

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended August 24, 1999

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 0-22265

GBI CAPITAL MANAGEMENT CORP.

(Name of Exact Registrant as Specified in Its Charter)

Florida

65-0701248

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer Identification No.)

1055 Stewart Avenue, Bethpage, New York

11714

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: (516) 470-4000

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par
value \$.0001 per share

Indicated 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
issuer was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes No

Indicated by check mark if disclosure of delinquent filers pursuant to
Item 405 of Regulation S-K 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.

As of November 16, 1999, the aggregate market value of the Registrant's
Common Stock (based on the reported last sale price on the NASD OTC Bulletin
Board) held by non-affiliates of the registrant was \$19,470,627.75.

As of November 16, 1999, 18,806,612 shares of issuer's Common Stock
were outstanding.

The information required in Part III by Items 10, 11, 12 and 13 is
incorporated by reference to Registrant's proxy statement in connection with its
next Annual Meeting of Stockholders, which will be filed by the Registrant
within 120 days after the close of its fiscal year.

GBI CAPITAL MANAGEMENT CORP.

1999 FORM 10-K ANNUAL REPORT

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PART I

ITEM 1. BUSINESS.

General

We are a holding company engaged in the retail and institutional securities brokerage business and provide investment banking and research services through Gaines, Berland Inc., our primary operating subsidiary. Gaines Berland is registered as a broker-dealer with the Securities and Exchange Commission and is a member firm of the National Association of Securities Dealers, Inc. and the Securities Investor Protection Corporation. Gaines Berland's business activities consist primarily of retail sales and trading of exchange listed and over-the-counter equity securities, options and mutual funds, as well as investment banking and research services. At September 30, 1999, the Company had approximately 296 registered representatives and maintained approximately 41,000 retail and institutional accounts. Gaines Berland is currently licensed to conduct activities as a broker-dealer in all 50 states, the District of Columbia and the Commonwealth of Puerto Rico, and operates primarily from its headquarters in Bethpage, New York. Gaines Berland also maintains branch offices in California, New York City and Florida.

We were incorporated under the laws of the State of Florida on February 5, 1996. Gaines Berland was incorporated under the laws of the State of New York in August 1983. Gaines Berland became our wholly-owned subsidiary on August 24, 1999 pursuant to a merger with FHGB Acquisition Corporation, our wholly-owned subsidiary, with Gaines Berland surviving the merger. All references to the Company, unless the context requires otherwise, refer to the Company and Gaines Berland.

Sources of Revenue

The following table indicates the dollar amount and the percentage of total revenues we derived from our sources of revenues for the last three fiscal years (the fiscal years ended August 24, 1999, August 31, 1998 and August 31, 1997). Revenues from agency transactions in securities for customers are shown as commissions. Principal transactions include profits from market making and other trading activities, as well as revenues from transactions in securities for customers where we acted in a principal capacity. Investment banking revenues consist of commissions, selling commissions, consulting fees and income from underwriting participation activities and placement agent fees. "Other Income" consists primarily of rental income and dividends.

<TABLE>

<S>	1999		1998		1997	
	Amount	Percent	Amount	Percent	Amount	Percent
Commissions and trading income	\$54,625,000	95.9%	\$ 52,025,000	89.8%	\$58,072,000	93.1%
Underwriting fees and investment banking	\$ 1,387,000	2.4%	\$ 4,795,000	8.3%	\$ 3,281,000	5.3%
Interest and dividends and other income	\$ 971,000	1.7%	\$ 1,074,000	1.9%	\$ 1,002,000	1.6%
Total Revenues	\$56,983,000	100%	\$ 57,894,000	100%	\$62,355,000	100%

</TABLE>

Retail Business

Most of our revenues in the last several years are generated from our retail business. We charge commissions to our individual and institutional clients for executing buy and sell orders of securities on national and regional exchanges and in the over-the-counter market. When we receive a buy or sell order for a security in which we make a market, we may act as a principal and purchase from, or sell to, our customers the security on a disclosed basis at a price set in accordance with applicable securities regulations.

We act as both principal and agent in the execution of our customers' orders in the over-the-counter market. We buy, sell and maintain an inventory of

various securities in order to "make a market" in those securities. In executing customer orders for over-the-counter securities in which we do not make a market, we charge a commission and act as agent between our customers and an unaffiliated market-maker. However, when the buy or sell order is in a security in which we make a market, we may act as principal and purchase securities from or sell securities to our customers, which includes the permissible mark-up or mark-down from the current market price, in accordance with applicable securities regulations.

Trading profits or losses depend upon the skills of the employees engaged in market making activities, the capital allocated to positions in securities and the general trends of prices in the securities markets. Trading as principal requires the commitment of capital and creates an opportunity for profits and risk of loss due to market fluctuations. We may take both long (ownership) and short (borrowing shares to effect sales of such shares) positions in those securities in which we make a market. As of September 30, 1999, we made markets in approximately 230 securities.

Investment Banking Activities

Our investment banking revenues are principally derived from managing or co-managing public offerings of equity securities and from fees for providing investment banking and corporate finance consulting services. In the corporate finance area, we have been active as an underwriter or selling group member in over 150 public equity transactions since 1994. Participation as a managing underwriter or in an underwriting syndicate involves both economic and regulatory risks. An underwriter may incur losses if it is unable to resell the securities it is committed to purchase. In addition, under the federal securities laws, other laws and court decisions with respect to underwriters' liabilities and limitations on the indemnification of underwriters by issuers, an underwriter is subject to substantial potential liability for misstatements or omissions of material facts in prospectuses and other communications with respect to such offerings. Acting as a managing underwriter increases these risks. Underwriting commitments constitute a charge against net capital and our ability to make underwriting commitments may be limited by the requirement that we must at all times be in compliance with regulations regarding our net capital.

Investment Activities

We also seek to realize investment gains by purchasing, selling and holding securities for our own account on a daily basis. We trade as principal in domestic equity and equity-related securities both on exchanges and in the over-the-counter market. We also engage for our own account in the arbitrage of securities. Our arbitrage activities involve purchasing securities at discounts from the value that we believe will be realized upon a later sale of those securities. We are required to commit the capital necessary for use in these investment activities. The amount of capital committed at any particular time will vary according to market, economic and financial factors, including the other aspects of our business. Additionally, in connection with our investment banking activities, we also receive warrants that entitle us to purchase securities of the corporate issuers for which we raise capital or provide advisory services.

Research Services

Our research activities, which historically were focused primarily on the energy industry, now also include the review and analysis of general market conditions and other industry groups; the issuance of in-depth written reports of companies, with recommendations on specific actions to buy, sell or hold; the furnishing of information to retail and institutional customers; and responses to inquiries from customers and account executives. Gaines Berland also utilizes the services of Bear Stearns to provide research and analysts' reports.

Wholesale Trading Activities

We have obtained regulatory approval to launch our proposed wholesale trading operations. We intend to hire traders who will make markets in a number of securities and who will also execute trades for institutional and high net worth investors. These trading operations will be based in our Ft. Lauderdale, Florida office.

Money Management Strategy

We recently expanded our operations to include money management services by establishing a private investment fund, GBI 1500 Focus Fund, L.P. Our wholly-owned subsidiary, GBI Fund Management Corp., is the general partner of this fund.

Internet Strategy

We are currently exploring expanding our operations through the use of the Internet, including offering to customers online brokerage services and research as well as conducting public offerings of securities over the Internet.

Administration, Operations, Securities Transactions Processing and Customer Accounts

We do not hold any funds or securities for our customers. Instead, we

use the services of Bear Stearns Securities Corp. as our clearing agent on a fully disclosed basis. Bear Stearns processes all securities transactions and maintains customer accounts on a fee basis. Customer accounts are protected through the SIPC for up to \$500,000, of which coverage for cash balances is limited to \$100,000. In addition, all customer accounts are fully protected by an Excess Securities Bond issued by the Travelers Casualty & Surety Company providing protection for the account's entire net equity (both cash and securities). The services of Bear Stearns include billing, credit control, and receipt, custody and delivery of securities. Bear Stearns provides operational support necessary to process, record, and maintain securities transactions for our brokerage activities. Bear Stearns provides these services to our customers at a total cost which is less than it would cost us to process such transactions on our own. Bear Stearns also lends funds to our customers through the use of margin credit. These loans are made to our customers on a secured basis, with Bear Stearns maintaining collateral in the form of saleable securities, cash or cash equivalents. Under the terms of the clearing agreement, we indemnify Bear Stearns for any loss on these credit arrangements.

Competition

We encounter intense competition in all aspects of our business and compete directly with many other securities firms for clients, as well as registered representatives. A significant number of our competitors offer their customers a broader range of financial services and have substantially greater resources than Gaines Berland. National retail firms such as Merrill Lynch Pierce Fenner & Smith Incorporated, Salomon Smith Barney, Inc. and Morgan Stanley/Dean Witter dominate the industry. We also compete with numerous regional and local firms. In addition, a number of firms offer discount brokerage services to retail customers and generally effect transactions at substantially lower commission rates on an "execution only" basis, without offering other services such as investment recommendations and research. Moreover, there is substantial commission discounting by full-service broker-dealers competing for institutional and retail brokerage business. The recent emergence of online trading has further intensified the competition for brokerage customers. We currently do not offer any online trading services to our customers. The continued expansion of discount brokerage firms and online trading could adversely effect our retail business. Other financial institutions, notably commercial banks and savings and loan associations, offer customers some of the same services and products presently provided by securities firms. While it is not possible to predict the type and extent of

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competing services which banks and other institutions ultimately may offer to customers, we may be adversely affected to the extent those services are offered on a large scale basis. We try to compete through our advertising and recruiting programs for registered representatives interested in joining us.

Government Regulation

The securities industry is subject to extensive and constantly evolving federal and state regulations promulgated by the SEC and various state agencies, as well as self-regulatory organizations such as NASD Regulation, Inc., the regulatory arm of the NASD. The principal purpose of such regulations is the protection of customers and the securities markets. The SEC is the federal agency charged with the administration of the federal securities laws. Much of the regulation of broker-dealers, however, has been delegated to self-regulatory organizations, principally the NASD Regulation and the national securities exchanges. These self-regulatory organizations adopt rules (subject to approval by the SEC) which govern the industry and conduct periodic examinations of member broker-dealers. Securities firms are also subject to regulation by state securities commissions in the states in which they are registered. Gaines Berland is registered with, and subject to the state securities commissions in 50 states, the District of Columbia and the Commonwealth of Puerto Rico.

