) Landlord shall not be required to perform any Landlord’s Work or any other work, pay a Tenant Improvement Allowance or any other amount, or render any services to make the Building or such ROFO Space ready for Tenant’s use or occupancy, and Tenant shall accept such ROFO Space in its “as is” condition on the applicable ROFO Space Inclusion Date, (iii) Tenant shall be obligated to pay Escalation Rent for the ROFO Space pursuant to Article 3 (but with current base years), (iv) Tenant shall be obligated to deposit with Landlord an additional Security Deposit with respect to the ROFO Space commensurate with the existing Security Deposit and (v) as may be otherwise set forth above.

Section 43.4 If in any ROFO Acceptance Notice Tenant disputes Landlord’s determination of Fair Market Value, and Landlord and Tenant fail to agree as to the amount thereof within thirty (30) days after the giving of the ROFO Acceptance Notice, then the dispute shall be resolved by arbitration as set forth in Section 42.3, except (i) Tenant’s Minimum ROFO Determination shall be substituted for Tenant’s Minimum Determination and Landlord’s Maximum ROFO Determination shall be substituted for Landlord’s Maximum Determination. If the dispute shall not have been resolved on or before the applicable ROFO Space Inclusion Date, then pending such resolution, Tenant shall pay, as Fixed Rent for the applicable ROFO Space, an

amount equal to Landlord's Maximum ROFO Determination. If such resolution shall be in favor of Tenant, then within 30 days after the final determination of Fair Market Value, Landlord shall refund to Tenant any overpayment.

Section 43.5 If Landlord is unable to deliver possession of any ROFO Space to Tenant for any reason on or before the applicable Anticipated ROFO Inclusion Date, the applicable ROFO Space Inclusion Date shall be the date on which Landlord is able to so deliver possession and Landlord shall have no liability to Tenant therefor and this Lease shall not in any way be impaired. This Section 43.5 constitutes "an express provision to the contrary" within the meaning of Section 223-a of the New York Real Property Law and any other law of like import now or hereafter in effect. Notwithstanding the foregoing, in the event that Landlord is unable to deliver possession of any ROFO Space to Tenant for any reason within six (6) months after the applicable Anticipated ROFO Inclusion Date, (x) Tenant shall have the right to revoke its ROFO Acceptance Notice, and in the event of such revocation, Tenant shall have no further rights or obligations with respect thereto and (y) the terms and conditions of this Article 43 shall remain in full force and effect. Tenant hereby acknowledges and agrees that such rescission right shall be Tenant's sole and exclusive remedy if the ROFO Space Inclusion Date shall not have occurred within six (6) months after the applicable Anticipated ROFO Inclusion Date, and that Landlord shall have no other liability to Tenant for failure of the ROFO Space Inclusion Date to occur.

Section 43.6 If Tenant fails timely to give a ROFO Acceptance Notice, then Landlord may enter into one or more leases of the applicable ROFO Space (or any portion thereof) with third parties on such terms and conditions as Landlord shall determine.

Section 43.7 Promptly after the occurrence of a ROFO Space Inclusion Date, Landlord and Tenant shall confirm the occurrence thereof and the inclusion of the applicable ROFO Space in the Premises by executing an instrument reasonably satisfactory to Landlord and Tenant; provided that failure by Landlord or Tenant to execute such instrument shall not affect the inclusion of the applicable ROFO Space in the Premises in accordance with this Article 43.

ARTICLE 44

USE OF ROOF

Section 44.1 Landlord contemplates that a portion of the roof of the Building shall be used for a terrace with elevator access, containing wood decking, white pavers and metal and wood pergola. To the extent Landlord maintains such terrace and makes its use available to tenants in the Building generally, Tenant shall have the non-exclusive right to use such terrace but strictly in accordance with such rules, regulations, security procedures, insurance requirements and payment terms as Landlord adopts on a Building-wide basis.

ARTICLE 45

SELF-HELP

Section 45.1 Provided that no monetary or material, non-monetary default under this Lease is continuing, subject to the notice requirements set forth below, in the event Tenant advises Landlord in writing that Tenant claims Landlord has failed to perform its obligations

with respect to the repair and maintenance of the DX Unit in accordance with the express terms of Article 7 (collectively, the “DX Maintenance Obligations”), Tenant shall have the right to remedy such Landlord failure provided that such failure by Landlord of the DX Maintenance Obligations adversely affects Tenant’s ability to conduct Tenant’s normal business operations in at least 5,000 rentable square feet of the Premises.

Section 45.2 Tenant’s right to remedy the foregoing DX Maintenance Obligations shall (x) arise immediately in case of an emergency whereby Tenant believes, in good faith, there is (i) imminent threat of physical injury to persons or (ii) imminent threat of damage (other than a de minimis nature) to property that reasonably mandates an immediate response, and (y) in all other cases arise only after Tenant shall have first delivered to Landlord written notice of such failure as set forth below. If Landlord fails to commence to remedy a failure to perform the DX Maintenance Obligations within fifteen (15) days after delivery of Tenant’s notice, Tenant may deliver a second written notice of such failure to Landlord in 18 point print stating: “LANDLORD HAS FAILED TO PERFORM ITS DX MAINTENANCE OBLIGATIONS UNDER ARTICLE 7 OF THE LEASE. IF LANDLORD FAILS TO COMMENCE TO REMEDY LANDLORD’S FAILURE TO PERFORM SUCH OBLIGATIONS WITHIN FIVE (5) BUSINESS DAYS, TENANT INTENDS TO EXERCISE ITS RIGHT OF SELF-HELP UNDER ARTICLE 45 OF THE LEASE,” and if Tenant delivers such second notice and Landlord fails to commence such remedy within such five (5) Business Day period and thereafter diligently pursue such remedy, then Tenant shall have the right to remedy such failure as provided above. Notwithstanding the time periods described above, Landlord shall use good faith efforts to commence the DX Maintenance Obligations as soon as commercially practicable. If Tenant performs any of Landlord’s DX Maintenance Obligations, Landlord shall reimburse Tenant for its reasonable out-of-pocket costs of performance within thirty (30) days after a statement is given to Landlord of the amount of such costs and the parties to which such payments have been made, unless Landlord notifies Tenant that Landlord disputes either the propriety of Tenant’s action and/or that the costs incurred by Tenant were excessive.

* * *

[Remainder of Page Intentionally Left Blank; Signature Page Follows.]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the day and year first above written.

LANDLORD:

RFL 160 FIFTH LLC, a Delaware limited liability company

By: /s/ Aby Rosen

Name: Aby Rosen

Title: Member

TENANT:

FORRESTER RESEARCH, INC., a Delaware corporation

By: /s/ Michael Doyle

Name: Michael Doyle

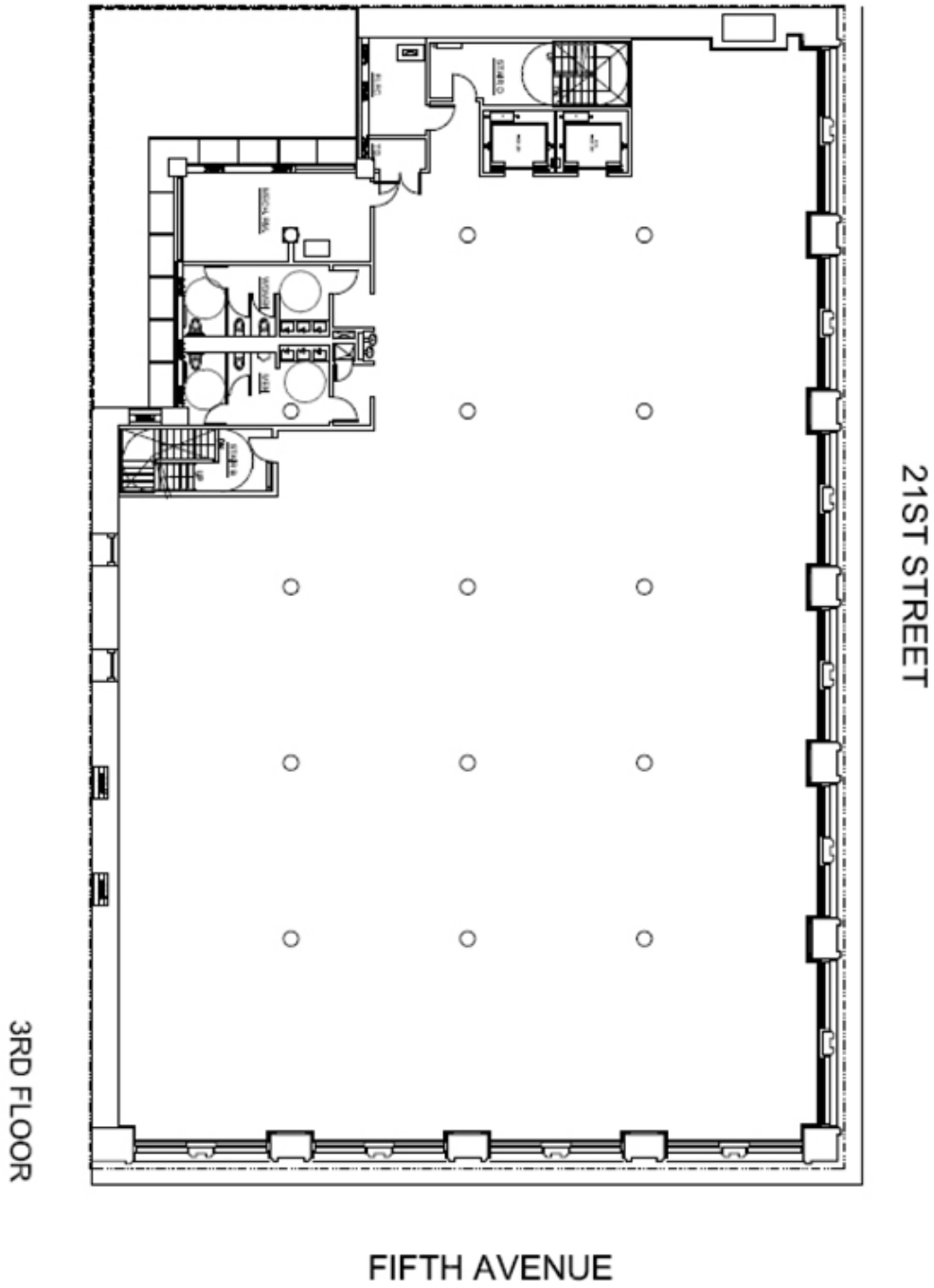
Title: Chief Financial Officer

Tenant's Federal Employer Identification Number

04-27977789

SCHEDULE A

Floor Plan



ALL AREAS, DIMENSIONS AND CONDITIONS ARE APPROXIMATE.

SCHEDULE B

Building Rules & Standards For Alterations

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The terms "**Decorative Alterations**" and "**Alterations**" and other capitalized terms not defined in the Building Rules and Building Standards for Alterations (the "**Standards**") shall have the respective meanings ascribed to them in the Lease to which this *Schedule B* is annexed or incorporated by reference. Tenant shall comply with these Standards in addition to all other provisions set forth in or referred to in the Lease. The Standards shall not be construed as limiting or otherwise modifying the terms and conditions of any consent to Tenant's work. These Building Standards and Rules for Alterations may be revised by Landlord from time to time. **Tenant is responsible for all associated costs and or fees in connection with Alteration Work unless otherwise specified in the Lease, including but not limited to (subject to the provisions of the Lease) third party expenses incurred by Landlord associated with reviewing Tenant's submission requesting Landlord's Consent.**

Tenant's Responsibilities prior to any Alteration Work

1. Landlord's Consent: Except as otherwise provided in the Lease, prior to making any Alterations, Tenant is required to obtain Landlord's written approval as set forth in the Lease ("**Consent**") to the Construction Plans and Applications outlined below. Prior to making any Decorative Alterations, Tenant is required to notify Landlord thereof in accordance with the Lease. In order to obtain Landlord's Consent, when required by the Lease, Tenant shall submit Construction Plans and Applications sufficient to fully define the work proposed in order for the Landlord to provide their consent as well as update their records. The procedure for Landlord's consent is defined in Article 6 of the Lease; Tenant shall follow these guidelines in submitting for Approvals and verification process. No work shall proceed without receiving Landlord's consent. Landlord reserves the right to stop any work being performed by the Tenant's General Contractor and or sub-contractors that does not have written consent, if such consent is required by the Lease.

2. Construction Plans and Applications: All Design and Construction must conform to the current Building Codes and Zoning Requirement as issued by the authorities having jurisdiction. In all cases of Alterations, the Plans and Applications must be submitted to the Building Manager who will distribute them to the appropriate parties for review and/or approval, if applicable. Landlord's written approval will be issued in the timeline provided for in Article 6 of the Lease. The plans should follow the following guidelines:

A. Formatting Guidelines:

- (A) All plans must be drawn at either 1/8" or 1/4" per foot scale; details must be of sufficient scale to show complete information.
- (B) All tenant alteration drawings submitted must be complete. Landlord will not review drawings unless issued as a complete set.
- (C) All final drawings and "As-Built" drawings shall be submitted on AutoCAD format to the Building Management Office.
- (D) Drawings must be minimum size of 18" x 24".

- (E) All plans shall have title block showing the following:
 - (1) Building address and floor number;
 - (2) Name of Tenant;
 - (3) Scale and date;
 - (4) Name, address and telephone number of architect or designer and engineers;
 - (5) Numbering for all sheets; and
 - (6) Revisions and all changes to plans noted in revision box (indicating the extent of changes and date).
- (F) Drawings must show all existing conditions, *i.e.*, walls, doors, columns, lights, switches, electric and telephone outlets, as well as:
 - (1) Indicate all work to remain;
 - (2) Show existing work to be removed;
 - (3) Add new work on separate page;
 - (4) Provide legend of material covering all new and existing work, indicating location types, sizes and fire ratings of all partitions of any type of material and construction
 - (5) Provide plot plan showing location of work, public corridors, Building stairs and elevators.
- (G) All new work, partitions, doors, electrical and telephone outlets must be fully dimensioned. Aligning work with existing work is permitted; *however*, no dimensions should be given from work that is to be demolished. Where possible, dimensions should be given from existing walls, column faces, or centerline of window mullions. Drawings must indicate whether dimensions are from partition face or partition centerline.

B. Architectural Drawings and Specifications: Must include at a minimum, but not be limited to the following:

- (A) Construction Plan fully dimensioned, including the location, types, sizes and fire ratings of all partitions and doors of any type of material and construction.
 - (1) Partitions are permitted perpendicular to the exterior wall, no partitions should block the perimeter windows.
 - (2) No mechanical fastening of walls to the perimeter fin tube radiation where they intersect each other.

- (3) All Demising partitions must be acoustically lined.
- (4) All corridor partitions and doors must comply with the latest codes.
- (B) Door and Hardware Schedule including the location, types, sizes, fire ratings and finishes of all door frames, doors and door saddles of any type, and all associated hardware including types, manufacturer, model numbers and finishes of all hardware. All fail-safe hardware must be compatible with the building's fire alarm system.
- (C) Glass and Glazing Schedule Glass and glazing components shall include all windowed doors, sidelights, pass-through, clear stories and framing, including the types, sizes, thickness, fire ratings and finishes.
- (D) Reflected Ceiling Plan fully dimensioned and coordinated with the other disciplines, including the switching arrangements for lighting, all lighting fixtures, fire and life safety devices, sprinkler heads, air conditioning diffusers and/or return grilles. The drawing shall include the ceiling types throughout the Premises including the manufacturer, style and/or model numbers and finishes of any acoustical ceiling systems, including main bars, grids and molding.
- (E) Power, Fire System, Telephone and Communication Plan including all wall mounted electrical power outlets, whether ganged or separately circuited, specifying type, style, color and finish of outlets and cover plates, mounting positions and heights. This drawing shall include all fire alarm connection. This drawing shall show all telephone and communication outlets including manufacturer, style, color and finish of cover plates, and mounting positions and heights.
- (F) Finish Plan including all wall, floor, base and trim finishes throughout the Premises.
 - (1) Furniture, carpeting and wall covering must be certified nonflammable and bear the Underwriters' Laboratory Approval.
- (G) Details of any type, required to understand the type and quality of the various components of the various installations. As example but not limited to:
 - (1) Waterproofing of all toilet rooms, pantries with dishwashers or water service with a membrane waterproofing over the entire room and up all partitions 4".
 - (2) Built-in woodworking and cabinetry constitute Alterations and must be constructed of fireproof materials and meet applicable codes. A copy of the material certificates indicating flame spread, etc., must be submitted to Landlord.
 - (3) Penetrations through the floor slab must be properly fire safed or patched with concrete through the full penetration.
 - (4) Window Shades shall conform to the Building Standards (*i.e.*, shades shall be purchased through the Building Window treatment Contractor). No other window treatments are permitted. Replacement, repair and cleaning of window shades shall be coordinated and performed by Manager at the sole cost of the Tenant.
 - (5) Public Toilets are not to be altered in any way unless previously authorized per the Lease (except that Tenant shall have the right in its discretion to change the column covers).

- (H) Specifications as required for the complete implementation of the work.
- (I) Building Department Plan and Note Sheets required for filing and permit acquisition including a plot/key plan, applicable D.O.B. Notes, partitions and ceiling details, a construction legend, ADA handicap maneuvering clearances and plumbing fixture elevations and sections.
- (J) Demolition Plan to the extent necessary to obtain a permit and to ensure that the bidding general contractors/contractors understand the scope and limits of the required demolition and removals. All abandoned or unused cabling, raceways, sheet metal, ductwork, conduit, pipes, etc., shall be removed back to their point of origin. Active systems shall be capped appropriately. Abandonment in-place is not permitted.

C. Mechanical Engineering Drawings and Specifications: Must include at a minimum, but not be limited to the following:

- (A) Plan layout and details showing changes and/or additions to the base building heating, ventilating and air conditioning systems servicing the Premises. Include sheet metal drawings, equipment specifications, piping if applicable and control diagrams. Clearly indicate the method proposed to accomplish the required ventilation index and meet the requirements of the New York State Energy Conservation Construction Code (as amended), and any other requirements covering this Work.
- (B) Specifications as required for the complete implementation of the Work.
- (C) Supplemental air conditioning system(s) can not be installed without Landlord's Consent (written permission, which shall not be unreasonably withheld or delayed), unless permission was previously granted in the Lease. Where required, Tenant shall submit a complete design indicating type of system, equipment specifications, sheet metal drawings, piping if applicable, controls diagrams. The design is to include the following design and installation criteria:
 - (1) Intentionally omitted.
 - (2) Tenant shall engage Landlord's Class "E" Fire Alarm System Vendor at Tenant's sole expense for the installation of additional devices/points and modifying and reprogram the system as required by the additional equipment. Tenant shall also enter into "Turn Key" agreement for the term of the Lease to maintain and service the added devices/points due to the additional equipment.

- (3) Intentionally omitted.
- (4) That the system modifications must be demonstrated as operable in the presence of the Consulting Engineer, the Building's Chief Engineer, the Building Manager and/or his or her designee. Tenant to provide notice of the tests to all parties at least 72 hours in advance; all tests are to be performed after normal business hours in order not to disturb other Tenants of the Building.

D. Electrical Engineering Drawings and Specifications: Must include at a minimum, but not be limited to the following:

- (A) Lighting Plan indicating fully labeled circuiting. Connections must be concealed and not exceed three feet in length for motors and six feet in length for lighting fixtures.
- (B) Telephone and Communications Plan. All wire within the Premises shall be run as plenum rated cable and comply with code. Fire and Life Safety System wiring shall not be bundled with any other wiring.
- (C) Tenant Power Plan indicating fully labeled circuiting.
- (D) Single-line diagram of the Tenant's electrical distribution from the point of connection to the existing buss duct(s) or power riser(s) up to and including all tenant distribution panels.
- (E) Panel Schedules including accurate phase balance calculations. All panels must be properly grounded, phase balanced and tagged.
- (F) Specifications as required for a complete implementation of the Work.
- (G) Calculations of entire electrical load expressed in resultant watts per square foot.

E. Plumbing Engineering Drawings and Specifications: Must include at a minimum, but not be limited to the following:

- (A) Plans showing all proposed modifications and/or additions to the Building's domestic hot and cold water systems and domestic waste and vent systems must be shown, including all points of connection to the water, waste and vent risers. Work to be done in any ceilings in any other tenant spaces or in the common areas must be specified to be installed on overtime.
 - (1) Domestic Water System: Cold and hot domestic water piping from pump discharge to and including any main risers must be type-K copper tubing of proper pressure rating with brazed or silver soldered fittings. Branch piping must be type-K copper tubing with soldered connections (95/5 - no lead). Valves must be compatible in pressure rating and material, and the piping materials and must not cause the formation of galvanic corrosion Only Apollo ball valves may be used on three-inch piping or smaller. Only Building standard high-performance Grinnell butterfly valves may be used in piping over three inches.

- (2) Hot Water System: Tenant may not connect to the buildings hot water systems for private bathrooms, kitchen/pantry, etc. Tenant may install “instant hot system” similar to REMAX Model SP2412 having a 33 degree Fahrenheit rise at 5 GPM connected to the tenant electrical panel, or may use a dedicated tank type hot water heater suitably sized with overflow pan and leak detector. The leak detector should be connected to the building BMS.
- (3) Waste and vent piping must be cast iron or no-hub connections.

F. Fire Suppression (Sprinkler) System Engineering Drawings and Specifications: Must include at a minimum, but not be limited to the following:

- (A) Plans showing complete system layout, indicating type, size and location of piping and heads; including the location of the hydraulically most remote 1,500 square foot area as required by code.
- (B) All hydraulic calculations inclusive of identifying any changes needed to the floor PRV setting and the scope shall include any adjustment of the PRV as required.
- (C) Any requirements of the New York City Department of Buildings, Fire Department or any other governing agency. Flexible sprinkler lines are not acceptable.
- (D) The Base Building sprinkler riser diagram updated to include the current installation(s).

G. Fire and Life Safety System Engineering Drawings and Specifications: Must include at a minimum, but not be limited to the following:

- (A) Plans showing a complete addressable fire/smoke detection devices, alarm devices, warden stations and other requirements of all applicable codes. The Consulting Engineer shall consult with the Landlord’s Building Class “E” system vendor, and incorporate the actual point-to-point wiring diagrams for the required system modifications on the fire/life safety system drawings. These drawings must show a device location, an operational sequence, and a one-line riser diagram. They must also include notes indicating the following:
 - (1) Requirement for Contractor to retain Landlord’s Building Class “E” system vendor to install all fire alarm related devices and wiring “TURN KEY” inclusive of required filings, inspections and permit fees.
 - (2) That all required Class “E” System work must be included under the general contract as a sub-subcontract to the electrical sub-contractor;
 - (3) That the contractor has included in his price: all necessary re-programming, any head-end Class “E” System work; update of the Class “E” System (i.e.

addressable devices), riser diagram, and any lateral wiring changes from the riser to the Fire Command Station and from the subject spaces to the applicable Class "E" System sub-panels. The modified diagram shall also note all types and quantities of field devices installed, relocated or modified in the Premises.

- (4) Except with respect to Landlord's Work, Tenant is responsible for ensuring at its expense, that the Class "E" System sub-subcontractor and their sub-contractors will correct any defect which may appear on any Fire Department inspection of the work covered under this contract and will be responsible for any fines levied and re-inspection fees as a result of any such letter of defect or violation. The Tenant will provide the Building Manager the Fire Department Letter of Approval once obtained.
- (5) That the system modifications must be demonstrated as operable in the presence of the Consulting Engineer, the Building's Chief Engineer, the Building Manager and/or his designee. Notice of the test must be given to all parties at least 72 hours in advance; all tests are to be performed after normal business hours in order not to disturb other tenants of the building.
- (6) Upon entering into "Turn Key" agreement with the Fire Alarm vendor an additional contract for the term of the Tenants Lease must be signed between the Tenant and Fire Alarm vendor to maintain the Fire Alarm devices in the demising space. Failure of Tenant to enter into agreement with the Fire Alarm vendor shall authorize Landlord to engage Fire Alarm vendor in performing all necessary maintenance work at Tenant sole expense and also places tenant in default of Lease.

H. Structural Engineering Drawings and Specifications: Must include at a minimum, but not be limited to the following: (No such modifications may be undertaken without the express written consent of Landlord's structural engineer)

- (A) Plans & Details showing structural modifications or improvements required where design loads exceed the structural floor load as noted in the Certificate of Occupancy (100lbs/SF Live Load), or where floor openings or structural supports are required. Drawings must be developed by a structural engineer licensed to practice in the State of New York and must include, without limitation:
 - (1) Structural steel modifications, fireproofing repairs, new slabs, including re-enforcing details, a list of all controlled inspections, and any other details necessary to fully outline the work necessary to maintain the structural integrity;
 - (2) All structural engineering calculations.

I. Card Access/Security Cameras Drawings and Specifications: Must include at a minimum, but not be limited to the following:

- (A) Plans indicating additional Devices and or modifications.

- (B) Single-line diagram from to point to point of connections to. Tenant shall be responsible to comply with all codes when installing card access within their premises. Security cameras are not permitted within the public corridor at any time.
- (C) Tenant shall be responsible for the operational and maintenance expense of all additional devices that they have installed.

3. Permits: No work shall commence without providing Building Manager all original permits and approvals as required by any agencies having jurisdiction. Tenant shall post a duplicate permit on the Premises in a conspicuous location, prior to the commencement of any work.

- (A) Tenant is required to utilize Landlord's Building Filing Agent/Expediter for all DOB Applications, filings, close-outs and all agency work.
- (B) Self-Certification: Tenant shall submit all properly executed Alteration Type II forms or Alteration Type I forms, Department of Buildings Form PW1 and Department of Buildings Technical Report Forms for legal application for permits and sign-offs as required by the scope of the work to be performed
- (C) If Tenant's contractor intends to use the Self-Certification provision under the Department of Buildings Directive #14, all required Department of Buildings Technical Report Forms must accompany the alteration request letter along with all other forms required.
- (D) At the completion of the job, all required signed and sealed Department of Buildings Technical Report Forms, a final letter of satisfactory completion from the Department of Buildings and a letter of approval from the Fire Department (if required) must be given to the Building Manager.

4. Contractor Qualifications: Tenant shall submit to the Building Manager in writing a list of all proposed General Contractors and sub-contractors that are to bid for any type of Tenant Alteration Work. Landlord in writing must then approve General Contractors and all sub-contractors in advance, as provided in the Lease. Landlord reserves the right to stop any work being performed by the Tenants General Contractor and or sub-contractors who do not have written consent from the Building Management. Tenant may not employ any contractor or subcontractor whose presence in the Building would cause labor disputes, work stoppages or picketing by other tradesmen working in the Building.

5. Insurance and Indemnification: Before commencing work, each contractor and subcontractor must furnish certificates of insurance as required hereunder, including without limitation, certificates evidencing Builder's Risk Insurance and Worker's Compensation Insurance. Such Certificates of Insurance must be issued by an insurance carrier authorized to do business in New York State and acceptable to the Landlord naming RFL 160 Fifth LLC, 200 Greenwich Fee LLC, RFR Holdings LLC, RFR Realty LLC, Owner's Managing Agent, Owner's Lender and Development Manager and their respective partners, Directors, Officers, Employees, Agents and representatives. The Union Labor Life Insurance Company, as agent for the Lenders, their successors and assigns, Aby Rosen and Michael Fuchs (Principals), as agents for the Owner, shall be Additional Insureds with the following coverage which must be maintained until completion of the work and written on an "occurrence" basis:

For all contractors and subcontractors (except Minor Subcontractors (as hereinafter defined)):

- (I) Worker's Compensation and Employers' Liability Insurance covering each and every worker employed in, about or upon the work, as provided for in all statutes applicable to Worker's Compensation and Employers' Liability;
- (II) Commercial General Liability Insurance for not less than the following limits:
 - (A) Personal Injury: \$5,000,000 per person
\$5,000,000 per occurrence
 - (B) Property Damage: \$500,000 per occurrence
\$5,000,000 per aggregate
 - (C) Tenant must also carry automobile liability insurance and blanket contractual liability coverage for Tenant's indemnity obligations to Landlord under the Lease into which this "Construction Guidelines" is incorporated;
- (III) Umbrella Coverage: \$5,000,000 per occurrence; \$5,000,000 per aggregate; and
- (IV) Before commencing work, such contractor/subcontractor must deliver to Landlord:

An agreement satisfactory to Landlord pursuant to which contractor/subcontractor agrees to indemnify and hold harmless the Landlord against loss or expense by reason of liability imposed by law upon Landlord because of personal injuries (including death), accidentally sustained by any person or persons or on account of damage to property arising out of or in consequence of the performance of any Alterations caused by the negligence of contractor/subcontractor, its employees, agents, (sub-)subcontractors or suppliers.

For minor subcontractors whose work engagements shall not (x) include work on any of the structural elements of the Building or Building systems or (y) cost more than an aggregate amount (including labor and materials) of \$75,000.00 ("Minor Subcontractors"):

- (I) Worker's Compensation and Employers' Liability Insurance covering each and every worker employed in, about or upon the work, as provided for in all statutes applicable to Worker's Compensation and Employers' Liability;
- (II) Commercial General Liability Insurance for not less than the following limits:
 - (A) Personal Injury: \$2,000,000 per person
\$2,000,000 per occurrence
 - (B) Property Damage: \$500,000 per occurrence
\$2,000,000 per aggregate

(III) Umbrella Coverage: \$2,000,000 per occurrence; \$2,000,000 per aggregate; and

(IV) Before commencing work, such subcontractor must deliver to Landlord:

An agreement satisfactory to Landlord pursuant to which subcontractor agrees to indemnify and hold harmless the Landlord against loss or expense by reason of liability imposed by law upon Landlord because of personal injuries (including death), accidentally sustained by any person or persons or on account of damage to property arising out of or in consequence of the performance of any Alterations caused by the negligence of subcontractor, its employees, agents, sub-subcontractors or suppliers.

Tenant's Responsibilities during Construction of Alterations

1. Permissible Work Periods and Work in Non-Tenant Areas: The following work shall be performed after 6:00 p.m. and before 8:00 a.m. on Business Days or on Weekends, provided that at least 24 hours written notice is given to the Building Manager during the regular work week: Landlord's representative at Tenant's expense must supervise all demolition related to structural and MEP components at Landlord's discretion.

- (A) Work in any other tenant's areas (written request to Building Management at least 5 business days notice);
- (B) Work in any common area of the Building that would interfere with the normal use of such common area;
- (C) Work requiring the shut down or cessation of any utility (At least 20 business days notice)
- (D) Any coring, drilling, hammer drilling, demolition or other activity that generates or causes noises that can be heard outside the Premises and that disrupts other occupants of the Building or interferes with the conduct of their business, as reasonably determined by Landlord. Any costs associated with any utility shutdown will be at Tenant's expense.
- (E) All work involving areas other than Tenant's Premises must be completed by the next Business Day with such area restored to the same condition as existed immediately prior to such work.

2. Protection of Building: All public areas must be protected to the sole satisfaction of the Landlord. Any damage to the Building (including tenanted space) caused by Tenant or its contractors shall be repaired at Tenant's and or contractors expense to the sole satisfaction of Landlord. Flooring, walls, and service elevator door/trim in common floor areas must be protected including but not limited to the following at all times:

- (A) 1/4" Masonite over the carpet and terrazzo from the area of work to freight service car, taped at seams and covering the entire carpet;
- (B) 1/4" Masonite over freight entrance doors;
- (C) A clean, damp walk-off carpet from the work area, which must be changed by contractor upon demand by the Building Manager.

3. Demolition and Construction: Except as otherwise provided in the Building Rules and Building Standards for Alterations, Tenant shall be permitted to perform Alterations during Operating Hours, provided that such work does not unreasonably interfere with or interrupt the operation and maintenance of the Building or unreasonably interfere with or interrupt the use and

occupancy of the Building by other tenants in the Building. Otherwise, Alterations shall be performed at Tenant's expense and at such times as Landlord may from time to time reasonably designate. All demolition and removals must be performed after 6 p.m. and before 8:00 a.m. on Business Days or on weekends and the Building Manager must be given at least 48 hours prior written notice. If the demolition involves a Department of Buildings' permit, an after-hours permit is required. The delivery, handling, and installation of materials, equipment, and debris must be prearranged. Cleaning must be controlled to prevent dirt and dust from infiltrating into adjacent tenant premises or mechanical areas. Landlord's representative at Tenant's expense must supervise all demolition and installation of materials and or equipment, which impact the floor above, below, or adjacent tenant space.

4. Controlled Inspections: Tenant at their sole expense shall perform controlled inspections conducted by a third party testing agency approved by Landlord for any Work involving structural modifications, welding, fire-stopping, fireproofing, etc., and any Work affecting the Building systems, including without limitation, the Class "E" System.

5. Landlord's Review of Work: All work shall be subject to periodic review by Landlord's representative. Such reviews shall be done at Tenant's expense (as provided in the Lease).

6. Inquiries and Submissions: Contact Building Manager with all inquiries, submissions, approvals, and all other matters.

7. Storage of Materials and Tools: Must be contained within the Tenant's Premises no exceptions. All fire exists must be kept clear and accessible at all times.

8. Building Construction Services: Tenant and their contractors must comply with the Building's rules concerning the availability and charges for use of a Landlord designated elevator, personnel, sprinkler and fire alarm drain downs and disconnects, controlled inspections, drawing reviews and the handling of materials, equipment and debris.

- (1) Arrangements for Landlord designated elevator use must be made in advance as required by the Lease. Tenant is responsible for any and all charges that may arise from such request. Tenant will be charged for service if the request for use is not cancelled within 8 business hours. ***Landlord shall have the right to stop construction services (Landlord designated elevator usage, engineering, security and porter services, etc.) if tenant or tenant's representative fail to pay invoices issued to them in accordance with the Lease within the allotted time therefor. All future construction service requests shall be payable via certified check the day of the requested service at the minimum rate set by the management office.***
- (2) Tenant's vendor(s), contractor(s) and sub-contractor(s) shall utilize only the Landlord designated elevator. Anyone violating this rule will be escorted from the building immediately. All vendor(s)', contractor(s)' and sub-contractor(s)' personnel are to use the Landlord designated elevator only at all times during the duration of the work.

9. Prohibited Activities: Burning of holes in structural steel and chopping of fireproofing around the structural steel is prohibited unless specifically noted in the Tenant's drawings, reviewed, and approved by the Landlord.

10. Completion Certificates & Completion of Work: Tenant and/or Tenant's contractor shall submit the following certificates to Landlord upon completion of work, including, but not limited to:

- (1) Alteration Type II Application approvals and sign-offs issued by the Department of Buildings (including fireproof wood test reports)
- (2) Equipment Use Permits
- (3) Approvals of the Landmarks Preservation Commission of New York City (if Applicable)
- (4) Electrical and air-conditioning certificates issued by the Bureau of Gas and Electricity, the Board of Fire Underwriters, and any other agency having jurisdiction
- (5) An air balance report performed and signed by building's designated air balancer
- (6) Final "As built" Drawings in AutoCAD and mylar sepias showing all work in full detail.

11. As-Built Drawings and Specifications: Upon completion of the work, Tenant shall provide the Building Manager with 3 sets of contractor's drawings and an electronic copy of all drawings on AutoCAD labeled as "As-Built Drawings" indicating any changes to existing architectural, structural, electrical, mechanical, fire alarm, plumbing or telephone wiring.

12. Update of Building's Drawings: Landlord, at Tenant's expense, shall make whatever updates are necessary to the Building's drawings to reflect the Alterations. This includes, but is not limited to updating electrical, fire alarm and tenant condenser riser diagrams to the extent these systems are affected by the tenant's work.

13. Contractor's Rules and Regulations: Tenant shall have there General Contractor/contractors comply with the attached Contractor's Rules and Regulations.

**160 FIFTH AVENUE
CONTRACTOR'S RULES AND REGULATIONS**

The following rules and regulations will dictate the conduct of all contractors performing construction related services at 160 fifth Avenue. These regulations are presented as a guide as to the manner in which contractors, (which refers to the employees of the general and all sub contractors), are expected to conduct their daily functions, but are not the limit of regulations that may be enforced during the scope of the project.

Landlord reserves the right to amend as appropriate these rules and regulations as the particular situation dictates. The overall intent of these regulations is to ensure the efficient completion of the tenants' project with minimal inconvenience to the other tenants on the construction floor and throughout the building. The management will determine the meaning of these rules and regulations should uncertainty regarding the meaning of any particular statement arise.

- (i) Prior to the commencement of any work within the building the General Contractor shall provide to Management a Certificate of Insurance and required Endorsement for General Liability and Workmen's Compensation in the amounts, form and worded exactly in the manner of the example attached plus the same for each of their sub-contractors.
- (ii) Except as otherwise provided in the Lease, all deliveries of materials shall be made before 8:00 AM or after 6:00 PM, Monday - Friday. No large deliveries shall be allowed during regular business hours. Arrangements for freight elevator access must be made with the management office by no later than 4:00 PM on the day prior to the scheduled delivery. Arrangements for Saturday deliveries must be made no later than 1:00 PM on the Friday prior. The contractor is responsible for protecting the elevators, corridors (carpets and walls) to the satisfaction of the management. The areas will be inspected prior to and immediately after the deliveries by both a representative of the contractor and building management, the contractor and /or tenant will be held liable for any and all damages incurred during the course of the project
- (iii) Except as otherwise provided in the Lease, all construction and /or demolition debris must be removed from the premises before 7:00 am, rubbish containers must not be left unsupervised while waiting for pickup, contractor will have a laborer on site to ensure that the containers are properly removed and any residual debris cleaned up immediately. **No** containers will be permitted to remain outside the building after 8:00 am, if the rubbish contractor fails to remove the material by the appointed time, the contractor must bring the containers back onto the project site.

- (iv) There will be a designated elevator for use as freight and will be operated only by building personnel, under **no** circumstances is the contractor permitted to take control of the elevator for any reason. Building trades are **not** permitted on the passenger elevators and stairwells; **all trades will enter and exit the work areas via the designated freight elevator. Construction personnel found violating these polices will be escorted from the building permanently. All construction work scheduled for after normal business hours must reserve the freight elevator for transportation to and from the work site at all times.**
- (v) Contractors are expressly **prohibited** from using the restroom facilities on occupied floors, should the need arise, contractors shall use the facilities in the lower basement areas or as otherwise directed by the Landlord. If there are no other occupants on the floor on which the project is being conducted, the contractor is responsible to **clean** and **maintain** the restrooms used on a daily basis by its personnel. The construction areas must be kept clean and swept at the end of each work day, using an approved dustless sweeping compound, damp mats must be placed at all points of egress from the construction site to prevent / limit the carryover of dust and dirt through the other areas of the building. Failure to properly protect or prevent the transmission of dirt to other areas of the building / floor will result in the contractor being held liable for the costs to clean and if deemed necessary replacement of the damaged areas.
- (vi) There will be **no** use of obscene or potentially offensive language, yelling, comments, and gestures in any location within the building. Graffiti of any kind will **not** be tolerated anywhere within the building. Radio playing is **not permitted**. **Individuals violating these rules will be escorted out of the Building.**
- (vii) Contractors shall not, in **any way**, interfere or cause interruptions in the daily operation and maintenance of the building or the use of the building facilities by the tenants.
- (viii) All work being conducted on an after hours basis will be supervised by the building engineers and/or security staff; all costs associated with this overtime supervision shall be the responsibility of the tenant and/or contractor.
- (ix) Core drilling of floors, heavy banging, chopping and the use of power assisted tools for hammering must be started **after** 6:00 pm and completed **prior** to 8:00 am. Contractors are expected to supervise their employees and to ensure that the work is completed in an efficient professional manner at all times without any unnecessary noise. Noise complaints from surrounding tenants will cause postponement of the offending work until non business hours.

