

Cost of living and tax adjustments.

The fixed annual rent reserved in this lease and payable hereunder shall be adjusted, as of the times and in the manner set forth herein:

(a). Definitions: For the purposes of this section, the following definitions shall apply:

1. The term "base month" shall mean the full calendar month during which the term of this lease commences.

2. The term "price index" shall mean the "consumer price index" published by the Bureau of Labor Statistics of the U.S. Department of Labor, New York City, all items, or a substitute index appropriately adjusted.

3. The term "real estate taxes" shall mean all taxes and assessments levied, assessed or imposed at any time by any governmental authority upon or against the land and/or building of which the demised premises form a part, and also any tax or assessment levied, assessed or imposed at any time by any governmental authority in connection with the receipt of income or rents from such land and/or building to the extent that same shall be in lieu of all or a portion of any of such taxes or assessments upon or against such land and/or building. If any real estate taxes are permitted to be paid in installments, then all references in this section to the dates on which real estate taxes are payable shall be deemed to refer to the dates on which the installments are payable.

4. The term "base year" for taxes shall mean either the first year for which the building is assessed by municipal authority as completed and for which taxes for a full year are payable pursuant to such assessment or shall mean the calendar year of the date of this lease, whichever is the later.

(b). Effective as of each January and July subsequent to the base month, but in no event sooner than six months after the commencement date of this lease, there shall be made a cost of living adjustment of the annual rental rate payable hereunder. The July adjustment shall be based on the percentage difference between the price index for the preceding month of June and the price index for the base month. The January adjustment shall be based on such percentage difference between the price index for the preceding month of December and the price index for the base month.

1. In the event the price index for June in any calendar year during the term of this lease reflects an increase over the price index for the base month, then the fixed annual rent originally herein provided to be paid as of the July 1st following such month of June (unchanged by any adjustments under this section) shall be multiplied by 50% of the percentage difference between the price index for June and the price index for the base month, and the resulting sum shall be added to such fixed annual rent, effective as of such July 1st. Such adjusted annual rent (plus any tax adjustment computed hereunder) shall thereafter be payable hereunder, in equal monthly installments, until it is readjusted pursuant to the terms of this lease.

2. In the event the price index for December in any calendar year during the term of this lease reflects an increase over the price index for the base month, then the fixed annual rent originally herein provided to be paid as of the January 1st following such month of December (unchanged by any adjustments under this section) shall be multiplied by 50% of the percentage difference between the price index for December and the price index for the base month, and the resulting sum shall be added to such fixed annual rent effective as of such January 1st. Such adjusted annual rent (plus any tax adjustment computed hereunder) shall thereafter be payable hereunder, in equal monthly installments, until it is readjusted pursuant to the terms of this lease.

The following illustrates the intentions of the parties hereto as to the computation of the aforementioned cost of living adjustment in the annual rent payable hereunder:

Assuming that such fixed annual rent is \$10,000, that the price index for the base year was 102.0 and that the price index for the month of June in a calendar year following the base year was 105.0, then 50% of