The regulations to which broker-dealers are subject cover all aspects of the securities industry, including sales methods, trading practices among broker-dealers, capital structure of securities firms, record keeping and the conduct of directors, officers, employees and registered representatives. Additional legislation, changes in rules promulgated by the SEC and by self-regulatory bodies or changes in the interpretation or enforcement of existing laws and rules often directly affect the method of operation and profitability of broker-dealers. The SEC and the self-regulatory bodies may conduct administrative proceedings which can result in censure, fine, suspension or expulsion of a broker-dealer, its officers, employees or registered representatives.

Net Capital Requirements

As a registered broker-dealer and member of the NASD, Gaines Berland is subject to the SEC's net capital rule, which is designed to measure the general financial integrity and liquidity of a broker-dealer. Net capital is defined as the net worth of a broker-dealer subject to certain adjustments. In computing net capital, various adjustments to net worth are made with a view to excluding assets which are not readily convertible into cash and making a conservative valuation of other assets, such as firm's position in securities. Gaines Berland computes its minimum net capital requirement based on the "aggregate indebtedness method," which stipulates minimum net capital to be the greater of \$100,000 or 6-2/3% of aggregate indebtedness or an amount determined based upon the market price and number of securities in which Gaines Berland is a market-maker, not to exceed \$1,000,000. Aggregate indebtedness is the total of certain liabilities of a broker-dealer arising from or in connection with any transaction whatsoever, and includes, among other things, money borrowed, money

payable against securities loaned and securities "failed to receive," the market value of securities borrowed to the extent to which no equivalent value is paid or credited. For broker-dealers using this method, the net capital rule requires that the ratio of aggregate indebtedness to net capital not exceed 15 to 1, and imposes restrictions on operations as described below. Compliance with the net capital rule limits those operations of securities firms which require the intensive use of their capital, such as underwriting commitments and principal trading activities, and limits the ability of securities firms to pay dividends or make payments on certain indebtedness, including subordinated debt, as it matures.

In addition to the above requirements, funds invested as equity capital may not be withdrawn, nor may any unsecured advances or loans be made to any stockholder of a registered broker-dealer, if, after giving effect to such withdrawal, advance or loan and to any other such withdrawal, advance or loan as well as to any scheduled payments of subordinated debt which are scheduled to occur within six months, the net capital of the broker-dealer would fall below 120% of the minimum dollar amount of net capital required or the ratio of aggregate indebtedness to net capital would exceed 10 to 1. Further, any funds invested in the form of subordinated debt generally must be invested for a minimum term of one year and repayment of such debt may be suspended if the broker-dealer fails to maintain certain minimum net capital levels. For example, scheduled payments of subordinated debt are suspended in the event that

the ratio of aggregate indebtedness to net capital of the broker-dealer would exceed 12 to 1 or its net capital would be less than 120% of the minimum dollar amount of net capital required.

At August 24, 1999, Gaines Berland had net capital of \$2,773,730 which exceeded its minimum net capital requirements of \$562,500 by \$2,211,230, and its ratio of aggregate indebtedness to net capital was 1.86 to 1. Failure to maintain the required net capital may subject a firm to suspension or expulsion by the NASD, the SEC and other regulatory bodies and ultimately may require its liquidation. The net capital rule also prohibits payments of dividends, redemption of stock and the prepayment, or payment in respect of principal or subordinated indebtedness if net capital, after giving effect to the payment, redemption or repayment, would be less than the specified percent (120%) of the minimum net capital requirement. Compliance with the net capital rule could limit those operations of Gaines Berland that require the intensive use of capital, such as underwriting and trading activities, and also could restrict our ability to withdraw capital from our operating subsidiaries, which in turn could limit our ability to pay dividends, repay debt and redeem or purchase shares of its outstanding capital stock.

Personnel

As of September 30, 1999, we employed approximately 500 full-time employees, including 296 registered representatives. None of our personnel is covered by a collective bargaining agreement. We consider our relationship with our employees to be good.

ITEM 2. PROPERTIES.

The principal executive offices of the Company and Gaines Berland are located at 1055 Stewart Avenue, Bethpage, New York, 11714, where the Company leases approximately 92,400 square feet of office space at a base rent of \$1,706,232 per year with certain annual escalation clauses. The initial term of the lease expires in May 2007. The Company also operates the following branch offices:

<TABLE>

Office Location	Approximate Square Footage	Approximate Annual Lease Rental	Expiration
<S>	<C>	<C>	<C>
22 Cortlandt Street New York, New York	27,000	\$627,450	March 31, 2010
2149 East Commercial Blvd. Ft. Lauderdale, Florida	2,470	\$43,200	May 31, 2001
2449 Chestnut Street San Francisco, California	250	\$12,000	month-to-month

</TABLE>

ITEM 3. LEGAL PROCEEDINGS.

In January 1999, Gaines Berland was named as a defendant in a class action lawsuit commenced in the United States District Court for the Southern District of Texas relating to a secondary public offering of Mitcham Industries, Inc. for which it served as an underwriter with Jefferies & Company, Inc. and Rauscher Pierce Refsnes, Inc. (the "Moskowitz Class Action"). That offering involved the sale of approximately \$35,000,000 in securities, although the amount of damages claimed is undeterminable at this time. Gaines Berland, along with the other underwriters, is entitled to be indemnified by Mitcham pursuant to the underwriting agreement executed in connection with that offering, subject to certain qualifications, reservations and limitations as provided in that

underwriting agreement. On September 28, 1999, the underwriter defendants' (including Gaines Berland) motion to dismiss this lawsuit against them was granted by the Court.

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In April, 1999, Alan Gaines, a former officer and principal shareholder of Gaines Berland, filed an arbitration claim with the NASD against Gaines Berland and several of its former principal shareholders arising from the termination of the business relationship between Mr. Gaines and Gaines Berland. Mr. Gaines sought in excess of \$2.5 million in damages. On October 20, 1999, this matter was settled and Gaines Berland agreed to pay Mr. Gaines \$433,017 (including \$243,017 which was not in dispute).

In addition to the foregoing, Gaines Berland has been, and continues to be the subject of numerous civil actions and arbitrations arising out of customer complaints relating to its activities as a broker-dealer in securities, as an employer and as a result of other business activities. In general, the cases involve various allegations that employees of Gaines Berland had mishandled customer accounts. At October 31, 1999, we estimate that the total amount sought from Gaines Berland in pending and threatened claims is approximately \$11,200,000. It is our opinion, based upon our historical experience and the reserves established by us, that the resolution of all claims presently pending will not have a material adverse effect on the consolidated financial condition of our company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

On August 23, 1999, we held a special meeting of stockholders to consider the proposed merger among the Company (f/k/a Frost Hanna Capital Group, Inc.), FHGB Acquisition Corporation, a wholly-owned subsidiary of the Company, and Gaines Berland, pursuant to which FHGB would merge into Gaines Berland with Gaines Berland surviving the merger and becoming a wholly-owned subsidiary of the Company. In consideration of the merger, Gaines Berland's shares of common stock would be canceled and extinguished and automatically converted into the right to receive 21,917 shares of the Company's common stock. The shareholders voted to approve the merger, with 1,752,081 shares voting for the merger and 15,000 shares voting against the merger.

We also proposed to change our name to GBI Capital Management Corp. The stockholders voted to change our name, with 1,752,081 shares voting for the name change, 15,000 shares voting against the name change, and 200 shares abstaining from the vote.

We also proposed to amend our Articles of Incorporation to provide authorization for 2,000,000 shares of an authorized class of preferred stock which would vest the Board of Directors with the authority to determine the designations, preferences and limitations of the preferred stock. The stockholders voted to approve the amendment with 1,694,681 shares voting for, 72,200 shares voting against, and 400 shares abstaining from the vote.

In connection with the merger, a new slate of directors was proposed for election. The following people were elected to the Board of Directors:

Name	Shares Voted For	Shares Withheld
-----	-----	-----
Joseph Berland	1,753,561	5,400
Richard J. Rosenstock	1,753,561	5,400
Mark Zeitchick	1,753,561	5,400
Vincent Mangone	1,753,561	5,400
Steven A. Rosen	1,753,561	5,400
Benjamin D. Pelton	1,753,561	5,400

We also proposed the approval of the 1999 Performance Equity Plan. The stockholders voted to approve this plan with 1,681,181 shares voting for, 62,200 shares voting against, and 12,900 shares abstaining from the vote.

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We also proposed the approval of the Annual Incentive Bonus Plan. The stockholders voted to approve this plan with 1,681,181 shares voting for, 62,600 shares voting against, and 12,500 shares abstaining from the vote.

We also proposed the approval of the Special Performance Incentive Plan. The stockholders voted to approve this plan with 1,680,181 shares voting for, 62,600 shares voting against, and 13,500 shares abstaining from the vote.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Prior to the completion of our initial public offering on October 16, 1997, there was no established public trading market for the Company's Common Stock. The Company's Common Stock became eligible for quotation on the NASD OTC Bulletin Board in the final week of October 1997 under the symbol FHAN. On August 24, 1999, we changed our name to GBI Capital Management Corp. and on August 25, the Common Stock began quotation under the symbol GBIC. The following table sets forth the high and low bid prices for the Common Stock as reported by the NASD for the periods indicated. The prices represent inter-dealer quotations, which do not include retail markups, markdowns or commissions and may not necessarily represent actual transactions.

Period	High(\$)	Low(\$)
Fiscal 1999		
Fourth Quarter (6/99-8/99)	5.0	3.25
Third Quarter (3/99-5/99)	5.25	2.375
Second Quarter (12/98-2/99)	3.0	2.125
First Quarter (9/98-11/98)	3.125	1.125
Fiscal 1998		
Fourth Quarter (6/98-8/98)	4.5	1.25
Third Quarter (3/98-5/98)	5.5	4.5
Second Quarter (12/97-2/98)	5.625	5.125
First Quarter (9/97-11/97)	[No quotes available]	

Holders

On November 15, 1999, there were 78 holders of record of our common stock. We believe there are over 500 beneficial owners of our common stock.