- (x) The building management office must be notified prior to the commencement of any welding, sweating, soldering or cutting of wood or other materials which might cause smoke to be generated, so that arrangements may be made to prevent the transmission of false fire alarms throughout the building or to the NYC Fire Department via the buildings Class "E" system. **Any alarm transmitted due to the negligence of the General Contractor or any of their sub-contractors, tenant's and or building's contractors and or vendors shall be levied a \$1,000.00 penalty for each Alarm Occurrence and or that penalty will be deducted from the next invoice statement. There are NO EXCEPTIONS. Failure to pay such penalty shall result in the contractors or vendors removal from the building.** City Permits, fire watch (by persons carrying Form 820-Certificate of Qualification and Fitness) and protective blankets are required for all burning and welding. It is the Tenant's General Contractor's responsibility to provide for the proper fire watch personnel as per code, and all fire watch personnel must sign-in and out with the Building's Fire safety director on duty. A log will be maintained at the lobby desk for this purpose.
- (xi) The building management office must be notified **prior** to any work being done on the sprinkler system. The building engineers are the only persons permitted to shut down and drain the sprinkler loops and / or riser to a particular floor to allow alterations to the system. No work of any kind related to the sprinkler system may be started until the contractors confirms with the building engineer and security that the fire alarm system has been placed on standby, the central station has been notified and the system properly drained and all valves secured. Sprinkler systems must be filled and returned to full operation at the end of each working day, if for some reason the restoration of sprinkler service to the floor is not possible, the contractor is responsible for establishing and maintaining a certified fire guard on site until such time as the system is restored and operational. If the contractor is unable to provide such a fire guard, the building will provide same at additional cost to the tenant and / or contractor. **Any alarm transmitted due to the negligence of the General Contractor or any of their sub-contractors, tenant's and or vendors shall be levied a \$1,000.00 penalty for each Alarm Occurrence. There are NO EXCEPTIONS. Failure to pay such penalty shall result in the contractors or vendors removal from the building.**
- (xii) Access to all building mechanical areas (i.e. telephone, electric, and HVAC rooms) will be provided only by the building engineers and or security, at the end of each work day the contractor must ensure that these areas are secured. It is strictly prohibited for anyone to block open any door to equipment rooms or prevent them from returning to their normally locked position by any means.

- (xiii) Contractor and Sub Contractors shall not enter any other areas of the building and specifically other tenant areas without escort by:
 - (a) building engineer, or (b) building security officer. Contractors may only use the staircases in the event of an emergency only.
- (xiv) The lobby security station is not to be used as a place to conduct contractors business (i.e. Filling out paperwork, receiving materials etc.); no telephone calls may be made at the lobby, it is expected that each contractor will provide a means for their own communication. The building staff is not authorized to accept or receive any packages or materials for the contractor.
- (xv) All construction work scheduled for after normal business hours must reserve the designated freight elevator for transportation to and from the work site at all times.
- (xvi) There is absolutely NO SMOKING ALLOWED within the premises.
- (xvii) Fire Extinguishers fully charged and in sufficient quantity and type per NYFD regulations must be on the job-site at all times.
- (xviii) The General Contractor will be required to provide an acceptable Site Safety Plan for approval by Building Management prior to the start of work. This plan shall include but not be limited to:
 - (a) Designation of site safety person as a primary point of contact for safety related issues. This individual will be responsible for enforcement of all safe work rules identified here-in and applicable to the work area. Provide a 24 hour telephone number for this person.
 - (b) Designation of all sub-contractor safety representatives as a primary point of contact for each sub-contractor. Provide 24 hour phone number for each person.
 - (c) Sign-in sheet indicating the reading and understanding of the provisions within the safety plan by all workers under the jurisdiction of the General Contractor. All workers must read and sign the site safety plan.
 - (d) Floor Plan indicating primary means of egress.
 - (e) Location and type of fire extinguishers.
 - (f) Hot Work Program to be exercised when burning or welding. Including certificates of Fitness for all personnel who will be responsible for the fire watch and use of all acetylene cutting and welding apparatus.

- (g) Lock-out/tag-out Program for Energized devices, circuits, and control of Hazardous Energy per current OSHA regulations to be exercised during applicable work.
- (h) Identity of person(s) responsible for maintenance of fire alarm devices, including daily responsibility of covering and un-covering of all active smoke detectors. Provide a 24 hour telephone number for this person.
- (i) Weekly Safety Meetings.
- (xix) Properly protect all openings, including but not limited to elevator openings, induction units, etc., to protect against dirt and dust from permeating into them or to other floors during the performance of the work.
- (xx) General Contractor shall clean and or repair all public areas daily, and or other Tenant Premises as may be required due to the results of the Contractor's work.
- (xxi) Any mechanic's liens filed against the demised premises of the building shall be discharged by Tenant or Tenant's general Contractor at their own expense within thirty (30) days after such filing, by payment or by filing of the bond required by law or otherwise. Proof of such discharge shall be forwarded to the Building Management immediately thereafter.

These rules are established to familiarize the contractor with what is expected of them and what will or will not be permitted during the completion of the project and may be changed at the discretion of the building management as dictated by the circumstances; your compliance with these rules is required.

If you have any questions regarding these rules and regulations, please contact the building Management Office @ .

PARTIAL RELEASE AND WAIVER OF LIENS

The undersigned, _____
(“Releasing Party”), located at _____,
having performed or furnished, or having caused to be performed or furnished, labor, services, or materials in the construction, alteration, or improvement of
that property of the Owner described as:

(the “Project”, which term includes the real property on which construction is taking place) certifies that the Releasing Party has been paid a partial payment
in the amount of \$_____ for _____ pursuant to a contract with _____ (Partial Payment) in the total amount of \$_____ (including all change
orders approved to date), and that the total amount Releasing Party has received to date, NOT including the partial payment referred to above, is \$_____.

To the extent of the Partial Payment, the Releasing Party does hereby remise, release, and forever discharge, for itself and its successors, **(tenant name and
or RFL 160 Fifth LLC)** and its successors, heirs, executors, and administrators of and from all manner of action and actions, cause and causes of actions,
suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances,
trespasses, damages, judgments, extents, executions, claims, and demands whatsoever in law, in admiralty, or in equity which against the said _____ the
Releasing Party ever had, now has, or which it or its successors hereafter can, shall, or may have in connection with any and all claims of any nature
whatsoever arising out of or relating to the Project.

Further, to the extent of the Partial Payment, the Releasing Party certifies, under oath and in accordance with all applicable statutes, laws, and regulations, that
all lienors, including laborers, subcontractors, or material men, have been paid in full for all materials, equipment, fees, licenses, insurances, and taxes of
every description and that there are no liens, causes for liens, or claims against the Releasing Party for such items. The Releasing Party certifies that he will
indemnify and save harmless the Owner and Construction Manager from any and all manner of claims, liens, suits, losses, costs, expenses, and damages,
including but not limited to reasonable attorney’s fees arising out of or resulting from the contract agreement referred to above or any work performed or
material supplied thereunder and hereby releases forever all claim, title, and interest in the Project for the same through the effective date of this Release.

Further, to the extent of the Partial Payment, the Releasing Party for value received does hereby release and discharge the Project from any and all liens and claims of liens, equitable or legal, which the undersigned has or may have against the Project for labor, services, or materials to the effective date hereof and further hereby releases and discharges any and all claims against the Payment Bond, if any, applicable to the Project for labor, services, or materials to the effective date hereof. Lien rights or rights against any Payment Bond which the Releasing Party may acquire for labor, services, or materials furnished subsequent to the effective date hereof are not released.

Further, the Releasing Party warrants that no assignment of claims for payments, rights to perfect a lien against the Project, or claims against the Payment Bond have been made and that the undersigned has the authority to execute this Partial Release and Waiver of Liens and has performed the labor and services and supplied the materials required of the Releasing Party to the state of completion of said improvements for which payment is being applied. The undersigned has personal knowledge that the statements made herein are true and correct.

Effective date: _____, 20__.

[_____]

By: _____

Name: _____

Title: _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this __ day of _____, 20__, by _____, a _____ on behalf of said _____. He/She is personally known to me or has produced _____ as identification and did (did not) take an oath.

My commission expires: _____

Signature: _____

Name: _____

Legibly printed

(AFFIX OFFICIAL SEAL) Notary Public, State of _____

FINAL RELEASE AND WAIVER OF LIENS

The undersigned, _____
(“Releasing Party”), located at _____,
having performed or furnished, or having caused to be performed or furnished, labor, services, or materials in the construction, alteration, or improvement of
that property of the Owner described as:

(the “Project”, which term includes the real property on which construction is taking place) acknowledges receipt of final payment in the amount of \$ _____
for _____ pursuant to a contract with _____ in the total amount of \$ _____ (including all change orders approved to date), and that the total
amount Releasing Party has received to date NOT including the final payment referred to above is \$ _____.

The Releasing Party does hereby remise, release, and forever discharge, for itself and its successors, **(tenant name and or RFL 160 Fifth LLC)** and its
successors, heirs, executors, and administrators of and from all manner of action and actions, cause and causes of actions, suits, debts, dues, sums of money,
accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents,
executions, claims, and demands whatsoever in law, in admiralty, or in equity which against the said _____ the Releasing Party ever had, now has, or which
it or its successors hereafter can, shall, or may have in connection with any and all claims of any nature whatsoever arising out of or relating to the Project.

Further, the Releasing Party certifies, under oath and in accordance with all applicable statutes, laws, and regulations, that all lienors, including laborers,
subcontractors, or material men, have been paid in full for all materials, equipment, fees, licenses, insurances, and taxes of every description and that there are
no liens, causes for liens, or claims against the Releasing Party for such items. The Releasing Party certifies that he will indemnify and save harmless the
Owner and Construction Manager from any and all manner of claims, liens, suits, losses, costs, expenses, and damages, including but not limited to
reasonable attorney’s fees arising out of or resulting from the contract agreement referred to above or any work performed or material supplied thereunder and
hereby releases forever all claim, title, and interest in the Project for the same.

Further the Releasing Party for value received does hereby release and discharge the Project from any and all liens and claims of liens, equitable or legal,
which the undersigned has or may have against the Project for labor, services, or materials and further hereby releases and discharges any and all claims
against the Payment Bond, if any, applicable to the Project for labor, services, or materials to the effective date hereof.

Further, the Releasing Party warrants that no assignment of claims for payments, rights to perfect a lien against the Project, or claims against the Payment Bond, if any, have been made and that the undersigned has the authority to execute this Final Release and Waiver of Liens and has performed the labor and services and supplied the materials required of the Releasing Party. The undersigned has personal knowledge that the statements made herein are true and correct.

Effective date: _____, 20__.

[_____]

By: _____

Name: _____

Title: _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this __ day of _____, 20__, by _____, a _____ on behalf of said _____. He/She is personally known to me or has produced _____ as identification and did (did not) take an oath.

My commission expires: _____

Signature: _____

Name: _____

Legibly printed

(AFFIX OFFICIAL SEAL) Notary Public, State of _____

SCHEDULE C

WORK AGREEMENT

Landlord and Tenant hereby covenant and agree as follows:

ARTICLE I
LANDLORD'S WORK

Except as otherwise specifically provided, Landlord, at its expense, shall furnish, install and perform in the Premises, using Building Standard materials and quantities, all of the work ("Landlord's Work") shown on the working drawings (the "Plans") hereafter to be prepared by Tenant (with the cooperation of Tenant's architect) and approved by Landlord, which approval shall not be unreasonably withheld or delayed if the Plans are consistent with the work shown on the layout plan annexed to this Work Agreement as Exhibit C-1. Tenant shall submit the Plans to Landlord on or before April 16, 2010, time being of the essence. If Landlord shall object to any part of the Plans, such objections shall be made in a writing given by Landlord to Tenant within five (5) Business Days after Landlord's receipt of the Plans, which objections shall be set forth in such notice in sufficient detail to enable Tenant to modify such Plans in order to make them acceptable to Landlord. Tenant shall cause the Plan to be modified within three (3) Business Days after Landlord shall have given its comments to Tenant. Landlord shall respond to such revised plans within three (3) Business Days after Landlord's receipt thereof. Notwithstanding anything contained herein to the contrary, Landlord's costs and expenses incurred with respect to Landlord's Work, Additional Work (as hereinafter defined) and the cost of permits, filing fees and Landlord's expediter, shall not exceed the amount of the Tenant Improvement Allowance defined in this Lease ("Landlord's Maximum Work Cost"); provided, however, Landlord's Maximum Work Cost will not include Landlord's costs with respect to the review, comments to and approval of the Plans. Tenant shall pay all costs and expenses in excess of Landlord's Maximum Work Cost upon demand and as otherwise directed by Landlord. Landlord's bidding, pricing and change orders shall be on an open-book basis.

Landlord and Tenant agree that Landlord shall bid out Landlord's Work to at least the following General Contractors: TriStar, James E. Fitzgerald, StructureTone, Lewis & Kennedy and ACC Construction, and each such General Contractor will bid all major trades to at least three (3) subcontractors who are pre-qualified to perform work in the Building and who have been provided with a copy of the project schedule. The General Contractors shall provide their fee (as a percentage of the work), general conditions and general requirements separately, with the balance of the subcontractor work provided as a lump sum. After the bids are received, Landlord shall recommend the selection of a General Contractor, subject to Tenant's approval (which shall not be unreasonably withheld). (Tenant shall approve or reject such recommendation within two (2) Business Days, and if Tenant shall fail to respond within such period of time, Tenant shall be deemed to have approved Landlord's recommendation.) After a General Contractor has been selected, such General Contractor shall provide the subcontractors' bids, including line item scopes, for Tenant's review.

Tenant shall respond to Landlord's submission of any change orders within two (2) Business Days. In the event that Tenant shall fail to so respond, any change in Landlord's Work or the Additional Work requested by Tenant shall be deemed to have been disapproved and withdrawn by Tenant, and any change in Landlord's Work or the Additional Work requested by Landlord shall be deemed to have been approved by Tenant. Notwithstanding the foregoing, any changes as may be required by any Government Authority or department thereof affecting the construction of the Building and/or the Premises or any Landlord's Work or any Additional Work to be performed therein may be complied with by Landlord in completing the same and shall not be deemed a violation of the Plans or any provision of this Schedule C and shall be accepted and approved by Tenant.

ARTICLE II
ADDITIONAL WORK

If Tenant shall request Landlord to perform additional work in the Premises or to substitute for any Building Standard item or quantity of work forming part of Landlord's Work, which causes Landlord's Work to exceed Landlord's Maximum Work Cost, such request shall be deemed to be Additional Work (hereinafter "Additional Work") and Tenant shall pay to Landlord the actual cost of labor and materials for the Additional Work plus a fee payable to Landlord's designated construction manager or the Manager of ten (10%) percent for overhead and ten (10%) for profit, and paid by Tenant as set forth below. Landlord shall estimate reasonably the cost of the Additional Work depicted on the Plans or requested by Tenant and advise Tenant of such estimate (the "Plan Based Estimate") and Tenant shall either promptly withdraw its request for all or part of the Additional Work so estimated or pay to Landlord, prior to the commencement of Landlord's Work or the Additional Work, the amount by which the Plan Based Estimate exceeds the Preliminary Estimate, if any, which payment shall be reconciled by Landlord and Tenant upon the completion of the Additional Work.

If in Landlord's commercially reasonable judgment, any items of Landlord's Work or Additional Work shall involve ordering of materials or products which must be specially fabricated to order and thus will prevent Landlord's substantial completion of Landlord's Work beyond 60 days after the commencement of Landlord's Work, then Landlord may require Tenant to agree on a fixed Commencement Date of this Lease (allowing a reasonable time for the performance of Landlord's Work in absence of the necessity of performing Landlord's Work or the Additional Work occasioning such material delay). If the parties cannot agree upon a fixed Commencement Date, then Landlord shall have the right to decline to perform such portion of Landlord's Work or such Additional Work, and Tenant shall be responsible for the performance thereof (subject to the terms of this Lease) after the completion of the remainder of Landlord's Work and any other (non-objected to by Landlord) Additional Work.

ARTICLE III
TENANT'S AUTHORIZED AGENT(S)

Tenant shall identify a duly authorized agent to provide design and construction-related instructions in writing, and such agent shall bind and act for Tenant with respect to all matters relating to the build-out of the Premises.

ARTICLE IV
TENANT'S OFFICE INSTALLATIONS

In the event Tenant shall desire to make any installations of its furniture, fixtures and office equipment (herein called "Tenant's Office Installations") which are not to be made by Landlord for Tenant, the following shall apply:

On condition that such Tenant's Office Installations will not require any structural change, and further provided that all Landlord's Work and Additional Work required to be made by Landlord therein shall have reached a point with respect to which, in Landlord's sole judgment, exercised in good faith, the making of Tenant's Office Installations will not delay or hamper Landlord in the completion of Landlord's Work or any Additional Work, Tenant may enter the Premises for the purpose of making Tenant's Office Installations, approximately two weeks prior to the Commencement Date after notice of the same by Landlord, subject, however, to the applicable provisions of Article 6 of the Lease. The foregoing shall include access by Tenant's telephone, cable and other information technology contractors.

Prior to the Commencement Date, any entry by Tenant in or on the Premises shall be at Tenant's sole risk and shall be pursuant to all of the terms and conditions of the Lease, except for the payment of Rental. Tenant's Office Installations shall be completed free of all liens and encumbrances.

In the event Tenant or any agent or contractor of Tenant shall enter upon the Premises or any other part of the Building, Tenant agrees to indemnify and save Landlord free and harmless from and against any and all claims whatsoever arising out of said entry or any work performed by such contractor. Tenant's agents, contractors and their employees shall comply with the special rules, regulations and requirements of Building management for the performance of work and coordination of said agents, contractors and their employees so as to avoid interference with the operation of the Building and/or the business operation of other tenants.

ARTICLE IV
TENANT'S DELAY

If there shall be a delay in the occurrence of the Commencement Date due to any of the following: (i) in the Substantial Completion of Landlord's Work, or any portion thereof, due to any act or omission of Tenant, its contractors, subcontractors, architects, space designers, agents or employees, including, without limitation, delays in submission of information; (ii) delays in payment of any costs and expenses in excess of Landlord's Maximum Work as set forth in this Work Agreement for more than ten (10) Business

Days after demand therefor; (iii) delays beyond the specified dates or allotted time periods in submission of the Plans or any revised plans to Landlord or giving authorizations or approvals in accordance with the time periods set forth above or delays resulting from the fact that, under good construction practice, portions of Landlord's Work must be scheduled after the completion of certain items of Tenant's Office Installations; (iv) resulting from Tenant's request for Landlord to utilize non-Building Standard materials or products in Landlord's Work, or to perform Additional Work; or (v) any event defined in Article 1 of the body of this Lease as a Tenant Delay (any of the foregoing being called a "Tenant's Delay.") then the Premises shall be deemed Substantially Completed on the date the Premises would have been available but for the duration of any Tenant Delay, even though work to be done by Landlord has not been commenced or completed.

The parties recognize that a Tenant's Delay may be aggravated or extended by a strike, labor problem, materials or labor shortage, or loss of time due to construction scheduling changes occasioned by such Tenant's Delay or other Unavoidable Delays, any or all of which would not have adversely affected the timely completion of Landlord's Work in the absence of such Tenant's Delay and agree that the duration of Tenant's Delay should include all delays resulting from such other causes, notwithstanding that as a result thereof, the Tenant's Delay in question may substantially exceed, in duration, the length of time during which the act or omission of Tenant or Persons Within Tenant's Control causing such Tenant's Delay may have occurred or continued.

EXHIBIT C-1

LAYOUT PLAN

(attached)

Exhibit C-1

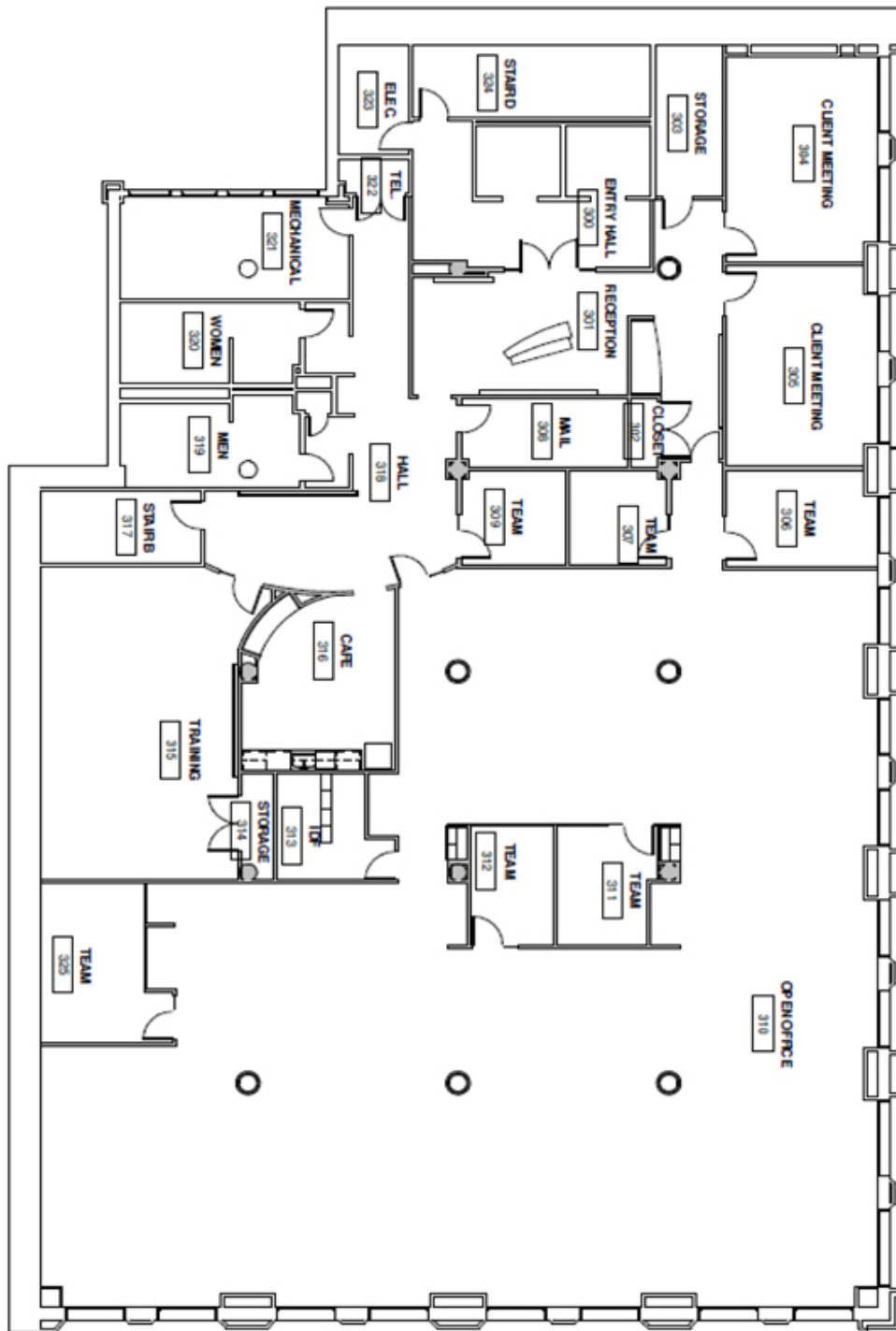


Exhibit C-2

SCHEDULE D

CLEANING SERVICES

- A. The following general cleaning will be performed nightly, Monday through Friday, excluding union and legal holidays:
1. All carpeting will be vacuumed once per week and carpets will be swept as needed, the remaining four (4) nights.
 2. All composition floor tiling will be swept and dust-mopped with a chemically-treated mop (for dust control) one (1) time per week.
 3. All desks will be dusted. Tenant personalty and work product will not be moved.
 4. Wastepaper baskets will be empties and trash removed to a designated location in the Premises. Plastic liners will be installed weekly in all trash receptacles at Tenant's expense.
 5. Wipe clean of all water fountains and coolers and empty of waste water
- B. The following lavatory service will be performed Monday through Friday, excluding union and legal holidays:
1. Porcelain fixtures will be scoured clean.
 2. Both sides of toilet seats will be washed with a mild germicidal solution.
 3. Bright work will be dry polished.
 4. Trash receptacles will be emptied and cleaned, as needed.
 5. Mirrors will be wiped clean.
 6. Partitions will be wiped down, as necessary.
 7. Shelves and counters will be wiped clean.
 8. Floors will be mopped with a mild disinfectant.
 9. Lavatory supplies will be furnished and installed at the Tenant's expense.
- C. The following shall be performed weekly:
1. All chairs, tables, cabinets and attachments will be dusted weekly. Tenant personalty and work product will not be moved.
 2. Window sills will be dusted. Tenant personalty and work product will not be moved.
 3. Moldings and ledges within hand reach will be dusted.

D. The following shall be performed quarterly:

1. Dust in place all picture, frame, charts, graphs and similar wall-hangings not reached in nightly cleaning.
2. Dust all vertical surfaces and walls, partition doors, door bucks and other surfaces not reached in nightly cleaning. Tenant personalty and work product will not be moved.

E. Window Cleaning:

1. All windows are to be cleaned inside and out two (2) times per year.

SCHEDULE E

FORM OF LETTER OF CREDIT

[ISSUER]

[Date]

RFL 160 Fifth LLC
c/o RFR Realty LLC
390 Park Avenue
New York, New York 10022
Attention: President

Ref: Irrevocable Letter of Credit No.

Gentlemen:

By order of our client, [name of Tenant], [address of Tenant], we hereby open in your favor our clean irrevocable Letter of Credit No. _____ for the aggregate sum of [amount of Security Deposit] United States Dollars, (U.S. \$ _____) effective immediately and expiring at our [address of Bank] New York Office on _____ or any automatically extended date.

Funds under this Letter of Credit are available to you against presentation of your sight draft(s) drawn on us marked "drawn under Irrevocable Letter of Credit No. _____ date [date of Letter of Credit]", and accompanied by the following:

Beneficiary's signed statement that [name of Tenant] has failed to comply with the terms and conditions of a contract described as Agreement of Lease between RFL 160 Fifth LLC, Landlord, and [name of Tenant], Tenant, dated [date of Lease].

It is a condition of this Letter of Credit that it shall be deemed automatically extended without amendment for one year from the present or any future expiration date hereof, unless thirty (30) days prior to any such date we shall notify you by registered mail that we elect not to consider this Letter of Credit renewed for any such additional period. Upon receipt by you of such notice, you may draw hereunder by means of your draft on us at sight, accompanied by the original Letter of Credit.

This Letter of Credit is transferrable in whole but not in part by the beneficiary upon notice to the undersigned, without charge. Requests for transfer will be in the form of Annex A attached hereto, duly completed by an officer of your company and accompanied by the original of this Letter of Credit.

If we receive your sight draft as mentioned above, in accordance with the terms and conditions of this credit, here at our [address], New York Office we will promptly honor the same.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce Brochure No. 500, shall be deemed to be a contract made under, and as to matters not governed by the UCP, shall be governed by and construed in accordance with the laws of the State of New York and applicable U.S. Federal Law.

[Name of Bank]

By: _____
Authorized Signature
Title:

[ANNEX A TO BE ADDED BY ISSUER, IF REQUIRED]

SCHEDULE F

RULES AND REGULATIONS

(1) All tenants are required to present their Building Identification Card to Security upon entering the premises at all times. Firms with multiple locations must present management with a listing of company employees. These firms will then present their company identification card, sign-in and receive a temporary Identification badge.

(2) The sidewalks, entrances, passages, courts, elevators, vestibules, stairways, corridors and halls shall not be obstructed or encumbered by Tenant or used for any purpose other than access to the Premises and for delivery of supplies and equipment in prompt and efficient manner, using elevators and passageways designated for such delivery by Landlord.

(3) No awnings, air-conditioning units, fans or other projections shall be attached to the outside walls of the Building.

(4) No curtains, blinds, shades or screens, other than those conforming to Building standards as established by Landlord from time to time, shall be attached to or hung in, or used in connection with, any window or door of the Premises. All electrical fixtures hung in offices or spaces along the perimeter of the Premises must be of a quality, type, design and bulb color approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed.

(5) No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by Tenant on any part of the outside of the Premises or Building or on the inside of the Premises if the same can be seen from the outside of the Premises without in each case the prior written consent of Landlord. The foregoing provisions are subject in all respects to Article 31.

(6) The exterior windows and doors that reflect or admit light and air into the Premises or the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant.

(7) Except as otherwise provided in this Lease, no showcases or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor placed in the halls, corridors or vestibules, nor shall any article obstruct any air-conditioning supply or exhaust without the prior written consent of Landlord.

(8) The water and janitors closets and other plumbing fixtures shall not be used for any purposes other than those for which they were designed, and no sweepings, rubbish, rags, acids or other substances shall be deposited therein. All damages resulting from any misuse of the fixtures shall be borne by Tenant.

(9) Tenant shall not make, or permit to be made, any unseemly or disturbing notices or disturb or interfere with occupants of the Building or neighboring buildings or those having business with them.

(10) Tenant, or any of Tenant's employees, agents, visitors or licensees, shall not at any time bring or keep upon the Premises any inflammable, combustible or explosive fluid, chemical or substance except such as are incidental to usual office occupancy.

(11) No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in existing locks or the mechanism thereof, unless Tenant promptly provides Landlord with the key or combination thereto. Tenant shall, upon the termination of its tenancy, return to Landlord all keys for any locks in the Premises and for all toilet rooms, and in the event of the loss of any keys furnished at Landlord's expense, Tenant shall pay to Landlord the cost thereof.

(12) No bicycles, vehicles or animals (except for seeing eye dogs) shall be brought into or kept by Tenant in or about the Premises or the Building.

(13) All removals, or the carrying in or out of any safes, freight, furniture or bulky matter of any description must take place in the manner and during the hours, which Landlord or its agent reasonably may determine from time to time and by movers approved in advance by Landlord or its agent, which approval shall not be unreasonably withheld, conditioned or delayed. Landlord reserves the right to inspect all safes, freight or other bulky articles to be brought into the Building and, except to the extent that Tenant leases any retail space in the Building, to exclude from the Building all safes, freight or other bulky articles which violate any of these Rules and Regulations or the Lease of which these Rules and Regulations are apart.

(14) Tenant shall not occupy or permit any portion of the Premises to be occupied for the possession, storage, manufacture or sale of liquor or narcotics. Tenant shall not engage or pay any employees on the Premises, except those actually working for Tenant at the Premises, nor advertise for labor giving an address at the Premises.

(15) Tenant shall not purchase water, ice, towels or other like services, or accept barbering or shoe shining services in the Premises, from any company or persons not approved by Landlord, provided that such approval shall not be unreasonably withheld, conditioned or delayed, nor at hours and under regulations other than as reasonably fixed by Landlord.

(16) Intentionally Omitted.

(17) Except for Tenant's customers in any retail space leased by Tenant, Landlord reserves the right to exclude from the Building at all times other than Operating Hours all persons who do not present a pass to the Building signed or approved by Landlord. Tenant shall be responsible for all persons for whom a pass is issued at the request of Tenant and shall be liable to Landlord for all acts of such persons.

- (18) Tenant shall, at its expense, provide electricity and light for the employees of Landlord doing janitor service or other cleaning, or making repairs or alterations in the Premises.
- (19) The requirements of Tenant will be attended to only upon written application at the Office of the Building. Building employees shall not perform any work or do anything outside of their regular duties, unless under special instructions from the office of Landlord.
- (20) Canvassing, soliciting and peddling in the Building is prohibited and Tenant shall cooperate to prevent the same.
- (21) There shall not be used in the Building, either by Tenant or by jobbers or others, any hand trucks except those equipped with rubber tires and side guards. Carts and hand trucks of any kind are prohibited in all passenger elevators. All damages resulting from any misuse of the elevators shall be borne by Tenant.
- (22) Except as set forth in Article 5, Tenant shall not do any cooking, conduct any restaurant, luncheonette or cafeteria for the sale or service of food or beverages to its employees or to others, or cause or permit any odors of cooking or other processes or any unusual or objectionable odors to emanate from the Premises.
- (23) Tenant shall keep the entrance door to the Premises closed at all times.
- (24) Tenant shall comply with Landlord's rules as promulgated from time to time regarding separation of various types of trash. The amount of any fines incurred by Landlord by reason of Tenant's failure to comply shall be paid by Tenant to Landlord upon demand as Additional Rent.
- (25) The design and decoration of the elevator areas of each floor of the Premises and the public corridors of any floor of the Premises occupied by more than one (1) occupant shall be under the sole control of Landlord and Tenant shall not place anything whatsoever therein.
- (26) Smoking within the building is prohibited.
- (27) There shall be no storage of any kind allowed in the freight elevator lobby at any time. Storage of any kind is prohibited by law and is subject to monetary penalties.
- (28) Roller blades are prohibited in the building and plaza areas.

SCHEDULE G

FORM OF NON-DISTURBANCE AGREEMENT

**SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT**

THIS AGREEMENT, made and entered into as of the day of 2010, by and among THE UNION LABOR LIFE INSURANCE COMPANY, with its principal office at 8403 Colesville Road, Thirteenth Floor, Silver Spring, Maryland 20910 (hereinafter called "Mortgagee"), FORRESTER RESEARCH, INC., a Delaware corporation, having an address at 400 Technology Square, Cambridge, Massachusetts 02139 (hereinafter called "Lessee"), and RFL 160 FIFTH LLC, a Delaware limited liability company, having an address c/o RFR Holding LLC, 400 Park Avenue, 3rd Floor, New York, New York 10022 (hereinafter called "Owner").

WITNESSETH:

WHEREAS, Owner is the owner of a leasehold interest in the improved real property described in Schedule A annexed hereto (the "Premises"); and

WHEREAS, Lessee has by a written lease dated as of the day of April 2010 (hereinafter called the "Lease") leased from Owner a portion of the Premises identified as the entire third floor (the "Demised Premises"); and

WHEREAS, Mortgagee is the owner and holder of a mortgage encumbering the Premises as security for a loan from Mortgagee to Owner (the "Mortgage"); and

WHEREAS, Lessee and Mortgagee have agreed to the following with respect to their mutual rights and obligations pursuant to the Lease and the Mortgage.

NOW, THEREFORE, for and in consideration of Ten Dollars (\$10.00) paid by each party to the other and the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt whereof is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

A. Lessee's interest in the Lease and all rights of Lessee thereunder shall be and are hereby declared subject and subordinate to the Mortgage upon the Premises and its terms, and the term "Mortgage" as used herein shall also include any amendments, increases, renewals, modifications, consolidations, spreaders, replacements, combinations, supplements, substitutions and extensions thereof, now or hereafter made.

B. In the event of any foreclosure of the Mortgage or any conveyance in lieu of foreclosure, provided that the Lessee shall not then be in default beyond any grace period under the Lease, Lessee shall not be made a party in any action or proceeding to remove or evict Lessee or to disturb its possession, nor shall the leasehold estate of Lessee created by the Lease be affected in any way, and the Lease shall continue in full force and effect as a direct lease between Lessee and Mortgagee, subject to the provisions hereof.

C. After the receipt by Lessee of notice from Mortgagee of any foreclosure of the Mortgage or any conveyance in lieu of foreclosure, Lessee will thereafter attorn to and recognize Mortgagee as its substitute Owner, and having thus attorned, Lessee's possession shall not thereafter be disturbed provided, and so long as, Lessee shall continue to timely pay all rentals under the Lease and otherwise observe and perform the covenants, terms and conditions of the Lease.

D. Lessee hereby agrees to provide Mortgagee with prompt notice of any asserted default by Owner of its obligations under the Lease. In the event any such asserted default constitutes a legal basis for the cancellation of the Lease by Lessee, Lessee hereby agrees that the Lease shall not be canceled or terminated until Mortgagee shall have a reasonable period of time within which to obtain possession of the Premises, and cure such default.

E. Lessee and Owner hereby agree that, in the event that Mortgagee delivers to a notice stating that an Event of Default (as defined in the Mortgage) has occurred under the Mortgage or any other document executed in connection therewith and requesting that all rent and additional rent due under the Lease be thereafter paid to Mortgagee, Lessee shall pay, and is hereby authorized and directed by Owner to pay, such rent and additional rent directly to Mortgagee. Delivery to Lessee of the aforescribed notice from Mortgagee shall be conclusive evidence of the right of Mortgagee to receive such rents and payment of the rents by Lessee to Mortgagee pursuant to such notice shall constitute performance in full of Lessee's obligation under the Lease to pay such rents to Owner. If and to the extent that the Lease or any provision of law shall entitle Lessee to notice of any mortgage, Lessee acknowledges and agrees that this Agreement shall constitute such notice to Lessee of the existence of the Mortgage. Lessee acknowledges that it has notice that the Lease and the rent and all other sums due thereunder have been assigned to Mortgagee as part of the security for the loan to Owner.

F. No conveyance of Owner's interest in the Premises or any part thereof to Lessee shall, insofar as Mortgagee is concerned, cause the estate encumbered by the Mortgage and leasehold estate created by the Lease to merge, rather said estates shall remain separate and distinct and the Lease shall continue in full force and effect notwithstanding the vesting of said estates in any single person or entity by reason of such conveyance or otherwise.

G. Lessee hereby agrees that notwithstanding anything to the contrary in this Agreement or the Lease:

(a) The Lease may not be amended, altered, terminated or, except as permitted without Landlord's consent pursuant to Article 15 of the Lease, assigned or sublet without the prior written consent of Mortgagee and no such amendment, modification, termination, assignment or sublease of the Lease shall be effective against Mortgagee, unless consented to in writing by Mortgagee;

(b) Mortgagee shall not be bound by any advance payment of rent or additional rent to Owner in excess of one month's prepayment thereof, in the case of rent, or in excess of one periodic payment in advance, in the case of additional rent, unless expressly approved in writing by Mortgagee;

(c) Nothing herein contained shall impose any obligation upon Mortgagee to perform any of the obligations of Owner under the Lease, unless and until Mortgagee shall take possession of the Premises, and, in any event, Mortgagee shall have no liability with respect to any acts or omissions of Owner occurring prior to the date on which Mortgagee shall take possession of the Premises.

(d) In no event shall Mortgagee be liable for any act or omission of the Owner, nor shall Mortgagee be subject to any offsets (except as expressly set forth in the Lease) or deficiencies which Lessee may be entitled to assert against the Owner as a result of any act or omissions of Owner occurring prior to Mortgagee's obtaining possession of the premises.

(e) Notwithstanding anything to the contrary contained herein, officers, directors, shareholders, agents, servants and employees of Mortgagee shall have no personal liability to Lessee and the liability of Mortgagee, in any event, shall not exceed and shall be limited to Mortgagee's interest in the Premises.

(f) Mortgagee shall not be bound by any covenant to undertake or complete any construction of the Premises, the Demised Premises or any portion thereof;

(g) Mortgagee shall not be bound by any obligation of Owner to make any payment to Lessee, except that Mortgagee shall be liable for the timely return of any security or other deposit actually received by Mortgagee and Mortgagee shall be liable on account of any prepayments of rent or other charges owing to Lessee if the funds are actually received by Mortgagee; and

(h) Mortgagee shall not be bound by any obligation to repair, replace, rebuild or restore the Premises, the Demised Premises, or any part thereof, in the event of damage by fire or other casualty, or in the event of partial condemnation.

H. Any options or rights contained in the Lease to acquire title to the Premises or any portion thereof, including any right of first refusal, right of first offer, or similar provisions, shall not apply to a foreclosure sale of the Premises by Mortgagee pursuant to its rights under the Mortgage and shall be extinguishable by any foreclosure of the Mortgage. Any right of Lessee to cancel the Lease in order to move to other property to be leased or purchased from Owner and any right of Lessee to inducements to be provided by Owner but not set forth in the Lease shall be extinguishable by any foreclosure of the Mortgage.

I. Each of Owner and Lessee represents and warrants to Mortgagee that, as of the date hereof, there are no agreements other than the Lease in existence or contemplated between Owner and Lessee, relating to the Premises or the Demised Premises or with respect to any other matter related to Lessee's occupancy of the Demised Premises.

J. Owner, by its execution of this Agreement, agrees to be bound by and to act in accordance with the terms and conditions hereinabove contained.

K. This Agreement and its terms shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, including without limitation, any purchaser at any foreclosure sale. All references to any party hereto shall include such party's successors and assigns.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

G-4

IN WITNESS WHEREOF, this Agreement has been fully executed under seal on the day and year first above written.

MORTGAGEE:

THE UNION LABOR LIFE INSURANCE COMPANY, a Maryland corporation

By: _____
Name: _____
Title: _____

LESSEE:

FORRESTER RESEARCH, INC., a Delaware corporation

By: _____
Name: _____
Title: _____

OWNER:

RFL 160 FIFTH LLC, a Delaware Limited Liability company

By: _____
Name: _____
Title: _____

STATE OF)
) ss.:
COUNTY OF)

On the day of in the year 20 , before me, the undersigned, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

, Notary Public

My commission expires: _____

STATE OF)
) ss.:
COUNTY OF)

On the day of in the year 20 , before me, the undersigned, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

, Notary Public

My commission expires: _____

STATE OF)
) ss.:
COUNTY OF)

On the day of in the year 20 , before me, the undersigned, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

, Notary Public

My commission expires: _____

Schedule A

All that certain lot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the northerly side of West 42nd Street, distant 208 feet easterly from the northeasterly corner of 42nd Street and Avenue of the Americas (formerly 6th Avenue);

RUNNING THENCE easterly along the northerly side of 42nd Street, 234 feet;

THENCE northerly parallel with Avenue of the Americas, 200 feet 10 inches to the southerly side of 43rd Street;

THENCE westerly along the southerly side of 43rd Street, 442 feet to the easterly side of Avenue of the Americas;

THENCE southerly along the easterly side of Avenue of the Americas, 100 feet 5 inches to the center line of the block;

THENCE easterly parallel with 42nd Street, 208 feet;

THENCE southerly parallel with Avenue of the Americas, 100 feet 5 inches to the northerly side of 42nd Street, at the point or place of BEGINNING.

SCHEDULE H

COMMENCEMENT DATE AGREEMENT

AGREEMENT made as of the day of , 20 , between RFL 160 FIFTH LLC, a Delaware limited liability company, having an address at c/o RFR Holding LLC, 390 Park Avenue, 3rd Floor, New York, New York 10022, as Landlord, and FORRESTER RESEARCH, INC., a Delaware corporation, having an address at 400 Technology Square, Cambridge, Massachusetts 02139, as Tenant.

W I T N E S S E T H:

WHEREAS, Landlord and Tenant have entered into an Agreement of Lease, dated as of April , 20 (the "Lease"), pursuant to which Landlord leased to Tenant certain space in the Building known as 160 Fifth Avenue, New York, New York, as more fully described in the Lease; and

WHEREAS, pursuant to the provisions of the Lease, the parties agreed to execute a written agreement confirming the Commencement Date, the Rent Commencement Date and the Fixed Expiration Date of the Lease.

NOW, THEREFORE, Landlord and Tenant confirm that the "Term" of the Lease has commenced on , 20 , and that such date constitutes the "Commencement Date" of the Lease; that the "Rent Commencement Date" is , 20 ; and that the Term of the Lease will expire on , 20 , and that such date constitutes the "Fixed Expiration Date" of the Lease, as such quoted terms are defined in the Lease.

IN WITNESS WHEREOF, Landlord and Tenant have respectively executed this Commencement Date Agreement as of the day and year first above written.

LANDLORD:

RFL 160 FIFTH LLC,
a Delaware limited liability company

By: _____
Aby Rosen [or Michael Fuchs]
Managing Member

TENANT:

By: FORRESTER RESEARCH, INC., a Delaware corporation

Name:
Title:

SCHEDULE I

CURRENT BUILDING HOLIDAYS

- New Years Day;
- Presidents Day;
- Good Friday;
- Memorial Day;
- Independence Day;
- Labor Day;
- Columbus Day;
- Thanksgiving Day;
- Day after Thanksgiving Day;
- Christmas Day; and
- One (1) floating holiday (either MLK day, Yom Kippur, Eid al-Fitr or September 11th).

SCHEDULE J

PRE-EXISTING RIGHTS

The following rights granted to The Simons Foundation, Inc. ("Simons") pursuant to a lease dated October 5, 2009 (as amended by a First Amendment of Lease, dated as of April 7, 2010): (i) a one-time option to lease one additional full floor in the Building (which shall be either the fourth floor or the fifth floor) commencing on or about January 1, 2021, subject to the renewal right of Prophet Brand Strategy ("Prophet"), the existing tenant on the fifth floor of the Building (the "Fifth Floor Space"), pursuant to the express terms and conditions of its lease; and (ii) an option to renew its lease for a period of five (5) years.

The following rights granted to Prophet pursuant to a lease dated December 7, 2009: (a) a one-time option to lease office space (as opposed to retail space) of a floor of the Building which is contiguous to the Fifth Floor Space (provided that such space may include other office space in the Building marketed by Landlord together therewith, even if such other office space is not on a floor contiguous to the Fifth Floor Space), commencing on or after April 1, 2013, subject to the rights of Simons; and (b) an option to renew its lease for a period of five (5) years.

TEMPORARY CERTIFICATE OF OCCUPANCY



Certificate of Occupancy

CO Number: 104894535T002

This certifies that the premises described herein conforms substantially to the approved plans and specifications and to the requirements of all applicable laws, rules and regulations for the uses and occupancies specified. No change of use or occupancy shall be made unless a new Certificate of Occupancy is issued. This document or a copy shall be available for inspection at the building at all reasonable times.

A. Borough: Manhattan	Block Number: 00822	Certificate Type: Temporary
Address: 160 FIFTH AVENUE	Lot Number(s): 39	Effective Date: 02/19/2010
Building Identification Number (BIN): 1015500		Expiration Date: 05/20/2010
	Building Type: Altered	

For zoning lot metes & bounds, please see BISWeb.

B. Construction classification:	1	(Prior to 1968 Code)
Building Occupancy Group classification:	COM	(Prior to 1968 Code)
Multiple Dwelling Law Classification:	None	
No. of stories: 9	Height in feet: 110	No. of dwelling units: 0

C. Fire Protection Equipment:
None associated with this filing.

D. Type and number of open spaces:
None associated with this filing.

E. This Certificate is issued with the following legal limitations:
None

Outstanding requirements for obtaining Final Certificate of Occupancy:
There are 16 outstanding requirements. Please refer to BISWeb for further detail.

Borough Comments: None

Borough Commissioner

Commissioner

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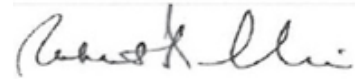
Permissible Use and Occupancy

All Building Code occupancy group designations are 1968 designations, except RES, COM, or PUB which are 1938 Building Code occupancy group designations.

<u>Floor From To</u>	<u>Maximum persons permitted</u>	<u>Live load lbs per sq. ft</u>	<u>Building Code occupancy group</u>	<u>Dwelling or Rooming Units</u>	<u>Zoning use group</u>	<u>Description of use</u>
CEL	0	OG	D-2			BOILER, RETAIL, STORAGE, MECHANICAL ROOMS, TANK ROOM
			C			
			B-2			
CEL	21		B-2			STORAGE ROOM
CEL	154		C		6	RETAIL
001	386	100	C		6	RETAIL STORES, LOBBY
002	204	100	C		6	RETAIL
002			D-2		6	MECHANICAL ROOM
003	95	100	E		6	OFFICES_MECHANICAL ROOM
004	95	100	E		6	OFFICES, MECHANICAL ROOM
005	95	100	E		6	OFFICES, MECHANICAL ROOM
006	95	100	E		6	OFFICES, MECHANICAL ROOM
007	95	100	E		6	OFFICES, MECHANICAL ROOM
008	96	100	E		6	OFFICES, MECHANICAL ROOM
009	96	100	E		6	OFFICES, MECHANICAL ROOM



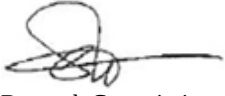
Borough Commissioner



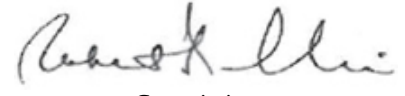
Commissioner

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NOTE: ACCESSORY STORAGE LIMITED TO 2500 SQUARE FEET PER ESTABLISHMENT NOTE: FIRE DEPARTMENT APPROVALS:
STANDPIPE SYSTEM • FEBRUARY 27, 1941 SPRINKLER SYSTEM • MARCH 27, 1967 FUEL OIL INSTALLATION • AUGUST 22, 1040
END OF SECTION



Borough Commissioner



Commissioner

END OF DOCUMENT

104894535/002 2/19/2010 8:49:51 AM

K-3

OFFICE LEASE

150 SPEAR STREET, SAN FRANCISCO, CALIFORNIA

150 SPEAR STREET, LLC,

a Delaware limited liability company,

as Landlord,

and

FORRESTER RESEARCH, INC.,

a Delaware corporation

as Tenant

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OFFICE LEASE

This Office Lease (the “**Lease**”), dated as of the date set forth in Section 1 of the Summary of Basic Lease Information (the “**Summary**”), below, is made by and between 150 Spear Street, LLC, a Delaware limited liability company (“**Landlord**”), and Forrester Research, Inc., a Delaware corporation (“**Tenant**”).

SUMMARY OF BASIC LEASE INFORMATION

<u>TERMS OF LEASE</u>	<u>DESCRIPTION</u>
1. Date:	November 24, 2010
2. Premises	
2.1 Building:	150 Spear Street, San Francisco, California
2.2 Premises:	Approximately 15,560 rentable square feet of space located on the eleventh (11th) floor of the Building and commonly known as Suite 1100, as further set forth in Exhibit A to this Lease.
2.3 Project:	The Building is part of an office project known as 150 Spear Street, San Francisco, California, as further set forth in <u>Section 1.1.2</u> of this Lease.
3. Lease Term (Article 2)	
3.1 Length of Term:	Sixty-three (63) full calendar months.
3.2 Estimated Lease Commencement Date:	April 1, 2011
3.3 Estimated Lease Expiration Date:	June 30, 2016
4. Base Rent (Article 3):	

<u>Months of Lease Term</u>	<u>Annual Base Rent Per Square Foot</u>	<u>Monthly Installment of Base Rent</u>
Months 1-12*	\$ 35.00 psf	\$45,383.33
Months 13-24	\$ 36.00 psf	\$46,680.00
Months 25-36	\$ 37.00 psf	\$47,976.67
Months 37-48	\$ 38.00 psf	\$49,273.33
Months 49-63	\$ 39.00 psf	\$50,570.00

* Base Rent for the first (1st) through third (3rd) full months of the initial Lease Term shall be abated pursuant to the terms of Section 3.2 of this Lease.

5. Base Year (Article 4): Calendar year 2011.
6. Tenant's Share (Article 4): Approximately 5.94% (15,560 rsf of Premises/262,047 rsf of Building).
7. Permitted Use (Article 5): Subject to the limitations imposed under Section 5 of this Lease, general office use only.
8. Security Deposit (Article 21): \$0.00
9. Parking Spaces (Article 27): One.
10. Address of Tenant for Notices (Section 28.19):
Forrester Research, Inc.
400 Technology Square
Cambridge, MA 02139
Attention: Chief Financial Officer

and

Forrester Research, Inc.
400 Technology Square
Cambridge, MA 02139
Attention: Chief Legal Officer

with a courtesy copy (which shall not be required for receipt of notices hereunder) to:

Dionne & Gass LLP
131 Dartmouth Street
Suite 501
Boston, MA 02116
Attention: Joanne A. Robbins, Esq.
11. Address of Landlord
11.1 Address of Landlord for Notices (Section 28.19):
150 Spear Street, LLC
c/o Principal Real Estate Investors
801 Grand Avenue – Department H-137
Des Moines, IA 50392-1370
Attn: Western CRE-Equities Team

with a copy to:

Pacific Eagle Holdings Corporation
3000 Executive Parkway, Suite 236
San Ramon, California 94583
Attn: David Hennefer

11.2 Address of Landlord for Rent Payments
(Article 3):

150 Spear Street, LLC
Property: 122610
P.O. Box 310300
Des Moines, IA 50331-0300

12. Broker(s)
(Section 28.25):

Colliers International representing Landlord and Richards, Barry, Joyce and Partners,
LLC and Cornish & Carey, representing Tenant.

BLI - 3

ARTICLE 1

Premises, Building, Project, and Common Areas

1.1 Premises, Building, Project and Common Areas.

1.1.1 **The Premises.** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 2.2 of the Summary (the “**Premises**”). The outline of the Premises is set forth in **Exhibit A** attached hereto and the Premises contain approximately the number of rentable square feet as set forth in Section 2.2 of the Summary. The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions herein set forth, and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of such terms, covenants and conditions by it to be kept and performed and that this Lease is made upon the condition of such performance. The parties hereto hereby acknowledge that the purpose of **Exhibit A** is to show the approximate location of the Premises in the “**Building**,” as that term is defined in Section 1.1.2 below, only, and such Exhibit is not meant to constitute an agreement, representation or warranty as to the construction of the Premises, the precise area thereof or the specific location of the “**Common Areas**,” as that term is defined in Section 1.1.3 below, or the elements thereof or of the accessways to the Premises or the “**Project**,” as that term is defined in Section 1.1.2 below. Except as specifically set forth in this Lease and in the Tenant Work Letter attached hereto as **Exhibit B** (the “**Tenant Work Letter**”), Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises. Tenant also acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Premises, the Building or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant’s business, except as specifically set forth in this Lease and the Tenant Work Letter. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises and the Building were at such time in good and sanitary condition and repair (with the exception of latent defects).

1.1.2 **The Building and the Project.** The Premises are a part of the building set forth in Section 2.1 of the Summary (the “**Building**”). The Building is part of an office project known as 150 Spear Street, San Francisco, California. The term “**Project**,” as used in this Lease, shall mean (i) the Building and the Common Areas, and (ii) the land (which is improved with landscaping, parking facilities and other improvements) upon which the Building and the Common Areas are located.

1.1.3 **Common Areas.** Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 5 of this Lease, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project (such areas are collectively referred to herein as the “**Common Areas**”). The Common Areas shall be maintained and operated by Landlord in a manner consistent with other comparable office buildings in the vicinity of the Building, and the use thereof shall be subject to such reasonable rules, regulations and restrictions as Landlord may make from time to time, provided that Tenant shall not be bound by any such rules and regulations of which it has not been given reasonable prior notice and provided further that all such rules and regulations shall be enforced in a non-discriminatory manner. Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas; provided, however, that no such closure, alteration, addition or change, unless required as a result of an emergency or by Applicable Law, shall materially and adversely affect Tenant’s rights hereunder.

1.2 **Rentable Square Feet of Premises and Building.** For purposes of this Lease, “**rentable square feet**” in the Premises, the Building and the Project, as the case may be, shall be calculated in accordance with the Standard Method for Measuring Floor Area for Office Buildings, ANSI Z65.1-1996, promulgated by the Building Owners And Managers Association (BOMA) (“**Measurement Standard**”). Notwithstanding anything to the contrary set forth in Section 2.2 of the Summary or elsewhere in this Lease, the rentable area of the Premises and any ROFO Spaces (as defined in Addendum 1) is subject to verification by Landlord’s space planner pursuant to the Measurement Standard from time to time (the “**Measurement Verification**”). In the event that Landlord’s space planner determines that the

rentable area of the Premises shall be different from that set forth in Section 2.2 of the Summary, then all amounts, percentages and figures appearing or referred to in this Lease based upon such incorrect rentable area (including, without limitation, the amounts of "Base Rent," the "Tenant Improvement Allowance," and "Tenant's Share," as those terms are defined in this Lease, respectively) shall be modified in accordance with such determination. Notwithstanding the foregoing, if Tenant notifies Landlord that Tenant objects to the Measurement Verification within thirty (30) days after Tenant's receipt of the Measurement Verification from Landlord, then, at Tenant's sole cost and expense, the Premises shall be measured by an independent architect jointly selected by Landlord and Tenant and, if applicable, all amounts, percentages and figures appearing or referred to in this Lease based upon such incorrect rentable area (including, without limitation, the amounts of "Base Rent," the "Tenant Improvement Allowance," and "Tenant's Share") shall be modified in accordance with such determination. Notwithstanding the foregoing, Landlord may remeasure the Building and/or the Project, from time to time, in accordance with the Measurement Standard, and if the rentable area of the Premises, the Building and/or the Project shall change as measured in such remeasurement, then the rentable area of the Premises and/or the Building, as the case may be, shall be appropriately adjusted as of the date of such remeasurement based upon the written verification by Landlord's space planner of such revised rentable area. Any such remeasurement by Landlord shall be subject to verification by Tenant in accordance with this Section 1.2.

ARTICLE 2

LEASE TERM

2.1 **Lease Term.** The terms and provisions of this Lease shall be effective as of the date of this Lease. The term of this Lease (the "**Lease Term**") shall be for approximately the number of months set forth in Section 3.1 of the Summary, shall commence on the date (the "**Lease Commencement Date**") which is the earlier to occur of (i) April 1, 2011, or (ii) the date Tenant commences business operations in the Premises, and shall terminate on the date (the "**Lease Expiration Date**") which is the last day of the sixty-third (63rd) full calendar month following the Lease Commencement Date, unless this Lease is sooner terminated as hereinafter provided. For purposes of this Lease, the term "**Lease Year**" shall mean each consecutive twelve (12) month period during the Lease Term; provided, however, that the last Lease Year shall end on the Lease Expiration Date. At any time during the Lease Term, Landlord may deliver to Tenant a notice, in substantially the form set forth in **Exhibit C** attached hereto, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within fifteen (15) business days of receipt thereof; provided, however, that Tenant's failure to execute and return such notice to Landlord within such time shall be conclusive proof upon Tenant that the information set forth in such notice is as specified therein. Landlord shall permit Tenant to access and enter the Premises upon the mutual execution of this Lease (the "**Early Entry Date**"), solely for purposes of installing the Tenant Improvements. In no event may Tenant conduct its business or operations from the Premises until the Lease Commencement Date. Such limited purpose entry and use of the Premises by Tenant shall be at Tenant's sole risk and shall also be subject to all of the provisions of this Lease including, but not limited to, the requirement to obtain the insurance required pursuant to this Lease and to deliver insurance certificates as required herein, and to pay for all utilities consumed in the Premises on and after the Early Entry Date. Notwithstanding the immediately preceding sentence, Tenant shall not be required to pay Rent (other than any utilities costs incurred) prior to the Lease Commencement Date. In addition to the foregoing, Landlord shall have the right to impose such additional conditions on Tenant's early entry as Landlord shall deem reasonably appropriate. If, at any time, there is an Event of Default that results in termination of the Lease, then any such waiver by Landlord of Tenant's requirement to pay rental payments shall be null and void, and as a component of Landlord's recovery set forth in Article 19 of the Lease, Tenant shall immediately pay to Landlord all rental payments so waived by Landlord.

2.2 **Option to Extend.**

2.2.1 **Grant of Extension Option.** Subject to the provisions, limitations and conditions set forth in this Section 2.2, Tenant shall have one (1) option ("**Option**") to extend the Lease Term for five (5) years (the "**Extended Term**").

2.2.2 **Tenant's Option Notice.** Tenant shall have the right to deliver written notice to Landlord of its intent to exercise the Option (the "**Option Notice**"). If Landlord does not receive an Option Notice from Tenant on a date which is neither more than twelve (12) months nor less than nine (9) months prior to the initial Lease Expiration

Date, all rights under this Option shall automatically terminate and shall be of no further force or effect. Upon the proper exercise of the Option, subject to the provisions, limitations and conditions set forth in Paragraph 2.2.5 below, the initial Lease Term shall be extended for the Extended Term.

2.2.3 Establishing the Initial Monthly Base Rent for the Extended Term. The initial monthly Base Rent for the Extended Term shall be equal to the then Fair Market Rental Rate, as hereinafter defined. As used herein, the "Fair Market Rental Rate" payable by Tenant for the Extended Term shall mean the Base Rent for the highest and best use for comparable space at which non-equity tenants, as of the commencement of the lease term for the Extended Term, will be leasing non-sublease, non-equity, unencumbered space comparable in size, location and quality to the Premises for a comparable term, which comparable space is located in the Building and in other comparable first-class buildings in the vicinity of the Building including other first-class office buildings in the San Francisco Central Business District office market, taking into consideration all free rent and other out-of-pocket concessions generally being granted at such time for such comparable space, including the condition and value of existing tenant improvements in the Premises. The Fair Market Rental Rate shall include the periodic rental increases that would be included for space leased for the period of the Extended Term.

If Landlord and Tenant are unable to agree on the Fair Market Rental Rate for the Extended Term within ten (10) days of receipt by Landlord of the Option Notice for the Extended Term, Landlord and Tenant each, at its cost and by giving notice to the other party, shall appoint a competent and impartial commercial real estate broker (hereinafter "broker") with at least ten (10) years' full-time commercial real estate brokerage experience in the geographical area of the Premises to set the Fair Market Rental Rate for the Extended Term. If either Landlord or Tenant does not appoint a broker within ten (10) days after the other party has given notice of the name of its broker, the single broker appointed shall be the sole broker and shall set the Fair Market Rental Rate for the Extended Term. If two (2) brokers are appointed by Landlord and Tenant as stated in this paragraph, they shall meet promptly and attempt to set the Fair Market Rental Rate. In addition, if either of the first two (2) brokers fails to submit their opinion of the Fair Market Rental Rate within the time frames set forth below, then the single Fair Market Rental Rate submitted shall automatically be the initial monthly Base Rent for the Extended Term and shall be binding upon Landlord and Tenant. If the two (2) brokers are unable to agree within ten (10) days after the second broker has been appointed, they shall attempt to select a third broker, meeting the qualifications stated in this paragraph within ten (10) days after the last day the two (2) brokers are given to set the Fair Market Rental Rate. If the two (2) brokers are unable to agree on the third broker, either Landlord or Tenant by giving ten (10) days' written notice to the other party, can apply to the Presiding Judge of the Superior Court of the county in which the Premises is located for the selection of a third broker who meets the qualifications stated in this paragraph. Landlord and Tenant each shall bear one-half (1/2) of the cost of appointing the third broker and of paying the third broker's fee. The third broker, however selected, shall be a person who has not previously acted in any capacity for either Landlord or Tenant. Within fifteen (15) days after the selection of the third broker, the third broker shall select one of the two Fair Market Rental Rates submitted by the first two brokers as the Fair Market Rental Rate for the Extended Term. The determination of the Fair Market Rental Rate by the third broker shall be binding upon Landlord and Tenant.

Upon determination of the initial monthly Base Rent for the Extended Term in accordance with the terms outlined above, Landlord and Tenant shall immediately execute an amendment to this Lease. Such amendment shall set forth the initial monthly Base Rent for the Extended Term and the actual commencement date and expiration date of the Extended Term and such other terms and conditions as may be mutually agreed-upon by Landlord and Tenant. Tenant shall have no other right to extend the Lease Term under this Section 2.2 unless Landlord and Tenant otherwise agree in writing.

2.2.4 Condition of Premises. If Tenant timely and properly exercises the Option, in strict accordance with the terms contained herein, Tenant shall accept the Premises in its then "As-Is" condition and, accordingly, Landlord shall not be required to perform any additional improvements to the Premises.

2.2.5 Limitations On, and Conditions To, Extension Option. The Option provided for herein is personal to Tenant and may not be assigned, voluntarily or involuntarily, separate from or as part of the Lease (except in connection with a Permitted Transfer). At Landlord's option, all rights of Tenant under this Section 2.2 shall terminate and be of no force or effect if any of the following individual events occur or any combination thereof occur: (i) an Event of Default has occurred at any time during the eighteen (18) month period prior to the date Tenant delivers an

Option Notice, or an Event of Default exists at the time Landlord receives an Option Notice; and/or (ii) Tenant has assigned its rights and obligations under all or part of the Lease or Tenant has subleased all or part of the Premises (except in connection with a Permitted Transfer and except for any sublease of any ROFO Space); and/or (iii) Tenant's financial condition on the date of delivery of the Option Notice is, in the reasonable judgment of Landlord, not adequate to support Tenant's obligations under this Lease; and/or (iv) Tenant has failed to exercise properly an Option in a timely manner in strict accordance with the provisions of this Section 2.2; and/or (v) Tenant no longer has possession of all or any part of the Premises under this Lease (except in connection with a Permitted Transfer and except in connection with any permitted sublease of the ROFO Space), or if this Lease has been terminated earlier, pursuant to the terms and provisions of this Lease.

ARTICLE 3

BASE RENT

3.1 **Base Rent.** From and after the Lease Commencement Date, Tenant shall pay, without prior notice or demand, to Landlord or Landlord's agent at the address set forth in Section 11.2 of the Summary, or, at Landlord's option, at such other place as Landlord may from time to time designate in writing, by a check for currency which, at the time of payment, is legal tender for private or public debts in the United States of America, base rent ("**Base Rent**") as set forth in Section 4 of the Summary, payable in equal monthly installments in advance on or before the first day of each and every calendar month during the Lease Term, without any setoff or deduction whatsoever. The Base Rent for the first full month of the Lease Term shall be paid at the time of Tenant's execution of this Lease. If any Rent payment date (including the Lease Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Rent is for a period which is shorter than one month, the Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Lease Term at a rate per day which is equal to 1/365 of the applicable annual Rent. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

3.2 **Rent Abatement.** Notwithstanding anything to the contrary contained herein and provided that Tenant faithfully performs all of the terms and conditions of this Lease, and no Event of Default by Tenant occurs hereunder, Landlord hereby agrees that Tenant shall not be required to pay monthly installments of Base Rent for the first (1st) through third (3rd) full months of the initial Lease Term (the "**Abatement Period**"), with the abated Base Rent to be equal to One Hundred Thirty-Six Thousand One Hundred Forty-Nine and 99/100 Dollars (\$136,149.99) in the aggregate (the "**Abated Base Rent**"). During the Abatement Period, Tenant shall still be responsible for the payment of all of its other monetary obligations under this Lease. In the Event of a Default under the terms of this Lease in accordance with the provisions of Article 19 hereof that results in a termination of the Lease, then as a part of the recovery set forth in Article 19 of this Lease, Landlord shall be entitled to the recovery of all Abated Base Rent that was abated under the provisions of this Article 3.

ARTICLE 4

ADDITIONAL RENT

4.1 **General Terms.** In addition to paying the Base Rent specified in Article 3 of this Lease, Tenant shall pay with respect to the Lease Term "Tenant's Share" of the annual "Direct Expenses," as those terms are defined in Sections 4.2.6 and 4.2.2 of this Lease, respectively, which are in excess of the amount of Direct Expenses applicable to the "Base Year," as that term is defined in Section 4.2.1 below; provided, however, that in no event shall any decrease in Direct Expenses for any Expense Year below Direct Expenses for the Base Year entitle Tenant to any decrease in Base Rent or any credit against sums due under this Lease. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease, are hereinafter collectively referred to as the "Additional Rent", and the Base Rent and the Additional Rent and all other sums payable by Tenant to Landlord hereunder are herein collectively referred to as "Rent." All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Article 4 shall survive the expiration of the Lease Term.

4.2 Definitions of Key Terms Relating to Additional Rent. As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 “**Base Year**” shall mean calendar year 2011.

4.2.2 “**Direct Expenses**” shall mean “Operating Expenses” and “Tax Expenses.”

4.2.3 “**Expense Year**” shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires, provided that Landlord, upon notice to Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive month period, and, in the event of any such change, Tenant’s Share of Direct Expenses shall be equitably adjusted for any Expense Year involved in any such change.

4.2.4 “**Operating Expenses**” shall mean all expenses, costs and amounts of every kind and nature which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, replacement, restoration or operation of the Project, or any portion thereof. Without limiting the generality of the foregoing, Operating Expenses shall specifically include any and all of the following: (i) the cost of supplying all utilities (to the extent the same is not being paid directly by Tenant), the cost of operating, repairing, maintaining, replacing, renovating and managing the utility, telephone, communications, mechanical, sanitary, storm drainage, and elevator systems, and the cost of supplies, tools, equipment and maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections and the cost of reasonably contesting any governmental enactments which may affect Operating Expenses, and the costs incurred in connection with a transportation system management program or similar program; (iii) the cost of all insurance carried by Landlord in connection with the Project; (iv) the cost of landscaping, relamping, and all supplies, tools, equipment and materials used in the operation, repair and maintenance of the Project, or any portion thereof; (v) the costs incurred in connection with the parking areas servicing the Project; (vi) fees and other costs, including management fees, consulting fees, legal fees and accounting fees, of all contractors and consultants in connection with the management, operation, maintenance and repair of the Project; (vii) payments under any equipment rental agreements and the fair rental value of any management office space; (viii) wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons engaged in the operation, maintenance and security of the Project on a full time basis and an appropriate portion of same with respect to persons engaged on a part-time basis; (ix) costs under any instrument pertaining to the sharing of costs by the Project; (x) operation, repair, maintenance and replacement of all systems and equipment and components thereof of the Building; (xi) the cost of janitorial, alarm, security and other services; (xii) the costs of repair, replacement and restoration of the Common Areas, including the costs of replacement of wall and floor coverings, ceiling tiles and fixtures, curbs and walkways; (xiii) the costs of repair to roofs and re-roofing; (xiv) amortization (including interest on the unamortized cost) of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Project, or any portion thereof; (xv) the cost of capital improvements or other costs incurred in connection with the Project (A) which are intended as a labor-saving device or to effect economies in the operation or maintenance of the Project, or any portion thereof, or (B) that are made to the Project after the date of this Lease and that are required under any governmental law or regulation first enacted, interpreted or applicable to the Project after the Lease Commencement Date; provided, however, that any capital expenditure shall be amortized on a straight-line basis with interest at the “prime rate” or “reference rate” announced from time to time by Bank of America, N.T. & S.A., (or such reasonable comparable national banking institution as is selected by Landlord in the event Bank of America, N.T. & S.A., ceases to publish a prime rate or reference rate), plus two percent (2%), over its useful life as reasonably determined by Landlord using accounting principles consistently applied; (xvi) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or local government for fire and police protection, trash removal, community services, or other services which do not constitute “Tax Expenses” as that term is defined in Section 4.2.5 below; and (xvii) payments under any easement, license, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs by the Building.

If Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Expenses) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Expenses shall be deemed to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during such period by Landlord if it had at its

own expense furnished such work or service to such tenant. If the Project is not at least one hundred percent (100%) occupied during all or a portion of the Base Year or any Expense Year, Landlord shall make an appropriate adjustment to the variable cost components of Operating Expenses for such year to determine the amount of Operating Expenses that would have been incurred had the Project been one hundred percent (100%) occupied; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year. Operating Expenses for the Base Year shall not include temporary market-wide labor-rate increases due to extraordinary circumstances, including, but not limited to, boycotts and strikes, and temporary utility rate increases due to extraordinary circumstances including, but not limited to, conservation surcharges, boycotts, embargoes or other shortages. Operating Expenses for the Base Year shall include amortized costs relating to capital improvements, provided that at such time as any such costs are no longer included in Operating Expenses, such costs shall be excluded from the Base Year calculation of Operating Expenses. Notwithstanding the foregoing, Operating Expenses shall not, however, include: (A) costs of leasing commissions, attorneys' fees and other costs and expenses (including advertising and promotional costs) incurred in connection with negotiations or disputes with present or prospective tenants or other occupants of the Building; (B) costs (including permit, license and inspection costs) incurred in renovating or otherwise improving, decorating or redecorating rentable space for other tenants or vacant rentable space; (C) costs of overhead or profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for services in or in connection with the Building to the extent the same exceeds the costs of overhead and profit increment included in the costs of such services which could be obtained from third parties on a competitive basis; (D) except as otherwise specifically provided in this Section 4.2.4, costs of principal and interest on debt or amortization on any mortgages, and rent payable under any ground lease of the Project; (E) reserves for expenses beyond those for current year anticipated expenses; (F) except as otherwise provided in this Lease, the cost of any capital improvements; (G) costs associated with the investigation and/or remediation of Hazardous Materials (hereafter defined) present in, on or about the Project, unless such costs and expenses are the responsibility of Tenant as provided in Article 5 of this Lease, in which event all such costs and expenses shall be paid solely by Tenant in accordance with the provisions of Article 5; (H) Landlord's general corporate overhead and administrative expenses except for the property management fee and except as they relate to the specific management of the Project; (I) costs to the extent Landlord is reimbursed directly by other tenants of the Building or through insurance proceeds; and (J) costs of correcting defects in, or significant design error relating to, the initial design or construction of the Building.

4.2.5 Taxes.

4.2.5.1 "**Tax Expenses**" shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof.

4.2.5.2 Tax Expenses shall include, without limitation: (i) Any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof; (ii) Any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election ("**Proposition 13**") and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, and, in further recognition of the decrease in the level and quality of governmental services and amenities as a result of Proposition 13, Tax Expenses shall also include any governmental or private assessments or the Project's contribution towards a governmental or private cost-sharing agreement for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies; (iii) Any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any business or gross receipts or excise tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management,

maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; (iv) Any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises; and (v) All of the real estate taxes and assessments imposed upon or with respect to the Building and/or the Project. If the Building or the Project is not fully assessed in the Base Year and any Expense Years, then the Landlord shall adjust the subject year's Tax Expenses to reflect what such year's Tax Expenses would have been had the Building/Project been fully completed and assessed for tax purposes.

4.2.5.3 Any reasonable costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are paid. Except as set forth in Section 4.2.5.4 below, refunds of Tax Expenses shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the Expense Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Expense Year exceed the total amount paid by Tenant as Additional Rent under this Article 4 for such Expense Year. If Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord, within thirty (30) days following submission to Tenant of an invoice from Landlord, together with reasonable back-up documentation, Tenant's Share of any such increased Tax Expenses included by Landlord as Building Tax Expenses pursuant to the terms of this Lease. Notwithstanding anything to the contrary contained in this Section 4.2.5 (except as set forth in Section 4.2.5.1 above), there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, and (iii) any items paid by Tenant under Section 4.5 of this Lease or which would be payable by any other tenant of the Project pursuant to the terms of Section 4.5, irrespective of whether or not such other tenants' leases contain provisions comparable to Section 4.5 hereof. In no event shall Tax Expenses include any interest or penalties incurred solely as a result of Landlord's late payment of Tax Expenses.

4.2.5.4 Notwithstanding anything to the contrary set forth in this Lease, the amount of Tax Expenses for the Base Year and any Expense Year shall be calculated without taking into account any decreases in real estate taxes obtained in connection with Proposition 8, and, therefore, the Tax Expenses in the Base Year and/or an Expense Year may be greater than those actually incurred by Landlord, but shall, nonetheless, be the Tax Expenses due under this Lease; provided that (i) any costs and expenses incurred by Landlord in securing any Proposition 8 reduction shall not be deducted from Tax Expenses nor included in Direct Expenses for purposes of this Lease, and (ii) tax refunds under Proposition 8 shall not be deducted from Tax Expenses nor refunded to Tenant, but rather shall be the sole property of Landlord. Landlord and Tenant acknowledge that this Section 4.2.5.4 is not intended to in any way affect (A) the inclusion in Tax Expenses of the statutory two percent (2.0%) annual increase in Tax Expenses (as such statutory increase may be modified by subsequent legislation), or (B) the inclusion or exclusion of Tax Expenses pursuant to the terms of Proposition 13, which shall be governed pursuant to the terms of Sections 4.2.5.1 through 4.2.5.3 above.

4.2.6 "**Tenant's Share**" shall mean the percentage ratio that the number of rentable square feet in the Premises bears to the number of rentable square feet in the Building. If Tenant's Share shall be adjusted in accordance with Section 1.2 above at any time after the Base Year, then, as to the Expense Year in which such change occurs, Tenant's Share for such Expense Year shall be determined on the basis of the number of days during such Expense Year that each such Tenant's Share was in effect.

4.3 **Allocation of Direct Expenses.** Landlord shall have the right, from time to time, to equitably allocate some or all of the Direct Expenses for the Project among different portions or occupants of the Project (the "**Cost Pools**"), in Landlord's reasonable discretion. Such Cost Pools may include, but shall not be limited to, the office space tenants of the Project, and the retail space tenants of the Project. The Direct Expenses within each such Cost Pool shall be allocated and charged to the tenants within such Cost Pool in an equitable manner.

4.4 **Calculation and Payment of Additional Rent.** If for any Expense Year ending or commencing within the Lease Term, Tenant's Share of Direct Expenses for such Expense Year exceeds Tenant's Share of Direct Expenses applicable to the Base Year, then Tenant shall pay to Landlord, in the manner set forth in Section 4.4.1 below, and as Additional Rent, an amount equal to the excess (the "**Excess**").

4.4.1 Statement of Actual Direct Expenses and Payment by Tenant. Landlord shall promptly deliver to Tenant, and, in any event shall do so within two hundred seventy (270) days following the end of each Expense Year, a statement (the “**Statement**”) which shall state the Direct Expenses incurred or accrued for such preceding Expense Year, and which shall indicate the amount of the Excess. Upon receipt of the Statement for each Expense Year commencing or ending during the Lease Term, if an Excess is present, Tenant shall pay, within thirty (30) days, the full amount of the Excess for such Expense Year, less the amounts, if any, paid during such Expense Year as “Estimated Excess,” as that term is defined in Section 4.4.2 below. If the amounts paid by Tenant during an Expense Year as Estimated Excess exceed the Excess for such Expense Year, then such difference shall be refunded to Tenant, provided that any refund may, at Landlord’s option, be credited against Additional Rent next coming due under this Lease. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this Article 4. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant’s Share of Direct Expenses for the Expense Year in which this Lease terminates, if an Excess is present, Tenant shall pay to Landlord such amount within thirty (30) days of its receipt of the Statement with respect thereto. The provisions of this Section 4.4.1 shall survive the expiration or earlier termination of the Lease Term.