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Dividends

To date, we have not paid or declared any dividends on our common stock. The payment of future dividends, if any, will be at the discretion of the Board of Directors after taking into account various factors, including the Company's financial condition, operating results, current anticipated cash needs as well as any other factors that the Board of Directors may deem relevant. Our ability to pay dividends in the future also may be restricted by Gaines Berland's obligations to comply with the net capital requirements imposed on broker-dealers by the SEC and the NASD. We do not intend to declare any dividends in the foreseeable future, but instead intend on retaining all earnings for use in our business.

Recent Sales of Unregistered Securities

<TABLE>
<CAPTION>

Date of Sale	Title of Security	Number Sold	Consideration Received and Description of Underwriting or Other Discounts to Market Price Afforded to Purchasers	Exemption from Registration Claimed	If Option, Warrant or Convertible Security Terms of Exercise or Conversion
<S> 8/24/99	<C> Common Stock	<C> 15,999,410	In consideration of the merger	<C> 4(2)	N/A
8/24/99	Common Stock	150,000	Consulting services provided in connection with the merger	4(2)	N/A
8/24/99	Options to Purchase Common Stock	300,000	Options granted under Employment Agreements; no cash consideration received by Company until exercise	4(2)	Exercisable after vesting for ten years from date of grant at an exercise price of \$4.0625 per share, vesting in five annual installments commencing on date of grant.

8/24/99	Options to Purchase Common Stock	200,000	Options granted under Employment Agreements; no cash consideration received by Company until exercise	4(2)	Exercisable after vesting for five years from date of grant at an exercise price of \$4.46875 per share, vesting in five annual installments commencing on date of grant.
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ITEM 6. SELECTED FINANCIAL DATA

The selected financial data set forth below is derived from the Company's audited financial statements. This selected financial data should be read in conjunction with, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K:

<TABLE>

	Fiscal Period Ended August 24		Fiscal Year Ended August 31		
	1999	1998	1997	1996	1995
	(in thousands except share, per share and Other Data)				
<S>	<C>	<C>	<C>	<C>	<C>
Income Statement Data:					
Total revenues	\$ 56,983	\$ 57,895	\$ 62,355	\$ 39,944	\$ 22,921
Total expenses	57,420	57,108	54,879	38,896	22,684
Pre-tax (loss) income	(437)	787	7,476	1,048	227
Net (loss) income	(324)	352	4,178	448	13
Basic and diluted earnings per common share	(.02)	.03	.38	.05	.00
Weighted average shares outstanding - basic and diluted	16,473,748	11,421,819	10,870,832	9,950,308	9,336,642
Balance Sheet Data:					
Total assets	\$ 17,133	\$ 16,645	\$ 20,700	\$ 6,276	\$ 5,550
Total liabilities (excluding subordinated debt)	9,067	10,266	13,986	4,051	3,788
Subordinated debt	--	1,000	1,000	1,000	1,000
Stockholders' equity	8,066	5,379	5,714	1,225	762
Other Data:					
Ratio of assets to stockholders equity	2.12	3.09	3.62	5.12	7.28
Return on average equity	(4.8%)	6.4%	120.4%	45.1%	17.1%
Pre-tax return on average equity	(6.5%)	14.2%	215.5%	105.5%	29.8%
Book value per share	\$.50	\$.31	\$.49	\$.12	\$.08
Registered representatives	296	233	270	114	

</TABLE>

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Forward-Looking Statements

When used in this Form 10-K and in future filings by the Company with the Commission, the words or phrases "will likely result," "management expects" or "the Company expects," "will continue," "is anticipated," "estimated" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on any such forward-looking statements, each of which speak only as of the date made. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. These risks and uncertainties include those set forth in the Company's definitive Proxy Statement relating to a special meeting of stockholders held on August 23, 1999. The Company has no obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

Overview

The following discussion and analysis should be read in conjunction with the our consolidated financial statements. The discussion of results, causes and

trends should not be construed to imply any conclusion that such results or trends will necessarily continue in the future.

We are engaged in the securities brokerage and trading business and provide investment banking and research services. Primarily revenues are generated by retail sales and trading of listed and OTC equity securities, options and mutual funds, investment banking and research services. We earn commissions from the buying and selling of equity securities on an agency basis. As a principal, we buy and sell securities, both for proprietary trading and to facilitate sales to our retail customers and other dealers. These securities are purchased in secondary markets or from the underwriters of new issues. Principal transactions with customers are effected at a net price equal to the current inter-dealer price plus or minus a mark-up or mark-down within the guidelines of applicable securities regulations. The revenues derived from our transactions as principal reflect realized and unrealized gains and losses on such transactions.

Results of Operations

For the Period September 1, 1998 to August 24, 1999 vs. Year Ended August 31, 1998

Commissions and trading income for the period from September 1, 1998 to August 24, 1999 increased 5% to \$54,625,262, from the year ended August 31, 1998.

This increase is a result of the addition of registered representatives and an active market in equity securities.

Interest and dividend income, net for the period from September 1, 1998 to August 24, 1999 decreased slightly, .5%, to \$922,376 from the year ended August 31, 1998.

Underwriting fees and investment banking for the period from September 1, 1998 to August 24, 1999 decreased by 71.1%, to \$1,386,588, from the year ended August 31, 1998. The decrease is the result of our not participating in any underwritten public offerings where we acted as a manager or co-manager during the 1999 period, while we participated in four public offerings for our investment banking clients, raising approximately \$141 million, in fiscal 1998.

Other revenues for the period from September 1, 1998 to August 24, 1999 decreased by 66.7%, to \$49,007, from the year ended August 31, 1998. The decrease is the result of the decrease in consulting activities from which we derive fees.

Employee compensation and benefits for the period from September 1, 1998 to August 24, 1999 decreased 3.8%, to \$39,018,835, from the year ended August 31, 1998. The decrease is due primarily to the elimination of investment banking personnel and the reduction in bonuses due to our decreased profitability.

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Brokerage, clearance and exchange fees for the period from September 1, 1998 to August 24, 1999 increased 13.8%, to \$2,678,741, from the year ended August 31, 1998 as a result of higher ticket volume.

Communications expense for the period from September 1, 1998 to August 24, 1999 increased 1.1%, to \$2,534,013, from the year ended August 31, 1998. This increase is a result of the establishment and operations of an additional branch office.

Occupancy and equipment costs for the period from September 1, 1998 to August 24, 1999 increased 6.2%, to \$5,113,830, from the year ended August 31, 1998. This increase is a result of the establishment of an additional branch office in Florida and the relocation to a larger facility in New York City.

Professional fees for the period from September 1, 1998 to August 24, 1999 increased 157.2%, to \$2,119,803, from the year ended August 31, 1998. This increase is primarily a result of costs associated with expanding our business, complying with regulatory requirements and litigation expenses.

Business development costs for the period from September 1, 1998 to August 24, 1999 decreased 17.7%, to \$1,534,638, from the year ended August 31, 1998. This decrease is primarily the result of decreased promotional expenses.

Other expenses for the period from September 1, 1998 to August 24, 1999 increased 5.7%, to \$4,420,419, from the year ended August 31, 1998. This increase is the result of an increase in reserve for potential litigation.

Income tax benefit for the period from September 1, 1998 to August 24, 1999 was \$112,470 as compared to the income tax provision of \$435,177 for the year ended August 31, 1998, which was consistent with the decrease in income before this income tax provision.

Net loss of \$324,576 for the period from September 1, 1998 to August 24, 1999 compares to net income of \$352,270 for the year ended August 31, 1998. This resulted primarily from the decrease in revenues and the increases in expenses as discussed above.

Year Ended August 31, 1998 vs. Year Ended August 31, 1997

Commissions and trading income for the year ended August 31, 1998 decreased 10.4% to \$52,025,409 from the year ended August 31, 1997. The decrease is primarily attributable to an appreciation of \$4,800,000 in underwriters' purchase options in fiscal 1997, which did not exist in 1998, and the decrease in registered representatives employed by us in fiscal 1998 as compared to

fiscal 1997.

Interest and dividend income, net for the year ended August 31, 1998 increased 19%, to \$927,356 from the year ended August 31, 1997. The increase is primarily attributable to our maintaining higher cash balances with their clearing broker in 1998.

Underwriting fees and investment banking for the year ended August 31, 1998 increased by 46%, to \$4,795,185, from the year ended August 31, 1997. The increase is the result of our participating in four public offerings where we acted as a manager or co-manager, raising approximately \$141,000,000 for our

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investment banking clients during the 1998 period. In 1997 we participated in three public offerings, and raised approximately \$36,000,000, for our investment banking clients.

Other revenues for the year ended August 31, 1998 decreased by 34.1%, to \$147,010, from the year ended August 31, 1997. The decrease is the result of the decrease in consulting activities from which we derive fees.

Employee compensation and benefits for the year ended August 31, 1998 decreased .5%, to \$40,561,426 from the year ended August 31, 1997. Since employee compensation to our traders and registered representatives is directly related to revenue, a portion of employee compensation follows the change in our revenues. The decrease in employee compensation is not directly proportionate with the decrease in revenues because a portion of the revenue decrease is related to a reduction in value of our investment account, which has no relationship to employee compensation.

Brokerage, clearance and exchange fees for the year ended August 31, 1998 increased 3%, to \$2,354,440, from the year ended August 31, 1997 as a result of higher ticket volume.

Communications expense for the year ended August 31, 1998 increased 9.1%, to \$2,505,735, from the year ended August 31, 1997. This increase is a result of additional personnel in the institutional trading, investment banking and research departments.

Occupancy and equipment costs for the year ended August 31, 1998 increased 21.4%, to \$4,814,782, from the year ended August 31, 1997. This increase is a result of the relocation to a larger facility in April 1997.

Professional fees for the year ended August 31, 1998 decreased 30.5%, to \$824,101, from the year ended August 31, 1997. This decrease was a result of the employment of in-house counsel, which reduced the need for outside legal services.

Business development costs for the year ended August 31, 1998 decreased 15.9%, to \$1,864,315, from the year ended August 31, 1997. This decrease is primarily the result of decreased promotional expenses.

Other expenses for the year ended August 31, 1998 increased 94.8%, to \$4,182,714, from the year ended August 31, 1997. This increase is the result of an increase in reserve for potential litigation.