4.4.2 Statement of Estimated Direct Expenses. In addition, Landlord shall endeavor to give Tenant a yearly expense estimate statement (the “**Estimate Statement**”) which shall set forth Landlord’s reasonable estimate (the “**Estimate**”) of what the total amount of Direct Expenses for the then-current Expense Year shall be and the estimated excess (the “**Estimated Excess**”) as calculated by comparing the Direct Expenses for such Expense Year, which shall be based upon the Estimate, to the amount of Direct Expenses for the Base Year. The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Excess under this Article 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Excess theretofore delivered at any time during such Expense Year to take into account variations in the Estimate made by Landlord. If pursuant to the Estimate Statement an Estimated Excess is calculated for the then-current Expense Year, Tenant shall pay, with its next installment of Base Rent due, a fraction of the Estimated Excess (such amount referred to herein as the “**True-Up Amount**”) for the then-current Expense Year (reduced by any amounts paid pursuant to the last sentence of this Section 4.4.2). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year, including the month of such payment, and twelve (12) as its denominator. From and after Tenant’s payment of the True-Up Amount and continuing until a new Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time, but not more frequently than two times per any Expense Year), Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Excess set forth in the previous Estimate Statement delivered by Landlord to Tenant pursuant to which the True-Up Amount was calculated.

4.5 Taxes and Other Charges for Which Tenant Is Directly Responsible.

4.5.1 Tenant shall be liable for and shall pay before delinquency, taxes levied against Tenant’s equipment, furniture, fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant’s equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord’s property or if the assessed value of Landlord’s property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof, Tenant shall repay to Landlord, upon demand, the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be.

4.5.2 If the tenant improvements in the Premises, whether installed and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which tenant improvements conforming to Landlord’s “building standard” in other space in the Building are assessed, then the Tax Expenses levied against Landlord or the property by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 4.5.1 above.

4.5.3 Notwithstanding any contrary provision herein, Tenant shall pay prior to delinquency any (i) rent tax or sales tax, service tax, transfer tax or value added tax, or any other applicable tax on the rent or services herein or otherwise respecting this Lease, (ii) taxes assessed upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion of the Project, including the Project parking facility; or (iii) taxes assessed upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises.

4.6 **Audit.** After delivery to Landlord of at least thirty (30) days' prior written notice delivered no later than one hundred twenty (120) days after receipt of a Statement, Tenant, at its sole cost and expense through any accountant designated by it, shall have the right to examine and/or audit the books and records evidencing such costs and expenses for the previous one (1) calendar year, during Landlord's reasonable business hours but not more frequently than once during any calendar year. Any such accounting firm designated by Tenant may not be compensated on a contingency fee basis. Tenant shall have no right to conduct an audit or to give Landlord notice that it desires to conduct an audit at any time an Event of Default exists under the Lease. The results of any such audit (and any negotiations between the parties related thereto) shall be maintained strictly confidential by Tenant and its accounting firm and shall not be disclosed, published or otherwise disseminated to any other party other than to Landlord and its authorized agents. Landlord and Tenant each shall use its best efforts to cooperate in such negotiations and to promptly resolve any discrepancies between Landlord and Tenant in the accounting of such costs and expenses. No subtenant shall have any right to conduct an audit, and no assignee shall conduct an audit for any period during which such assignee was not in possession of the Premises. Tenant's right to undertake an audit with respect to any calendar year shall expire one hundred twenty (120) days after Tenant's receipt of the Statement for such calendar year, and such Statement shall be final and binding upon Tenant and shall, as between the parties, be conclusively deemed correct, at the end of such one hundred twenty (120) day period, unless Tenant shall have timely given Landlord written notice of its intention to audit Operating Expenses for the calendar year which is the subject of the Statement. If Tenant timely gives Landlord notice of its intention to audit Operating Expenses, it must commence such audit within thirty (30) days after such notice is delivered to Landlord, and the audit must be completed within ninety (90) days after such notice is delivered to Landlord (provided, however, that in the event Landlord fails to provide Tenant with access to its books and records within thirty (30) days of Tenant's notice to Landlord, such thirty (30) and ninety (90) day periods shall be extended by one day for each day of such delay). If Tenant does not commence and complete the audit within such periods, the Statement which Tenant elected to audit shall be deemed final and binding upon Tenant and shall, as between the parties, be conclusively deemed correct. If through such audit it is determined that there is a discrepancy of more than five percent (5%) in the amount of Operating Expense payments made by Tenant for such calendar year when compared to the actual Operating Expenses for such year, then Landlord shall reimburse Tenant for the reasonable accounting costs and expenses incurred by Tenant in performing such audit, including Tenant's outside auditors or accountants (but excluding Tenant's in-house personnel). However, if through such audit it is determined that there is a discrepancy of five percent (5%) or less, then Tenant shall reimburse Landlord for the reasonable accounting costs and expenses associated with Landlord's outside accounting firms or auditors (but excluding Landlord's in-house personnel) in connection with such audit.

ARTICLE 5

USE OF PREMISES

5.1 **Permitted Use.** Subject to the limitations of Section 5.2 below, Tenant shall use the Premises solely for the Permitted Use set forth in Section 7 of the Summary and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion.

5.2 **Prohibited Uses.** The uses prohibited under this Lease shall include, without limitation, use of the Premises or a portion thereof for (i) offices of any agency or bureau of the United States or any state or political subdivision thereof; (ii) offices or agencies of any foreign governmental or political subdivision thereof; (iii) offices of any health care professionals or health service organization; (iv) schools or other training facilities which are not

ancillary to corporate, executive or professional office use; (v) retail or restaurant uses; or (vi) broadcast communications firms such as radio and/or television stations. Tenant shall not allow occupancy density of use of the Premises which is greater than one person per one hundred fifteen (115) rentable square feet of the Premises on average. Tenant further covenants and agrees that Tenant shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the provisions of the Rules and Regulations set forth in **Exhibit D**, attached hereto, or in violation of any laws, statutes, ordinances, regulations or other requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project now in force or which may hereafter be enacted or promulgated (collectively, "**Applicable Laws**") including, without limitation, any such Applicable Laws relating to Hazardous Materials (as hereinafter defined). Tenant shall not do or permit anything to be done in or about the Premises which will in any way unreasonably obstruct or interfere with the rights of other tenants or occupants of the Building, or use or allow the Premises to be used for any improper, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall comply with all recorded covenants, conditions, and restrictions now or hereafter affecting the Project. Landlord covenants that it shall enforce the Rules and Regulations in a non-discriminatory manner.

5.3 **Environmental Covenants.**

5.3.1 As used in this Lease, the term "**Hazardous Materials**" shall mean and include any substance that is or contains (1) any "hazardous substance" as now or hereafter defined in § 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("**CERCLA**") (42 U.S.C. § 9601 *et seq.*) or any regulations promulgated under CERCLA; (2) any "hazardous waste" as now or hereafter defined in the Resource Conservation and Recovery Act, as amended ("**RCRA**") (42 U.S.C. § 6901 *et seq.*) or any regulations promulgated under RCRA; (3) any substance now or hereafter regulated by the Toxic Substances Control Act, as amended ("**TSCA**") (15 U.S.C. § 2601 *et seq.*) or any regulations promulgated under TSCA; (4) petroleum, petroleum by-products, gasoline, diesel fuel, or other petroleum hydrocarbons; (5) asbestos and asbestos-containing material, in any form, whether friable or non-friable; (6) polychlorinated biphenyls; (7) lead and lead-containing materials; or (8) any additional substance, material or waste (A) the presence of which on or about the Premises or the Building (i) requires reporting, investigation or remediation under any Environmental Laws (as hereinafter defined), (ii) causes or threatens to cause a nuisance on the Premises, the Building or any adjacent area or property or poses or threatens to pose a hazard to the health or safety of persons on the Premises, the Building or any adjacent area or property, or (iii) which, if it emanated or migrated from the Premises or the Building, could constitute a trespass, or (B) which is now or is hereafter classified or considered to be hazardous or toxic under any Environmental Laws.

5.3.2 As used in this Lease, the term "**Environmental Laws**" shall mean and include (1) CERCLA, RCRA and TSCA; and (2) any other federal, state or local laws, ordinances, statutes, codes, rules, regulations, orders or decrees now or hereinafter in effect relating to (A) pollution, (B) the protection or regulation of human health, natural resources or the environment, (C) the treatment, storage or disposal of Hazardous Materials, or (D) the emission, discharge, release or threatened release of Hazardous Materials into the environment.

5.3.3 Tenant agrees that during its use and occupancy of the Premises that Tenant and its employees, agents, licensees, Transferees (as defined in Section 14.1 hereof), contractors and invitees (collectively, "**Tenant's Agents**") will (1) neither (A) permit Hazardous Materials to be present on, in or about the Premises, the Building or the Project except for nominal amounts of normal office supplies used within the Premises in full compliance with Environmental Laws, nor (B) generate, release, discharge, store, dispose of or otherwise handle or use any Hazardous Materials on, in or about the Premises, the Building or the Project except for nominal amounts of normal office supplies used within the Premises in full compliance with Environmental Laws; (2) comply with all Environmental Laws relating to the Premises, the Building and/or the Project applicable to Tenant; (3) not engage in or permit any person over whom Tenant has control and/or for which Tenant or any of Tenant's Agents are legally responsible to engage in any activity at the Premises, the Building and/or the Project in violation of any Environmental Laws; and (4) notify Landlord of (A) any inquiry, test, investigation or enforcement proceeding by any governmental agency or authority against Tenant, Landlord, the Premises, the Building or the Project relating to any Hazardous Materials or under any Environmental Laws, or (B) the occurrence of any event or existence of any condition that would cause a breach of any of the covenants set forth in this Section 5.3 promptly upon learning of same.

5.3.4 If the use of Hazardous Materials by Tenant or Tenant's Agents on, in or about the Premises, the Building or the Project results in a release, discharge or disposal of Hazardous Materials on, in, at, under, or emanating from, the Premises, the Building or the Project, Tenant agrees to investigate, clean up, remove or remediate such Hazardous Materials in full compliance with (1) the requirements of (A) all Environmental Laws and (B) any governmental agency or authority responsible for the enforcement of any Environmental Laws; and (2) any additional requirements of Landlord that are reasonably necessary to protect the value of the Premises, the Building and/or the Project.

5.3.5 Upon reasonable prior notice to Tenant, Landlord may enter and inspect the Premises and surrounding areas during regular business hours for the purpose of determining whether there exists on, in or about the Premises any Hazardous Material or other condition or activity that is in violation of the requirements of this Lease or of any Environmental Laws. In the event (1) such inspections reveal the presence of any such Hazardous Material or other condition or activity in violation of the requirements of this Lease or of any Environmental Laws, or (2) Tenant or Tenant's Agents have contributed or consented to the presence of any Hazardous Materials in, on, under, through or about the Premises, the Building and/or the Project or exacerbated the condition of or the conditions caused by any Hazardous Materials in, on, under, through or about the Premises, the Building and/or the Project, Tenant shall reimburse Landlord for the cost of such inspections within thirty (30) days of receipt of a written statement therefor, together with reasonable back-up documentation. The right granted to Landlord herein to perform inspections shall not create a duty on Landlord's part to inspect the Premises, or liability on the part of Landlord for the use, storage, treatment or disposal of Hazardous Materials by Tenant or Tenant's Agents, it being understood that Tenant shall be solely responsible for all liability in connection therewith.

5.3.6 Landlord shall have the right, but not the obligation, prior or subsequent to any Event of Default by Tenant, without in any way limiting Landlord's other rights and remedies under this Lease, to enter upon the Premises, or to take such other actions as it deems necessary or advisable, to investigate, clean up, remove or remediate any Hazardous Materials or contamination by Hazardous Materials present on, in, at, under, or emanating from, the Premises, the Building and/or the Project in violation of Tenant's obligations under this Lease or Tenant's obligations under any Environmental Laws. Notwithstanding any other provision of this Lease, Landlord shall also have the right, at its election, in its own name or as Tenant's agent, to negotiate, defend, approve and appeal, at Tenant's sole cost and expense, any action taken or order issued by any governmental agency or authority with regard to any such Hazardous Materials or contamination by Hazardous Materials. All costs and expenses paid or incurred by Landlord in the exercise of the rights set forth in this Section 5.3 shall be payable by Tenant upon demand.

5.3.7 Tenant agrees to indemnify, defend and hold harmless Landlord from and against any and all claims, losses, damages, liabilities, costs and expenses of every kind (including, without limitation, loss in value of the Premises, the Building and/or the Project and reasonable attorneys', experts' and consultants' fees and costs) (collectively, "**HazMat Claims**") incurred by Landlord and arising from or in connection with (1) any Hazardous Materials placed on, in or about the Premises, the Building or the Project by Tenant or Tenant's Agents, or (2) Tenant's breach of any provision of this Section 5.3. The provisions of this Section 5.3 shall survive the expiration or earlier termination of this Lease.

5.3.8 Tenant shall neither be liable for nor otherwise obligated to Landlord under any provision of this Lease with respect to (i) any HazMat Claim resulting from any Hazardous Materials present in, on or about the Premises, the Building or Project to the extent neither caused nor otherwise permitted, directly or indirectly, by Tenant or Tenant's Agents; or (ii) the removal, investigation, monitoring or remediation of any Hazardous Material present in, on or about the Premises, the Building or Project caused by any third party other than Tenant and Tenant's Agents; provided, however, Tenant shall be fully liable for and otherwise obligated to Landlord under the provisions of this Lease for all HazMat Claims to the extent (a) Tenant or any of Tenant's Agents contributes to the presence of such Hazardous Materials or Tenant and/or any of Tenant's Agents exacerbates the conditions caused by such Hazardous Materials, or (b) Tenant and/or Tenant's Agents allows or permits persons over which Tenant or any of Tenant's Agents has control and/or for which Tenant or any of Tenant's Agents are legally responsible for, to cause such Hazardous Materials to be present in, on, under, through or about any portion of the Premises, the Building or Project, or does not take all reasonably appropriate actions to prevent such persons over which Tenant or any of Tenant's Agents has control and/or for which Tenant or any of Tenant's Agents are legally responsible from causing the presence of Hazardous Materials in, on, under, through or about any portion of the Premises, the Building or Project.

ARTICLE 6

SERVICES AND UTILITIES

6.1 **Standard Tenant Services.** Landlord shall provide the following services on all days (unless otherwise stated below) during the Lease Term.

6.1.1 Subject to limitations imposed by all governmental rules, regulations and guidelines applicable thereto, Landlord shall provide heating and air conditioning (“**HVAC**”) when necessary for normal comfort for normal office use in the Premises from 8:00 A.M. to 6:00 P.M. Monday through Friday (collectively, the “**Building Hours**”), except for the date of observation of New Year’s Day, Memorial Day, Independence Day, President’s Day, Labor Day, Thanksgiving Day, Christmas Day and, at Landlord’s discretion, other locally or nationally recognized holidays (collectively, the “**Holidays**”).

6.1.2 Landlord shall provide adequate electrical wiring and facilities for connection to Tenant’s lighting fixtures and incidental use equipment, provided that (i) the connected electrical load of the incidental use equipment (excluding lighting) does not exceed an average of five (5) watts per usable square foot of the Premises during the Building Hours on a monthly basis, and the electricity so furnished for incidental use equipment will be at a nominal one hundred twenty-two hundred eight (120/208) volts and no electrical circuit for the supply of such incidental use equipment will require a current capacity exceeding thirty (30) amperes, and (ii) the connected electrical load of Tenant’s lighting fixtures does not exceed an average of one and one-half (1.5) watts per usable square foot of the Premises during the Building Hours on a monthly basis, and the electricity so furnished for Tenant’s lighting will be at a nominal two hundred seventy-seven (277) volts, all of which electrical usage shall be subject to applicable laws and regulations, including Title 24 and the availability of such power to the floor on which the Premises is located. Tenant shall bear the cost of replacement of lamps, starters and ballasts for non-Building standard lighting fixtures within the Premises.

6.1.3 Landlord shall provide city water from the existing Building outlets for drinking, lavatory and toilet purposes in the Building common areas.

6.1.4 Landlord shall provide janitorial services to the Premises, Monday through Friday except the date of observation of the Holidays, in and about the Premises.

6.1.5 Landlord shall provide nonexclusive, non-attended automatic passenger elevator service during the Building Hours and shall have at least one elevator available at all other times.

6.1.6 Landlord shall provide nonexclusive freight elevator service subject to scheduling by Landlord.

Tenant shall cooperate fully with Landlord at all times and abide by all regulations and requirements that Landlord may reasonably prescribe for the proper functioning and protection of the HVAC, electrical, mechanical and plumbing systems.

6.2 **Overstandard Tenant Use.** Tenant shall not, without Landlord’s prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, use (i) heat-generating equipment or machines in the Premises, or (ii) machines, other than normal fractional horsepower office machines, or (iii) lighting in the Premises, which equipment, machines and/or lighting may affect the temperature otherwise maintained by the air conditioning system or increase the water normally furnished for the Premises by Landlord pursuant to the terms of Section 6.1 of this Lease. If such consent is given, Landlord shall have the right, following notice to Tenant, to install supplementary facilities and equipment in or servicing the Premises, including supplementary or additional air conditioning and/or metering devices, and the cost thereof, including the cost of installation, operation and maintenance of any supplementary facilities and/or equipment, increased wear and tear on existing equipment and other similar charges, shall

be paid by Tenant to Landlord upon billing by Landlord. If Tenant uses water, electricity, heat or air conditioning in excess of that supplied by Landlord pursuant to Section 6.1 of this Lease, Tenant shall pay to Landlord, upon billing, the cost of such excess consumption, the cost of the installation, operation, and maintenance of equipment which is installed in order to supply such excess consumption, and the cost of the increased wear and tear on existing equipment caused by such excess consumption. Tenant's use of electricity shall never exceed the capacity of the feeders to the Project or the risers or wiring installation. If Tenant desires to use heat, ventilation or air conditioning during hours other than those for which Landlord is obligated to supply such utilities pursuant to the terms of Section 6.1 of this Lease, Tenant shall give Landlord such prior notice, if any, as Landlord shall from time to time establish as appropriate, of Tenant's desired use in order to supply such utilities, and Landlord shall supply such utilities to Tenant at such hourly cost to Tenant (which shall be treated as Additional Rent) as Landlord shall from time to time establish. The current rate for such services is \$115.00 per hour for after-hours heating, ventilating and air conditioning and \$35.00 per hour for air circulation only.

6.3 **Interruption of Use.** Tenant agrees that, except as otherwise expressly provided herein, Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6. Landlord may comply with voluntary controls or guidelines promulgated by any governmental entity relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions without creating any liability of Landlord to Tenant under this Lease, provided that the Premises are not thereby rendered untenable. Notwithstanding any provision contained herein to the contrary, Tenant's Base Rent shall be abated to the extent that utility services are interrupted for a period of five (5) or more consecutive business days as a result of Landlord's or its authorized representatives' gross negligence or willful misconduct; provided Tenant is prevented from using the Premises as a result thereof.

6.4 **Server Room.** Landlord and Tenant acknowledge that a portion of the Premises shall be used as a server room (the "Server Room") which may require electricity and HVAC services twenty-four (24) hours per day, three hundred sixty-five (365) days per year. Landlord agrees that, subject to the terms of this Lease, Landlord shall provide Tenant and the Server Room with such services, at Tenant's sole cost and expense. Tenant shall install, at Tenant's sole cost and expense, HVAC to the Server Room and a separate monitoring device to measure such Server Room usage and Tenant shall pay for the actual costs of such services (without mark-up by Landlord) within thirty (30) days following Landlord's delivery to Tenant of an invoice therefor, together with reasonable back-up documentation.

ARTICLE 7

REPAIRS

7.1 **Tenant's Repairs.** Tenant shall, at Tenant's own expense, pursuant to the terms of this Lease, including without limitation Article 8 hereof, keep the Premises, including all improvements, fixtures and furnishings therein and all heating, ventilating, air conditioning, electrical and utility systems that are located within or exclusively serve the Premises, in good order, repair and condition at all times during the Lease Term. In addition, Tenant shall, at Tenant's own expense, but under the supervision and subject to the prior approval of Landlord, which shall not be unreasonably withheld, conditioned or delayed, and within any reasonable period of time specified by Landlord, pursuant to the terms of this Lease, including without limitation Article 8 hereof, promptly and adequately repair all damage to the Premises and replace or repair all damaged, broken, or worn fixtures and appurtenances, except for damage caused by casualty to, or condemnation of, the Premises, and ordinary wear and tear; provided however, that Landlord shall have the exclusive right, exercisable at Landlord's option, but not the obligation, upon reasonable prior notice to Tenant, to make such repairs and replacements in the event Tenant fails to timely do so, and Tenant shall pay to Landlord the reasonable cost

thereof, including a percentage of the cost thereof sufficient to reimburse Landlord for all overhead, general conditions, fees and other costs or expenses arising from Landlord's involvement with such repairs and replacements within thirty (30) days following Landlord's delivery to Tenant of an invoice therefor, together with reasonable back-up documentation. Landlord may, but shall not be required to, enter the Premises at all reasonable times upon reasonable prior notice to Tenant (which may be oral and which shall not be required in cases of emergency) to make such repairs, alterations, improvements or additions to the Premises or to the Project or to any equipment located in the Project as Landlord shall desire or deem necessary or as Landlord may be required to do by governmental or quasi-governmental authority or court order or decree. Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932 and Sections 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect.

7.2 **Landlord's Repairs.** Subject to the provisions of the immediately preceding paragraph, Articles 11 and 13 of this Lease and Tenant's obligations under Article 4 to reimburse Landlord for Tenant's Share of Direct Expenses, Landlord shall maintain or cause to be maintained in good order, condition and repair, the structural portions of the roof, foundations, floors and exterior walls of the Building (including all exterior windows) and the Building plumbing, heating, ventilating, air conditioning and electrical systems serving the Building and the Common Areas; provided, however, that Tenant shall pay the cost of repairs or replacements arising out of the negligence or willful misconduct of Tenant or Tenant's Agents. Landlord shall be under no obligation to inspect the Premises. Tenant shall promptly report in writing to Landlord any defective condition known to it which Landlord is required to repair.

ARTICLE 8

ADDITIONS AND ALTERATIONS

8.1 **Landlord's Consent to Alterations.** Tenant may not make any improvements, alterations, additions or changes (individually, an "**Alteration**"; collectively, the "**Alterations**") to the Premises or to any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than thirty (30) days prior to the commencement thereof, and which consent shall not be unreasonably withheld, conditioned or delayed by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which adversely affects the structural portions or the systems or equipment of the Building or is visible from the exterior of the Building. The construction of the initial improvements to the Premises shall be governed by the terms of the Tenant Work Letter and not the terms of this Article 8. Notwithstanding the foregoing to the contrary, Tenant may, at its sole cost and expense and without Landlord's written consent, perform interior, non-structural alterations or additions to the Premises provided such alterations or additions do not affect the structural components of the Building or Systems and Equipment or require any permit or roof penetrations and the cost of which does not exceed \$50,000 in the aggregate over a 12 month period (the "**Permitted Alterations**"). Tenant shall first notify Landlord at least fifteen (15) days prior to commencing any Permitted Alterations so that Landlord may post a Notice of Non-Responsibility on the Premises.

8.2 **Manner of Construction.** Landlord may impose, as a condition of its consent to any and all Alterations or repairs of the Premises or about the Premises, such requirements as Landlord in its reasonable discretion may deem desirable, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors, subcontractors, materials, mechanics and materialmen selected by Tenant from a list provided and approved by Landlord. Notwithstanding the foregoing, with respect to construction of the initial Tenant Improvements as described on **Exhibit B** attached hereto, Landlord hereby approves TCB Builders, Inc. as Tenant's contractor and further approves all architects, engineers, project managers, subcontractors, mechanics and materialmen and other consultants selected by TCB Builders, Inc. (the "**TCB Subcontractors**") provided each such TCB Subcontractor utilizes union labor and is a reputable, licensed company doing business in San Francisco, California. Tenant shall provide Landlord with a list of all TCB Subcontractors prior to commencement of any construction in the Premises. Notwithstanding anything to the contrary contained herein, in the event that Tenant desires access to the Building risers in connection with the exercise of its rights pursuant to this paragraph, then Tenant shall be required to utilize the services of Landlord's designated Building riser management company. The contractor or person selected by Tenant or Landlord to make Alterations must declare to Landlord in writing that he or she belongs to a local trade union, and must be approved in writing by Landlord prior to commencement of any work. If a subcontractor is selected to perform the work, the general contractor must

warrant and represent to Landlord in writing that such subcontractor belongs to a local trade union. If such Alterations will involve the use of or disturb Hazardous Materials existing in the Premises, Tenant shall comply with Landlord's rules and regulations concerning such Hazardous Materials. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all Applicable Laws, pursuant to a valid building permit, issued by the City of San Francisco, and in conformance with Landlord's reasonable construction rules and regulations. In the event Tenant performs any Alterations in the Premises which require or give rise to governmentally required changes to the "Base Building," as that term is defined below, then Landlord shall, at Tenant's expense, make such changes to the Base Building. The "**Base Building**" shall include the structural portions of the Building, and the public restrooms and the systems and equipment located in the internal core of the Building on the floor or floors on which the Premises are located. In performing the work of any such Alterations, Tenant shall have the work performed in such manner so as not to obstruct access to the Project or any portion thereof, for any other tenant of the Project, and so as not to obstruct the business of Landlord or other tenants in the Project. Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Building or the Common Areas. In addition to Tenant's obligations under Article 9 of this Lease, upon completion of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the County of San Francisco in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and Tenant shall deliver to the Project management office a reproducible copy of the "as built" drawings of the Alterations as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 Payment for Improvements. If payment is made directly to contractors, Tenant shall comply with Landlord's reasonable requirements for final lien releases and waivers in connection with Tenant's payment for work to contractors. If Tenant requests any alteration, repair or improvement work to be performed by Landlord, Tenant shall pay to Landlord a percentage not to exceed seven percent (7%) if the total cost of such work is equal to or less than Ten Thousand Dollars (\$10,000) and, if the total cost exceeds Ten Thousand Dollars (\$10,000), then such percentage shall not exceed five percent (5%) of the cost of such work sufficient to compensate Landlord for all overhead, general conditions, fees and other costs and expenses arising from Landlord's involvement with such work. If Tenant does not request Landlord to perform any such work, Tenant shall reimburse Landlord for Landlord's reasonable, actual, out-of-pocket costs and expenses actually incurred in connection with Landlord's review of such work within thirty (30) days of Landlord's submission to Tenant of an invoice therefor, together with reasonable back-up documentation.

8.4 Construction Insurance. In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant or Tenant's contractor carries "Builder's All Risk" insurance in an amount reasonably approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may reasonably require, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, for Alterations the estimated cost of which exceeds \$50,000, Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee. Notwithstanding the foregoing, so long as Tenant is the entity initially named in this Lease, then the lien and completion bond that may be required pursuant to the immediately preceding sentence shall only be required, if at all, in the event Tenant's Alterations are estimated to cost in excess of \$200,000. No lien or completion bond shall be required in connection with construction of the Tenant Improvements pursuant to **Exhibit B**.

8.5 Landlord's Property. All Alterations, improvements, fixtures, equipment and/or appurtenances which may be installed or placed in or about the Premises, from time to time, shall be at the sole cost of Tenant and, except for Tenant's Property (as defined in Section 15.2), shall be and become the property of Landlord. Furthermore, Landlord may, by written notice to Tenant at the time Landlord consents to any Alteration, require Tenant, at Tenant's expense, to (i) remove any Alterations in the Premises, and/or (ii) remove any "Non Standard Tenant Improvements," as that term is defined in Section 2.4 of the Tenant Work Letter, located within the Premises and replace the same with then existing "Building Standard Tenant Improvements," as that term is defined in Section 2.3 of the Tenant Work Letter, and to repair any damage to the Premises and Building caused by such removal and return the affected portion of the Premises to a building standard tenant improved condition as reasonably determined by Landlord; provided, however, that in no event

shall Tenant be required to remove any of the Tenant Improvements (other than telephone, data and other cabling and wiring and other than as set forth in Section 15.2 below). If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations in the Premises, and/or fails to return the affected portion of the Premises to a building standard tenant improved condition as reasonably determined by Landlord, then at Landlord's option, either (A) Tenant shall be deemed to be holding over in the Premises and Rent shall continue to accrue in accordance with the terms of Article 16 below, until such work shall be completed, or (B) Landlord may do so and may charge the cost thereof to Tenant. Tenant hereby agrees to protect, defend, indemnify and hold Landlord harmless from any liability, cost, damages, obligation, expense or claim (including reasonable attorneys' fees) in any manner relating to the installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment placed or installed in, on or about the Premises by or on behalf of Tenant, which obligations of Tenant shall survive the expiration or earlier termination of this Lease.

8.6 Wi-Fi Network. Without limiting the generality of the foregoing, Tenant shall be permitted to install wireless intranet, Internet and communications network ("**Wi-Fi Network**") in the Premises for the use by Tenant and its employees, and, to the extent permitted by Applicable Laws, the same shall be subject to the provisions of this Section 8.6 (in addition to the other provisions of this Article 8). Tenant shall, in accordance with Section 15.2 below, remove the Wi-Fi Network from the Premises prior to the termination of the Lease. Tenant shall use the Wi-Fi Network so as not to cause any interference to other tenants in the Building or Project or with any other tenant's communication equipment, and not to damage the Building or Project or interfere with the normal operation of the Building or Project and Tenant hereby agrees to indemnify, defend and hold Landlord harmless from and against any and all claims, costs, damages, expenses and liabilities (including reasonable attorneys' fees) arising out of Tenant's failure to comply with the provisions of this Section 8.6, except to the extent same is caused by the gross negligence or willful misconduct of Landlord and which is not covered by the insurance carried by Tenant under this Lease (or which would not be covered by the insurance required to be carried by Tenant under this Lease). Should any interference occur, Tenant shall take all necessary steps as soon as reasonably possible and no later than three (3) business days following such occurrence to correct such interference. If such interference continues after such three (3) business day period, Tenant shall immediately cease operating such Wi-Fi Network until such interference is corrected or remedied to Landlord's satisfaction. Tenant acknowledges that Landlord has granted and/or may grant telecommunication rights to other tenants and occupants of the Building and to telecommunication service providers and in no event shall Landlord be liable to Tenant for any interference of the same with such Wi-Fi Network. Landlord makes no representation that the Wi-Fi Network will be able to receive or transmit communication signals without interference or disturbance. Tenant shall (i) be solely responsible for any damage caused as a result of the Wi-Fi Network, (ii) promptly pay any tax, license or permit fees charged pursuant to any laws or regulations in connection with the installation, maintenance or use of the Wi-Fi Network and comply with all precautions and safeguards recommended by all governmental authorities, and (iii) pay for all necessary repairs, replacements to or maintenance of the Wi-Fi Network. Should Landlord be required to retain professionals to research any interference issues that may arise and to confirm Tenant's compliance with the terms of this Section 8.6, Landlord shall retain such professionals at commercially reasonable rates, and Tenant shall reimburse Landlord within thirty (30) days following submission to Tenant of an invoice from Landlord, together with reasonable back-up documentation, which costs shall not exceed \$1,000 per year (except in the event of an Event of Default by Tenant hereunder). This reimbursement obligation is independent of any rights or remedies Landlord may have in the event of a breach or default by Tenant under this Lease.

ARTICLE 9

COVENANT AGAINST LIENS

Tenant shall keep the Project and Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant, and shall protect, defend, indemnify and hold Landlord harmless from and against any claims, liabilities, judgments, expenses or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Tenant shall give Landlord notice at least twenty (20) days prior to the commencement of any such work on the Premises (or such additional time as may be necessary under Applicable Laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. Tenant shall remove any such lien or encumbrance by bond or otherwise within ten (10) days after notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to

remove such lien or encumbrance, without being responsible for investigating the validity thereof. The amount so paid shall be deemed Additional Rent under this Lease payable upon demand, without limitation as to other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Building or Premises to any liens or encumbrances whether claimed by operation of law or express or implied contract. Any claim to a lien or encumbrance upon the Building or Premises arising in connection with any such work or respecting the Premises not performed by or at the request of Landlord shall be null and void, or at Landlord's option shall attach only against Tenant's interest in the Premises and shall in all respects be subordinate to Landlord's title to the Project, Building and Premises.

ARTICLE 10

INSURANCE

10.1 **Indemnification and Waiver.** Except to the extent caused by Landlord's gross negligence or willful misconduct, Tenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises, the Building and/or the Project, from any cause whatsoever (including, without limitation, personal injuries occurring in, on, upon or about the Premises, the Building and/or the Project) and agrees that Landlord, its partners, representatives, members, agents, employees, directors, officers, successors and assign (collectively, "**Landlord Parties**") shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant from any cause whatsoever. Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any and all losses, costs, damages, claims, judgments, expenses and liability (including without limitation court costs and reasonable attorneys' fees) (individually, a "**Claim**"; collectively, "**Claims**") incurred in connection with or arising from any cause in, on or about the Premises, the Building and/or the Project, including, without limiting the generality of the foregoing: (i) any violation by Tenant or Tenant's Agents of any Applicable Laws, including, without limitation, any Environmental Laws, (ii) the use or occupancy or manner of use or occupancy of the Premises, the Building and/or the Project by Tenant or Tenant's Agents or any person or entity claiming through or under Tenant, (iii) the passive negligence or active negligence, to the extent active negligence is not deemed to be gross negligence, of Landlord, (iv) any acts, omissions or negligence of Tenant or of any person claiming by, through or under Tenant, or of Tenant's Agents or any such person, in, on or about the Project or (v) any default by Tenant or Tenant's Agents in the observance or performance of any of the terms, covenants or conditions of this Lease, either prior to, during, or after the expiration of the Lease Term, provided that the terms of the foregoing indemnity shall not apply to any Claims arising from the gross negligence or willful misconduct of Landlord or any other Landlord Parties. In the event any action or proceeding is brought against Landlord for any Claim against which Tenant is obligated to indemnify Landlord hereunder, Tenant upon notice from Landlord shall defend such action or proceeding at Tenant's sole expense by counsel selected by Landlord. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease. Notwithstanding the provisions of this Section 10.1 above to the contrary, Tenant's indemnity of Landlord and the Landlord Parties shall not apply to: (i) any claims to the extent resulting from the gross negligence or willful misconduct of the Landlord Parties and not insured or required to be insured by Tenant under this Lease (collectively, the "**Excluded Claims**"); or (ii) any loss of or damage to Landlord's property to the extent Landlord has waived such loss or damage pursuant to Section 10.5 below. In addition, Landlord shall indemnify, defend, protect and hold Tenant harmless from all such Excluded Claims, except for (A) any loss or damage to Tenant's property to the extent Tenant has waived such loss or damage pursuant to Section 10.5 below, and (B) any lost profits, loss of business or other consequential damages.

10.2 **Tenant's Compliance With Landlord's Fire and Casualty Insurance.** Tenant shall, at Tenant's expense, comply with all insurance company requirements pertaining to the use of the Premises. Tenant shall not cause or permit anything to be done in, upon or about the Premises which would in any way increase the premium for, cause the cancellation of or otherwise affect any insurance carried by Landlord in connection with the Project. Without limiting Landlord's remedies for Tenant's breach of the foregoing covenant, if Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies, then Tenant shall reimburse Landlord for any such increase promptly upon being billed therefor. Tenant, at Tenant's sole cost and expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and any similar body.

10.3 **Tenant's Insurance.** Throughout the Term of the Lease, Tenant shall maintain the following coverages in the following amounts.

10.3.1 Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury and property damage (including loss of use thereof) arising out of Tenant's operations, and contractual liabilities (covering the performance by Tenant of its indemnity agreements) and covering the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements set forth in Section 10.1 of this Lease, for limits of liability not less than:

Bodily Injury and Property Damage Liability	\$1,000,000 each occurrence \$2,000,000 annual aggregate
Personal Injury Liability	\$1,000,000 each occurrence \$2,000,000 annual aggregate
Excess/Umbrella Coverage	\$10,000,000 0% Insured's participation

10.3.2 Physical Damage Insurance covering (i) all office furniture, business and trade fixtures, office equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's property on the Premises installed by, for, or at the expense of Tenant, (ii) the "Tenant Improvements," as that term is defined in Section 2.1 of the Tenant Work Letter, and any other improvements which exist in the Premises as of the Lease Commencement Date (excluding the Base Building) (the "**Original Improvements**"), and (iii) all other Alterations to the Premises. Such insurance shall be written on an "all risks" of physical loss or damage basis, subject to policy terms, conditions and exclusions and excluding Flood and Earthquake coverages, for 100% of the full replacement cost new, without deduction for depreciation of the covered items, with deductible amounts not to exceed Ten Thousand Dollars (\$10,000) and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting or stoppage of pipes, and explosion, and providing business interruption coverage for a period of one year.

10.3.3 Worker's Compensation Insurance in accordance with statutory law and Employer's Liability Insurance with a limit of not less than \$1,000,000 per accident, \$1,000,000 disease policy limit and \$1,000,000 disease limit each employee.

10.3.4 Loss-of-income, business interruption and extra-expense insurance, in such amounts as will reimburse Tenant for direct or indirect loss of earnings for a period of twelve (12) months and attributable to all perils commonly insured against by prudent tenants or attributable to prevention of access to the Premises or to the Building as a result of such perils.

10.3.5 Comprehensive Automobile Liability Insurance having a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence and insuring Tenant against liability for claims arising out of ownership, maintenance or use of any owned, hired or non-owned automobiles.

10.4 **Form of Policies.** The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. The General Liability insurance policy shall (i) name Landlord, Landlord's lender, and any other party the Landlord so specifies, as an additional insured, including Landlord's managing agent, if any; (ii) specifically cover the liability assumed by Tenant under this Lease, including, but not limited to, Tenant's obligations under Section 10.1 of this Lease; (iii) be issued by an insurance company having a rating of not less than A-:IX in Best's Insurance Guide or which is otherwise reasonably acceptable to Landlord and licensed to do business in the State of California; (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance requirement of Tenant; (v) be in form and content reasonably acceptable to Landlord; and (vi) provide that said insurance shall not be canceled or coverage

changed unless thirty (30) days' prior written notice shall have been given to Landlord and any mortgagee of Landlord. Tenant shall deliver said policy or policies or certificates thereof to Landlord on or before the Lease Commencement Date and, thereafter, at least thirty (30) days before the expiration dates thereof. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificate, Landlord may, at its option, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor. At Tenant's option, Tenant may provide the coverages required under this Article 10 through blanket policies of insurance covering Tenant's other properties, so long as the coverage required under this Lease with respect to the Premises, Building and Project is not reduced or impaired as a result thereof (including as a result of any claims made or aggregate limits with respect to such other properties) including deductibles, retentions or self-insurance applicable thereto.

10.5 **Subrogation.** Landlord and Tenant intend that their respective property loss risks shall be borne by reasonable insurance carriers to the extent above provided, and Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property loss to the extent that such coverage is agreed to be provided hereunder. The parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers, provided such waiver of subrogation shall not affect the right to the insured to recover thereunder. The parties agree that their respective insurance policies are now, or shall be, endorsed such that the waiver of subrogation shall not affect the right of the insured to recover thereunder.

10.6 **Additional Insurance Obligations.** Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1 **Repair of Damage to Premises by Landlord.** Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas necessary to Tenant's use or access to the Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Base Building and such Common Areas. Such restoration shall be to substantially the same condition of the Base Building and the Common Areas prior to the casualty, except for modifications required by zoning and building codes and other Applicable Laws or by the holder of a mortgage on the Building or Project or any other modifications to the Common Areas deemed desirable by Landlord. Following the occurrence of any damage to the Premises, Landlord may elect by written notice (the "**Landlord Repair Notice**") to Tenant to repair such damage and restore the Tenant Improvements and Original Improvements, in which case Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under items (ii) and (iii) of Section 10.3.2 of this Lease, and thereafter Landlord shall repair any injury or damage to the Tenant Improvements and the Original Improvements installed in the Premises and shall return such Tenant Improvements and Original Improvements to their original condition; provided that if the cost of such repair by Landlord exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, as assigned by Tenant in accordance with the foregoing, the cost of such repairs shall be paid by Tenant to Landlord prior to Landlord's commencement of repair of the damage. In the event that Landlord does not deliver a Landlord Repair Notice within sixty (60) days following the date the casualty becomes known to Landlord, Tenant shall, at its sole cost and expense, repair any injury or damage to the Tenant Improvements and the Original Improvements installed in the Premises and shall return such Tenant Improvements and Original Improvements to their original condition. Whether or not Landlord delivers a Landlord Repair Notice, prior to the commencement of construction, Tenant shall submit to Landlord, for Landlord's review and approval, all plans, specifications and working drawings relating thereto, and Landlord shall select the contractors to perform such improvement work. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that if such fire or other casualty shall have damaged the Premises or a portion thereof or the Common Areas necessary to Tenant's occupancy, Landlord shall allow Tenant a proportionate abatement of Rent to the extent Landlord is reimbursed from the proceeds of rental interruption insurance purchased by

Landlord as part of Operating Expenses, during the time and to the extent and in the proportion that the Premises or such portion thereof are unfit for occupancy for the purposes permitted under this Lease, and not occupied by Tenant as a result thereof; provided, further, however, that if the damage or destruction is due to the negligence or willful misconduct of Tenant or any of Tenant's Agents, Tenant shall be responsible for any reasonable, applicable insurance deductible (which shall be payable to Landlord upon demand) and there shall be no rent abatement. In the event that Landlord shall not deliver the Landlord Repair Notice, Tenant's right to rent abatement pursuant to the preceding sentence shall terminate as of the date which is reasonably determined by Landlord to be the date Tenant should have completed repairs to the Premises assuming Tenant used reasonable due diligence in connection therewith.

11.2 **Landlord's Option to Repair.** Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within sixty (60) days after the date of discovery of the damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Building or Project shall be damaged by fire or other casualty or cause, whether or not the Premises are affected, and one or more of the following conditions is present: (i) in Landlord's reasonable judgment, repairs cannot reasonably be completed within one hundred eighty (180) days after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the holder of any mortgage on the Building or Project or ground lessor with respect to the Building or Project shall require that the insurance proceeds or any portion thereof be used to retire the mortgage debt, or shall terminate the ground lease, as the case may be; (iii) the damage is not fully covered by Landlord's insurance policies; (iv) Landlord decides to rebuild the Building or Common Areas so that they will be substantially different structurally or architecturally; or (v) the damage occurs during the last twelve (12) months of the Lease Term. In the event this Lease is terminated in accordance with the terms of this Section 11.2, then Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under items (ii) and (iii) of Section 10.3.2 of this Lease.

11.3 **Tenant's Termination Option.** If (i) Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided in Section 11.2 above, (ii) the damage is not the result of Tenant's negligence or willful misconduct, (iii) the damage materially interferes with Tenant's access to or usage of the Premises and Tenant does not thereafter use the Premises, and (iv) Landlord's restoration work cannot, in the reasonable opinion of Landlord's licensed contractor, be substantially completed within one hundred eighty (180) days after the date of damage, then Tenant may elect to terminate this Lease by delivering written notice thereof to Landlord within thirty (30) days after Tenant's receipt of Landlord's notice of the damage, which termination shall be effective as of the date which is thirty (30) days after the date such termination notice is delivered to Landlord. Furthermore, in the event Landlord's restoration work has not been substantially completed within one hundred eighty (180) days after the date of damage and the then condition of the Premises or the Building materially interferes with Tenant's access to or usage of the Premises, then Tenant may elect to terminate this Lease by delivering written notice thereof to Landlord at any time prior to the substantial completion of such restoration work, which termination shall be effective as of the date which is thirty (30) days after the date such termination notice is delivered to Landlord unless, within such thirty (30) day period, the restoration work has been substantially completed.

11.4 **Waiver of Statutory Provisions.** The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2), 1933(4), 1941 and 1942 of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

ARTICLE 12

NONWAIVER

No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained

shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

ARTICLE 13

CONDEMNATION

If the whole or any part of the Premises, Building or Project shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of any part of the Premises, Building or Project, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. If more than ten percent (10%) of the rentable square feet of the Premises is taken or the taking would prevent or materially interfere with Tenant's use of the Premises, Tenant shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. Tenant shall not because of any such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, and for moving expenses, so long as such claims do not diminish the award available to Landlord, its ground lessor with respect to the Building or Project or its mortgagee, and such claim is payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be terminated in connection therewith, the Rent shall be proportionately abated. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of the California Code of Civil Procedure.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

14.1 **Transfers.** Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to individually as a "**Transfer**" and collectively as "**Transfers**" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "**Transfer Notice**") shall include (i) the proposed effective date of the Transfer, which shall not be less than fourteen (14) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "**Subject Space**"), (iii) all of the terms of the proposed Transfer and the consideration therefor, including calculation of the "Transfer Premium", as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and an executed copy of all documentation

effectuating the proposed Transfer, including all operative documents to evidence such Transfer, and (iv) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, business credit and personal references and history of the proposed Transferee and any other information reasonably required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any proposed Transfer, Tenant shall reimburse Landlord for its out-of-pocket review and processing fees which shall not exceed Two Thousand Five Hundred Dollars (\$2,500) in any one instance, and Tenant shall also reimburse Landlord for any reasonable out-of-pocket professional fees (including, without limitation, attorneys', accountants', architects', engineers' and consultants' fees) incurred by Landlord, within thirty (30) days after written request therefor by Landlord accompanied by reasonable back-up documentation. Notwithstanding anything to the contrary contained in this Section 14.1, so long as Tenant delivers to Landlord (i) at least fifteen (15) business days prior written notice of its intention to assign or sublease the Premises to any Related Entity, which notice shall set forth the name of the Related Entity, (ii) a copy of the proposed agreement pursuant to which such assignment or sublease shall be effectuated, and (iii) such other information concerning the Related Entity as Landlord may reasonably require, including without limitation, information regarding any change in the proposed use of any portion of the Premises and any financial information with respect to such Related Entity, and so long as (a) any change in the proposed use of the subject portion of the Premises is in conformance with the uses permitted to be made under this Lease and do not involve the use or storage of any Hazardous Materials (other than nominal amounts of ordinary household cleaners, office supplies and janitorial supplies which are not regulated by any environmental laws), and (b) at the time of the proposed assignment or sublease, the net profits and financial condition of the Related Entity is reasonably adequate and sufficient in relation to the then remaining obligations of Tenant under this Lease (as reasonably determined by Landlord), then Tenant may assign this Lease or sublease any portion of the Premises (1) to any Related Entity, or (2) in connection with any merger, consolidation or sale of substantially all of the assets of Tenant, without having to obtain the prior written consent of Landlord thereto (each such transfer shall be referred to herein as a "**Permitted Transfer**"). Any Permitted Transfer shall in no way relieve Tenant of any liability Tenant may have under this Lease and such assignee or sublessee shall be jointly and severally liable with Tenant hereunder. For purposes of this Section 14.1, the term "**Related Entity**" shall mean any entity controlled by, under control with, or in control of Tenant and such entity shall have at least substantially the same net worth as Tenant. The term "**control**" as used in the immediately preceding sentence shall mean having direct ownership of fifty percent (50%) or more of the ownership interests of an entity and having the ability to direct the management and policies of such entity.

14.2 **Landlord's Consent.** Landlord shall not unreasonably withhold, condition or delay its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any Applicable Laws for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is engaged in a business which is not consistent with the quality of the Building or the Project;

14.2.2 The Transferee intends to use the Subject Space for purposes which are not permitted under this Lease;

14.2.3 The Transferee is either a governmental agency or instrumentality thereof;

14.2.4 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested and in the event of an assignment of the Lease, then in no event shall the Transferee have a financial net worth less than Tenant's net worth as of the date of this Lease;

14.2.5 The proposed Transfer would cause a violation of another lease for space in the Project, or would give an occupant of the Project a right to cancel its lease;

14.2.6 The terms of the proposed Transfer will allow the Transferee to exercise a right of renewal, right of expansion, right of first offer, or other similar right held by Tenant;

14.2.7 Either the proposed Transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed Transferee, (i) occupies space in the Project at the time of the request for consent, or (ii) is negotiating with Landlord to lease space in the Project at such time, or (iii) has negotiated with Landlord during the one hundred eighty (180)-day period immediately preceding the Transfer Notice; provided in each event that Landlord has space in the Building reasonably capable of satisfying the proposed Transferee's space requirement;

14.2.8 In Landlord's reasonable judgment, the use of the Premises by the proposed Transferee (i) would not be comparable to the types of office uses of other tenants in the Project, (ii) would entail Alterations which would lessen the value of the Tenant Improvements in the Premises, (iii) would result in more than allowed density of occupants per square foot of the Premises, as set forth in Section 5.2 above, (iv) would increase the burden on elevators or other Building systems or equipment over the burden thereon prior to the proposed Transfer, or (v) would require increased services by Landlord;

14.2.9 An Event of Default, or an event which with the giving of notice or the passage of time, or both, would constitute an Event of Default, of the terms, covenants and conditions of this Lease has occurred;

14.2.10 The form of the proposed sublease and consent is not in a form reasonably satisfactory to Landlord and/or does not comply with the applicable provisions of this Article 14; or

14.2.11 The rental and other terms and conditions of the sublease are the same as those contained in the proposed sublease furnished to Landlord pursuant to Section 14.1.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2 (and does not exercise any recapture rights Landlord may have under Section 14.4 of this Lease), Tenant may within six (6) months after Landlord's consent, but not later than the expiration of said six-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, or (ii) which would cause the proposed Transfer to be more favorable to the Transferee than the terms set forth in Tenant's original Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14 (including Landlord's right of recapture, if any, under Section 14.4 of this Lease). Notwithstanding anything to the contrary herein, Tenant hereby expressly waives all rights provided under California Civil Code Section 1995.310, and any similar or successor statute or law in effect or any amendment thereof during the Lease Term and Tenant hereby acknowledges and agrees that, if it is determined by a court of law that Landlord has withheld or delayed its consent to a proposed sublet or assignment of all or any portion of Tenant's interest in this Lease in a manner which results in a breach of Landlord's obligations under this Article 14, then the sole remedy of Tenant and any proposed Transferee as a result of such breach shall be to seek a declaratory judgment and/or injunctive relief. Tenant shall indemnify, defend and hold harmless Landlord from any and all Claims involving any third party or parties (including without limitation Tenant's proposed subtenant or assignee) who claim they were damaged by Landlord's wrongful withholding or conditioning of Landlord's consent.

14.3 **Transfer Premium.** If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "Transfer Premium," as that term is defined in this Section 14.3, received by Tenant from such Transferee. "**Transfer Premium**" shall mean all rent, additional rent or other consideration payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, after deducting the reasonable expenses incurred by Tenant for (i) any reasonable Alterations to the Premises made by Tenant (and consented to by Landlord) in connection with the Transfer, (ii) any free base rent reasonably provided to the Transferee, and (iii) any brokerage commissions customary in the industry in connection with the Transfer (collectively, "**Tenant's Costs**"). "Transfer Premium" shall also include, but not be limited

to, key money, bonus money or other cash consideration paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. For the purposes of calculating the Transfer Premium on a monthly basis, (A) Tenant's Costs shall be amortized over the remaining term of this Lease, and (B) the Rent paid for the Subject Space shall be computed after adjusting such rent to the actual effective rent to be paid, taking into consideration any and all leasehold concessions granted in connection therewith, including, but not limited to, any rent credit and tenant improvement allowance. For purposes of calculating any such effective rent all such concessions shall be amortized on a straight-line basis over the relevant term.

14.4 Landlord's Option as to Subject Space. Notwithstanding anything to the contrary contained in this Article 14, in the event Tenant desires to sublease the entire Premises for the then remaining Term of the Lease, then Landlord shall have the option, by giving written notice to Tenant within twenty (20) days after receipt of any Transfer Notice, to recapture the Premises. Such recapture shall cancel and terminate this Lease as of the date stated in the Transfer Notice as the effective date of the proposed Transfer. If Landlord declines, or fails to elect in a timely manner, to recapture the Premises under this Section 14.4, then, provided Landlord has consented to the proposed Transfer, Tenant shall be entitled to proceed to transfer the Premises to the proposed Transferee, subject to provisions of this Article 14.

14.5 Effect of Transfer. If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlord's request a complete statement, certified by an independent certified public accountant, or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space and, in the event of a Transfer of Tenant's entire interest in this Lease, the liability of Tenant and such Transferee shall be joint and several. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than five percent (5%), Tenant shall pay Landlord's costs of such audit. Notwithstanding anything to the contrary contained in this Article 14, Landlord, at its option in its sole and absolute discretion, may require, as a condition to the validity of any Transfer, that both Tenant and such Transferee enter into a separate written agreement directly with Landlord (a "**Transfer Agreement**"), which Transfer Agreement, among other things, shall create privity of contract between Landlord and such Transferee with respect to the provisions of this Article 14, and shall contain such terms and provisions as Landlord may reasonably require, including, without limitation, the following: (A) such Transferee's agreement to be bound by all the obligations of Tenant under this Lease (including, but not limited to, Tenant's obligation to pay Rent), provided that, in the event of a Transfer of less than the entire Premises, the obligations to which such Transferee shall agree to be so bound shall be prorated on a basis of the number of rentable square feet of the Subject Space in proportion to the number of square feet in the Premises; (B) such Transferee's acknowledgment of, and agreement that such Transfer shall be subordinate and subject to, Landlord's rights under Section 19.2.4 of this Lease; and (C) Tenant's and such Transferee's recognition of and agreement to be bound by all the terms and provisions of this Article 14, including, but not limited to, any such terms and provisions which Landlord, at its option, requires to be expressly set forth in such Transfer Agreement. Upon the occurrence of any default by Transferee under such Transfer, Landlord shall have the right, at its option, but not the obligation, on behalf of Tenant, to pursue any or all of the remedies available to Tenant under such Transfer or at law or in equity (all of which remedies shall be distinct, separate and cumulative).

14.6 Additional Transfers. For purposes of this Lease, the term "**Transfer**" shall also include (i) if Tenant is a partnership or limited liability company, the withdrawal or change, voluntary, involuntary or by operation of law, of fifty percent (50%) or more of the partners or members, or transfer of fifty percent (50%) or more of partnership or membership interests, or the dissolution of the partnership without immediate reconstitution thereof, and (ii) if Tenant is a closely held corporation (*i.e.*, whose stock is not publicly held and not traded through an exchange or over the counter),

(A) the dissolution of Tenant or (B) the sale or other transfer of an aggregate of fifty percent (50%) or more of the voting shares of Tenant (other than to immediate family members by reason of gift or death), or (C) the sale of an aggregate of fifty percent (50%) or more of the value of the unencumbered assets of Tenant.

14.7 **Occurrence of Default.** Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee attorn to and recognize Landlord as its landlord under any such Transfer. If an Event of Default by Tenant has occurred under this Lease, Landlord is hereby irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease). Such Transferee shall rely on any representation by Landlord that an Event of Default by Tenant has occurred hereunder, without any need for confirmation thereof by Tenant. Upon any assignment of this Lease, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. If Tenant's obligations hereunder have been guaranteed, Landlord's consent to any Transfer shall not be effective unless the guarantor also consents to such Transfer.

ARTICLE 15

SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 **Surrender of Premises.** No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 **Removal of Tenant Property by Tenant.** On or before the expiration or earlier termination of this Lease, Tenant shall remove at Tenant's expense (i) all of Tenant's Property (defined below) and Tenant's signage from the Premises and other portions of the Project, (ii) any Permitted Alterations, and (iii) any other Alterations Landlord, by notice to Tenant given at the time Landlord has consented to such Alteration, has required Tenant to remove, and Tenant shall repair any damage caused by all of such removal activities. "Tenant's Property" means all equipment, trade fixtures, furnishings, all telephone, data, and other cabling and wiring (including any cabling and wiring associated with the Wi-Fi Network, if any) installed or caused to be installed by Tenant (including any cabling and wiring, installed above the ceiling of the Premises or below the floor of the Premises), inventories, goods and personal property of Tenant. Any of Tenant's Property not so removed by Tenant as required herein shall be deemed abandoned and may be stored, removed, and disposed of by Landlord at Tenant's expense, and Tenant waives all claims against Landlord for any damages resulting from Landlord's retention and disposition of such property; provided, however, Tenant shall remain liable to Landlord for all costs incurred in storing and disposing of such abandoned property of Tenant. Landlord may elect to take responsibility to remove any such wiring or cabling installed above the ceiling or beneath the floors of the Premises, in which case Tenant shall pay Landlord for the actual reasonable cost incurred by Landlord therefor, within thirty (30) days after being billed for the same. Notwithstanding anything contained herein to the contrary, in the event Tenant elects, in accordance with the terms, covenants and conditions of this Lease, to remove the existing corridors located on the North or South sides of the eleventh (11th) floor of the Building (as shown on **Exhibit E** attached hereto), at the expiration or earlier termination of the Lease, Landlord shall have the right (but not the obligation) to restore such corridors following Lease termination to Building standard condition and Tenant shall be obligated to reimburse

Landlord for all reasonable costs incurred in connection therewith within thirty (30) days after receipt of an invoice therefor, together with reasonable back-up documentation. In the event that Tenant exercises its Option in accordance with the terms of Section 2.2 above, then Tenant shall only be obligated to reimburse Landlord for one-third of the reasonable restoration costs incurred by Landlord pursuant to the immediately preceding sentence and, in the event that the Lease Term is extended such that Tenant occupies the Premises for at least one hundred eighty (180) consecutive months, then Tenant shall not be obligated to reimburse Landlord for any restoration costs incurred by Landlord pursuant to the immediately preceding sentence. In the event Tenant elects, in accordance with the terms, covenants and conditions of this Lease, to remove the existing corridors located on the East side of the eleventh (11th) floor of the Building, Tenant shall have no obligation to restore such corridor on the expiration or earlier termination of the Lease. The terms of this Section 15.2 shall survive the expiration or earlier termination of the Lease. All Alterations except those which Landlord requires Tenant to remove shall remain in the Premises as the property of Landlord. If the Premises are not surrendered at the expiration of the Term or earlier termination of this Lease, and in accordance with this Article 15, Tenant shall continue to be responsible for the payment of Rent (as the same may be increased pursuant to Article 16 below) until the Premises are so surrendered in accordance with said provisions.

ARTICLE 16

HOLDING OVER

If Tenant holds over after the expiration of the Lease Term or earlier termination thereof, with or without the express or implied consent of Landlord, such tenancy shall be at the sufferance of Landlord and shall not constitute a renewal hereof or an extension for any further term, and in such case Rent for the full hold over period shall be payable in advance, as minimum damages and not as a penalty, at a monthly rate equal to (A) 150% of the Rent applicable during the last rental period of the Lease Term under this Lease during the first sixty (60) days of holdover, and (B) 200% of the Rent applicable during the last rental period of the Lease Term under this Lease thereafter. During any such holdover period, Tenant shall pay a full month's rent for each month, or any portion thereof, that tenancy is extended beyond the Lease Expiration Date. Such holdover tenancy shall be subject to every other applicable term, covenant and agreement contained herein. For purposes of this Article 16, a holding over shall include Tenant's remaining in the Premises after the expiration or earlier termination of the Lease Term to remove any Alterations or Non Standard Tenant Improvements located within the Premises and replace the same with Building Standard Tenant Improvements to the extent such removal and replacement is required in this Lease or the Tenant Work Letter. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all Claims resulting from such failure, including, without limitation, the generality of the foregoing, so long as Landlord has provided notice (oral or written) to Tenant that another tenant intends to occupy the Premises, any Claims made by any succeeding tenant founded upon such failure to surrender and any lost profits to Landlord resulting therefrom.

ARTICLE 17

ESTOPPEL CERTIFICATES

Within ten (10) days following a request in writing by Landlord, Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be in the form as may be required by any prospective mortgagee or purchaser of the Project (or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. In addition, no more than once in any twelve (12) month period, if requested by Landlord, Tenant shall provide to Landlord, any actual or potential purchaser, mortgagee or ground lessor or any representative of any of the foregoing, copies of Tenant's annual financial statements (audited if available), certified as

true and correct by the president or chief financial officer of Tenant; provided that so long as the stock of Tenant is publicly traded, documents on file with the Securities and Exchange Commission and available to Landlord shall satisfy such financial reporting requirements. Failure of Tenant to timely execute, acknowledge and deliver such estoppel certificate or other instruments to Landlord shall constitute an acceptance of the Premises and an acknowledgment by Tenant that statements included in the estoppel certificate are true and correct, without exception. In addition, if Tenant fails to execute and deliver to Landlord an estoppel certificate on or prior to the expiration of five (5) days following a second request in writing from Landlord after the expiration of the ten (10) day period following Landlord's initial notice to Tenant, then Tenant shall be liable to Landlord, and shall indemnify, defend and hold Landlord harmless from and against any Claims incidental, consequential, or otherwise, arising or accruing directly or indirectly, from any failure of Tenant to execute or deliver to Landlord any such estoppel certificate.

ARTICLE 18

SUBORDINATION

18.1 **Subordination; Non-Disturbance and Attornment.** This Lease shall be subject and subordinate to all present and future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease, provided such lienholder or purchaser or ground lessor shall agree to accept this Lease and not disturb Tenant's occupancy, so long as Tenant timely pays the rent and observes and performs the terms, covenants and conditions of this Lease to be observed and performed by Tenant. Landlord's interest herein may be assigned as security at any time to any lienholder. Tenant shall, within ten (10) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

Landlord hereby represents that, as of the date hereof, the Building and the Project are not encumbered by any mortgage, deed of trust, or ground lease. Notwithstanding anything to the contrary contained herein, as a condition precedent to Tenant's obligation to subordinate this Lease to any future mortgage, deed of trust, ground lease or other lease, Landlord shall obtain from the holder of such future mortgage or deed of trust or the lessor under such future ground lease or other lease a non-disturbance agreement in favor of Tenant in commercially reasonable form that provides in substance that, so long as Tenant shall not then be in default in the performance of any of its obligations under this Lease beyond any applicable notice and cure period, Tenant's possession of the Premises in accordance with this Lease shall not be disturbed by such mortgagee or lessor or any successor or purchaser at a foreclosure sale (as the case may be) which shall succeed to the rights of Landlord under this Lease.

18.2 **Notice to Lienholder or Ground Lessor.** Notwithstanding anything to the contrary contained in this Lease, upon receipt by Tenant of notice from any holder of a mortgage, trust deed or other encumbrance in force against the Building or the Project or any part thereof which includes the Premises or any lessor under a ground lease or underlying lease of the Building or the Project, or from Landlord, which notice sets forth the address of such lienholder or ground lessor, no notice from Tenant to Landlord shall be effective unless and until a copy of the same is given to such lienholder or ground lessor at the appropriate address therefor (as specified in the above-described notice or at such other places as may be designated from time to time in a notice to Tenant in accordance with Section 28.19 below), and the curing of any of Landlord's defaults by such lienholder or ground lessor within a reasonable period of time after such notice from Tenant (including a reasonable period of time to obtain possession of the Building or the Project, as the case

may be, if such lienholder or ground lessor elects to do so) shall be treated as performance by Landlord. For the purposes of this Article 18, the term “mortgage” shall include a mortgage on a leasehold interest of Landlord (but not a mortgage on Tenant’s leasehold interest hereunder).

18.3 **Assignment of Rents.** With reference to any assignment by Landlord of Landlord’s interest in this Lease, or the Rent payable to Landlord hereunder, conditional in nature or otherwise, which assignment is made to any holder of a mortgage, trust deed or other encumbrance in force against the Building or the Project or any part thereof which includes the Premises or to any lessor under a ground lease or underlying lease of the Building or the Project, Tenant agrees that (i) the execution of any such assignment by Landlord, and the acceptance thereof by such lienholder or ground lessor, shall never be treated as an assumption by such lienholder or ground lessor of any of the obligations of Landlord under this Lease, unless such lienholder or ground lessor shall, by notice to Tenant, specifically otherwise elect; and (ii) notwithstanding delivery to Tenant of the notice required by Section 18.2, above, such lienholder or ground lessor, respectively, shall be treated as having assumed Landlord’s obligations under this Lease only upon such lienholder’s foreclosure of any such mortgage, trust deed or other encumbrance, or acceptance of a deed in lieu thereof, and taking of possession of the Building or the Project or applicable portion thereof, or such ground lessor’s termination of any such ground lease or underlying leases and assumption of Landlord’s position hereunder, as the case may be.

ARTICLE 19

DEFAULTS; REMEDIES

19.1 **Events of Default.** The occurrence of any of the following shall constitute an “Event of Default” of this Lease by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, when due and such default shall continue for three (3) days after Landlord shall have given Tenant written notice of such default; or

19.1.2 Except where a specific time period is otherwise set forth for Tenant’s performance pursuant to this Section 19.1, any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default and actually completes the cure of such default within ninety (90) days from receipt of Landlord’s notice; or

19.1.3 To the extent permitted by law, a general assignment by Tenant or any guarantor of this Lease for the benefit of creditors, or the taking of any corporate action in furtherance of bankruptcy or dissolution whether or not there exists any proceeding under an insolvency or bankruptcy law, or the filing by or against Tenant or any guarantor of any proceeding under an insolvency or bankruptcy law, unless in the case of a proceeding filed against Tenant or any guarantor the same is dismissed within sixty (60) days, or the appointment of a trustee or receiver to take possession of all or substantially all of the assets of Tenant or any guarantor, unless possession is restored to Tenant or such guarantor within thirty (30) days, or any execution or other judicially authorized seizure of all or substantially all of Tenant’s assets located upon the Premises or of Tenant’s interest in this Lease, unless such seizure is discharged within thirty (30) days; or

19.1.4 Abandonment of all or a substantial portion of the Premises by Tenant while Tenant is in default of any other material term, covenant or condition of this Lease; or

19.1.5 The failure by Tenant to observe or perform according to, or to deliver the documents required within the time periods specified by, the provisions of Articles 10, 14, 17 or 18 of this Lease where such failure continues for more than three (3) business days after notice from Landlord.

The notice periods provided herein are in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 or any similar or successor law.

19.2 **Remedies Upon Default.** Upon the occurrence of any Event of Default by Tenant of any of the terms, covenants or conditions of this Lease, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of any unpaid rent which has been earned at the time of such termination; plus

(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 rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(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, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "**rent**" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Paragraphs 19.2.1(i) and (ii) above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in Article 24 of this Lease, but in no case greater than the maximum amount of such interest permitted by law. As used in Paragraph 19.2.1(iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus two percent (2%).

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any Event of Default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

19.2.3 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under Sections 19.2.1 and 19.2.2 above, or any law or other provision of this Lease), without prior demand or notice except as required by applicable law, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

19.2.4 If Landlord elects to terminate this Lease on account of any Event of Default by Tenant, as set forth in this Article 19, then Landlord shall have the right, at Landlord's option in its sole discretion, (i) to terminate any and all assignments, subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises, in which event Landlord shall have the right to repossess such affected portions of the Premises by any lawful means, or (ii) to succeed to Tenant's interest in any or all such assignments, subleases, licenses, concessions or arrangements, in which event Landlord may require any assignees, sublessees, licensees or other parties thereunder to attorn to and recognize Landlord as its assignor, sublessor, licensor, concessionaire or transferor thereunder. In the event of Landlord's election to succeed to Tenant's interest in any such assignments, subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.3 **Form of Payment After Default.** Following the occurrence of any Event of Default by Tenant of any of the terms, covenants or conditions of this Lease, Landlord shall have the right to require that any or all subsequent amounts paid by Tenant to Landlord hereunder, whether to cure the default in question or otherwise, be paid in the form of cash, money order, cashier's or certified check drawn on an institution acceptable to Landlord, or by other means approved by Landlord, notwithstanding any prior practice of accepting payments in any different form.

19.4 **Efforts to Relet.** No re-entry or repossession, repairs, maintenance, changes, alterations and additions, reletting, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant. Tenant hereby irrevocably waives any right otherwise available under any law to redeem or reinstate this Lease.

19.5 **Landlord's Default.** Landlord shall not be deemed to be in default hereunder unless such default shall remain uncured for more than thirty (30) days following receipt of written notice from Tenant to Landlord specifying the nature of such default, or such longer period as reasonably may be required to correct such default (provided that Landlord has commenced such cure within such thirty (30) day period and is diligently and continuously prosecuting the same to completion). If Landlord shall fail to perform any of the terms, provisions, covenants or conditions to be performed or complied with by Landlord under Section 7.2 of this Lease with respect only to the Premises (such terms, provisions, covenants or conditions are referred to herein, collectively, as "**Landlord Repair Obligations**") after expiration of all applicable notice and cure periods for Landlord's and any mortgagee's benefit as set forth in this Lease, then Tenant may, at Tenant's option and risk, but without any obligation to do so, after delivery of an additional twenty (20) day prior written notice to Landlord, perform such Landlord Repair Obligations on Landlord's behalf. If Tenant so performs any of such Landlord Repair Obligations hereunder, then Tenant will perform such Landlord Repair Obligations (i) in compliance with all applicable laws, regulations and requirements to which Landlord would be subject under this Lease (if Landlord were performing such Landlord Repair Obligations), (ii) in a good workmanlike manner using materials of a quality and grade at least equal to that in place as of the date of delivery of the Premises to Tenant, if applicable, (iii) without interfering with the rights of other tenants of the Building or Project, and (iv) in compliance with the terms and provisions of Section 8.2 hereof, as applicable. Tenant will promptly assign to Landlord any warranties or guaranties in respect of any Landlord Repair Obligations. If Tenant so performs any of such Landlord Repair Obligations hereunder, the full amount of the fair and reasonable costs and expenses incurred by Tenant shall be owing by Landlord to Tenant, and Landlord shall pay to Tenant the full undisputed amount thereof within thirty (30) days of Landlord's receipt of Tenant's written demand therefor together with reasonable evidence verifying the amount of such costs and expenses.

ARTICLE 20

COVENANT OF QUIET ENJOYMENT

Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

ARTICLE 21

SECURITY DEPOSIT

Concurrently with execution hereof, Tenant shall deposit with Landlord a security deposit (“**Security Deposit**”), in the amount set forth in Section 8 of the Summary, as security for the full and faithful performance of Tenant’s obligations under this Lease. Landlord may (but shall not be required to) use the Security Deposit or any portion thereof to cure any defaults on the part of Tenant or to compensate Landlord for any damage Landlord incurs as a result of Tenant’s failure to perform any of its covenants or obligations hereunder, it being understood that any use of the Security Deposit shall not constitute a bar or defense to any of Landlord’s remedies under this Lease, at law or in equity. In such event, and upon written notice from Landlord to Tenant specifying the amount of the Security Deposit so utilized by Landlord and the particular purpose for which such amount was applied, Tenant shall immediately deposit with Landlord an amount sufficient to return the Security Deposit to the amount specified in Section 8 of the Summary. Upon expiration of the Lease Term or earlier termination, the Security Deposit shall be returned to Tenant, reduced by those amounts that may be required by Landlord to remedy defaults on the part of Tenant in the payment of Rent, to repair damages to the Premises caused by Tenant and to clean the Premises. The portion of the deposit not so required shall be paid over to Tenant within sixty (60) days after expiration of the Term or earlier termination hereof. Landlord shall hold the Security Deposit for the foregoing purposes; provided, however, that Landlord shall have no obligation to segregate the Security Deposit from its general funds or to pay interest thereon. If Landlord conveys or transfers its interest in the Premises, and as a part of such conveyance or transfer, assigns its interest in this Lease and Security Deposit, or any portion thereof not previously applied, the Security Deposit shall be transferred to Landlord’s successor and the Landlord named herein shall be released and discharged from any further liability to Tenant with respect to such Security Deposit. In no event shall any mortgagee or beneficiary under a mortgage or deed of trust encumbering all or any portion of the Project, or any purchaser of all or any portion of the Project at a public or private foreclosure sale or exercise of a power of sale under such mortgage or deed of trust, have any liability or obligation whatsoever to Tenant or Tenant’s successors or assigns for the return of all or any part of the Security Deposit in the event any such mortgagee, beneficiary or purchaser becomes a mortgagee in possession or succeeds to the interest of Landlord under this Lease unless, and then only to the extent that, such mortgagee, beneficiary or purchaser has received all or any part of the Security Deposit. Tenant hereby waives (i) California Civil Code Section 1950.7 and any and all other Applicable Laws applicable to security deposits in the commercial context (“**Security Deposit Laws**”), and (ii) any and all rights, duties and obligations either party may now or, in the future, will have relating to or arising from the Security Deposit Laws. Notwithstanding anything to the contrary herein, the security deposit may additionally be retained and applied by Landlord (a) to offset Rent which is unpaid either before or after termination of this Lease, and (b) against other damages suffered by Landlord before or after termination of this Lease.

ARTICLE 22

SIGNS

22.1 **Full Floors.** Subject to Landlord’s prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed, and provided all signs are in keeping with the quality, design and style of the Building and Project, Tenant, if the Premises comprise an entire floor of the Building, at its sole cost and expense, may install identification signage anywhere in the Premises including in the elevator lobby of the Premises, provided that such signs must not be visible from the exterior of the Building. Alternatively, Tenant may elect to have Landlord provide such identifying signage, which signage shall be comparable to that used by Landlord for other similar floors in the Building and shall comply with Landlord’s Building standard signage program, in which event Landlord shall pay for the cost of the initial installation of such signage, and Tenant shall pay for the cost of any changes thereto.

22.2 **Multi-Tenant Floors.** If other tenants occupy space on the floor on which the Premises is located, Tenant’s identifying signage shall be provided by Landlord, and such signage shall be comparable to that used by Landlord for other similar floors in the Building and shall comply with Landlord’s Building standard signage program. Landlord shall pay for the cost of the initial installation of such signage, and Tenant shall pay for the cost of any changes thereto.

22.3 **Prohibited Signage and Other Items.** Any signs, notices, logos, pictures, names or advertisements which are installed and that have not been separately approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Tenant may not install any signs on the exterior or roof of the Project or the Common Areas. Any signs, window coverings, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items visible from the exterior of the Premises or Building, shall be subject to the prior approval of Landlord, in its sole discretion.

22.4 **Building Directory.** A building directory will be located in the lobby of the Building. Tenant shall have the right, at Landlord's expense, to designate one (1) name to be displayed on such directory.

ARTICLE 23

COMPLIANCE WITH LAW

Tenant shall not do anything or suffer anything to be done in or about the Premises or the Project which will in any way conflict with any Applicable Laws. At its sole cost and expense, Tenant shall promptly comply with all such Applicable Laws which relate to (i) Tenant's use of the Premises, (ii) the Alterations or tenant improvements in the Premises, or (iii) the Base Building, but, as to the Base Building, only to the extent such obligations are triggered by Tenant's Alterations, the Tenant Improvements, or Tenant's particular manner of use of the Premises. Should any standard or regulation now or hereafter be imposed on Landlord or Tenant by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, landlords or tenants, then Tenant agrees, at its sole cost and expense, to comply promptly with such standards or regulations.

Without limiting the generality of the above, Tenant shall promptly comply with all requirements of the Americans with Disabilities Act and the regulations promulgated under it in effect from time to time ("**ADA Requirements**") relating to the conduct of Tenant's business. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated any of the said governmental measures shall be conclusive of that fact as between Landlord and Tenant.

Tenant shall have exclusive responsibility for compliance with ADA Requirements pertaining to the interior of the Premises, including the design and construction of access thereto and egress therefrom. Landlord shall have responsibility for compliance with ADA Requirements and Title 24 standards which affect the Common Areas of the Building (including, without limitation, common restrooms and paths of travel), subject to Tenant's obligation to pay for its share of the expense of such compliance pursuant to Article 4 of this Lease. Tenant shall comply promptly with any direction of any governmental authority having jurisdiction which imposes any duty upon Tenant or Landlord with respect to the Premises or with respect to the use or occupancy thereof. Tenant shall furnish Landlord with a copy of any such direction promptly after receipt of the same. In addition, Tenant shall comply with any reasonable plan adopted by Landlord which is designed to fulfill the requirements of any Applicable Laws, including ADA Requirements.

Should compliance by Tenant with ADA Requirements under this Article 23 require Landlord's consent under Article 8 of this Lease, Tenant shall promptly seek such consent, provide the assurances and documents required by Article 8 and, following receipt of such consent, promptly comply with the provisions of Article 8 and ADA Requirements under this Article 23.

If Tenant fails to comply with ADA Requirements as required in this paragraph, then, after reasonable notice to Tenant, Landlord may comply or cause such compliance, in which case Tenant shall reimburse Landlord upon demand for Landlord's reasonable costs incurred in effecting compliance.

ARTICLE 24

LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received when said amount is due, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount plus any attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within ten (10) days after the date they are due shall bear interest from the date when due until paid at a rate per annum equal to the lesser of (i) the annual "Bank Prime Loan" rate cited in the Federal Reserve Statistical Release Publication G.13(415), published on the first Tuesday of each calendar month (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published) plus two (2) percentage points, and (ii) the highest rate permitted by applicable law. Notwithstanding the foregoing, in the first instance each calendar year wherein Tenant is late in making a payment to Landlord of Rent or any other sum payable by Tenant hereunder, the foregoing late charge shall not be assessed until five (5) days after such Rent or other amount is past due.

ARTICLE 25

LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

25.1 **Landlord's Cure.** All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant, at Tenant's sole cost and expense, and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and such failure shall continue in excess of the time allowed under Section 19.1.2 above, unless a specific time period is otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

25.2 **Tenant's Reimbursement.** Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, upon delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 25.1 above; (ii) sums equal to all Claims referred to in Article 10 of this Lease; and (iii) sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all legal fees and other amounts so expended and interest on all such sums from the date accrued by Landlord until paid by Tenant at a rate per annum equal to the lesser of ten percent (10%) or the maximum rate permitted by law. Tenant's obligations under this Section 25.2 shall survive the expiration or sooner termination of the Lease Term.

ARTICLE 26

ENTRY BY LANDLORD

Landlord reserves the right at all reasonable times and upon reasonable notice to Tenant (which notice, notwithstanding anything to the contrary contained within this Lease, may be oral, and which notice shall not be required in the case of an emergency) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, mortgagees or, during the last year of the Lease Term, to prospective tenants, or to current or prospective mortgagees, ground or underlying lessors or insurers; (iii) post notices of non-responsibility; or (iv) alter, improve or repair the Premises or the Building, or for structural alterations, repairs or improvements to the Building or the Building's systems and equipment. Notwithstanding anything to the contrary contained in this Article 26, Landlord may enter the Premises at any time to (A) perform services required of Landlord, including janitorial service; (B) take possession due to any Event of Default by Tenant in the manner provided herein; and (C) perform any covenants of Tenant which Tenant fails

to perform. Landlord may make any such entries without the abatement of Rent and may take such reasonable steps as required to accomplish the stated purposes. Except to the extent caused by Landlord's gross negligence or willful misconduct, Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant in writing. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein. In connection with Landlord's entry into the Premises pursuant to the terms of this Article 26, Landlord shall use commercially reasonable efforts to minimize any material and adverse interference with Tenant's business at the Premises.