Income tax provision for the year ended August 31, 1998 was \$435,177 as compared to the income tax provision of \$3,298,256 for the year ended August 31, 1997, which was consistent with the decrease in income before this income tax provision.

Net income of \$352,270 for the year ended August 31, 1998 compares to net income of \$4,177,944 for the year ended August 31, 1997. This resulted primarily from the decrease in revenues and increases in expenses as discussed above.

Liquidity and Capital Resources

Approximately 73% of our assets at August 24, 1999 were highly liquid, consisting primarily of cash and cash equivalents, securities inventories, and receivables from other broker-dealers, all of which fluctuate, depending upon the levels of customer business and trading activity. Receivables from broker-dealers, which are primarily from our clearing broker, turn over rapidly. As a securities dealer, we may carry significant levels of securities inventories to meet customer needs. Our inventory of market-making securities is readily marketable; however, holding large blocks of the same security may limit liquidity and prevent realization of full market value for the securities. A

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relatively small percentage of our total assets are fixed. The total assets or the individual components of total assets may vary significantly from period to period because of changes relating to customer demand, economic and market conditions, and proprietary trading strategies.

The Company's brokerage subsidiary, Gaines Berland, is subject to net capital rules of the NASD and the SEC. Therefore, it is subject to certain restrictions on the use of capital and its related liquidity. Gaines Berland's net capital position as of August 31, 1999 and August 24, 1998 was, \$2,773,730, and \$1,807,781 respectively, which was \$2,211,230 and \$1,315,778 respectively, in excess of its net capital requirements.

Our overall capital and funding needs are continually reviewed to ensure

that its capital base can support the estimated needs of its business units. These reviews take into account business needs as well as regulatory capital requirements of the subsidiary. Based upon these reviews, management believes that our capital structure is adequate for current operations and reasonably foreseeable future needs.

As guarantor of our customer accounts to our clearing broker, we are exposed to off-balance-sheet risks in the event that its customers do not fulfill their obligations with the clearing broker. In addition, to the extent we maintain a short position in certain securities, it is exposed to a further off-balance-sheet market risk, since our ultimate obligation may exceed the amount recognized in the financial statements.

Year 2000

We have instituted a firm wide program to address the year 2000 issue in order to prepare our computer systems and applications for properly processing dates after December 31, 1999.

Third party vendors and service providers provide all of our computer programs. Most of the programs were purchased after the Year 2000 issue became widely recognized. We have sought and received confirmation from our third-party program and service providers that the Year 2000 issue has been appropriately managed. Bear Stearns, Gaines Berland's clearing firm, is our largest and most important computer service related vendor. Bear Stearns has installed a new system to appropriately manage the Year 2000 issue for Gaines Berland. In addition, Bear Stearns has provided confirmation to Gaines Berland of its compliance with the Year 2000 issue and we have performed point to point testing with Bear Stearns to get further comfort of their compliance with the year 2000 issue.

We have also assessed our state of readiness regarding non-information technology systems for compliance with the Year 2000 issue. None of such systems are critical to the operation of the Company's business. Two such systems have been identified which require remediation, which has been completed. Based on information currently available, we do not expect our Year 2000 expenditures for computer systems and non-information technology systems, in the aggregate, for fiscal 2000 to exceed \$50,000. The expected costs of the Year 2000 program are based on management's current estimates, however, actual results could differ materially from those plans.

The Year 2000 issue creates risk for us from unforeseen problems in our own computer systems, third party vendors, and service providers, and from third parties with whom we deal. We are continuing to communicate with our vendors and service providers to determine the likely extent to which they may be affected by third parties' Year 2000 plans and target dates. In this regard, while we do not now expect material financial exposure as a result of the year 2000 problem, there can be no assurance that the systems of other entities on which we rely will be remedied on a timely basis, or that a failure to remedy by another party, would not have a material adverse effect on us. Such failures could have a material impact on our ability to conduct business. In particular, we do not have a contingency plan in place in the event Bear Stearns is unable to provide

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clearing services or if general utility or telecommunications services fail as a result of the Year 2000 issue. In either of such events, we would be unable to conduct our business until the problem was remedied. Any such suspension of our business, if for more than a very brief period of time, would materially adversely affect us.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our market making, investing and underwriting activities often involve the purchase, sale or short sale of securities as principal. Such activities subject our capital to significant risks from markets that may be characterized by relative illiquidity or may be particularly susceptible to rapid fluctuation in liquidity. Such market conditions could limit our ability to resell securities purchased or to purchase securities sold short. These activities subject our capital to significant risks, including market, credit counterparty and liquidity risks. Market risk relates to the risk of fluctuating values based on market prices without action on our part. Our primary credit risk is settlement or counterparty risk, which relates to whether a counterparty will fulfill its contractual obligations, such as delivery of securities or payment of funds. Liquidity risk relates to our inability to liquidate assets or redirect the deployment of assets contained in illiquid investments. In addition, our market and liquidity risks and risks associated with asset revaluation are increased because these risks for us are concentrated.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Lerner & Sipkin, CPAs, LLP on the Consolidated Financial Statements as of August 31, 1997 and for the year then ended.....	19
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GOLDSTEIN GOLUB KESSLER LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
GBI Capital Management Corp.

We have audited the accompanying consolidated statements of financial condition of GBI Capital Management Corp. and Subsidiary as of August 24, 1999 and August 31, 1998, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the period from September 1, 1998 to August 24, 1999 and for the year ended August 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GBI Capital Management Corp. and Subsidiary as of August 24, 1999 and August 31, 1998, and the results of their operations and their cash flows for the period from September 1, 1998 to August 24, 1999 and for the year ended August 31, 1998, in conformity with generally accepted accounting principles.

GOLDSTEIN GOLUB KESSLER LLP
New York, New York

October 12, 1999

1185 Avenue of the Americas Suite 500 New York, NY 10036-2602
TEL 212 372 1800 FAX 212 372 1801 www.ggk.com

Lerner & Sipkin, CPAs, LLP
Certified Public Accountants
132 Nassau Street, Suite 1023
New York, NY 10038

INDEPENDENT AUDITORS' REPORT

To the Officers and Directors of
 GBI Capital Management Corp.
 1055 Stewart Avenue
 Bethpage, NY 11714

Gentlemen:

We have audited the accompanying statement of financial condition of GBI Capital Management Corp. as of August 31, 1997, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GBI Capital Management Corp. as of August 31, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Lerner & Sipkin, CPAs, LLP

 Lerner & Sipkin, CPAs, LLP

New York, NY
 October 28, 1997

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GBI CAPITAL MANAGEMENT CORP. and SUBSIDIARY
 Consolidated Statements of Financial Condition
 <TABLE>

	August 24, 1999	August 31, 1998
<S>	<C>	<C>
ASSETS:		
Cash	\$502,437	\$513,131
Receivable from clearing broker	8,576,148	9,433,488
Securities owned, at market value	3,390,606	2,536,588
Furniture, fixtures and Leasehold Improvements, at cost, net of accumulated depreciation and amortization of \$2,051,418 and \$1,341,342 at August 24, 1999 and August 31, 1998, respectively.	2,468,361	3,038,536
Deferred tax benefit	834,000	549,900
Other Assets	1,361,393	573,720
Total assets	\$17,132,945	\$16,645,363
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Liabilities:		
Securities sold, not yet purchased, at market value	\$3,918,091	\$2,886,495
Note payable	243,667	833,333
Income taxes payable	84,600	2,333,722
Accrued expenses and other liabilities	4,820,811	4,212,629
Total liabilities	9,067,169	10,266,179
	-----	-----
Commitments and Contingencies		
Subordinated Borrowing	-	1,000,000
	-----	-----
Stockholders' Equity:		
Common stock - \$.0001 par value authorized 100,000,000 issued and outstanding 15,999,410 and 17,139,094 shares, respectively	1,600	1,714
Additional paid-in capital	3,112,020	3,508,405
Retained earnings	4,952,156	5,276,732
Less stock subscriptions receivable	-	(3,407,667)
Total stockholders' equity	8,065,776	5,379,184
	-----	-----
Total liabilities and stockholders' equity	\$17,132,945	\$16,645,363
	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

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GBI CAPITAL MANAGEMENT CORP. and SUBSIDIARY
Consolidated Statements of Operations

<TABLE>

	For the period from September 1, 1998 to August 24, 1999		For the Year Ended August 31,	
	----- <C>		----- <C>	
<S>				
Revenues:				
Commissions and trading income	\$ 54,625,262	\$ 52,025,409	\$ 58,072,198	
Interest and dividends, net	922,376	927,356	779,427	
Underwriting fees and Investment Banking	1,386,588	4,795,185	3,280,592	
Other	49,007	147,010	223,092	
	-----	-----	-----	
	56,983,233	57,894,960	\$ 62,355,309	
	-----	-----	-----	
Expenses:				
Compensation and benefits	39,018,835	40,561,426	40,781,280	
Brokerage, clearance and exchange fees	2,678,741	2,354,440	2,285,464	
Communications	2,534,013	2,505,735	2,295,148	
Occupancy and equipment	5,113,830	4,814,782	3,967,576	
Professional fees	2,119,803	824,101	1,185,333	
Business development	1,534,638	1,864,315	2,217,573	
Other	4,420,419	4,182,714	2,146,735	
	-----	-----	-----	
	57,420,279	57,107,513	54,879,109	
	-----	-----	-----	
(Loss) income before provision for income taxes	(437,046)	787,447	\$ 7,476,200	
Income tax benefit/(provision)	112,470	(435,177)	(3,298,256)	
	-----	-----	-----	
Net (loss)/income	\$ (324,576)	\$ 352,270	\$ 4,177,944	
	=====	=====	=====	
Basic (loss)/earnings per common share	\$ (0.02)	\$ 0.03	\$ 0.38	
	=====	=====	=====	
Diluted (loss)/earnings per comon share	\$ (0.02)	\$ 0.03	\$ 0.38	
	=====	=====	=====	

See Notes to Consolidated Financial Statements

</TABLE>

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GBI CAPITAL MANAGEMENT CORP. and SUBSIDIARY
Consolidated Statements of Changes in Stockholders' Equity

For the period from September 1, 1996 to August 24, 1999

<TABLE>

	Common Stock Shares	Par Value	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Stock Subscription Receivable	Total
	----- <C>	----- <C>	----- <C>	----- <C>	----- <C>	----- <C>	----- <C>
<S>							
Stockholders' equity, September 1, 1996	12,799,528	1,280	\$ 689,809	\$ 746,518	\$ (212,500)	\$ -	\$ 1,225,107
Purchase and retirement of common stock	(219,170)	(22)	(36,978)	-	-	-	(37,000)
Sale of common stock	1,972,530	197	347,603	-	-	-	347,800
Net income	-	-	-	4,177,944	-	-	4,177,944
	-----	-----	-----	-----	-----	-----	-----
Stockholders' equity, August 31, 1997	14,552,888	1,455	1,000,434	4,924,462	(212,500)	-	5,713,851
Purchase of treasury stock	-	-	-	-	(1,234,270)	-	(1,234,270)
Sale of stock	2,586,206	259	2,507,971	-	1,446,770	(3,407,667)	547,333
Net income	-	-	-	352,270	-	-	352,270
	-----	-----	-----	-----	-----	-----	-----
Stockholders' equity at August 31, 1998	17,139,094	1,714	3,508,405	5,276,732	-	(3,407,667)	5,379,184
Cancellation of stock subscription	(416,423)	(42)	(214,658)	-	-	214,700	-
Cash receipt for stock subscription	-	-	-	-	-	3,192,967	3,192,967
Purchase and retirement of stock	(832,846)	(83)	(238,216)	-	-	-	(238,299)

Issuance of stock	109,585	11	56,489	-	-	-	56,500
Net Income	-	-	-	(324,576)	-	-	(324,576)
Stockholders' equity, August 24, 1999	15,999,410	\$ 1,600	\$ 3,112,020	\$4,952,156	\$ -	\$ -	\$8,065,776

</TABLE>

See Notes to Consolidated Financial Statements

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GBI CAPITAL MANAGEMENT CORP. and SUBSIDIARY
Consolidated Statement of Cash Flows

<TABLE>

	For the period September 1, 1998 to August 24, 1999	For the Year Ended August 31, 1998	For the Year Ended August 31, 1997
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net (loss) income	\$ (324,576)	\$ 352,270	\$4,177,944
Adjustments to reconcile net income (loss) to net cash provided by/(used in) operating activities:			
Depreciation and amortization	710,076	553,094	587,780
Deferred income taxes	(284,100)	(2,511,900)	-
Decrease (increase) in operating assets:			
Receivable from clearing broker dealer	857,340	146,809	(5,054,775)
Securities owned, at market value	(854,018)	4,768,726	(6,752,606)
Other assets	(787,673)	23,908	(286,691)
(Decrease) increase in operating liabilities:			
Securities sold, not yet purchased, at market value	1,031,596	(3,311,056)	6,022,446
Income taxes payable	(2,249,122)	1,571,141	2,395,805
Accrued expenses and other liabilities	608,182	(850,988)	1,516,737
Net cash (used in)/provided by operating activities	(1,292,295)	742,004	2,606,640
Cash flows from investing activity - Purchase of fixed assets	(139,901)	(602,089)	(2,814,299)
Cash flows from financing activities:			
Collection of stock subscriptions receivable	3,192,967	-	-
Sale of common stock	56,500	547,333	347,800
Purchase and retirement of common stock	(238,299)	-	(37,000)
Purchase of common stock into treasury	-	(400,937)	-
Repayment of subordinated borrowing	(1,000,000)	-	1,000,000
Payment of note payable	(666,667)	-	(1,000,000)
Proceeds from note payable	77,001	-	-
Net cash provided by financing activities	1,421,502	146,396	310,800
Net (decrease) increase in cash	(10,694)	286,311	103,141
Cash at beginning of period	513,131	226,820	123,679
Cash at end of period	\$ 502,437	\$ 513,131	\$ 226,820
Supplemental disclosures of cash flow information:			
Cash paid during the period from September 1, 1998 to August 24, 1999, and the years ending August 31, 1998 and 1997:			
Interest	\$ 2,744,398	\$ 1,706,236	\$ 150,333
Income taxes	\$ 2,606,431	\$ 1,366,448	\$ 906,752

</TABLE>

See Notes to Consolidated Financial Statements

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GBI CAPITAL MANAGEMENT CORP. and SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Gaines, Berland Inc. is a broker-dealer registered with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. Gaines Berland acts as an introducing broker, market maker, underwriter and trader for its own account.

The consolidated financial statements include the accounts of Gaines Berland and its wholly owned subsidiary, GBI Trading Corp. (a development stage company) (collectively the "Company"). GBI Trading was incorporated in February 1999. On August 24, 1999, Gaines Berland consummated a merger. See Note 11.

Gaines Berland does not carry accounts for customers or perform custodial functions related to customers' securities. Gaines Berland introduces all of its customer transactions, which are not reflected in these financial statements, to its clearing broker, which maintains the customers' accounts and clears such transactions. Additionally, this clearing broker provides the clearing and depository operations for Gaines Berland's proprietary securities transactions. These activities may expose the company to off-balance-sheet risk in the event that customers do not fulfill their obligations with the clearing broker, as Gaines Berland has agreed to indemnify the clearing broker for any resulting losses.

At August 24, 1999, all of the securities owned and securities sold, not yet purchased, and the amount receivable from clearing broker reflected on the consolidated statement of financial condition are security positions with and amounts due from this clearing broker.

The Company maintains cash in bank deposit accounts, which at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Securities transactions, commission revenue and commission expenses are recorded on a trade-date basis. Unrealized gains and losses on securities transactions are included in principal transactions in the consolidated statement of operations.

The financial statements have been prepared in conformity with generally accepted accounting principles which require the use of estimates by management.

Furniture and fixtures are depreciated on a straight-line basis over the economic useful lives of the assets, not exceeding seven years. Leasehold improvements are amortized over the lesser of their economic useful lives or the expected term of the related lease.

Management does not believe that any recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the accompanying consolidated financial statements.

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2. SECURITIES OWNED AND SECURITIES SOLD, NOT YET PURCHASED:

Securities owned and securities sold, not yet purchased consists of:

	August 24, 1999	August 24, 1999	August 31, 1998	August 31, 1998
	Securities Owned	Securities Sold Not Yet Purchased	Securities Owned	Securities Sold Not Yet Purchased
Equities	\$ 710,253	\$3,886,145	\$ 684,436	\$2,852,138
Warrants	2,679,103	31,946	1,852,152	34,357
Options	1,250			
	-----	-----	-----	-----
	\$ 3,390,606	\$3,918,091	\$2,536,588	\$2,886,495
	=====	=====	=====	=====

Securities owned, traded on a national exchange are valued at the bid price. Securities sold, not yet purchased, traded on a national exchange are valued at the ask price. The resulting unrealized gains and losses are reflected in revenue.

Securities sold, not yet purchased, represent obligations of Gaines Berland to deliver specified securities by purchasing the securities in the market at prevailing market prices. Accordingly, these transactions result in off-balance-sheet market risk as Gaines Berland's ultimate obligation may exceed the amount recognized in the financial statements.

At August 31, 1998 stock warrants may not have been readily marketable and have been valued at fair value as determined by management. The warrants are valued based on a percentage of the market value of the underlying securities. The resulting unrealized gains and losses are reflected in principle transactions.

3. NOTE PAYABLE:

As a part of a buy-out agreement dated May 31, 1998 with one of Gaines Berland's stockholders, Gaines Berland signed a promissory note in the amount of \$1,000,000 maturing June 30, 1999. The promissory note was to be paid in 12 monthly installments bearing no interest. In April 1999, This stockholder commenced arbitration before the NASD in connection with the buyout agreement (see Note 8). In October 1999 the arbitration was settled for \$443,017, which included the remaining balance on the note payable. Because of its short-term nature, the fair value of the note payable approximates its carrying amount.

4. INCOME TAXES:

Deferred income tax benefits result from the net effect of unrealized appreciation on securities positions and the accrual of settlements.

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The Provision (benefit) for income taxes consists of:

	Period from September 1, 1998 to August 24, 1999	Year ended ----- August 31, 1998 August 31 1997	
Current:			
Federal	\$ 79,678	\$ 2,194,596	\$ 969,241
State and local	91,952	752,481	367,015
	-----	-----	-----
Total Current	171,630	2,947,077	1,336,256
	-----	-----	-----
Deferred:			
Federal	(209,000)	(1,804,000)	1,400,000
State and Local	(75,100)	(707,900)	562,000
	-----	-----	-----
Total deferred	(284,100)	(2,511,900)	1,962,000
	-----	-----	-----
Provision (benefit)	\$ (112,470)	\$ 435,177	\$3,298,256
	=====	=====	=====

The provision (benefit) for income taxes for the years ended August 24, 1999 and August 31, 1998 and 1997 differs from the amount computed using the federal statutory rate of 34% as a result of the following:

	August 24, 1999	August 31, 1998	August 31, 1997
	-----	-----	-----
Tax (benefit) at federal statutory rate	(34%)	34%	34%
State income taxes	8%	9%	9%
Other	-	12%	1%
	-----	-----	-----
	(26%)	55%	44%
	=====	=====	=====

The deferred tax asset (liability) results from the following:

	August 24, 1999	August 31, 1998	August 31, 1997
	-----	-----	-----
Unrealized gains on securities	\$ 0	\$ (30,000)	\$ (1,962,000)
Other temporary differences	834,000	580,000	-
	-----	-----	-----
Total deferred tax (liability) asset	\$834,000	\$ 550,000	\$ (1,962,000)
	=====	=====	=====

5. NET CAPITAL REQUIREMENT

As a registered broker-dealer, Gaines Berland is subject to the SEC's Uniform Net Capital Rule 15c3-1 ("Net Capital Rule"), which requires the maintenance of minimum net capital. Gaines Berland computes its net capital under the aggregate indebtedness method permitted by rule 15c3-1, which requires that Gaines Berland maintain minimum net capital, as defined, of the greater of 6-2/3% of aggregate indebtedness, as defined, or \$100,000, or an amount determined based on the market price and number of securities in which Gaines Berland is a market-maker, not to exceed \$1,000,000.