ARTICLE 27

TENANT PARKING

27.1 **In General.** Tenant shall rent from Landlord, commencing on the Lease Commencement Date, the number of parking spaces set forth in Section 9 of the Summary, on a monthly basis throughout the Lease Term, which parking spaces shall pertain to the Project parking facility. Tenant shall pay to Landlord for such parking spaces on a monthly basis the prevailing rate charged from time to time for the Project parking facility. In addition, Tenant shall be responsible for the full amount of any taxes imposed by any governmental authority in connection with the renting of such parking spaces by Tenant or the use of the Project parking facility by Tenant. Tenant's continued right to use the parking spaces is conditioned upon (i) Tenant abiding by all reasonable rules and regulations which are prescribed from time to time for the orderly operation and use of the Project parking facility, including any sticker or other identification system established by Landlord, (ii) Tenant's cooperation in seeing that Tenant's employees and visitors also comply with such rules and regulations, and (iii) no Event of Default of Tenant existing under this Lease. Tenant's parking spaces shall be used only for parking of automobiles no larger than full size passenger automobiles, sport utility vehicles or pick-up trucks. The parking spaces rented by Tenant pursuant to this Article 27 are provided to Tenant solely for use by Tenant's own personnel and such rights may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval. Landlord specifically reserves the right to change the size, configuration, design, layout and all other aspects of the Project parking facility at any time and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, temporarily close-off or restrict access to the Project parking facility for purposes of permitting or facilitating any such construction, alteration or improvements. Landlord may delegate its responsibilities hereunder relating to the Project parking facility to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to the Landlord. Tenant may validate visitor parking by such method or methods as the Landlord may establish, at the validation rate from time to time generally applicable to visitor parking.

27.2 **Parking Procedures.** Landlord shall have no obligation to monitor the use of the Project parking facility, nor shall Landlord be responsible for any loss or damage to any vehicle or other property or for any injury to any person. Tenant shall comply with all reasonable rules and regulations which may be adopted by Landlord from time to time with respect to parking and/or the Project parking facility. Tenant shall not at any time use more parking spaces than the number so allocated (if any) to Tenant or park its vehicles or the vehicles of others in any portion of the Project not designated by Landlord for Tenant's parking. All trucks (other than pick-up trucks) and delivery vehicles shall be (i) parked at the loading dock of the Building, (ii) loaded and unloaded in a manner which does not unreasonably interfere with the businesses of other occupants of the Building, and (iii) permitted to remain on the Project only so long as is reasonably necessary to complete loading and unloading. In the event Landlord elects in its sole and absolute discretion, or is required by any law, to limit or control parking in the Building, whether by validation of parking tickets or any other method of assessment, Tenant agrees to participate in such validation or assessment program under such reasonable rules and regulations as are, from time to time, established by Landlord.

ARTICLE 28

MISCELLANEOUS PROVISIONS

28.1 **Terms; Captions.** The words “Landlord” and “Tenant” as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

28.2 **Binding Effect.** Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

28.3 **No Air Rights.** No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. Under no circumstances whatsoever at any time during the Lease Term shall any temporary darkening of any windows of the Premises or any temporary obstruction of the light or view therefrom by reason of any repairs, improvements, maintenance or cleaning in or about the Project, or any diminution, impairment or obstruction (whether partial or total) of light, air or view by any structure which may be erected on any land comprising a part of, or located adjacent to or otherwise in the path of light, air or view to, the Project, in any way impose any liability upon Landlord or in any way reduce or diminish Tenant’s obligations under this Lease.

28.4 **Modification of Lease.** Should any current or prospective mortgagee or ground lessor for the Building or Project require a modification of this Lease, which modification will not materially and adversely change the rights and obligations of Tenant hereunder, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute whatever documents are reasonably required therefor and to deliver the same to Landlord within ten (10) business days following a request therefor.

28.5 **Transfer of Landlord’s Interest.** Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease and Tenant agrees to look solely to such transferee for the performance of Landlord’s obligations hereunder after the date of transfer and such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord, including the return of any Security Deposit, and Tenant shall attorn to such transferee. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security and agrees that such an assignment shall not release Tenant from its obligations hereunder and that Tenant shall continue to look solely to Landlord for the performance of its obligations hereunder.

28.6 **Prohibition Against Recording.** Except as provided in Section 28.4 of this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant.

28.7 **Landlord’s Title.** Landlord’s title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

28.8 **Relationship of Parties.** Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

28.9 **Application of Payments.** Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant’s designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord, in its sole discretion, may elect.

28.10 **Time of Essence.** Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor, including, without limitation, the giving of any notice required to be given under this Lease or by law, the time periods for giving notice and the taking of any action with respect to such notice.

28.11 **Partial Invalidity.** If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

28.12 **No Warranty.** In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

28.13 **Landlord Exculpation.** The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to the lesser of (a) the interest of Landlord in the Building or (b) the equity interest Landlord would have in the Building if the Building were encumbered by third-party debt in an amount equal to eighty percent (80%) of the value of the Building (as such value is determined by Landlord). No natural person who is a principal, member, shareholder, employee, director, officer, investor, or partner of Landlord or of any of the Landlord Parties shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this Section 28.13 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

28.14 **Entire Agreement.** It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease (together with all Exhibits and Addenda hereto) constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

28.15 **Right to Lease.** Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

28.16 **Force Majeure.** Except as otherwise expressly provided herein, any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform (collectively, a "Force Majeure") shall excuse the performance of such party for a period equal to the length of any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, except as otherwise expressly provided herein, that time period shall be

extended by the period of any delay in such party's performance caused by an event of Force Majeure; provided however, that notwithstanding the foregoing, the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease, Tenant's obligations pursuant to Article 5, Article 17, Article 18 and Article 23, and the time periods specified in Article 19 and in any provision of this Lease relating to Tenant's exercise of an option or a right hereunder, shall not be subject to extension due to an event of Force Majeure.

28.17 **Intentionally Deleted**.

28.18 **Waiver of Redemption by Tenant**. Tenant hereby waives, for Tenant and for all those claiming under Tenant, any and all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

28.19 **Notices**. All notices, demands, statements, designations, approvals or other communications (collectively, "**Notices**") given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) sent by United States certified or registered mail, postage prepaid, return receipt requested ("**Mail**"), (B) transmitted by facsimile, if such facsimile is promptly followed by a Notice sent by Mail, (C) delivered by a nationally recognized overnight courier, or (D) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be, to Tenant at the appropriate address set forth in Section 10 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord, or to Landlord at the appropriate address set forth in Section 11 of the Summary, or to such other place as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given (i) three (3) days after the date it is posted if sent by Mail, (ii) the date the facsimile is transmitted, (iii) the date the overnight courier delivery is made or such delivery is refused, or (iv) the date personal delivery is made or such delivery is refused. If Tenant is notified of the identity and address of Landlord's mortgagee or ground or underlying lessor, Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the terms of this Lease by registered or certified mail, and such mortgagee or ground or underlying lessor shall be given a reasonable period of time to cure such default (but in no event less than sixty (60) days following receipt of such notice) prior to Tenant's exercising any remedy available to Tenant.

28.20 **Joint and Several**. If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

28.21 **Authority**. If Tenant is a corporation, trust or partnership, each individual executing this Lease on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so. In such event Tenant shall, within ten (10) days after execution of this Lease, deliver to Landlord satisfactory evidence of such authority and, if a corporation, upon demand by Landlord, also deliver to Landlord satisfactory evidence of (i) good standing in Tenant's state of incorporation and (ii) qualification to do business in California.

28.22 **Attorneys' Fees**. In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment. Without limiting the generality of the foregoing, if Landlord utilizes the services of an attorney for the purpose of collecting any Rent due and unpaid by Tenant or in connection with any other breach of this Lease by Tenant, Tenant agrees to pay Landlord actual attorneys' fees for such services, regardless of the fact that no legal action may be commenced or filed by Landlord.

28.23 **Governing Law; Waiver of Trial by Jury**. This Lease shall be construed and enforced in accordance with the laws of the State of California. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE STATE OF CALIFORNIA, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY CALIFORNIA LAW, AND (III) IN THE INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A JURY IN ANY ACTION,

PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

28.24 **Submission of Lease.** Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

28.25 **Brokers.** Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 12 of the Summary (the "**Brokers**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all Claims with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party.

28.26 **Independent Covenants.** This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that, except as expressly set forth in Section 19.5, if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

28.27 **Project or Building Name and Signage.** Landlord shall have the right at any time to change the name of the Project or Building and to install, affix and maintain any and all signs on the exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord.

28.28 **Confidentiality.** Tenant acknowledges that the financial terms and conditions of this Lease and any related documents are confidential information. Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's employees, directors, financial, legal, and space planning consultants, potential investors, and other Tenant advisors reasonably in need of such information, or as otherwise required by law (including but not limited to disclosure, if any, required under securities laws to the extent applicable to Tenant).

28.29 **Transportation Management.** Tenant shall fully comply with all present or future programs intended to manage parking, transportation or traffic in and around the Building, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities.

28.30 **Building Renovations.** It is specifically understood and agreed that, except as specifically set forth herein, Landlord has made no representation or warranty to Tenant and has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, or any part thereof and that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant except as specifically set forth herein or in the Tenant Work Letter. However, Tenant hereby acknowledges that Landlord may during the Lease Term renovate, improve, alter, or modify (collectively, the "**Renovations**") the Project, the Building

and/or the Premises including without limitation the parking structure, common areas, systems and equipment, roof, and structural portions of the same, which Renovations may include, without limitation, (i) installing sprinklers in the Building common areas and tenant spaces, (ii) modifying the common areas and tenant spaces to comply with Applicable Laws, including regulations relating to the physically disabled, seismic conditions, and building safety and security, and (iii) installing new floor covering, lighting, and wall coverings in the Building common areas, and in connection with any Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Building, limit or eliminate access to portions of the Project, including portions of the common areas, or perform work in the Building, which work may create noise, dust or leave debris in the Building. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Notwithstanding the foregoing, Landlord shall use commercially reasonable efforts to minimize any interference with Tenant's use of or access to the Premises in connection with any Renovations undertaken by Landlord. Landlord shall have no responsibility for, and shall not for any reason be liable to Tenant for, any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions.

28.31 **No Violation.** Tenant hereby warrants and represents that neither its execution of nor performance under this Lease shall cause Tenant to be in violation of any agreement, instrument, contract, law, rule or regulation by which Tenant is bound, and Tenant shall protect, defend, indemnify and hold Landlord harmless against any Claims arising from Tenant's breach of this warranty and representation.

28.32 **Communications and Computer Lines.** Tenant shall, in accordance with the terms and conditions hereof, have the right to install, maintain, replace, remove or use any electronic, fiber, phone and data cabling and communications or computer wires (collectively, the "Lines") at the Project in or serving the Premises, provided that (i) Tenant shall obtain Landlord's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of Article 7 and Article 8 of this Lease, (ii) an acceptable number of spare Lines and space for additional Lines shall be maintained for existing and future occupants of the Project, as reasonably determined by Landlord, (iii) the Lines therefor (including riser cables) shall be appropriately insulated to prevent excessive electromagnetic fields or radiation, and shall be surrounded by a protective conduit reasonably acceptable to Landlord, (iv) any new or existing Lines servicing the Premises shall comply with all Applicable Laws, (v) Tenant shall prior to the expiration of this Lease, at Tenant's expense and in compliance with the National Electric Code and other Applicable Laws, remove all Lines; provided, however, Tenant shall not remove such Lines if Tenant receives a written notice from Landlord at least fifteen (15) days prior to the expiration of the Lease authorizing such Lines to remain in place, in which event the Lines shall be surrendered with the Premises upon the expiration or earlier termination of this Lease, and (vi) Tenant shall pay all costs in connection therewith. Landlord reserves the right to require that Tenant remove any Lines located in or serving the Premises which are installed in violation of these provisions, or which are at any time in violation of any Applicable Laws or represent a dangerous or potentially dangerous condition. Landlord further reserves the right to require that Tenant remove any and all lines located in or serving the Premises upon the expiration or earlier termination of this Lease. In the event that Tenant desires access to the Building risers in connection with the exercise of its rights pursuant to this paragraph, then Tenant shall be required to utilize the services of Landlord's designated Building riser management company.

28.33 **Office and Communications Services.**

28.33.1 **The Provider.** Landlord has advised Tenant that certain office and communications services may be offered to tenants of the Building by a concessionaire under contract to Landlord ("Provider"). Tenant shall be permitted, in Tenant's sole discretion, to contract with Provider for the provision of any or all of such services on such terms and conditions as Tenant and Provider may agree. The current Providers are AT&T and Capital Communications.

28.33.2 **Other Terms.** Tenant acknowledges and agrees that: (i) Landlord has made no warranty or representation to Tenant with respect to the availability of any such services, or the quality, reliability or

suitability thereof; (ii) the Provider is not acting as the agent or representative of Landlord in the provision of such services, and Landlord shall have no liability or responsibility for any failure or inadequacy of such services, or any equipment or facilities used in the furnishing thereof, or any act or omission of Provider, or its agents, employees, representatives, officers or contractors; (iii) Landlord shall have no responsibility or liability for the installation, alteration, repair, maintenance, furnishing, operation, adjustment or removal of any such services, equipment or facilities; and (iv) any contract or other agreement between Tenant and Provider shall be independent of this Lease, the obligations of Tenant hereunder, and the rights of Landlord hereunder, and, without limiting the foregoing, no default or failure of Provider with respect to any such services, equipment or facilities, or under any contract or agreement relating thereto, shall have any effect on this Lease or give to Tenant any offset or defense to the full and timely performance of its obligations hereunder, or entitle Tenant to any abatement of rent or additional rent or any other payment required to be made by Tenant hereunder, or constitute any accrual or constructive eviction of Tenant, or otherwise give rise to any other claim of any nature against Landlord.

28.34 **Substitution of Other Premises.** Intentionally Deleted.

28.35 **OFAC Compliance.**

28.35.1 Tenant represents and warrants that (a) Tenant and each person or entity owning an interest in Tenant is (i) not currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the "**List**"), and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, (b) none of the funds or other assets of Tenant constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person (as hereinafter defined), (c) no Embargoed Person has any interest of any nature whatsoever in Tenant (whether directly or indirectly), (d) none of the funds of Tenant have been derived from any unlawful activity with the result that the investment in Tenant is prohibited by law or that the Lease is in violation of law, and (e) Tenant has implemented procedures, and will consistently apply those procedures, to ensure the foregoing representations and warranties remain true and correct at all times. The term "**Embargoed Person**" means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Tenant is prohibited by law or Tenant is in violation of law.

28.35.2 Tenant covenants and agrees (i) to comply with all requirements of law relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, (ii) to immediately notify Landlord in writing if any of the representations, warranties or covenants set forth in this paragraph or the preceding paragraph are no longer true or have been breached or if Tenant has a reasonable basis to believe that they may no longer be true or have been breached, (iii) not to use funds from any "Prohibited Person" (as such term is defined in the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) to make any payment due to Landlord under the Lease and (iv) at the request of Landlord, to provide such information as may be requested by Landlord to determine Tenant's compliance with the terms hereof.

28.35.3 Tenant hereby acknowledges and agrees that Tenant's inclusion on the List at any time during the Lease Term shall be a default of the Lease. Notwithstanding anything herein to the contrary, Tenant shall not permit the Premises or any portion thereof to be used or occupied by any person or entity on the List or by any Embargoed Person (on a permanent, temporary or transient basis), and any such use or occupancy of the Premises by any such person or entity shall be a default of the Lease. Simultaneously with the execution of the Lease, Tenant will provide to Landlord the names of the persons holding an ownership interest in Tenant, for purposes of compliance with Presidential Executive Order 13224 (issued September 24, 2001).

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

“Landlord”:

150 SPEAR STREET, LLC,
a Delaware limited liability company

By: Principal Real Estate Investors, LLC,
a Delaware limited liability company

By: /s/ Robert T. Klinkner

Name: Robert T. Klinkner

Its: Assistant Managing Director - Asset
Management

By: /s/ Jay Fisher

Name: Jay Fisher

Its: Investment Director - Asset
Management

“Tenant”:

FORRESTER RESEARCH, INC.,
a Delaware corporation

By: /s/ Michael A. Doyle

Name: Michael A. Doyle

Its: Chief Financial Officer

By: /s/ Gail S. Mann

Name: Gail S. Mann

Its: Chief Legal Officer

If Tenant is a corporation, the authorized officers must sign on behalf of the corporation and indicate the capacity in which they are signing. The document must be executed by the chairman of the board, president or vice-president, and the secretary, assistant secretary, chief financial officer or any assistant treasurer, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which event, the bylaws or a certified copy of the resolution, as the case may be, must be attached to this document.

EXHIBIT A

**150 SPEAR STREET, SAN FRANCISCO, CALIFORNIA
OUTLINE OF PREMISES**

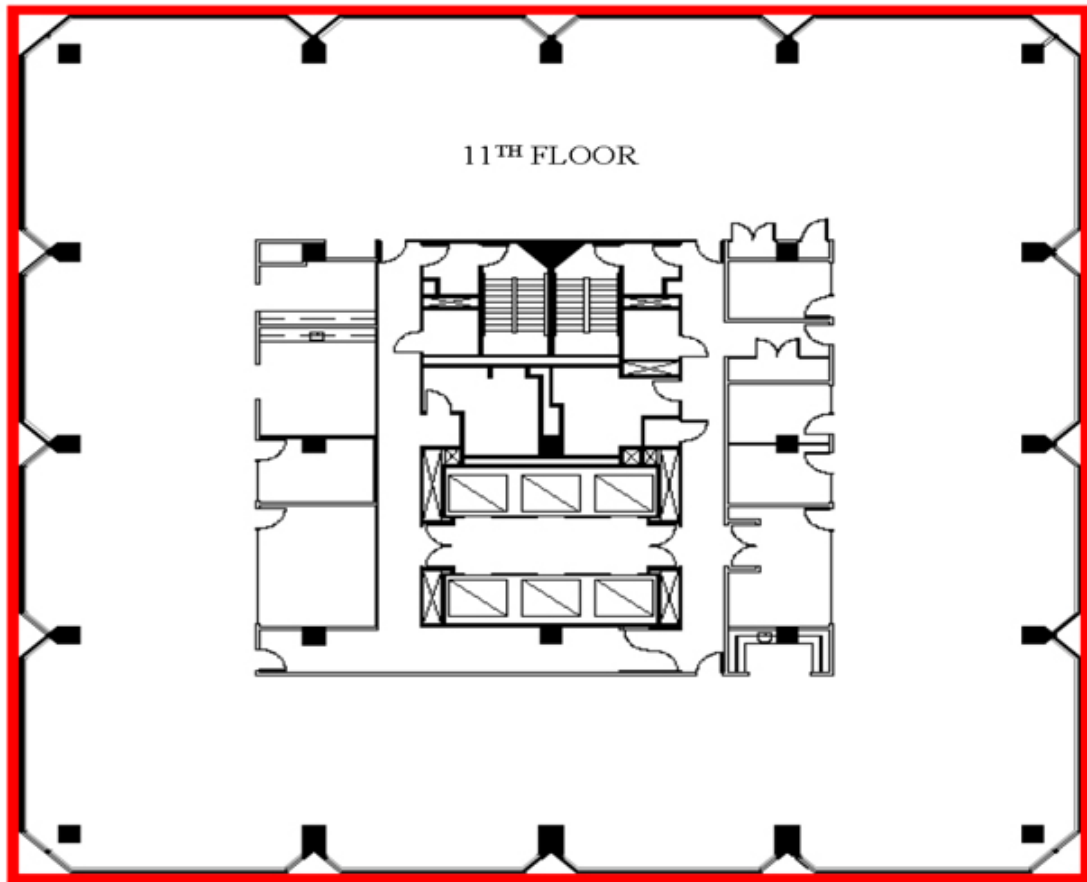


EXHIBIT B

150 SPEAR STREET, SAN FRANCISCO, CALIFORNIA

TENANT WORK LETTER

This Tenant Work Letter (“**Tenant Work Letter**”) shall set forth the terms and conditions relating to the construction of the Premises. All references in this Tenant Work Letter to the “Lease” shall mean the relevant portions of the Lease to which this Tenant Work Letter is attached as Exhibit B.

SECTION 1

AS-IS CONDITION

Tenant hereby accepts the base, shell and core (i) of the Premises and (ii) of the floor(s) of the Building on which the Premises are located (collectively, the “**Base, Shell and Core**”), in its current “**AS-IS**” condition existing as of the date of the Lease and the Lease Commencement Date. Except for the Tenant Improvement Allowance set forth below and Landlord’s obligations pursuant to Article 23 of the Lease, Landlord shall not be obligated to make or pay for any alterations or improvements to the Premises, the Building or the Project.

SECTION 2

TENANT IMPROVEMENTS

2.1 Tenant Improvement Allowance. Tenant shall be entitled to a one-time tenant improvement allowance (the “**Tenant Improvement Allowance**”) in the amount of up to, but not exceeding \$60.00 per rentable square foot of the Premises (*i.e.*, up to \$933,600 based on 15,560 rentable square feet of the Premises), for the costs relating to the initial design and construction of Tenant’s improvements which are permanently affixed to the Premises (the “**Tenant Improvements**”), including, without limitation, space planning and design, construction fees, and architectural and consultant fees; provided, however, that Landlord shall have no obligation to disburse all or any portion of the Tenant Improvement Allowance to Tenant unless Tenant makes a request for disbursement pursuant to the terms and conditions of Section 2.2 below prior to that date which is six (6) months after the Lease Commencement Date. In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Tenant Improvement Allowance. Tenant shall not be entitled to receive any cash payment or credit against Rent or otherwise for any unused portion of the Tenant Improvement Allowance which is not used to pay for the Tenant Improvement Allowance Items (as such term is defined below).

2.2 Disbursement of the Tenant Improvement Allowance.

2.2.1 Tenant Improvement Allowance Items. Except as otherwise set forth in this Tenant Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord only for the following items and costs (collectively, the “**Tenant Improvement Allowance Items**”):

2.2.1.1 payment of the fees of the “Architect” and the “Engineers”, as those terms are defined in Section 3.1 of this Tenant Work Letter and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord’s consultants in connection with the preparation and review of the “Construction Drawings”, as that term is defined in Section 3.1 of this Tenant Work Letter;

2.2.1.2 the payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

EXHIBIT B

2.2.1.3 the cost of construction of the Tenant Improvements, including, without limitation, contractors' fees and general conditions, testing and inspection costs, costs of utilities, trash removal and parking and hoists.

2.2.1.4 the cost of any changes in the Base, Shell and Core work when such changes are required by the Construction Drawings (including if such changes are due to the fact that such work is prepared on an unoccupied basis), such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.1.5 the cost of any changes to the Construction Drawings or Tenant Improvements required by applicable laws;

2.2.1.6 sales and use taxes and Title 24 fees;

2.2.1.7 the "Coordination Fee", as that term is defined in Section 4.2.2.2 of this Tenant Work Letter; and

2.2.1.8 all other costs to be expended by Landlord in connection with the construction of the Tenant Improvements.

2.2.2 Disbursement of Tenant Improvement Allowance. Subject to Section 2.1 above, during the construction of the Tenant Improvements, Landlord shall make disbursements of the Tenant Improvement Allowance for Tenant Improvement Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows:

2.2.2.1 Disbursements. From time to time during the construction of the Tenant Improvements (but no more frequently than monthly), Tenant shall deliver to Landlord: (i) a request for payment of the "Contractor", as that term is defined in Section 4.1 below, approved by Tenant, in a form to be provided by Landlord, showing the schedule, by trade, of percentage of completion of the Tenant Improvements in the Premises, detailing the portion of the work completed and the portion not completed, and demonstrating that the relationship between the cost of the work completed and the cost of the work to be completed complies with the terms of the "Final Costs Statement", as that term is defined in Section 4.2.1 below; (ii) invoices from all of "Tenant's Agents", as that term is defined in Section 4.1.2 below, for labor rendered and materials delivered to the Premises; (iii) executed conditional mechanic's lien releases from all of Tenant's Agents which shall comply with the applicable provisions of California Civil Code Section 3262(d); and (iv) each of the general disbursement items referenced in Section 2.2.2.3 below, and all other information reasonably requested by Landlord. Tenant's request for payment shall be deemed Tenant's acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant's payment request. Within thirty (30) days of Landlord's receipt of a completed disbursement request submission, Landlord shall deliver a check to Tenant made jointly payable to Contractor and Tenant in payment of the lesser of (A) the amounts so requested by Tenant, as set forth in this Section 2.2.2.1, above, less a ten percent (10%) retention (the aggregate amount of such retentions to be known as the "Final Retention") and (B) the balance of any remaining available portion of the Tenant Improvement Allowance (not including the Final Retention), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the "Approved Working Drawings", as that term is defined in Section 3.4 below, or due to any substandard work. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2.2 Final Retention. Subject to the provisions of this Tenant Work Letter, a check for the Final Retention payable jointly to Tenant and Contractor shall be delivered by Landlord to Tenant following the completion of construction of the Premises, provided that (i) Tenant delivers to Landlord properly executed and fully unconditional mechanics lien releases in compliance with both California Civil Code Section 3262(d)(2) and either Section 3262(d)(3) or Section 3262(d)(4), and (ii) Landlord has determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building, which determination shall be made promptly

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after the completion of construction, (iii) Tenant has delivered to Landlord a certificate of occupancy or permit cards signed off by the City with respect to the Premises; (iv) Tenant has delivered to the Office of the Building as-built plans and City-permitted plans for the Tenant Improvements; (v) Tenant has delivered to the Office of the Building operation manuals and warranties for equipment included within the Tenant Improvements, if applicable, and (vi) Tenant has delivered to Landlord each of the general disbursement items referenced in Section 2.2.2.3 below. The check for the Final Retention shall be delivered by Landlord to Tenant within thirty (30) days of the satisfaction of the foregoing conditions.

2.2.2.3 General Disbursement Requirements. In addition to the disbursement requirements referenced above, Tenant acknowledges and agrees that the following items are required as a condition to any disbursement of the Tenant Improvement Allowance:

- Copy of contract with Tenant's General Contractor
- Copy of General Contractor's certificate of insurance, including Additional Insured endorsement naming Landlord and Landlord's property manager as Additional Insureds
- General Contractor's Schedule of Values, showing total contract value

2.2.2.4 Other Terms. Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items.

2.3 Standard Tenant Improvement Package. Landlord has established specifications (the "**Building Standard Tenant Improvements**") for the Building standard components to be used in the construction of the Tenant Improvements in the Premises, a copy of which has been delivered to Tenant. The quality of Tenant Improvements shall be equal to or of greater quality than the quality of the Building Standard Tenant Improvements, provided that Landlord may, at Landlord's option, require the Tenant Improvements to comply with certain Building Standard Tenant Improvements. Landlord may make changes to the Specifications from time to time.

2.4 Removal of Non Building Standard Tenant Improvements. "Non Standard Tenant Improvements" shall mean (a) any part of the Tenant Improvements which do not constitute Building Standard Tenant Improvements, including, but not limited to, plumbing and millwork; (b) any changes in or additions to the Tenant Improvements made at the request of Tenant or due to any other act or omission on the part of Tenant; and (c) a configuration of the Tenant Improvements which is not usual and customary for normal occupancy. If so directed by Landlord prior to the end of the Term of this Lease, Tenant shall pay Landlord the cost to remove from the Premises any Non Standard Tenant Improvements designated by Landlord, and shall replace such designated Non Standard Tenant Improvements to be removed with Building Standard Tenant Improvements. Notwithstanding the foregoing, in the event that Tenant's request for approval any Tenant Improvement shall request a designation by Landlord of any removal obligation in accordance with the terms hereof, then Landlord shall indicate any such removal obligation at the time of Landlord's consent. If Tenant makes such a request and Landlord shall not indicate in its approval that the applicable Tenant Improvement will be required to be removed by Tenant, then the applicable Tenant Improvement will not be required to be removed.

SECTION 3

CONSTRUCTION DRAWINGS

3.1 Selection of Architect/Construction Drawings. Tenant shall retain the architect/space planner (the "**Architect**") approved by Landlord, which approval shall not be unreasonably withheld, to prepare the Construction Drawings. Landlord hereby approves Margulies-Peruzzi Architects (Boston) and Hooks ASD (SF), collectively, as the Architect. Tenant shall retain the engineering consultants reasonably designated by Landlord (the "**Engineers**") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC,

EXHIBIT B

life safety, and sprinkler work in the Premises. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the “**Construction Drawings**”. All Construction Drawings shall comply with the drawing format and specifications reasonably determined by Landlord, and shall be subject to Landlord’s approval, which shall not be unreasonably withheld, conditioned or delayed. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith. Landlord’s review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord’s review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord’s space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings.

3.2 Final Space Plan. Tenant shall supply Landlord with four (4) copies signed by Tenant of its final space plan for the Premises before any architectural working drawings or engineering drawings have been commenced. The final space plan (the “**Final Space Plan**”) shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord’s receipt of the Final Space Plan for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly (i) cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require, and (ii) deliver such revised Final Space Plan to Landlord.

3.3 Final Working Drawings. After the Final Space Plan has been approved by Landlord and Tenant, Tenant shall promptly cause the Architect and the Engineers to complete the architectural and engineering drawings for the Premises, and cause the Architect to compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits for the Tenant Improvements (collectively, the “**Final Working Drawings**”), and shall submit the same to Landlord for Landlord’s approval. Tenant shall supply Landlord with four (4) copies signed by Tenant of such Final Working Drawings. Landlord shall advise Tenant within five (5) business days after Landlord’s receipt of the Final Working Drawings for the Premises if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly (i) revise the Final Working Drawings in accordance with such review and any disapproval of Landlord in connection therewith, and (ii) deliver such revised Final Working Drawings to Landlord.

3.4 Approved Working Drawings. The Final Working Drawings shall be approved by Landlord (the “**Approved Working Drawings**”) prior to the commencement of construction of the Premises by Tenant. After approval by Landlord of the Final Working Drawings, Tenant shall promptly submit the same to the appropriate governmental authorities for all applicable building permits. Tenant hereby agrees that neither Landlord nor Landlord’s consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Premises and that obtaining the same shall be Tenant’s responsibility; provided, however, that Landlord shall cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy. No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

SECTION 4

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 Tenant’s Selection of Contractor and Tenant’s Agents.

4.1.1 The Contractor. A general contractor shall be retained by Tenant to construct the Tenant Improvements. Such general contractor (“**Contractor**”) shall be selected by Tenant from a list of general contractors supplied by Landlord, and Tenant shall deliver to Landlord notice of its selection of the Contractor upon such selection. Landlord hereby agrees that TCB Builders, Inc., shall be the Contractor.

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4.1.2 Tenant's Agents. In connection with the Tenant Improvements, Tenant shall be permitted to use all architects, engineers, project managers, subcontractors, mechanics and materialmen and other consultants selected by TCB Builders, Inc. (and, together with the Contractor, collectively, "**Tenant's Agents**"). Tenant shall provide Landlord with a list of all Tenant's Agents prior to commencement of any construction in the Premises. All Tenant's Agents shall utilize union labor in compliance with the master labor agreements existing between trade unions and the local chapter of the Associated General Contractors of America and each such Tenant Agents shall be a reputable, licensed company doing business in San Francisco, California. Notwithstanding anything to the contrary contained herein, in the event that Tenant desires access to the Building risers in connection with the Tenant Improvements, then Tenant shall be required to utilize the services of Landlord's designated Building riser management company.

4.2 Construction of Tenant Improvements by Tenant's Agents.

4.2.1 Construction Contract; Cost Budget. Prior to Tenant's execution of the construction contract and general conditions with Contractor (the "**Contract**"), Tenant shall submit the Contract to Landlord for its approval, which approval shall not be unreasonably withheld or delayed. Prior to the commencement of the construction of the Tenant Improvements, and after Tenant has accepted all bids for the Tenant Improvements, Tenant shall provide Landlord with a written detailed cost breakdown (the "**Final Costs Statement**"), by trade, of the final costs to be incurred, or which have been incurred, as set forth more particularly in Section 2.2.1.1 through 2.2.1.8 above, in connection with the design and construction of the Tenant Improvements to be performed by or at the direction of Tenant or the Contractor (which costs form a basis for the amount of the Contract, if any (the "**Final Costs**"). To the extent the Final Costs exceed the Tenant Improvement Allowance (less any portion thereof already disbursed by Landlord, or in the process of being disbursed by Landlord, on or before the commencement of construction of the Tenant Improvements), Tenant shall make payments for such additional costs (the "**Over-Allowance Amount**") out of its own funds, but Tenant shall provide Landlord with the documents described in Sections 2.2.2.1 (i), (ii), (iii) and (iv) above, for Landlord's approval, prior to Tenant paying such costs. The Over-Allowance Amount shall be paid by Tenant prior to the disbursement by Landlord of any of the then remaining portion of the Tenant Improvement Allowance. In the event that, after the Final Costs have been delivered by Landlord to Tenant, the costs relating to the design and construction of the Tenant Improvements shall change, any additional costs necessary for such design and construction in excess of the Final Costs shall, to the extent they exceed the remaining balance of the Tenant Improvement Allowance, be paid by Tenant prior to the commencement of the construction of such changes out of its own funds, but Tenant shall continue to provide Landlord with the documents described in Sections 2.2.2.1 (i), (ii), (iii) and (iv) above, for Landlord's approval, prior to Tenant paying such costs.

4.2.2 Tenant's Agents.

4.2.2.1 Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work. Tenant's and Tenant's Agents' construction of the Tenant Improvements shall comply with the following: (i) the Tenant Improvements shall be constructed in strict accordance with the Approved Working Drawings; (ii) Tenant and Tenant's Agents shall not, in any way, unreasonably interfere with, obstruct, or delay, the work of Landlord's base building contractor and subcontractors with respect to the Base, Shell and Core or any other work in the Building; (iii) Tenant's Agents shall submit schedules of all work relating to the Tenant's Improvements to Contractor and Contractor shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (iv) Tenant shall abide by all reasonable rules made by Landlord's Building contractor or Landlord's Building manager with respect to the use of freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Tenant Work Letter, including, without limitation, the construction of the Tenant Improvements.

4.2.2.2 Coordination Fee. Tenant shall pay a logistical coordination fee (the "**Coordination Fee**") to Landlord in an amount equal to the product of (i) two and one-half percent (2.5%), and (ii) the total cost of constructing the Tenant Improvements (excluding any "soft" costs such as Architect and Engineer fees and project management), which Coordination Fee shall be for services relating to the coordination of the construction of the Tenant

Improvements. In the event the Architect is not licensed in California and Landlord deems it necessary to review Tenant's plans and drawings to review code compliance and permitting issues, then in addition to the Coordination Fee and other amounts payable by Tenant hereunder, Tenant shall reimburse Landlord for amounts paid by Landlord for the review of Tenant's plans and drawings as referenced in Section 3 above, which amounts shall be charged against the Tenant Improvement Allowance.

4.2.2.3 Indemnity. Tenant's indemnity of Landlord as set forth in the Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in the Lease, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy for the Premises.

4.2.2.4 Insurance Requirements.

4.2.2.4.1 General Coverages. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in the Lease.

4.2.2.4.2 Special Coverages. Tenant shall carry "Builder's All Risk" insurance in an amount approved by Landlord covering the construction of the Tenant Improvements, and such other insurance as Landlord may require, it being understood and agreed that the Tenant Improvements shall be insured by Tenant pursuant to the Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord, and in form and with companies as are required to be carried by Tenant as set forth in the Lease.

4.2.2.4.3 General Terms. Certificates for all insurance carried pursuant to this Section 4.2.2.4 shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense. All policies carried under this Section 4.2.2.4 shall insure Landlord and Tenant, as their interests may appear, as well as Contractor and Tenant's Agents, and shall name as additional insureds Landlord's Property Manager, Landlord's Asset Manager, and all mortgagees and ground lessors of the Building. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 4.2.2.3 of this Tenant Work Letter.

4.2.3 Governmental Compliance. The Tenant Improvements shall comply in all respects with the following: (i) the Code and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

4.2.4 Inspection by Landlord. Landlord shall have the right to inspect the Tenant Improvements at all times, provided however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord disapprove any portion of the Tenant Improvements, Landlord shall

EXHIBIT B

notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations in, and/or reasonable disapproval by Landlord of, the Tenant Improvements shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord reasonably determines that a defect or deviation exists or reasonably disapproves of any matter in connection with any portion of the Tenant Improvements and such defect, deviation or matter might adversely affect the mechanical, electrical, plumbing, heating, ventilating and air conditioning or life-safety systems of the Building, the structure or exterior appearance of the Building or any other tenant's use of such other tenant's leased premises, Landlord may, take such action as Landlord reasonably deems necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such defect, deviation and/or matter, including, without limitation, causing the cessation of performance of the construction of the Tenant Improvements until such time as the defect, deviation and/or matter is corrected to Landlord's satisfaction.

4.2.5 Meetings. Commencing upon the execution of the Lease, Tenant shall hold weekly meetings at a reasonable time, with the Architect and the Contractor regarding the progress of the preparation of Construction Drawings and the construction of the Tenant Improvements, which meetings shall be held in the Building or at another location designated by Landlord and reasonably acceptable to Tenant, and Landlord and/or its agents shall receive prior notice of, and shall have the right to attend, all such meetings, and, upon Landlord's request, certain of Tenant's Agents shall attend such meetings. In addition, minutes shall be taken at all such meetings, a copy of which minutes shall be promptly delivered to Landlord. One such meeting each month shall include the review of Contractor's current request for payment.

4.3 Notice of Completion; Copy of "As Built" Plans. Within ten (10) days after completion of construction of the Tenant Improvements, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the County in which the Building is located in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction, (i) Tenant shall cause the Architect and Contractor (A) to update the Approved Working Drawings as necessary to reflect all changes made to the Approved Working Drawings during the course of construction, (B) to certify to the best of their knowledge that the "record-set" of as-built drawings are true and correct, which certification shall survive the expiration or termination of the Lease, and (C) to deliver to Landlord two (2) computer discs containing the Approved Working Drawings in AutoCAD format, and (ii) Tenant shall deliver to Landlord two (2) copies of all warranties, guaranties, and operating manuals and information relating to the improvements, equipment, and systems in the Premises.

4.4 Coordination by Tenant's Agents with Landlord. Upon Tenant's delivery of the Contract to Landlord under Section 4.2.1 of this Tenant Work Letter, Tenant shall furnish Landlord with a schedule setting forth the projected date of the completion of the Tenant Improvements and showing the critical time deadlines for each phase, item or trade relating to the construction of the Tenant Improvements.