At August 24, 1999 and August 31, 1998 and 1997, Gaines Berland had net capital, as defined, of \$2,773,730, \$1,807,781 and \$3,739,225, which exceeded minimum net capital requirements of \$562,500, \$492,003 and \$388,607 by \$2,211,230, \$1,315,778 and \$3,350,618, respectively.

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6. PROFIT-SHARING PLAN

Gaines Berland is a sponsor of a defined contribution profit-sharing plan for its eligible employees. Contributions to the plan, if any, are determined by the employer and come out of its current accumulated profits not to exceed the amount permitted under the Internal Revenue Code as a deductible expense. Gaines Berland made no contribution to the plan for the period from September 1, 1998 to August 24, 1999 and the years ended August 31, 1998 and 1997.

7. SUBORDINATED BORROWING

Gaines Berland repaid a subordinated loan on July 22, 1999. The subordinated borrowing had been approved by the NASD for inclusion in computing Gaines Berland's net capital pursuant to the Net Capital Rule. The loan had been established with a stockholder of Gaines Berland and was interest bearing at a rate of 7-7/8% per annum, resulting in interest expense of approximately \$71,000 for the period from September 1, 1998 to August 24, 1999 and approximately \$80,000 for each of the years ended August 31, 1998, 1997. Because of its short-term nature, the fair value of the subordinated loan approximates its carrying amount.

8. COMMITMENTS AND CONTINGENCIES

Gaines Berland leases office space at several locations including Bethpage, NY, New York City, NY and Fort Lauderdale, FL. These leases expire May 30, 2007, March 31, 2010 and May 13, 2001, respectively. Gaines Berland also occupies additional space for its branch in California and Florida under

month-to-month leases. The minimum annual rental payments for these leases are as follows:

Year ending August 31,	
2000	\$ 1,569,937
2001	1,947,936
2002	1,949,889
2003	1,983,255
2004	1,997,714
Thereafter	9,441,222

	\$18,816,153
	=====

The leases contain provisions for escalations based on increases in certain costs incurred by the lessor. Gaines Berland has the option to renew one of these leases for an additional three-year period. Rent expense was \$1,618,970 for the period ended August 24, 1999 and \$1,997,871 and \$1,444,000 for the years ended August 31, 1998 and 1997, respectively.

Gaines Berland has been named as defendant in certain legal actions in the ordinary course of business. Additionally, in April 1999 a former stockholder of Gaines Berland commenced an arbitration before the NASD asserting, among other things, fraud and breach of contract relating to an agreement dated May 31, 1998. The arbitration was settled in October 1999 for \$443,017, which included the remaining balance on the note payable (see Note 3). At August 24, 1999 and August 31, 1998 and 1997, Gaines Berland had accrued

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\$2,004,000 and \$1,400,000 and \$650,000, respectively, for settlement of all such legal proceedings.

9. FINANCIAL INSTRUMENTS

Gaines Berland's activities include the purchase and sale of warrants. Warrants give the buyer the right to purchase securities at a specific price until a specified expiration date. These financial instruments are used to conduct trading activities and manage market risk.

Gaines Berland may receive warrants as apart of its underwriting activities for initial public offerings.

Such transactions may result in credit exposure in the event the counterparty to the transaction is unable to fulfill its contractual obligations. Substantially all of the warrants are traded on national exchanges, which can be subject to market risk in the form or price fluctuations.

10. EARNINGS PER SHARE

Net income per common share is calculated by dividing net income by the weighted average number of shares of common stock outstanding. The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations:

Period September 1, 1998 to August 24, 1999:

Basic and diluted:

Loss available to common stockholders (numerator)	\$ (324,576)
Weighted-average shares (denominator)	16,473,748
Per-Share amount	\$ (.02)

Year ended August 31, 1998:

Basic and diluted:

Income available to common stockholders (numerator)	\$ 352,270
Weighted-average shares (denominator)	11,421,819
Per-Share amount	\$.03

Year ended August 31, 1997:

Basic and diluted:

Income available to common stockholders (numerator)	\$ 4,177,944
Weighted-average shares (denominator)	10,870,832
Per-Share amount	\$.38

11. SUBSEQUENT EVENTS

On August 24, 1999, Gaines Berland consummated a merger with FHGB Acquisition Corporation, a wholly owned subsidiary of Frost Hanna Capital Group, Inc. ("Frost Hanna"). Frost Hanna is a publicly owned company which trades on the NASD OTC Bulletin Board.

The merger agreement provided that the Company survived the merger and became a wholly owned subsidiary of Frost Hanna, and that each share of

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common stock of the Company was exchanged for 21,917 shares of Frost Hanna common stock. Simultaneously, Frost Hanna changed its name to GBI Capital Management Corp. For accounting purposes, the acquisition has been treated as a recapitalization of Gaines Berland with Gaines Berland as the acquirer (reverse acquisition). The historical financial statements prior to August

24, 1999 are those of Gaines Berland. This recapitalization has been reflected in these financial statements.

The Company's fiscal year-end has been changed to September 30.

12. INTEREST EXPENSE

During the period September 1, 1998 to August 24, 1999 and for the years ended August 31, 1998 and 1997, the Company incurred interest expense of \$2,815,422 and \$1,706,236 and \$154,298, respectively.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

As reported in our Current Report on Form 8-K, dated May 27, 1999, we dismissed Arthur Andersen LLP and subsequently engaged Goldstein Golub Kessler LLP as our new independent accountants for the fiscal year ending August 24, 1999. The report of Arthur Andersen LLP on our financial statements for each of the past two years did not contain an adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope, or accounting principles. The decision to dismiss Arthur Andersen LLP and engage Goldstein Golub Kessler LLP was made by our board of directors. During the two most recent fiscal years and through the date of termination (September 3, 1999), there were no disagreements with the former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

See Item 13.

ITEM 11. EXECUTIVE COMPENSATION.

See Item 13.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

See Item 13.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by Items 10, 11, 12 and 13 is incorporated by reference to the information included in our definitive proxy statement in connection with the next Annual Meeting of Stockholders, which will be filed by the Registrant within 120 days after the close of its fiscal year.

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PART IV

ITEM 14. EXHIBITS AND REPORTS ON FORM 8-K.

(a) (1) Financial Statements

Report of Goldstein Golub Kessler LLP on the Consolidated Financial Statements as of August 24, 1999 and August 31, 1998 and for the period September 1, 1998 to August 24, 1999 and for the year ended August 31, 1998.

Report of Lerner & Sipkin, CPAs, LLP on the Consolidated Financial Statements as of August 31, 1997 and for the year then ended.

Consolidated Statements of Financial Condition as of August 24, 1999 and August 31, 1998.

Consolidated Statements of Operations for the period from September 1, 1998 to August 24, 1999 and the years ended August 31, 1998 and 1997.

Consolidated Statements of Changes in Stockholders' Equity for the period from September 1, 1998 to August 24, 1999 and the years ended August 31, 1998 and 1997.

Consolidated Statements of Cash Flows for the period from September 1, 1998 to August 24, 1999 and the years August 31, 1998 and 1997.

Notes to the Consolidated Financial Statements.

(a) (3) Exhibits

See Exhibit Index appearing later in this Report.

(b) Reports on Form 8-K

Current Report on Form 8-K, dated May 27, 1999, and filed with the SEC on June 23, 1999, reporting under Item 5 the execution of the Merger Agreement relating to the merger between the Registrant and Gaines, Berland.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

GBI CAPITAL MANAGEMENT CORP.
(Registrant)

Dated: November 22, 1999

/s/
By: _____
Name: Joseph Berland
Title: Chairman of the Board
and Chief Executive Officer

In accordance with the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<TABLE>

Signatures -----	Title -----	Date -----
<S> /s/ ----- Joseph Berland	<C> Chairman of the Board and Chief Executive Officer	<C> November 22, 1999
/s/ ----- Diane Chillemi	Chief Financial Officer (and Principal Accounting Officer)	November 22, 1999
/s/ ----- Vincent Mangone	Director	November 22, 1999
/s/ ----- Benjamin Pelton	Director	November 22, 1999
/s/ ----- Steven A. Rosen	Director	November 22, 1999
/s/ ----- Richard J. Rosenstock	Director	November 22, 1999
/s/ ----- Mark Zeitchick	Director	November 22, 1999

</TABLE>

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EXHIBIT INDEX [To be Confirmed]

<TABLE>

Exhibit Number -----	Description -----	Incorporated By Reference from Document -----	No. in Document -----	Page -----
<S> 2.1	<C> Agreement and Plan of Merger, dated May 27, 1999	<C> A	<C> 2.1	<C>
3.1	Articles of Incorporation	B	3.1	
3.2	Articles of Amendment to the Articles of Incorporation, dated August 24, 1999	--	--	Filed Herewith
3.3	By-Laws	B	3.2	
4.1	Form of Common Stock Certificate	B	4.1	
4.2	Form of Warrant Agreement between the Registrant and Cardinal Capital Management, Inc. (including the form of	B	4.2	

Warrant Certificate).

10.1	Agreement of Lease, dated December 20, 1996, between the Registrant and Briarcliffe College, Inc.	-	--	Filed Herewith
10.2	Standard Form of Office Lease, dated August 3, 1999, between the Registrant and Mayore Estates LLC and 80 Lafayette LLC, together, with Amendment dated August 19, 1999.	-	-	Filed Herewith
10.3	Agreement for Securities Clearance Services, dated April 30, 1985, between Gaines Berland and Bear Stearns.	--	--	Filed Herewith
10.4	1999 Performance Equity Plan	C	Exhibit "C"	
10.5	Annual Incentive Bonus Plan*	C	Exhibit "D"	
10.6	Special Performance Incentive Plan*	C	Exhibit "E"	
10.7	Form of Employment Agreement, dated August 24, 1999, between the Registrant and certain employees*	C	Exhibit "F"	
10.7.1	Schedule of Employment Agreement in the form of Exhibit 10.7, including material detail in which such document differs from Exhibit 10.7	--	--	Filed Herewith
21	List of Subsidiaries	--	--	Filed Herewith
27.1	Financial Data Schedule	--	--	Filed Herewith

</TABLE>

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- A. Registrant's Form 10-QSB filed on August 16, 1999.
 - B. Registrant's Registration Statement on Form SB-2 (File No. 333-31001).
 - C. Registrant's Definitive Proxy Statement relating to a Special Meeting of Stockholders held on August 23, 1999.
- * Management Compensation Contract

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ARTICLES OF AMENDMENT TO
ARTICLES OF INCORPORATION OF
FROST HANNA CAPITAL GROUP, INC.

Pursuant to the provisions of Section 607.1003 of the Florida Business Corporation Act, the Articles of Incorporation of FROST HANNA CAPITAL GROUP, INC., a Florida corporation (the "Corporation"), (as heretofore amended) are hereby further amended as follows:

1. Articles I and III shall be deleted in their entirety and amended to read as follows:

"ARTICLE 1 - Name

The name of the Corporation is "GBI Capital Management Corp."
(the "Corporation").

ARTICLE III - Capital Stock

The aggregate number of shares which the Corporation shall have the authority to issue is one hundred and two million (102,000,000) shares, of which one hundred million (100,000,000) shares shall be "Common Stock", par value \$.0001 per share, and of which two million (2,000,000) shares shall be "Preferred Stock", par value \$.0001 per share. The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of the Corporation's Articles of Incorporation, as amended, to provide for the issuance of shares of Preferred Stock in one or more series by adoption of amendments to the Articles of Incorporation, to establish from time to time the number of shares to be included in such series and to fix the designation, voting powers, preferences and relative participating, optional or other special rights of the shares of the shares of each of such series, and the qualifications, limitations or restrictions thereof. The Board of Directors may authorize the issuance of stock to such persons upon such terms and for such consideration in cash, property or services as the Board of Directors may determine and as may be allowed by law. The just valuation of such property or services shall be fixed by the Board of Directors. All such stock when issued shall be fully paid and exempt from assessment."

2. The foregoing amendment relating to the change in the name of the Corporation was duly adopted and approved by the directors of the Corporation by Unanimous Written Consent on July 22, 1999, and by the shareholders of the Corporation at a meeting held on August 23, 1999. The number of votes cast for the amendment was sufficient for approval.

3. The foregoing amendment relating to the change in the Company's capital stock to authorize the issuance of Preferred Stock was duly adopted and approved by the directors of the Corporation at a meeting held on May 27, 1999, and by the shareholders of the Corporation at a meeting held on August 23, 1999. The number of votes cast for the amendment was sufficient for approval.

Dated: August 24, 1999

FROST HANNA CAPITAL GROUP, INC.

/s/ Mark J. Hanna

By: _____
Mark J. Hanna, President

AGREEMENT OF LEASE

BRIARCLIFFE COLLEGE, INC.

and

GAINES, BERLAND INC.

92,438+/- Square Feet
1055 Stewart Avenue
Bethpage, New York

TABLE OF CONTENTS

OMITTED

AGREEMENT OF LEASE

AGREEMENT, made as of this 20th day of December, 1996, by and between Briarcliffe College, Inc., having its principal office at 250 Crossways Park Drive, Woodbury, New York, 11747, hereinafter referred to as "Landlord" and Gaines, Berland Inc. with offices located at 6900 Jericho Turnpike, Syosset, New York 11791, hereinafter referred to as "Tenant."

W I T N E S S E T H :

Landlord and Tenant hereby covenant and agree as follows:

PREMISES

1. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord the space substantially as shown on the rental plan initialed by the parties and made part hereof as Exhibit 1 in the building known as 1055 Stewart Avenue, Bethpage, New York, 11714, (the "Building") hereinafter referred to as the "demised premises." A plan of the Building is annexed hereto as Exhibit 2. Landlord also grants to Tenant, subject to the terms and conditions hereof, a non-exclusive right to use the common areas of the Building (including the loading dock) and land surrounding the Building within which the demised premises are located, except as modified herein.

TERM

2. The term of this Lease shall commence on "Term Commencement Date" as defined herein, and shall terminate one hundred twenty three (123) full calendar months thereafter, hereinafter referred to as the "Expiration Date" unless earlier terminated as herein provided. The foregoing notwithstanding, if the Term Commencement Date occurs on other than the first day of a calendar month, then the Term Commencement Date shall be (i) the number of days in the partial month 'in which the Term Commencement Date occurs, plus (ii) one hundred twenty three (123) full calendar months ("Initial Term").

If on the foregoing date specified for the Term Commencement Date the Landlord shall be unable to deliver possession of the premises to Tenant, then the Term Commencement Date shall be postponed until the date on which the

demised premises shall be "delivered" and the term of this Lease (hereinafter referred to as the "Demised Term") shall be extended so that the Expiration Date shall be one hundred twenty three (123) months after the last day of the month in which the Term Commencement Date occurs. Tenant has had an opportunity to examine the Premises and acknowledges that Landlord shall not make any alterations or improvements thereto except as provided herein.

a. Extended Term. Subject to the terms of Article 47 hereof, Landlord hereby grants to Tenant the right and option to extend the Term of this Lease for one (1) period of thirty-six (36) full calendar months (the "Extended Term"). If Tenant desires to exercise its option to extend the Lease Term, Tenant shall, at least two hundred seventy (270) calendar days prior to the last day of the Initial Term, whichever is applicable, give Landlord a written notice of its exercise of said option. Landlord may within thirty (30) days of receipt of Tenant's notice to exercise such option for an Extended Term, may give notice that Landlord desires to use the demised premises for its own operations as a college (and not to lease to others), in which event the Tenant's right to extend the term shall be void. The term of this Lease shall expire without any extension or renewal thereof. If Landlord fails to give such notice within said

thirty (30) day period Tenant's exercise shall be effective upon the expiration of said thirty (30) day period without such notice being given by Landlord. The Extended Term shall be on all of the terms and conditions contained herein, except that the Base Rent shall be as set forth in Paragraph 47 herein.

b. Commencement Date. The Initial Term of this Lease shall commence sixty (60) days (but no earlier than March 1, 1997) after Tenant's receipt of written notice that "Substantial Completion" (as defined in Paragraph 2(c)(i) and (ii)) of the Landlord's Work in the demised premises has occurred. The date on which the Initial Term commences shall be known as the "Term Commencement Date". The Term Commencement Date and the regular expiration date of the Initial Term as provided in Paragraph 2 above shall be confirmed by Landlord and Tenant in writing after the occurrence of the Commencement Date. Said written confirmation shall be appended to the Lease as Exhibit 3. In the event Landlord has not given notice of substantial completion on or before February 15, 1997, Tenant may, provided it has not already taken possession of the Premises, by giving written notice to Landlord within thirty (30) days of February 15, 1997, elect to cancel this Lease and any sums paid by Tenant to Landlord shall be returned to Tenant within fifteen (15) days and thereupon neither party hereto shall have any further liability to the other. The provisions of paragraph 37(a) shall not operate to extend or enlarge the date of February 15, 1997.

c. Substantial Completion. Landlord shall use its best efforts to substantially complete the Landlord's Work on or before January 31, 1997. For purposes of the Term Commencement notice, the Landlord's Work shall be deemed "substantially complete" when:

i. Landlord's Construction Manager shall specify in writing that the following items shown on Exhibit 4 have been substantially completed in conformity with the Tenant-approved plans and specifications therefor annexed hereto as Exhibit 4 (Landlord's Work) and in conformity with all applicable rules, statutes and codes; (i) Item 1 and 2, (ii) south elevator from Item 4;

ii. all utilities and south elevator service necessary for the operation and use of the demised premises have been installed, connected and are available for use; and

iii. the balance of the items on Exhibit 4 shall be substantially completed by January 31, 1997.

iv. Upon substantial completion of Subparagraphs (i) and (ii), Landlord may send notice of substantial completion for purposes of starting the sixty day period prior to the Term Commencement Date.

d. Installations by Tenant. Upon execution of this Lease, Tenant may enter upon the demised premises for measurements, cabling, installation of fixtures and other items of construction not being done by Landlord and to inspect the progress and quality of Landlord's work. Such entry shall be upon all the terms and conditions hereof except the payment of rent and additional rent and shall not be deemed taking of possession such that the term shall commence as provided in (b) hereof. All insurance required to be obtained by Tenant and its subcontractors or agents herein shall be obtained and evidence thereof shall be delivered to Landlord prior to such entry and any work

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performed by Tenant shall not materially interfere with the progress of Landlord's work or other work of Landlord either in the demised premises or elsewhere in the Building.

RENT

3. a. The Initial Basic Annual Rental rate is One Million Two Hundred One Thousand Six Hundred Ninety Four Dollars (\$1,201,694.00) subject to Article 11 of the Lease, which Tenant agrees to pay in equal monthly installments of \$100,141.17 each in advance on the first day of each calendar month during the Demised Term at the office of Landlord, except that Tenant shall pay the first monthly installment on execution hereof. Tenant shall pay the rent as above and as hereinafter provided, without any set off or deduction whatsoever. The rent is calculated on the basis of \$13 per square foot of rentable space which for purposes of this Lease the parties agree shall be deemed to be Ninety Two Thousand Four Hundred Thirty Eight Dollars (92,438) square feet regardless of the actual measurement of the usable square footage of the demised premises or the Building.

b. If the Tenant shall fail to pay any installment of Initial Basic Annual Rent, adjusted basic annual rent, fixed rent, or any amount of additional rent, on or before the tenth (10th) day of the month during which such payment or installment is due, then the Tenant shall pay to the Landlord, as additional rent, together with such past due rent, a sum equal to Four (\$.04) Cents for each dollar so overdue in order to defray Landlord's administrative and other costs in connection with such late payment. The imposition or payment of such late charge shall not constitute a waiver of and shall be without prejudice and shall be in addition to any other right or remedy which the Landlord has under this Lease or at law.

c. Free Rent Period. Notwithstanding anything in this Lease to the contrary, Initial Basic Annual Rent (but not additional rent) shall not accrue and Tenant shall not be liable for the payment of any Initial Basic Annual Rent which would otherwise become due and payable during the period beginning with the Term Commencement Date and continuing for the first three full calendar months of the Initial Term (the "Free Rent Period"). In the event the Initial Term commences on a day other than the first day of the calendar month, then the amount due from Tenant to Landlord as the monthly installment of Initial Basic Annual Rent for the fourth full calendar month of the Initial Term shall be the regular monthly installment of Initial Basic Annual Rent plus the appropriate pro rata amount of a monthly installment of Initial Basic Annual Rent attributable to the partial month in which the Term Commencement Date

occurred less credit for any sums of Initial Basic Annual Rent paid upon execution of this Lease as provided in paragraph 3(a) hereof.