SECTION 5

MISCELLANEOUS

5.1 Tenant's Representative. Tenant has designated Jean Baranowski as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

5.2 Landlord's Representative. Landlord has designated Jim Osburn as its sole representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.3 Time of the Essence in This Tenant Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

EXHIBIT B

5.4 **Tenant's Lease Default.** Notwithstanding any provision to the contrary contained in the Lease, if an event of default by Tenant of this Tenant Work Letter (which, for purposes hereof, shall include, without limitation, the delivery by Tenant to Landlord of any oral or written notice that Tenant does not intend to occupy the Premises, and/or any other anticipatory breach of the Lease) or an Event of Default under the Lease has occurred at any time on or before the substantial completion of the Premises, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, at law and/or in equity, Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Premises (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of the Lease (in which case, Tenant shall be responsible for any delay in the substantial completion of the Premises caused by such inaction by Landlord). In addition, if the Lease is terminated prior to the Lease Commencement Date, for any reason due to an Event of Default by Tenant as described in Section 19.1 of the Lease or under this Tenant Work Letter (including, without limitation, any anticipatory breach described above in this Section 5.4), then (A) Tenant shall be liable to Landlord for all damages available to Landlord pursuant to the Lease and otherwise available to Landlord at law and/or in equity by reason of a default by Tenant under the Lease or this Tenant Work Letter (including, without limitation, the remedies available to Landlord pursuant to California Civil Code Section 1951.2), and (B) Tenant shall pay to Landlord, as Additional Rent under the Lease, within thirty (30) days of receipt of a statement therefor, together with reasonable back-up documentation, any and all costs (if any) incurred by Landlord (including any portion of the Tenant Improvement Allowance disbursed by Landlord) and not reimbursed or otherwise paid by Tenant through the date of such termination in connection with the Tenant Improvements to the extent planned, installed and/or constructed as of such date of termination, including, but not limited to, any costs related to the removal of all or any portion of the Tenant Improvements and restoration costs related thereto. For purposes of calculating the damages available to Landlord under California Civil Code 1951.2, the Lease Commencement Date shall be deemed to be the date which the Lease Commencement Date would have otherwise occurred but for such default by Tenant.

EXHIBIT B

EXHIBIT C

150 SPEAR STREET, SAN FRANCISCO, CALIFORNIA

NOTICE OF LEASE TERM DATES

To: _____

Re: Office Lease dated _____, 2010 between _____, a (“**Landlord**”), and _____, a (“**Tenant**”) concerning Suite _____ on floor(s) _____ of the office building located at _____, San Francisco, California.

Gentlemen:

In accordance with the above-referenced Office Lease (the “**Lease**”), we wish to advise you and/or confirm as follows:

1. The Lease Term shall commence on or has commenced on _____, for a term of _____ ending on _____.
2. Rent commenced to accrue on _____ in the amount of \$ _____.
3. If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.
4. Your rent checks should be made payable to _____ at _____.
5. The approximate number of rentable square feet within the Premises is _____ () square feet.
6. Tenant’s Share as adjusted based upon the approximate number of rentable square feet within the Premises is _____ %.

Agreed to and Accepted
as of _____, 2010.

“Tenant”:

_____,
a _____

By: _____
Its: _____

150 SPEAR STREET, SAN FRANCISCO, CALIFORNIA

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Project. In the event of any conflict between the Rules and Regulations and the other provisions of this Lease, the latter shall control.

Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord. Upon the termination of this Lease, Tenant shall restore to Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, Tenant and in the event of the loss of keys so furnished, Tenant shall pay to Landlord the reasonable cost of replacing same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises.

Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for comparable buildings in the San Francisco, California area. Tenant, its employees and agents must be sure that the doors to the Building are securely closed and locked when leaving the Premises if it is after the normal hours of business for the Building. Any tenant, its employees, agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the Building register. Access to the Building may be refused unless the person seeking access has proper identification or has a previously arranged pass for access to the Building. Landlord will furnish passes to persons for whom Tenant requests same in writing. Tenant shall be responsible for all persons for whom Tenant requests passes and shall be liable to Landlord for all acts of such persons. Landlord and Landlord's agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building or the Project during the continuance thereof by any means it deems appropriate for the safety and protection of life and property.

No furniture, freight or equipment of any kind shall be brought into the Building without prior notice to Landlord. All moving activity into or out of the Building shall be scheduled with Landlord and done only at such time and in such manner as Landlord designates. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Building and also the times and manner of moving the same in and out of the Building. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property in any case. Any damage to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility and expense of Tenant.

No furniture, packages, supplies, equipment or merchandise will be received in the Building or carried up or down in the elevators, except between such hours, in such specific elevator and by such personnel as shall be reasonably designated by Landlord.

The requirements of Tenant will be attended to only upon application at the management office for the Project or at such office location designated by Landlord. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.

No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by Tenant on any part of the Premises or the Building without the prior written consent of the Landlord. Tenant shall not disturb, solicit, peddle, or canvass any occupant of the Project and shall cooperate with Landlord and Landlord's agents to prevent same.

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

Tenant shall not overload the floor of the Premises, nor mark, drive nails or screws, or drill into the partitions, woodwork or drywall or in any way deface the Premises or any part thereof without Landlord's prior written consent. Tenant shall not purchase spring water, ice, towel, linen, maintenance or other like services from any person or persons not approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Landlord shall approve a sufficient number of sources of such services to provide Tenant with a reasonable selection, but only in such instances and to such extent as Landlord in its judgment shall consider consistent with the security and proper operation of the Building.

Except for vending machines intended for the sole use of Tenant's employees and invitees, no vending machine or machines other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

Tenant shall not use or keep in or on the Premises, the Building, or the Project any kerosene, gasoline, explosive material, corrosive material, material capable of emitting toxic fumes, or other inflammable or combustible fluid chemical, substitute or material. Tenant shall provide material safety data sheets for any Hazardous Material used or kept on the Premises.

Tenant shall not without the prior written consent of Landlord use any method of heating or air conditioning other than that supplied by Landlord.

Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a manner offensive or reasonably objectionable to Landlord or other occupants of the Project by reason of noise, odors, or vibrations, or interfere with other tenants or those having business therein, whether by the use of any musical instrument, radio, phonograph, or in any other way. Tenant shall not throw anything out of doors, windows or skylights or down passageways.

Tenant shall not bring into or keep within the Project, the Building or the Premises any animals, birds, aquariums, or, except in areas designated by Landlord, bicycles or other vehicles.

No cooking shall be done or permitted on the Premises, nor shall the Premises be used for the storage of merchandise, for lodging or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters' laboratory-approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages for employees and visitors, provided that such use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the use of the Premises provided for in the Summary. Tenant shall not occupy or permit any portion of the Premises to be occupied as an office for a messenger-type operation or dispatch office, public stenographer or typist, or for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau without the express prior written consent of Landlord. Tenant shall not engage or pay any employees on the Premises except those actually working for such tenant on the Premises nor advertise for laborers giving an address at the Premises.

EXHIBIT D

Landlord reserves the right to exclude or expel from the Project any person who, in the reasonable judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

Tenant, its employees and agents shall not loiter in or on the entrances, corridors, sidewalks, lobbies, courts, halls, stairways, elevators, vestibules or any Common Areas for the purpose of smoking tobacco products or for any other purpose, nor in any way obstruct such areas, and shall use them only as a means of ingress and egress for the Premises.

Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to ensure the most effective operation of the Building's heating and air conditioning system, and shall refrain from attempting to adjust any controls. Tenant shall participate in recycling programs undertaken by Landlord.

Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in San Francisco, California without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate. If the Premises is or becomes infested with vermin as a result of the use or any misuse or neglect of the Premises by Tenant, its agents, servants, employees, contractors, visitors or licensees, Tenant shall forthwith, at Tenant's expense, cause the Premises to be exterminated from time to time to the reasonable satisfaction of Landlord and shall employ such licensed exterminators as shall be approved in writing in advance by Landlord.

Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

Any persons employed by Tenant to do janitorial work shall be subject to the prior written approval of Landlord, and while in the Building and outside of the Premises, shall be subject to and under the control and direction of the Building manager (but not as an agent or servant of such manager or of Landlord), and Tenant shall be responsible for all acts of such persons.

No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord, and no curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord standard drapes. All electrical ceiling fixtures hung in the Premises or spaces along the perimeter of the Building must be fluorescent and/or of a quality, type, design and a warm white bulb color approved in advance in writing by Landlord. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without the prior written consent of Landlord. Tenant shall be responsible for any damage to the window film on the exterior windows of the Premises and shall promptly repair any such damage at Tenant's sole cost and expense. Tenant shall keep its window coverings closed during any period of the day when the sun is shining directly on the windows of the Premises. Prior to leaving the Premises for the day, Tenant shall draw or lower window coverings and extinguish all lights. Tenant shall abide by Landlord's regulations concerning the opening and closing of window coverings which are attached to the windows in the Premises, if any, which have a view of any interior portion of the Building or Building common areas.

The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the windowsills.

Tenant must comply with reasonable requests by the Landlord concerning the informing of their employees of items of importance to the Landlord.

Tenant must comply with all applicable "**NO-SMOKING**" or similar ordinances. If Tenant is required under the ordinance to adopt a written smoking policy, a copy of said policy shall be on file in the office of the Building.

EXHIBIT D

Tenant hereby acknowledges that Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises, the Building or the Project. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping doors locked and other means of entry to the Premises closed, whether or not Landlord, at its option, elects to provide security protection for the Project or any portion thereof. Tenant further assumes the risk that any safety and security devices, services and programs which Landlord elects, in its sole discretion, to provide may not be effective, or may malfunction or be circumvented by an unauthorized third party, and Tenant shall, in addition to its other insurance obligations under this Lease, obtain its own insurance coverage to the extent Tenant desires protection against losses related to such occurrences. Tenant shall cooperate in any reasonable safety or security program developed by Landlord or required by law.

All office equipment of any electrical or mechanical nature shall be placed by Tenant in the Premises in settings approved by Landlord, to absorb or prevent any vibration, noise and annoyance.

Tenant shall not use in any space or in the public halls of the Building, any hand trucks except those equipped with rubber tires and rubber side guards.

No on-site auction, liquidation, fire sale, going-out-of-business or bankruptcy sale shall be conducted in the Premises without the prior written consent of Landlord.

No tenant shall use or permit the use of any portion of the Premises for living quarters, sleeping apartments or lodging rooms.

Tenant shall install and maintain, at Tenant's sole cost and expense, an adequate, visibly marked and properly operational fire extinguisher next to any duplicating or photocopying machines or similar heat producing equipment, which may or may not contain combustible material, in the Premises.

Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises, Building, the Common Areas and the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Project. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises.

EXHIBIT D

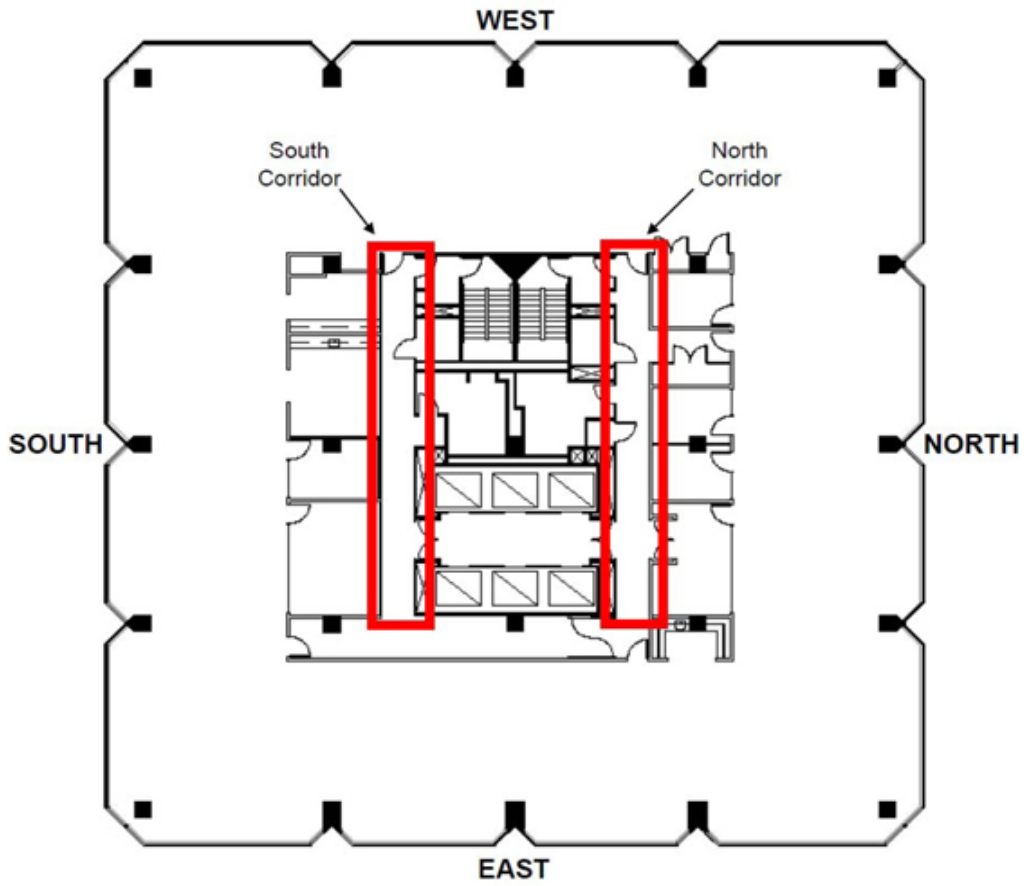
EXHIBIT E

150 SPEAR STREET, SAN FRANCISCO, CALIFORNIA

SITE PLAN SHOWING CORRIDORS ON 11TH FLOOR

150 SPEAR STREET

11TH FLOOR



Corridor Restoration Scope to include architectural, engineering, permits, fees and all construction, both visible and non-visible (above the ceiling), required to restore corridor to building standard condition.

EXHIBIT E

ADDENDUM 1

RIGHT OF FIRST OFFER

This Addendum 1 (“**Addendum 1**”) is incorporated as a part of that certain Office Lease dated November 24, 2010 (the “**Lease**”), by and between 150 Spear Street, LLC, a Delaware limited liability company (“**Landlord**”), and Forrester Research, Inc., a Delaware corporation (“**Tenant**”), for the Premises located at 150 Spear Street, San Francisco, California, Suite 1100 (the “**Premises**”). Any capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms as set forth in the Lease.

1. **Right of First Offer.** During the period commencing on the Lease Commencement Date and expiring on November 1, 2012, Tenant shall have a one-time (not recurring) unencumbered right of first offer (“**ROFO**”) to lease (a) all but not less than all of those certain premises consisting of approximately 3,476 rentable square feet and known as Suite 1050 (the “**Suite 1050 ROFO Space**”) and (b) no less than 7,780 rentable square feet (in the area shown on Schedule 1 to Addendum 1 attached hereto) of those certain premises consisting of approximately 12,085 rentable square feet and known as Suite 1000 (the “**Suite 1000 ROFO Space**”) and together with the Suite 1050 ROFO Space, collectively, the “**ROFO Spaces**”), which may become available for lease.

2. **Procedure for Acceptance.** Upon any portion of the ROFO Space becoming available for lease by Tenant, Landlord shall give Tenant written notice (the “**ROFO Notice**”) that such ROFO Space will or has become available for lease by Tenant. Landlord shall endeavor to give Tenant a ROFO Notice (a) nine (9) months prior to the anticipated date of availability with respect to the Suite 1000 ROFO Space, and (b) six (6) months prior to the anticipated date of availability with respect to the Suite 1050 ROFO Space. On or before the date which is fifteen (15) business days after Tenant’s receipt of Landlord’s ROFO Notice (the “**Election Date**”), Tenant shall deliver written notice to Landlord (“**Tenant’s Election Notice**”) pursuant to which Tenant shall have the right to elect either to: (i) lease the entire ROFO Space (subject to Tenant’s right to lease no less than 7,780 rentable square feet of the Suite 1000 ROFO Space) identified in Landlord’s ROFO Notice upon the terms set forth in this Addendum 1; or (ii) refuse to lease such ROFO Space. If Tenant does not respond in writing to Landlord’s ROFO Notice by the Election Date, Tenant shall be deemed to have elected not to lease the ROFO Space identified in Landlord’s ROFO Notice. If Tenant elects or is deemed to have elected not to lease such ROFO Space, then Tenant’s ROFO with respect to the ROFO Space identified in Landlord’s ROFO Notice shall terminate and Landlord shall thereafter have the right to lease all or any portion of such ROFO Space to anyone to whom Landlord desires on any terms Landlord desires. Except to the extent expressly provided herein to the contrary, Tenant must elect to exercise its ROFO provided herein, if at all, with respect to all of the space offered by Landlord to Tenant in Landlord’s ROFO Notice at any particular time, and Tenant may not elect to lease only a portion thereof.

3. **Lease of ROFO Space.** If Tenant timely exercises its ROFO as set forth herein, Tenant shall provide Landlord a non-refundable deposit, equivalent to the last one (1) month’s Base Rent and Operating Expenses for the ROFO Space identified in the ROFO Notice and the parties shall have ten (10) business days after Landlord receives Tenant’s Election Notice and deposit from Tenant in which to execute an amendment to the Lease adding such ROFO Space to the Premises on all of the terms and conditions as applicable to the original Premises; provided, that (a) the Base Rent for the ROFO Space shall be at the Fair Market Rental Rate as of the commencement of Tenant’s lease of the ROFO Space, determined in accordance with Section 2.2.3 of the Lease and (b) Landlord shall deliver to Tenant possession of the ROFO Space in its then existing condition and state of repair, “AS IS”, without any obligation of Landlord to remodel, improve or alter the ROFO Space, to perform any other construction or work of improvement upon the ROFO Space, but Landlord shall provide Tenant with an improvement allowance in an amount equal to One Dollar (\$1.00) per rentable square foot of ROFO Space per month of the Term applicable to such ROFO Spaces that Tenant will be obligated to pay rent, which allowance shall be reduced by One Dollar (\$1.00) for each month (or portion thereof) between the Lease Commencement Date and the date of Tenant’s Election Notice. Tenant acknowledges that no representations or warranties of any kind, express or implied, respecting the condition of the ROFO Space, Building, or Project have been made by Landlord or any agent of Landlord to Tenant. Tenant further acknowledges that neither Landlord nor any of Landlord’s agents, representatives or employees has made any representations as to the suitability or fitness of the ROFO

Space for the conduct of Tenant's business, or for any other purpose. Any exception to the foregoing provisions must be made by express written agreement signed by both parties. Upon full execution of an amendment for the subject ROFO Space, the non-refundable deposit shall be credited toward the Base Rent for such ROFO Space, as agreed between the parties.

4. **Limitations on, and Conditions to, ROFO.** Notwithstanding anything in the foregoing to the contrary, at Landlord's option, and in addition to all of Landlord's remedies under the Lease, at law or in equity, the ROFO hereinabove granted to Tenant shall not be deemed to be properly exercised if any of the following individual events occur or any combination thereof occur: (a) an Event of Default has occurred at any time during the Lease Term; and/or (b) on the scheduled commencement date for Tenant's lease of the ROFO Space identified in Landlord's ROFO Notice, an Event of Default exists under the Lease; and/or (c) Tenant has assigned its rights and obligations under the Lease (except in connection with a Permitted Transfer) or Tenant has subleased more than twenty five percent (25%) of the rentable area of the Premises (except in connection with a Permitted Transfer); and/or (d) Tenant's financial condition at the time Tenant's Election Notice is delivered to Landlord is inadequate, in Landlord's reasonable judgment, to satisfy Tenant's obligations under this Lease; and/or (e) Tenant has failed to exercise properly this ROFO in a timely manner in strict accordance with the provisions of this Addendum 1; and/or (f) Tenant no longer has possession of all or any part of the Premises under the Lease (other than in connection with any Permitted Transfer or a sublease of less than twenty-five percent (25%) of the rentable area of the Premises), or if the Lease has been terminated earlier, pursuant to the terms and provisions of the Lease. Tenant's ROFO to lease the ROFO Space is personal to the original Tenant executing the Lease (and any transferee pursuant to a Permitted Transfer), and may not be assigned or exercised, voluntarily or involuntarily, by or to, any person or entity other than the original Tenant, and shall only be available to and exercisable by the Tenant when the original Tenant is in actual and physical possession of the entire Premises.

ADDENDUM 1

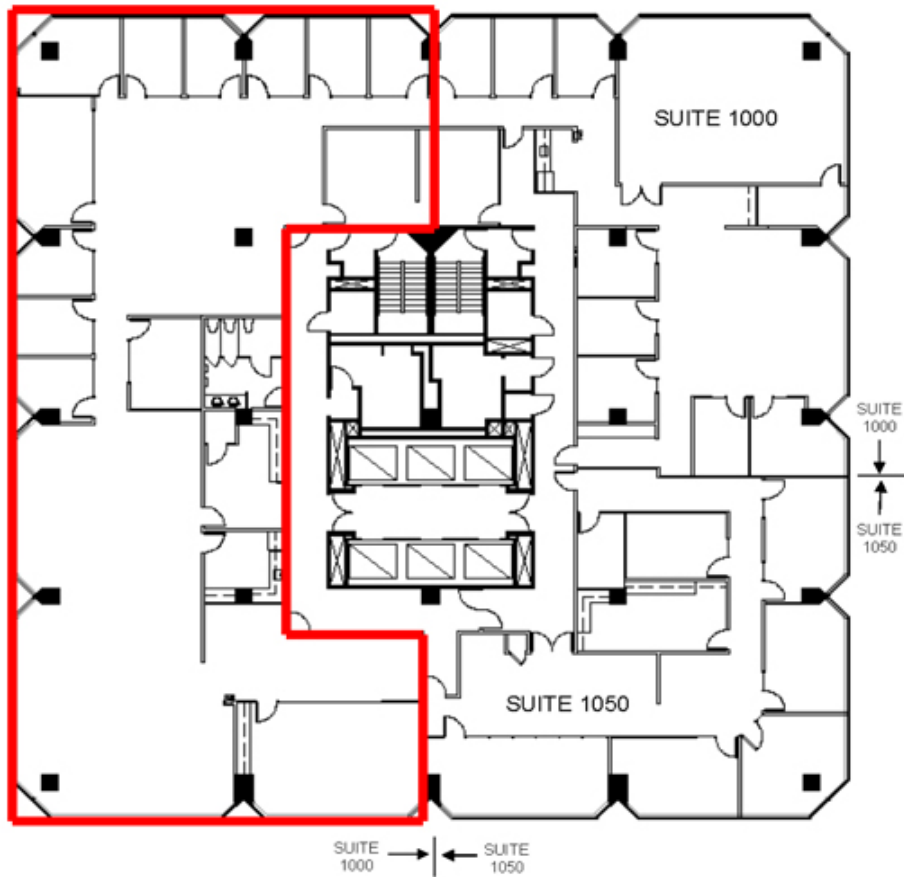
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SCHEDULE 1 TO ADDENDUM 1

SUITE 1000 ROFO SPACE

150 SPEAR STREET

10TH FLOOR



— Delineates portion of suite that tenant will be provided should it commit to leasing 7,780 square feet or greater.

ADDENDUM 1

ADDENDUM 2

ROOFTOP SPACE ADDENDUM

THIS ROOFTOP SPACE ADDENDUM (“**Rooftop Space Addendum**”) is made and entered into by and between 150 SPEAR STREET, LLC, a Delaware limited liability company (“**Landlord**”) and FORRESTER RESEARCH, INC., a Delaware corporation (“**Tenant**”), and is dated as of the date of the Office Lease (“**Lease**”) by and between Landlord and Tenant to which this Rooftop Space Addendum is attached. The agreements set forth in this Rooftop Space Addendum shall have the same force and effect as if set forth in the Lease. To the extent the terms of this Rooftop Space Addendum are inconsistent with the terms of the Lease, the terms of this Rooftop Space Addendum shall control. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Lease.

1. **Right to Install Rooftop Equipment.** During the Lease Term, and, subject to Tenant’s compliance with all Applicable Laws and covenants, conditions and restrictions, and Landlord’s prior review and approval of plans and specifications for all such installation, Tenant and Tenant’s contractors (which shall first be reasonably approved by Landlord) shall have the right to access, install, replace, remove, operate and maintain, subject to the terms of Article 8 of the Lease and this Rooftop Space Addendum, a microwave dish not exceeding two (2) feet in diameter (the “**Antenna**”) on the rooftop of the Building at the location more specifically shown on the diagram attached hereto as Schedule 1 to Addendum 2 (or if no location is shown on Schedule 1 to Addendum 2, at a location reasonably determined by Landlord), including the cabling and connecting equipment (collectively, the “**Connecting Equipment**”). The Antenna and the Connecting Equipment are collectively referred to as the “**Rooftop Equipment**”.

2. **Fee.** In consideration for Tenant’s right to install and operate the Rooftop Equipment as set forth in this Rooftop Space Addendum, Tenant shall pay to Landlord, from and after the date the Rooftop Equipment is installed, a monthly amount payable in advance on the first (1st) day of each month, equal to the sum of \$500.00. Such amount for any partial month shall be prorated based on the number of days in such partial month. Notwithstanding the foregoing, no fee under this Section 2 shall be payable by Tenant with respect to an Antenna solely for receiving DirectTV® or similar satellite television service. In lieu of Tenant’s right to install the Rooftop Equipment as provided herein, Tenant may elect to tie-in to service provided by Landlord’s existing microwave and/or satellite dish. In such event, Tenant’s tie-in to, and use of, Landlord’s existing service shall be subject to all of the terms, covenants and conditions of the Lease and Tenant shall pay to Landlord, together with payment of Base Rent, a fee of \$100.00 per month for such service.

3. **Conditioned Upon Lease.** This Rooftop Space Addendum is contingent upon the Lease being in effect and compliance by Tenant with all of the terms and provisions hereof. If the Lease terminates or expires for any reason, Tenant’s rights under this Rooftop Space Addendum shall also terminate concurrently therewith unless otherwise agreed in writing by Landlord in its sole and absolute discretion.

4. **No Assignment.** Notwithstanding anything to the contrary set forth in Article 14 of the Lease Tenant’s rights under this Rooftop Space Addendum may not be assigned, transferred to or used by any other person or entity except in connection with a Permitted Transfer.

5. **Installation.** Tenant’s installation and operation of the Rooftop Equipment shall be governed by the following terms and conditions:

- a. Installation shall be conducted by licensed contractors approved by Landlord. No roof penetrations shall be permitted.

b. All plans and specifications for the Rooftop Equipment shall be subject to Landlord's prior review and approval and the prior review and approval of all other tenants or occupants of the Building maintaining or operating rooftop equipment and related equipment at the Building. Upon Landlord's request, Tenant shall prepare and submit a detailed set of plans and specifications for the proposed Rooftop Equipment, methods of installation and proposed locations thereof to all tenants and occupants having a right to review Tenant's proposed Rooftop Equipment.

c. Tenant, at Tenant's sole cost and expense, shall be responsible for any modifications to the rooftop, risers, utility areas or other facilities or portions of the Building which may be necessary to accommodate the Rooftop Equipment.

d. It is expressly understood that Landlord retains the right to use the roof of the Building for any purpose whatsoever (including granting rights to third parties to utilize any portion of the roof not utilized by Tenant).

e. For the purposes of determining Tenant's obligations with respect to its use of the roof of the Building herein provided, all of the provisions of the Lease relating to compliance with requirements as to insurance, indemnity, and compliance with Applicable Laws shall apply to the installation, use and maintenance of the Rooftop Equipment. Landlord shall not have any obligations with respect to the Rooftop Equipment. Landlord makes no representation that the Rooftop Equipment will function properly and Tenant agrees that Landlord shall not be liable to Tenant therefor.

f. Tenant shall (i) be solely responsible for any damage caused as a result of the Rooftop Equipment, (ii) promptly pay any tax, license or permit fees charged pursuant to any Applicable Laws in connection with the installation, maintenance or use of the Rooftop Equipment and comply with all Applicable Laws pertaining to the use of the Rooftop Equipment, and (iii) pay for all necessary repairs, replacements to or maintenance of the Rooftop Equipment.

g. To the extent not installed by Tenant in accordance with the terms and conditions of the Tenant Work Letter, the installation of the Rooftop Equipment shall constitute alterations and shall be performed in accordance with and subject to the provisions of Article 8 of the Lease, including, without limitation, Tenant's obligation to obtain Landlord's prior consent to the size and other specifications of the Rooftop Equipment, which consent shall not be unreasonably withheld, conditioned or delayed.

6. Design Considerations.

a. All Rooftop Equipment shall be properly screened from view for aesthetic reasons, and must not be visible from street level.

b. The Antenna may not protrude above a height equal to the highest point of the Building structure.

c. Tenant, at Tenant's sole cost and expense, shall install and maintain such fencing and other protective equipment and/or visual screening on or about the Rooftop Equipment as Landlord may reasonably determine.

d. The Rooftop Equipment shall be clearly marked to show the name, address, telephone number of the person to contact in case of emergency.

e. The Rooftop Equipment must be properly secured and installed so as not to be affected by high winds or other elements.

f. The weight of the Rooftop Equipment shall not exceed the load limits of the Building.

7. **Compliance with Laws.** Tenant's rights set forth in this Rooftop Space Addendum shall be subject to all Applicable Laws. Landlord makes no representation that any such Laws permit such installation and operation, and Tenant shall be solely responsible to determine the feasibility and legality of installing the Rooftop Equipment. Without limiting the generality of the foregoing, if any testing, sampling or disclosures relating to rooftop equipment at the Building are required to satisfy OSHA or other governmental agencies (including for radio frequency [RF] or electromagnetic field [EMF] emissions), Tenant shall pay the costs of any such required tests and studies (or its prorata share thereof if the cost is properly shared by other rooftop users). Landlord shall have no liability or responsibility for the maintenance or compliance with laws of any towers, antennas or structures, including, without limitation, compliance with Part 17 of the Federal Communications Commissions' Rules.

8. **No Interference.**

a. The Rooftop Equipment and operations shall not interfere with the communications configurations, frequencies or operating equipment of any existing users on the rooftop (collectively, "**Existing Users**"), including any equipment which the Existing Users have the right to install or operate but have not yet installed. Further, the Rooftop Equipment and operations shall comply with all non-interference rules of the Federal Communications Commission ("**FCC**"). Upon receipt of written notice of apparent interference by Tenant with Existing Users, Tenant shall have the responsibility to promptly terminate such interference or to demonstrate with competent information that the apparent interference in fact is not caused by Tenant's Rooftop Equipment or operations. Subsequent to the date Tenant commences the operation of the Rooftop Equipment, Landlord shall not knowingly install or permit the installation of new equipment at the Building if such new equipment is likely to cause interference with the operation of the Rooftop Equipment, it being acknowledged that Landlord shall have no right or responsibility to prevent the installation of equipment any party has the right to install under the terms of its lease or occupancy agreement, or pursuant to applicable laws or regulations. With respect to equipment which the installing party has no right to install, Landlord shall require the installing party to first provide Tenant with notice of the equipment to be installed and Tenant shall then have the reasonable opportunity to meet with the party wishing to install the additional equipment so that any potential interference can be resolved to the satisfaction of Tenant. If in the future equipment is installed at the Building which interferes with the operation of the Rooftop Equipment, Tenant agrees to reasonably cooperate with such other user to resolve such interference in a mutually acceptable manner, subject to and in accordance with the rules of the FCC and the terms of any rights of Existing Users to operate new or revised equipment at the Building. Notwithstanding anything to the contrary herein, in no event shall Landlord have any liability with respect to interference with Tenant's operations or any loss of business or profits, and Tenant's sole remedy in the event of a breach of this provision shall be to pursue an action for injunctive relief.

b. In no event shall the Antenna or any Connecting Equipment damage or adversely affect or interfere with the normal operation of the Building (including, but not limited to mechanical, electrical, life-safety, structural systems, window washing or other maintenance functions of the Building). Tenant hereby agrees to indemnify, defend and hold Landlord harmless from and against any and all claims, costs, damages, expenses and liabilities (including reasonable attorneys' fees) arising out of Tenant's failure to comply with the provisions of this Rooftop Space Addendum, provided that Tenant's indemnification obligation hereunder shall not apply to the extent same is caused by the gross negligence or willful misconduct of Landlord or its employees, agents or contractors. Should the use of the Rooftop Equipment by Tenant interfere with systems of the Building or telecommunications systems of any tenant, Tenant shall make such adjustments to the Rooftop Equipment or its related equipment as may be reasonably required by Landlord.

9. **Access.** Subject to the terms of this Rooftop Space Addendum, Tenant shall have the right to access its Rooftop Equipment during the hours of the Building more particularly set forth in Section 6.1.1 of the Lease. In exercising its right of access to the roof, Tenant agrees to cooperate and comply with any reasonable security procedures, access requirements and rules and regulations utilized by Landlord for the Building and further agrees not to unduly disturb or interfere with the business or other activities of Landlord or of other tenants or occupants of the Project.

10. **Costs.** Tenant shall be solely responsible for and shall pay all costs, expenses and taxes incurred in connection with the ownership, installation, operation, maintenance, use and removal of the Rooftop Equipment and the appurtenant equipment located in or on the Building, plus an administrative fee of five percent (5%).

11. **Insurance.** Tenant shall cause the insurance policies maintained by Tenant pursuant to the Lease to include the Rooftop Equipment and all related equipment and materials as part of Tenant's insured property.

12. **Indemnity.** Tenant specifically agrees that the indemnification of Landlord by Tenant in accordance with the Lease is deemed to include any claims arising from the installation, operation, use, maintenance or removal of the Rooftop Equipment, and the provisions of Article 10 of the Lease are incorporated herein by reference.

13. **Relocation.** Landlord shall have the right, at its option and from time to time, upon not less than thirty (30) days prior notice to Tenant, to relocate the Rooftop Equipment to another location in the Building adequate to afford equivalent service to Tenant. Landlord shall pay the costs of relocation reasonably incurred by Tenant in connection with such substituted location, subject to adequate substantiation of such costs.

14. **Removal and Restoration.** Upon the expiration or earlier termination of the Lease, the Antenna and the Connecting Equipment shall be removed from the Building by Tenant, at Tenant's sole cost and expense, and Tenant shall pay to repair any damage caused by such removal. If Tenant fails to remove the Antenna (if requested by Landlord to be removed) and any related Connecting Equipment (to the extent applicable) and repair the Building upon the expiration or earlier termination of the Lease, Landlord, upon thirty (30) days' written notice to Tenant, may do so at Tenant's expense. The provisions of this Section 14 shall survive the expiration or earlier termination of the Lease. If any tenant of the Building under a lease in effect on the date hereof has a right to an antenna, and Landlord is unable to accommodate such antenna (for any reason, including without limitation, physical or technical limitations regarding the use and operability thereof and any restrictions imposed by any governmental authority), but would be able to do so if the Antenna is removed, then Landlord shall have the right, at its option, upon not less than fifteen (15) days prior notice to Tenant, to require the removal of the Antenna by Tenant. Upon such removal, the rights contained in this Rooftop Space Addendum shall terminate, except for any accrued and unperformed obligations and liabilities hereunder.

15. **Termination.** Landlord shall have the right to terminate this Rooftop Space Addendum and the rights of Tenant hereunder (i) upon three (3) months prior written notice in the event Landlord determines that due to a change of use or any redevelopment of the Project or the Building, the Rooftop Equipment can no longer be operated (provided that any election to terminate in such event shall be made on a non discriminatory basis); or (ii) Tenant's use unreasonably interferes with an essential building system or function, which interference cannot be remedied; or (iii) the operation of the Rooftop Equipment interferes with the equipment or operations of any of the existing tenants, licensees, or occupants of the Project. This Rooftop Space Addendum shall also terminate upon any destruction or condemnation affecting the use or operation of the Rooftop Equipment hereunder, unless otherwise agreed in writing by Landlord and Tenant. If this Rooftop Space Addendum is terminated as set forth herein, no amounts will be refunded or otherwise paid to Tenant and Tenant shall remain responsible for removing Tenant's Rooftop Equipment and restoring the Building in accordance with the terms of this Rooftop Space Addendum.

16. **Default.** If any of the conditions set forth in this Rooftop Space Addendum are not complied with by Tenant, then such failure shall constitute a default by Tenant under the Lease, subject to the terms of Article 19 thereof.

17. **Incorporation.** Except to the extent modified or superseded by the terms and provisions of this Rooftop Space Addendum, the terms and provisions of the Lease are incorporated by reference herein and shall have the same force and effect as if set forth fully herein.

ADDENDUM 2

5

SCHEDULE 1 TO ADDENDUM 2

PLAN

[to be attached]

ADDENDUM 2

6

First Amendment to Office Lease

This First Amendment to Office Lease (the “**Amendment**”) is made and entered into as of August , 2012 (“**Amendment Date**”), by and between 150 SPEAR STREET, LLC, a Delaware limited liability company (“**Landlord**”) and FORRESTER RESEARCH, INC., a Delaware corporation (“**Tenant**”), with reference to the following facts.

Recitals

A. Landlord and Tenant entered into that certain Office Lease dated as of November 24, 2010 (the “**Lease**”), for the leasing of certain premises located at 150 Spear Street, San Francisco, California (the “**Building**”), consisting of approximately 15,560 rentable square feet known as Suite 1100 (the “**Original Premises**”), as such Original Premises are more fully described in the Lease.

B. Landlord and Tenant now wish to amend the Lease to provide for, among other things, (i) the expansion of the Original Premises; and (ii) certain other modifications to the Lease, all upon and subject to each of the terms, conditions, and provisions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Recitals: Landlord and Tenant agree that the above recitals are true and correct and are hereby incorporated herein as though set forth in full.

2. Rentable Area of the Premises: From and after the “Expansion Space Commencement Date”, as hereinafter defined, the Premises shall be expanded to include Suite 1050 of the Building (the “**Expansion Space**”) consisting of approximately 3,476 rentable square feet of office space located on the tenth (10th) floor of the Building as shown on Exhibit A attached hereto and made a part hereof. From and after the Expansion Space Commencement Date, all references in the Lease to the “Premises” shall mean and refer to the Original Premises and the Expansion Space, collectively. Except as specifically set forth in the Lease and in the Tenant Work Letter attached hereto as Exhibit B (the “**Tenant Work Letter**”), and made a part hereof, Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Expansion Space and Tenant shall accept the Expansion Space in its “AS-IS” condition. Landlord shall permit Tenant to access and enter the Expansion Space November 1, 2012 (as the same may be delayed in accordance with this Section 2, the “**Early Entry Date**”), solely for purposes of installing the Tenant Improvements (as such term is defined in Section 2.1 of the Tenant Work Letter). In no event may Tenant conduct its business or operations from the Expansion Space until the Expansion Space Commencement Date. Such limited purpose entry and use of the Expansion Space by Tenant shall be at Tenant’s sole risk and shall also be subject to all of the provisions of the Lease including, but not limited to, the requirement to obtain the insurance required pursuant to the Lease and to deliver insurance certificates as required herein, and to pay for all utilities consumed in the Expansion Space on and after the Early Entry Date. Notwithstanding the immediately preceding sentence, Tenant shall not be required to pay Rent (other than any utilities costs incurred) prior to the Expansion Space Commencement Date. In addition to the foregoing, Landlord shall have the right to impose such additional conditions on Tenant’s early entry as Landlord reasonably shall deem appropriate.

Tenant hereby acknowledges that the Expansion Space is presently being occupied by Thomas, McNerney & Partners Mgt., LLC, a Delaware limited liability company (the “**Existing Tenant**”). Landlord’s ability to permit Tenant to enter the Expansion Space by the Early Entry Date is contingent

upon the Existing Tenant vacating the Expansion Space and surrendering possession thereof to Landlord by October 31, 2012. If Landlord cannot permit Tenant to enter the Expansion Space on the Early Entry Date, Landlord shall neither be subject to any liability nor shall the validity of the Lease be affected but the Early Entry Date shall be changed to be the date on which Tenant is actually permitted to enter the Expansion Space. Notwithstanding the foregoing, if Landlord is unable to tender possession of the Expansion Space on or before March 31, 2013 (which date shall be extended for the period of any event of Force Majeure) (the “**Delivery Termination Date**”), then Tenant may terminate this Amendment by delivering to Landlord a written termination notice thereof prior to the earlier of (i) the date which is twenty (20) days following the Delivery Termination Date or (ii) the date upon which Landlord tenders possession of the Expansion Space to Tenant. Tenant’s termination notice delivered pursuant to this Section 2 shall be effective thirty (30) days after receipt thereof by Landlord; provided, however, Landlord may vitiate Tenant’s termination notice provided to Landlord pursuant to this Section 2 by Landlord tendering possession of the Expansion Space to Tenant prior to the effective date of such termination notice, in which event Tenant’s termination notice shall be null and void and of no further force or effect. The termination right afforded to Tenant under this Section 2 shall be Tenant’s sole remedy for Landlord’s failure to timely tender possession of the Expansion Space. Time is of the essence for the delivery of Tenant’s termination notice under this Section 2; accordingly, if Tenant fails to timely deliver any such notice, Tenant’s right to terminate this Amendment under this Section 2 shall expire and be of no further force or effect as of the date Tenant fails to timely deliver such termination notice. If Tenant timely exercises its termination right as provided herein, then this Amendment shall be null and void and of no further force and effect but the Lease shall continue in full force and effect with respect to the Original Premises.

3. Term: The Lease Term for the Expansion Space shall commence on the earlier of: (a) the date Tenant commences business operations in the Expansion Space or; (b) four (4) months from the Early Entry Date (the “**Expansion Space Commencement Date**”) and, unless extended or earlier terminated in accordance with the terms and conditions of the Lease, shall expire on June 30, 2016 (the “**Expansion Space Expiration Date**”). Following the Expansion Space Commencement Date, Landlord and Tenant shall execute a Confirmation of Term in the form as set forth in Exhibit C attached to this Amendment, confirming the actual Expansion Space Commencement Date.

4. Base Rent: Effective as of the Amendment Date, Section 4 of the Summary shall be modified to provide that, Tenant shall continue to pay Rent for the Original Premises pursuant to the schedule now in effect and, commencing on the Expansion Space Commencement Date, shall additionally pay to Landlord monthly Base Rent pertaining to the Expansion Space as follows:

<u>Months of Term</u>	<u>Annual Base Rent</u>	<u>Monthly Installment of Base Rent</u>	<u>Annual Rental Rate per Rentable Square Foot</u>
Expansion Space Commencement Date - Month 12	\$166,848.00	\$13,904.00	\$ 48.00
Months 13 - 24	\$170,324.00	\$14,193.67	\$ 49.00
Months 25 - 36	\$173,800.00	\$14,483.33	\$ 50.00
Months 37 – Expansion Space Expiration Date	\$177,276.00	\$14,773.00	\$ 51.00

5. Security Deposit: Effective as of the Amendment Date, Section 8 of the Summary shall be modified so that the Security Deposit shall be Fourteen Thousand Seven Hundred Seventy-three Dollars (\$14,773.00). Landlord hereby acknowledges and agrees that Tenant has previously paid the Security Deposit to Landlord.

6. Advance Rent: Concurrently with Tenant's execution of this Amendment, Tenant shall pay to Landlord the amount of \$13,904.00, which shall represent Tenant's monthly installment of Base Rent first due and payable for the Expansion Space.

7. Base Year: Effective as of the Expansion Space Commencement Date, the definition of "Base Year" as set forth in the Summary shall be modified to provide that the Base Year for the Original Premises shall remain the Calendar year 2011 and the Base Year for the Expansion Space shall be the Calendar year 2013.

8. Tenant's Share: Effective as of the Expansion Space Commencement Date, the definition of "Tenant's Share" as set forth in the Summary shall be modified to provide that the Tenant's Share for the Original Premises shall remain 5.94% and the Tenant's Share for the Expansion Space shall be 1.33%.

9. Signage: As pertaining to the Expansion Space, Tenant shall have the right, at Landlord's sole cost and expense, to have its name displayed on the main lobby directory and on the Building Directory located on the floor on which the Expansion Space is located for purposes of identifying Tenant's business. Landlord shall also install a Tenant placard identifying Tenant's name outside of the Expansion Space. All signage shall conform to Landlord's Building Standard signage program. All costs for the initial strips and Tenant's suite identification signage shall be borne by Landlord and all costs for replacement, additions or changes shall be borne by Tenant.

10. Insurance: Tenant shall deliver to Landlord, upon execution of this Amendment, a certificate of insurance evidencing that the Expansion Space is covered by Tenant's insurance policies required to be carried by Tenant pursuant to the Lease.

11. Tenant's Representations and Warranties: Tenant hereby represents and warrants to Landlord the following, each of which shall survive the execution of this Amendment:

A. Tenant has not made any assignment, sublease, transfer, conveyance or other disposition of the Lease, Tenant's leasehold estate, the Premises, any other rights, title, interest under or arising by virtue of the Lease, or of any claim, demand, obligation, liability, action or cause of action arising from or pursuant to the Lease or arising from any rights of possession arising under or by virtue of the Lease or leasehold estate.

B. The person or entity executing this Amendment on behalf of Tenant has the full right and authority to execute this Amendment on behalf of said party and to bind said party without the consent or approval of any other person or entity. Tenant has the full power, capacity, authority and legal right to execute and deliver this Amendment.

C. Neither Landlord nor Tenant is in default in the performance of any covenant, agreement or condition contained in the Lease and, to Tenant's actual knowledge, no event has occurred and no condition exists which, with the giving of notice or the lapse of time, or both, would constitute a default by any party under the Lease. To Tenant's actual knowledge, Tenant has no defenses, counterclaims, liens or claims of offset or credit under the Lease or against rents, or any other claims against Landlord.

12. Brokers: Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Amendment, excepting only Colliers International who is representing Landlord, and Richards Barry Joyce & Partners in co-brokerage with Cornish & Carey Commercial Newmark Knight Frank who is representing Tenant

(collectively, the “**Brokers**”), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Amendment. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys’ fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. Tenant further represents and warrants to Landlord that Tenant will not receive (i) any portion of any potential brokerage commission or finder’s fee payable to the Brokers in connection with this Amendment, or (ii) any other form of compensation or incentive from the Brokers with respect to this transaction. Upon the full execution and delivery of this Amendment, Landlord shall pay Richards Barry Joyce & Partners in co-brokerage with Cornish & Carey Commercial Newmark Knight Frank a commission equal to \$1.50 per square foot per year, capped at \$10.00 per square foot. No commission shall be paid for any free rent period. Colliers International shall be paid pursuant to an existing agreement with Landlord.

13. Effect of Amendment; Ratification of Lease: Except as modified herein, the terms and conditions of the Lease shall remain unmodified and continue in full force and effect. In the event of any conflict between the terms and conditions of the Lease and this Amendment, the terms and conditions of this Amendment shall prevail. Landlord and Tenant each hereby ratifies and confirms its obligations under the Lease, and represents and warrants to the other that, to its actual knowledge, it has no defenses thereto.

14. Definitions: Unless otherwise defined in this Amendment, all terms not defined in this Amendment shall have the meanings assigned to such terms in the Lease.

15. Successors and Assigns: Subject to the assignment and subletting provisions of the Lease, this Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns.

16. Entire Agreement: This Amendment constitutes the entire understanding of the parties with respect to the subject matter in this Amendment and all prior agreements, representations, and understandings between the parties with respect thereto, whether oral or written, are deemed null, all of the foregoing having been merged into this Amendment. The parties acknowledge that each party and/or its counsel have reviewed and revised this Amendment and that no rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall be employed in the interpretation of this Amendment or any amendments or exhibits to this Amendment or any document executed and delivered by either party in connection with this Amendment.

17. Severability: If for any reason any provision of this Amendment shall be held to be unenforceable, it shall not affect the validity or enforceability of any other provision of this Amendment.

18. Incorporation: The terms and provisions of the Lease are hereby incorporated in this Amendment.

[BALANCE OF PAGE BLANK; NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date and year first above written.

“Landlord”

150 SPEAR STREET, LLC,
a Delaware limited liability company

By: Principal Real Estate Investors, LLC,
a Delaware limited liability company,

By: /s/ Robert T. Klinkner
Name: Robert T. Klinkner
Its: Assistant Managing Director - Asset
Management

By: _____
Name: _____
Its: _____

“Tenant”

FORRESTER RESEARCH, IN.,
a Delaware corporation

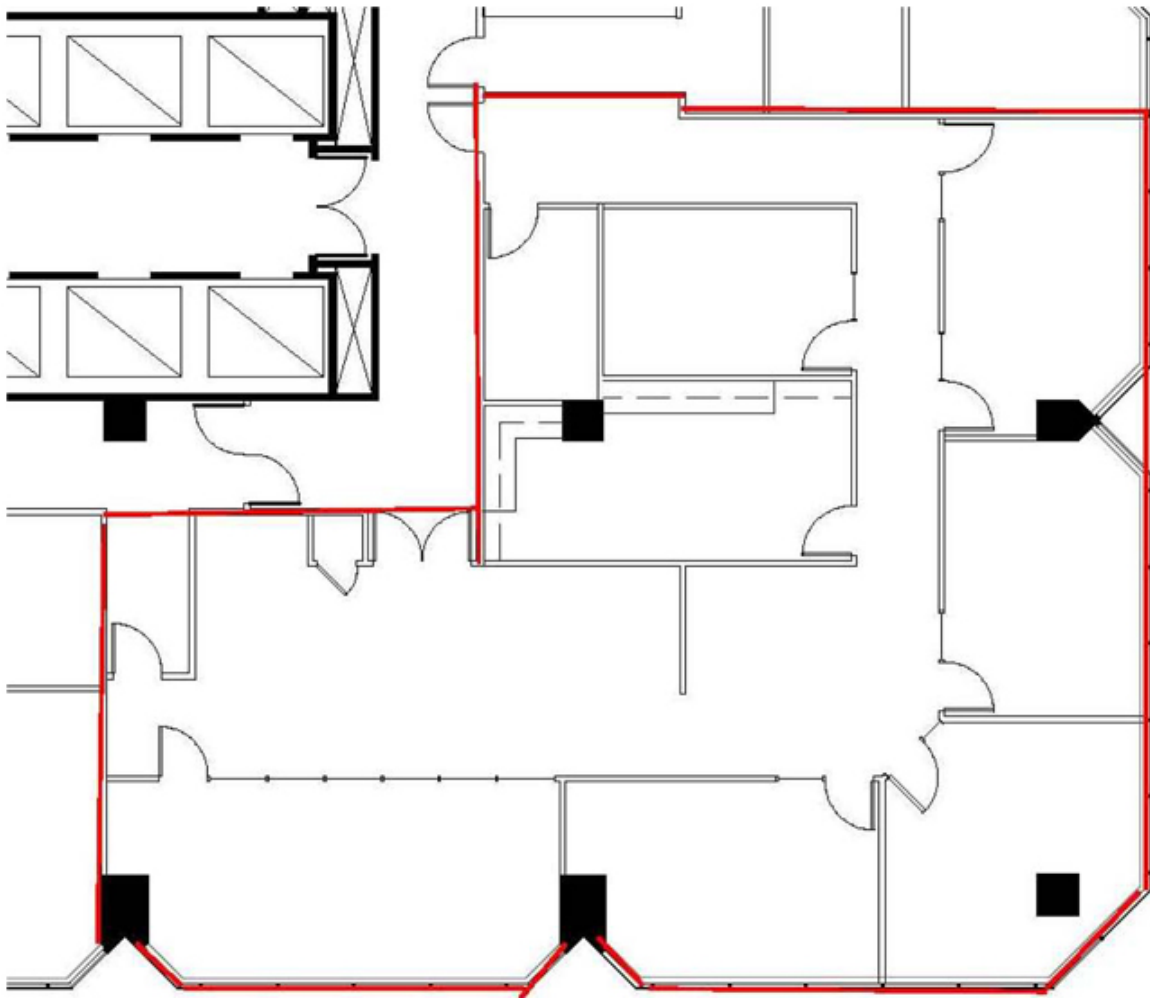
By: /s/ Michael A. Doyle
Name: Michael A. Doyle
Its: Chief Financial Officer

By: /s/ Gail S. Mann
Name: Gail S. Mann
Its: Chief Legal Officer

If Tenant is a corporation, the authorized officers must sign on behalf of the corporation and indicate the capacity in which they are signing. The document must be executed by the chairman of the board, president or vice-president, and the secretary, assistant secretary, chief financial officer or any assistant treasurer, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which event, the bylaws or a certified copy of the resolution, as the case may be, must be attached to this document.

EXHIBIT A

SITE PLAN OF THE EXPANSION SPACE



Suite 1050
Approximately 3,476 rsf

Exhibit A – Page 1

EXHIBIT B

150 SPEAR STREET, SAN FRANCISCO, CALIFORNIA

TENANT WORK LETTER

This Tenant Work Letter (“**Tenant Work Letter**”) sets forth the terms and conditions relating to the construction of improvements for the Expansion Space. All references in this Tenant Work Letter to the “**Amendment**” shall mean the relevant portions of the Amendment to which this Tenant Work Letter is attached as **Exhibit B**.

SECTION 1

BASE, SHELL AND CORE

Landlord has previously constructed the base, shell and core (i) of the Expansion Space and (ii) of the floor(s) of the Building on which the Expansion Space is located (collectively, the “**Base, Shell and Core**”), and Tenant shall accept the Base, Shell and Core in its current “As-Is” condition existing as of the date of the Amendment and the Expansion Space Commencement Date. Except for the Tenant Improvement Allowance set forth below, Landlord shall not be obligated to make or pay for any alterations or improvements to the Expansion Space, the Original Premises, the Building or the Project.

SECTION 2

TENANT IMPROVEMENTS

2.1 **Tenant Improvement Allowance.** Tenant shall be entitled to a one-time tenant improvement allowance (the “**Tenant Improvement Allowance**”) in the amount of up to, but not exceeding Twenty Dollars (\$20.00) per rentable square foot of the Expansion Space (i.e., up to Sixty-nine Thousand Five Hundred Twenty and 00/100 Dollars (\$69,520.00), based on 3,476 rentable square feet in the Expansion Space), for the costs relating to the initial design and construction of Tenant’s improvements which are permanently affixed to the Expansion Space (the “**Tenant Improvements**”), including, without limitation, space planning and design, construction fees, and architectural and consultant fees; provided, however, that Landlord shall have no obligation to disburse all or any portion of the Tenant Improvement Allowance to Tenant unless Tenant makes a request for disbursement pursuant to the terms and conditions of Section 2.2 below prior to that date which is twelve (12) months after the Expansion Space Commencement Date. In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Tenant Improvement Allowance. Tenant shall not be entitled to receive any cash payment or credit against Rent or otherwise for any portion of the Tenant Improvement Allowance which is not used to pay for the Tenant Improvement Allowance Items (as such term is defined below).

2.2 Disbursement of the Tenant Improvement Allowance.

2.2.1 Tenant Improvement Allowance Items. Except as otherwise set forth in this Tenant Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord, only for the following items and costs (collectively, the “**Tenant Improvement Allowance Items**”):

2.2.1.1 payment of the fees of the “Architect” and the “Engineers,” as those terms are defined in Section 3.1 of this Tenant Work Letter and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord’s consultants in connection with the preparation and review of the “**Construction Drawings**,” as that term is defined in Section 3.1 of this Tenant Work Letter;

2.2.1.2 the payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.1.3 the cost of construction of the Tenant Improvements, including, without limitation, contractors’ fees and general conditions, testing and inspection costs, costs of utilities, trash removal, parking and hoists, and the costs of after-hours freight elevator usage;

2.2.1.4 the cost of any changes in the Base, Shell and Core when such changes are required by the Construction Drawings (including if such changes are due to the fact that such work is prepared on an unoccupied basis), such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

2.2.1.5 the cost of any changes to the Construction Drawings or Tenant Improvements required by Code or any other applicable laws;

2.2.1.6 sales and use taxes and Title 24 fees;

2.2.1.7 the “Construction Supervision Fee,” as that term is defined in Section 4.2.2.2 of this Tenant Work Letter; and

2.2.1.8 all other costs to be expended by Landlord in connection with the construction of the Tenant Improvements.

2.2.2 Disbursement of Tenant Improvement Allowance. Subject to Section 2.1 above, during the construction of the Tenant Improvements, Landlord shall make disbursements of the Tenant Improvement Allowance for Tenant Improvement Allowance Items for the benefit of Tenant and shall authorize the release of monies for the benefit of Tenant as follows:

2.2.2.1 Disbursements. From time to time during the construction of the Tenant Improvements (but no more frequently than monthly), Tenant shall deliver to Landlord: (i) a request for payment of the “Contractor”, as that term is defined in Section 4.1 below, approved by Tenant, in a form to be provided by Landlord, showing the schedule, by trade, of percentage of completion of the Tenant Improvements in the Expansion Space, detailing the portion of the work completed and the portion not completed, and demonstrating that the relationship between the cost of the work completed and the cost of the work to be completed complies with the terms of the “Final Cost Statement”, as that term is defined in Section 4.2.1 below; (ii) invoices from all of “Tenant’s Agents”, as that term is defined in Section 4.1.2 below, for labor rendered and materials delivered to the Expansion Space; (iii) executed conditional mechanic’s lien releases from all of Tenant’s Agents which shall comply with the applicable provisions of California Civil Code Section 3262(d); and (iv) each of the general disbursement items referenced in Section 2.2.2.3 below, and all other information reasonably requested by Landlord. Tenant’s request for payment shall be deemed Tenant’s acceptance and approval of the work furnished and/or the materials supplied as set forth in Tenant’s

payment request. Within thirty (30) days of Landlord's receipt of a completed disbursement request submission, Landlord shall deliver a check to Tenant made payable to Tenant in payment of the lesser of (A) the amounts so requested by Tenant, as set forth in this Section 2.2.2.1, above, less a ten percent (10%) retention (the aggregate amount of such retentions to be known as the "**Final Retention**") and (B) the balance of any remaining available portion of the Tenant Improvement Allowance (not including the Final Retention), provided that Landlord does not dispute any request for payment based on non-compliance of any work with the "Approved Working Drawings", as that term is defined in Section 3.4 below, or due to any substandard work. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

2.2.2.2 Final Retention. Subject to the provisions of this Tenant Work Letter, a check for the Final Retention payable jointly to Tenant and Contractor shall be delivered by Landlord to Tenant following the completion of construction of the Expansion Space, provided that (i) Tenant delivers to Landlord properly executed and fully unconditional mechanics lien releases in compliance with both California Civil Code Section 3262(d)(2) and either Section 3262(d)(3) or Section 3262(d)(4), and (ii) Landlord has determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building, which determination shall be made promptly after the completion of construction, (iii) Tenant has delivered to Landlord a certificate of occupancy or permit cards signed off by the City with respect to the Expansion Space; (iv) Tenant has delivered to the Office of the Building as-built plans and City-permitted plans for the Tenant Improvements; (v) Tenant has delivered to the Office of the Building operation manuals and warranties for equipment included within the Tenant Improvements, if applicable, and (vi) Tenant has delivered to Landlord each of the general disbursement items referenced in Section 2.2.2.3 below. The check for the Final Retention shall be delivered by Landlord to Tenant within thirty (30) days of the satisfaction of the foregoing conditions.

2.2.2.3 General Disbursement Requirements. In addition to the disbursement requirements referenced above, Tenant acknowledges and agrees that the following items are required as a condition to any disbursement of the Tenant Improvement Allowance:

- Copy of contract with Tenant's General Contractor
- Copy of General Contractor's certificate of insurance, including Additional Insured endorsement naming Landlord and Landlord's property manager as Additional Insureds
- General Contractor's Schedule of Values, showing total contract value

2.2.2.4 Other Terms. Landlord shall only be obligated to make disbursements from the Tenant Improvement Allowance to the extent costs are incurred by Tenant for Tenant Improvement Allowance Items.

2.3 Standard Tenant Improvement Package. Landlord has established specifications (the "**Building Standard Tenant Improvements**") for the Building standard components to be used in the construction of the Tenant Improvements in the Expansion Space. The quality of Tenant Improvements shall be equal to or of greater quality than the quality of the Building Standard Tenant Improvements, provided that Landlord may, at Landlord's option, require the Tenant Improvements to comply with certain Building Standard Tenant Improvements. Landlord may make changes to the specifications for the Building Standard Tenant Improvements from time to time.

2.4 Removal of Non Building Standard Tenant Improvements. “**Non Standard Tenant Improvements**” shall mean (a) any part of the Tenant Improvements which do not constitute Building Standard Tenant Improvements, including, but not limited to, plumbing and millwork; (b) any changes in or additions to the Tenant Improvements made at the request of Tenant or due to any other act or omission on the part of Tenant; and (c) a configuration of the Tenant Improvements which is not usual and customary for normal occupancy. If so directed by Landlord prior to the end of the Lease Term, Tenant shall pay Landlord the cost to remove from the Expansion Space any Non Standard Tenant Improvements designated by Landlord, and shall replace such designated Non Standard Tenant Improvements to be removed with Building Standard Tenant Improvements. Notwithstanding the foregoing, in the event that Tenant’s request for approval any Tenant Improvement shall request a designation by Landlord of any removal obligation in accordance with the terms hereof, then Landlord shall indicate any such removal obligation at the time of Landlord’s consent. If Tenant makes such a request and Landlord shall not indicate in its approval that the applicable Tenant Improvement will be required to be removed by Tenant, then the applicable Tenant Improvement will not be required to be removed.

SECTION 3

CONSTRUCTION DRAWINGS

3.1 Selection of Architect/Construction Drawings. Tenant shall retain the architect/space planner (the “**Architect**”) approved by Landlord, which approval shall not be unreasonably withheld, to prepare the Construction Drawings. Tenant shall retain the engineering consultants reasonably designated by Landlord (the “**Engineers**”) to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, life safety, and sprinkler work in the Expansion Space. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the “**Construction Drawings**”. All Construction Drawings shall comply with the drawing format and specifications reasonably determined by Landlord, and shall be subject to Landlord’s approval, which shall not be unreasonably withheld, conditioned or delayed. Tenant and Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith. Landlord’s review of the Construction Drawings as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord’s review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord’s space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings.

3.2 Final Space Plan. Tenant shall supply Landlord with four (4) copies signed by Tenant of its final space plan for the Expansion Space before any architectural working drawings or engineering drawings have been commenced. The final space plan (the “**Final Space Plan**”) shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord’s receipt of the Final

Space Plan for the Expansion Space if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly (i) cause the Final Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require, and (ii) deliver such revised Final Space Plan to Landlord.

3.3 Final Working Drawings. After the Final Space Plan has been approved by Landlord and Tenant, Tenant shall promptly cause the Architect and the Engineers to complete the architectural and engineering drawings for the Expansion Space, and cause the Architect to compile a fully coordinated set of architectural, structural, mechanical, electrical and plumbing working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits for the Tenant Improvements (collectively, the “**Final Working Drawings**”), and shall submit the same to Landlord for Landlord’s approval. Tenant shall supply Landlord with four (4) copies signed by Tenant of such Final Working Drawings. Landlord shall advise Tenant within five (5) business days after Landlord’s receipt of the Final Working Drawings for the Expansion Space if the same is unsatisfactory or incomplete in any respect. If Tenant is so advised, Tenant shall promptly (i) revise the Final Working Drawings in accordance with such review and any disapproval of Landlord in connection therewith, and (ii) deliver such revised Final Working Drawings to Landlord.

3.4 Approved Working Drawings. The Final Working Drawings shall be approved by Landlord (the “**Approved Working Drawings**”) prior to the commencement of construction of the Expansion Space by Tenant. After approval by Landlord of the Final Working Drawings, Tenant shall promptly submit the same to the appropriate governmental authorities for all applicable building permits. Tenant hereby agrees that neither Landlord nor Landlord’s consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Expansion Space and that obtaining the same shall be Tenant’s responsibility; provided, however, that Landlord shall cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy. No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

SECTION 4

CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 Tenant’s Selection of Contractor and Tenant’s Agents.

4.1.1 The Contractor. A general contractor shall be retained by Tenant to construct the Tenant Improvements. Such general contractor (“**Contractor**”) shall be selected by Tenant from a list of general contractors supplied by Landlord, and Tenant shall deliver to Landlord notice of its selection of the Contractor upon such selection. Landlord hereby agrees that TCB Builders, Inc., shall be the Contractor.

4.1.2 Tenant’s Agents. In connection with the Tenant Improvements, Tenant shall be permitted to use all architects, engineers, project managers, subcontractors, mechanics and materialmen and other consultants selected by the Contractor (together with the Contractor to be known collectively as “**Tenant’s Agents**”); provided that, in any event, Tenant must contract with Landlord’s base building subcontractors for any mechanical, electrical, plumbing, life safety, structural, heating, ventilation, and air-conditioning work in the Expansion Space. Tenant shall provide Landlord with a list of Tenant’s Agents prior to commencement of any construction in the Expansion Space. Tenant’s Agents shall all be union labor in compliance with the master labor agreements existing between trade unions and the local

chapter of the Associated General Contractors of America and each such Tenant Agent shall be a reputable, licensed company doing business in San Francisco, California. Notwithstanding anything to the contrary contained herein, in the event that Tenant desires access to the Building risers in connection with the Tenant Improvements, then Tenant shall be required to utilize the services of Landlord's designated Building riser management company.

4.2 Construction of Tenant Improvements by Tenant's Agents.

4.2.1 Construction Contract; Cost Budget. Prior to Tenant's execution of the construction contract and general conditions with Contractor (the "**Contract**"), Tenant shall submit the Contract to Landlord for its approval, which approval shall not be unreasonably withheld or delayed. Prior to the commencement of the construction of the Tenant Improvements, and after Tenant has accepted all bids for the Tenant Improvements, Tenant shall provide Landlord with a written detailed cost breakdown (the "**Final Costs Statement**"), by trade, of the final costs to be incurred, or which have been incurred but remain unpaid, as set forth more particularly in Section 2.2.1.1 through 2.2.1.8 above, in connection with the design and construction of the Tenant Improvements to be performed by or at the direction of Tenant or the Contractor, which costs form a basis for the amount of the Contract, if any (the "**Final Costs**"). To the extent the Final Costs exceed the Tenant Improvement Allowance (less any portion thereof already disbursed by Landlord, or in the process of being disbursed by Landlord, on or before the commencement of construction of the Tenant Improvements), Tenant shall make payments for such additional costs (the "**Over-Allowance Amount**") out of its own funds, but Tenant shall provide Landlord with the documents described in Sections 2.2.2.1 (i), (ii), (iii) and (iv) above, for Landlord's approval, prior to Tenant paying such costs. The Over-Allowance Amount shall be paid by Tenant prior to the disbursement by Landlord of any of the then remaining portion of the Tenant Improvement Allowance. In the event that, after the Final Costs have been delivered by Landlord to Tenant, the costs relating to the design and construction of the Tenant Improvements shall change, any additional costs necessary for such design and construction in excess of the Final Costs shall, to the extent they exceed the remaining balance of the Tenant Improvement Allowance, be paid by Tenant prior to the commencement of the construction of such changes out of its own funds, but Tenant shall continue to provide Landlord with the documents described in Sections 2.2.2.1 (i), (ii), (iii) and (iv) above, for Landlord's approval, prior to Tenant paying such costs.

4.2.2 Tenant's Agents.

4.2.2.1 Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work. Tenant's and Tenant's Agents' construction of the Tenant Improvements shall comply with the following: (i) the Tenant Improvements shall be constructed in strict accordance with the Approved Working Drawings; (ii) Tenant and Tenant's Agents shall not, in any way, unreasonably interfere with, obstruct, or delay, the work of Landlord's base building contractor and subcontractors with respect to the Base, Shell and Core or any other work in the Building; (iii) Tenant's Agents shall submit schedules of all work relating to the Tenant's Improvements to Contractor and Contractor shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (iv) Tenant shall abide by all reasonable rules made by Landlord's Building contractor or Landlord's Building manager with respect to the use of freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Tenant Work Letter, including, without limitation, the construction of the Tenant Improvements.

4.2.2.2 Construction Supervision Fee. Tenant shall pay a construction supervision fee (the “**Supervision Fee**”) to Landlord in an amount of \$150.00 per hour, which Supervision Fee shall be services relating to the coordination of the construction of the Tenant Improvements; provided, however, that the total Supervision Fee shall not exceed two and one half percent (2.5%) of the Final Costs. In the event the Architect is not licensed in California and Landlord deems it necessary to review Tenant’s plans and drawings to review code compliance and permitting issues, then in addition to the Supervision Fee and other amounts payable by Tenant hereunder, Tenant shall reimburse Landlord for amounts paid by Landlord for the review of Tenant’s plans and drawings as referenced in Section 3 above, which amounts shall be charged against the Tenant Improvement Allowance.

4.2.2.3 Indemnity. Tenant’s indemnity of Landlord as set forth in the Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant’s Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant’s non-payment of any amount arising out of the Tenant Improvements and/or Tenant’s disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in the Lease, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to Landlord’s performance of any ministerial acts reasonably necessary (i) to permit Tenant to complete the Tenant Improvements, and (ii) to enable Tenant to obtain any building permit or certificate of occupancy for the Expansion Space.

4.2.2.4 Insurance Requirements.

4.2.2.4.1 General Coverages. All of Tenant’s Agents shall carry worker’s compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in the Lease.

4.2.2.4.2 Special Coverages. Tenant shall carry “Builder’s All Risk” insurance in an amount approved by Landlord covering the construction of the Tenant Improvements, and such other insurance as Landlord may require, it being understood and agreed that the Tenant Improvements shall be insured by Tenant pursuant to the Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord, and in form and with companies as are required to be carried by Tenant as set forth in the Lease.

4.2.2.4.3 General Terms. Certificates for all insurance carried pursuant to this Section 4.2.2.4 shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor’s equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant’s sole cost and expense. All policies carried under this Section 4.2.2.4 shall insure Landlord and Tenant, as their interests may appear, as well as Contractor and Tenant’s Agents, and shall name as additional insureds Landlord’s Property Manager, Landlord’s Asset Manager, and all mortgagees and ground lessors of the Building. All insurance, except Workers’ Compensation, maintained by Tenant’s Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess

and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 4.2.2.3 of this Tenant Work Letter.

4.2.3 Governmental Compliance. The Tenant Improvements shall comply in all respects with the following: (i) the Code and other state, federal, city or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) building material manufacturer's specifications.

4.2.4 Inspection by Landlord. Landlord shall have the right to inspect the Tenant Improvements at all times, provided however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord disapprove any portion of the Tenant Improvements, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations in, and/or reasonable disapproval by Landlord of, the Tenant Improvements shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord reasonably determines that a defect or deviation exists or reasonably disapproves of any matter in connection with any portion of the Tenant Improvements and such defect, deviation or matter might adversely affect the mechanical, electrical, plumbing, heating, ventilating and air conditioning or life-safety systems of the Building, the structure or exterior appearance of the Building or any other tenant's use of such other tenant's leased premises, Landlord may, take such action as Landlord reasonably deems necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such defect, deviation and/or matter, including, without limitation, causing the cessation of performance of the construction of the Tenant Improvements until such time as the defect, deviation and/or matter is corrected to Landlord's satisfaction.

4.2.5 Meetings. Commencing upon the execution of the Amendment, Tenant shall hold weekly meetings at a reasonable time, with the Architect and the Contractor regarding the progress of the preparation of Construction Drawings and the construction of the Tenant Improvements, which meetings shall be held in the Building or at another location designated by Landlord and reasonably acceptable to Tenant, and Landlord and/or its agents shall receive prior notice of, and shall have the right to attend, all such meetings, and, upon Landlord's request, certain of Tenant's Agents shall attend such meetings. In addition, minutes shall be taken at all such meetings, a copy of which minutes shall be promptly delivered to Landlord. One such meeting each month shall include the review of Contractor's current request for payment.

4.3 Notice of Completion; Copy of "As Built" Plans. Within ten (10) days after completion of construction of the Tenant Improvements, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the County in which the Building is located in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction, (i) Tenant shall cause the Architect and Contractor (A) to update the Approved Working Drawings as necessary to reflect all changes made to the Approved Working Drawings during the course of construction, (B) to certify to the best of their knowledge that the "record-set" of as-built drawings are true and correct, which certification shall survive the expiration or termination of the Lease, and (C) to deliver to Landlord two (2) computer discs containing the Approved

Working Drawings in AutoCAD format, and (ii) Tenant shall deliver to Landlord two (2) copies of all warranties, guaranties, and operating manuals and information relating to the improvements, equipment, and systems in the Expansion Space.

4.4 Coordination by Tenant's Agents with Landlord. Upon Tenant's delivery of the Contract to Landlord under Section 4.2.1 of this Tenant Work Letter, Tenant shall furnish Landlord with a schedule setting forth the projected date of the completion of the Tenant Improvements and showing the critical time deadlines for each phase, item or trade relating to the construction of the Tenant Improvements.

SECTION 5

MISCELLANEOUS

5.1 Tenant's Representative. Tenant has designated Jean Baranowski as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

5.2 Landlord's Representative. Landlord has designated Jim Osburn as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.3 Time of the Essence in This Tenant Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for the preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

5.4 Tenant's Lease Default. Notwithstanding any provision to the contrary contained in the Lease, if an event of default by Tenant of this Tenant Work Letter (which, for purposes hereof, shall include, without limitation, the delivery by Tenant to Landlord of any oral or written notice that Tenant does not intend to occupy the Expansion Space, and/or any other anticipatory breach of the Lease) or an Event of Default under the Lease has occurred at any time on or before the substantial completion of the Expansion Space, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, at law and/or in equity, Landlord shall have the right to withhold payment of all or any portion of the Tenant Improvement Allowance and/or Landlord may cause Contractor to cease the construction of the Expansion Space (in which case, Tenant shall be responsible for any delay in the substantial completion of the Expansion Space caused by such work stoppage), and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of the Lease (in which case, Tenant shall be responsible for any delay in the substantial completion of the Expansion Space caused by such inaction by Landlord). In addition, if the Lease is terminated prior to the Expansion Space Commencement Date, for any reason due to an Event of Default by Tenant as described in Section 19.1 of the Lease or under this Tenant Work Letter (including, without limitation, any anticipatory breach described above in this Section 5.4), then (A) Tenant shall be liable to Landlord for all damages available to Landlord pursuant to the Lease and otherwise available to Landlord at law and/or in equity by reason of a default by Tenant under the Lease or this Tenant Work Letter (including,

without limitation, the remedies available to Landlord pursuant to California Civil Code Section 1951.2), and (B) Tenant shall pay to Landlord, as Additional Rent under the Lease, within thirty (30) days of receipt of a statement therefor, together with reasonable back-up documentation, any and all costs (if any) incurred by Landlord (including any portion of the Tenant Improvement Allowance disbursed by Landlord) and not reimbursed or otherwise paid by Tenant through the date of such termination in connection with the Tenant Improvements to the extent planned, installed and/or constructed as of such date of termination, including, but not limited to, any costs related to the removal of all or any portion of the Tenant Improvements and restoration costs related thereto. For purposes of calculating the damages available to Landlord under California Civil Code 1951.2, the Expansion Space Commencement Date shall be deemed to be the date which the Expansion Space Commencement Date would have otherwise occurred but for such default by Tenant.

EXHIBIT C

FORM OF CONFIRMATION OF TERM

CONFIRMATION OF TERM

AMENDMENT DATE: _____ ,
LANDLORD: 150 SPEAR STREET, LLC
TENANT: FORRESTER RESEARCH, INC.
PREMISES: 150 Spear Street, Suite 1050, San Francisco, California

Pursuant to Section 3 of the above-referenced Amendment, the Expansion Space Commencement Date shall be _____ .

“Landlord”

150 SPEAR STREET, LLC,
a Delaware limited liability company

By: Principal Real Estate Investors, LLC,
a Delaware limited liability company,

Its: _____

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

///signatures continued on next page///

“Tenant”

FORRESTER RESEARCH, INC.,

a Delaware corporation

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

If Tenant is a corporation, the authorized officers must sign on behalf of the corporation and indicate the capacity in which they are signing. The document must be executed by the chairman of the board, president or vice-president, and the secretary, assistant secretary, chief financial officer or any assistant treasurer, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which event, the bylaws or a certified copy of the resolution, as the case may be, must be attached to this document.

SUBSIDIARIES OF THE REGISTRANT

Whitcomb Investments, Inc., a Massachusetts corporation
Forrester Research B.V., a Dutch corporation.
Forrester Research Limited, a United Kingdom corporation
Forrester Research KK, a Japanese corporation
Forrester Research Australia Pty Limited, an Australian corporation
Forrester Research (Canada) Inc., a New Brunswick, Canada corporation
Forrester Germany GmbH, a German corporaton
Forrester Switzerland GmbH, a Swiss corporation
Forrester Market Advisory (Beijing) Co., Ltd., a Chinese corporation
Forrester Research India Private Limited, an Indian corporation
Forrester Research Israel Limited, an Israeli corporation
Forrester International S.a.r.l., a Luxembourg corporation
Forrester Singapore Pte. Ltd., a Singapore corporation
Forrester Research SAS, a French corporation
Forrester Research S.r.l., an Italian corporation

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-189089, 333-159563, 333-136109, 333-16905, 333-22749, 333-96393, 333-38626, 333-99749, 333-99751) of Forrester Research, Inc. of our report dated March 13, 2014 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts

March 13, 2014

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, George F. Colony, certify that:

1. I have reviewed this annual report on Form 10-K of Forrester Research, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ GEORGE F. COLONY

George F. Colony
Chairman of the Board and Chief Executive Officer
(Principal executive officer)

Date: March 13, 2014

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Michael Doyle, certify that:

1. I have reviewed this annual report on Form 10-K of Forrester Research, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ MICHAEL DOYLE

Michael Doyle
Chief Financial Officer and Treasurer
(Principal financial officer)

Date: March 13, 2014

**CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Executive Officer of Forrester Research, Inc. (the "Company"), does hereby certify that to the undersigned's knowledge:

1) the Company's Annual Report on Form 10-K for the year ended December 31, 2013 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ GEORGE F. COLONY

George F. Colony
Chairman of the Board of Directors and
Chief Executive Officer

Dated: March 13, 2014

**CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Financial Officer of Forrester Research, Inc. (the "Company"), does hereby certify that to the undersigned's knowledge:

1) the Company's Annual Report on Form 10-K for the year ended December 31, 2013 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ MICHAEL DOYLE

Michael Doyle
Chief Financial Officer and Treasurer

Dated: March 13, 2014