USE

4. a. The Tenant shall use and occupy the demised premises only for general, executive and administrative offices including, but not limited to trading in stock securities, trading and investment banking and financial brokerage activities and for no other purpose. Landlord agrees that it shall not, during the Term hereof (unless this Lease is terminated prior to the Term provided in paragraph 2 hereof) and during the Extended Term, if any, lease any other space in the Building to a stock or financial brokerage, or investment banking firm, trading, or such other business whose operations is then part of the business operations of Tenant, without the written consent of Tenant.

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b. Landlord represents that attached hereto as Exhibit 5 is a resolution of the Town Board of the Town of Oyster Bay changing the zoning district for the property upon which the Building is located and that the intended use of the Tenant is not in violation thereof.

WORKING HOURS

5. Landlord, during the hours of 7:00 a.m. to 10:00 p.m. on weekdays (Fridays till 6 p.m.) and on Saturdays from 8:00 a.m. to 1:00 p.m. (June 16 through September 14) and 8:00 a.m. to 5:00 p.m. (September 15 through June 15) ("Working Hours"), excluding legal holidays when the stock exchange is closed, shall furnish the demised premises with heat, ventilation and air conditioning in the respective seasons (pursuant to the specifications annexed hereto as Exhibit 6) and provide the demised premises with electricity. Tenant shall have access to the demised premises and electricity at all times (twenty-four (24) hours per day, seven (7) days per week) and use of the common areas of the building for ingress and egress through the west entrance thereof, and land on which the demised premises are located. After hours ingress and egress shall be through the west entrance of the Building. After hours use of HVAC system shall be on advance notice (written if more than 24 hours; oral notice to Landlord if on less than 24 hours notice) and shall provide for a charge to Tenant of \$150.00 per hour for each hour of after hours use of the HVAC. Electric service for light and outlets shall be at no additional charge during after hours operations. Landlord shall not be obligated to furnish elevator service after hours.

LANDLORD'S REPAIRS AND MAINTENANCE

6. Landlord, at its expense, will make all repairs to and provide the maintenance for all common areas and public areas of the Building and facilities, except such repairs (whether structural or otherwise) and maintenance as may be necessitated by the negligence, improper care or use of such premises and facilities by Tenant, its agents, employees, licensees or invitees, which will be made by Tenant at Tenant's expense as provided in Article 11 hereof. Landlord shall repair and maintain all mechanical systems within the Building including elevators, fire alarms, fire sprinklers, air conditioning (fan, coil units), plumbing (except for plumbing within the demised premises) and heat and any structural repairs, including but not limited to the roof, except those required to be repaired by Tenant hereunder. Notwithstanding the foregoing, Tenant shall be responsible for the repair of the fire alarm system, controls and sensors within the demised premises and for any alarm or sprinkler system installed within the demised premises by Tenant. Landlord shall maintain landscaping and parking lot, including snow removal from walks and parking areas.

WATER SUPPLY

7. Landlord, at its expense, shall furnish hot and cold or tempered water for lavatory, pantry and cleaning purposes and chilled water for drinking purposes.

PARKING FIELD

8. Tenant at no charge shall have the right to use the parking area for the parking of automobiles of the Tenant, its employees, agents and any subtenant authorized by Landlord as provided herein and invitees, in the parking area reserved for the Building (hereinafter sometimes referred to as "Building Parking Area") subject to the reasonable Rules and Regulations now or hereafter adopted by Landlord. Tenant shall not use nor permit any of its officers, agents or employees to use any parking area other than the Building Parking Area, nor

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use in excess of Tenant's allotted number of spaces therein. Tenant is hereby allotted a total of 900 parking spaces on a non-exclusive basis with the other tenants and occupants of the Building inclusive of thirty-five (35) reserved spaces all as shown on the sketch annexed hereto as Exhibit 7. Landlord shall not be responsible for maintaining the availability of the reserved spaces or removing vehicles improperly parked therein.

DIRECTORY AND SIGNAGE

9. Landlord may furnish in the lobby of the Building a directory which will contain listing(s) requested by the Tenant not to exceed one (1) listing(s). There will be a charge for the replacement of listing(s). Landlord shall permit Tenant to install at Tenant's sole cost and expense a monument sign near the front of the building and small directional signs indicating the primary entrance to the demised premises provided such monument sign is not larger than Landlord's sign for the Building and provided said signs are installed as shown on Exhibit 8. In the event such signs are not shown on Exhibit 8, such signs shall be subject to the Landlord's approval who shall approve or reject the same in its sole and absolute discretion as to whether the proposed signage is consistent with the signage of the other Tenants or occupants of the building. Tenant shall be responsible for the cost and expense of and shall obtain any sign permits required for such signage. Landlord shall cooperate and execute any applications therefore. Tenant may install signage in each lobby entrance of the Building indicating the location of the demised premises and any handicapped entrances therefore.

ADDITIONAL RENT

Taxes

10. a. If the Taxes which would be assessable to the Landlord in any escalation year (after taking into consideration any reductions or abatements granted to the Landlord by the taxing authorities by reason of vacancies or other hardships or provisions of law) shall be increased above the Tax Base, then the Tenant shall pay to the Landlord as additional rent for such escalation year a sum equal to 40.79% of such increases in Taxes. Tax Base shall be total taxes due for the tax year as follows (without regard to any abatement): General, 1997; School 1996/97. If Landlord shall commence any proceedings to reduce the assessment for the land and building, Tenant shall cooperate with Landlord in such proceedings. In the event the Landlord does not commence such proceedings, Tenant may commence such proceedings at its own cost

and expense, in its own name, or if required, in Landlord's name. Landlord shall cooperate with Tenant in the prosecution of any such proceedings. Any refund derived from such proceedings shall be distributed, after the deduction of all costs, expenses and attorneys fees (the "Net Recovery") between Landlord and Tenant in proportion to the taxes actually paid for the period covered for such refund so that Tenant shall receive 40.79% percent of any such Net Recovery attributable to taxes paid as additional rent in excess of the taxes assessed for the base year and the Landlord shall receive the balance of the Net Recovery including any refund attributable to taxes paid as part of Basic Annual Rent.

In the event that the Landlord obtains any tax exemption for all or a portion of the Premises occupied by Landlord as a non-profit educational institution or other tax exempt entity, Tenant shall pay as additional rent, the increase as defined herein, the proportion of taxes equal to the rentable square feet Tenant occupies pursuant to this Lease compared to the rentable square footage of the land and Building which is not eligible for such exemption.

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As an example of the foregoing, if Landlord receives a tax exemption as a non-profit corporation but such exemption only applies to the area of the Building Landlord or such other tax exempt entity occupies (currently the first floor of the Building) and Tenant occupies 80% of the second floor of the Building, Tenant shall pay 80% of the real estate taxes in excess of the Tax Base assessed against the Building and the land. In the event a tax certiorari proceeding results in a refund of taxes paid, Tenant shall receive the proportion of the refund attributable to the percentage of taxes it actually paid for such period or periods (net of the cost, expenses and legal fees of such proceeding).

Rent Adjustment

b. Annually during the Term of the Lease commencing on the first anniversary of the Term Commencement Date, Basic Annual Rent shall be increased by two and one-half (2.5%) percent of the Basic Annual Rent in effect during the preceding year of the Lease.

c. In the event that the number of Rentable Square Feet in the Premises shall change during the Initial Term, whether through the exercise of rights to lease First Offer Space or otherwise by mutual agreement of the parties hereto, then the basic annual rents set forth above shall be recalculated by multiplying the per-square-foot sum set forth above for the period in question (adjusted for any adjustment in Basic Annual Rent) by the revised number of Rentable Square Feet in the Premises, and this Lease shall be deemed amended to reflect the recalculation.

Electricity

e. The "basic cost" (subject to the escalations as set forth herein) of electric power required in conjunction with the common areas, central heating, ventilating and air-conditioning systems shall be the Landlord's obligation. The Tenant agrees to provide and pay in the amount of \$25,035.30 per month for all electricity supplied to the demised premises at the rate of \$3.25 per rentable square foot of the demised premises. Said sum, as the same may be adjusted as hereinafter provided, shall be paid on the first of each month of the Term hereof simultaneously with the rent and shall be deemed additional rent.

The Tenant shall not install nor caused to be installed, maintain nor operate in the demised premises any electrical equipment

or fixtures whose total demand load shall exceed authorized load limitations without making a written request for the Landlord's prior written consent thereto. The load limitations may be obtained from the Landlord at any time upon reasonable request therefor. Upon receipt of the Tenant's request to exceed the authorized load limitation, the Landlord shall retain an electrical or professional engineer at the Tenant's expense, to inspect the premises and the proposed equipment and/or fixtures and calculate the demand load. The findings and calculations shall thereupon be deemed conclusive between the parties except that Tenant, within thirty (30) days of Landlord's determination that such installation shall result in an additional electric charge, retain its own electrical consultant to review Landlord's determination. In the event the Tenant's consultant does not agree with Landlord's determination, then a third consultant shall be retained by agreement between Landlord's and Tenant's consultants (the cost of which shall be borne equally between Landlord and Tenant) and the determination of the third consultant shall be binding on the parties hereto. Tenant shall pay to Landlord during the resolution of the dispute the increased cost of electric requested by Landlord until the resolution thereof. In the event the resolution results in a lower increase of electric to Tenant, Tenant shall be given a credit for any overage against the

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next monthly installment of electric. For purposes of this paragraph, the authorized load limitation shall be 8 watts per square foot of usable space and Landlord represents that the premises have sufficient electric service for the authorized load limitation.

The first 12 months of the operation of the building shall be deemed the "Base Year". The average utility rate of electricity for the Building for the Base Year of electric power shall be deemed the "basic cost". The Tenant agrees to be responsible for and to pay for, as "additional rent" any increase in the basic cost of electric power after the "Base Year", as hereinafter set forth. Tenant shall pay an increase equal to the percentage increase of electric utility rate over the Basic Cost in the Base Year times \$3.25 per rentable square foot. Such increase shall be added to the initial charge of \$3.25 per rentable square foot and paid as additional rent.

The "additional rent" due to the Landlord shall be payable within fifteen (15) days upon presentation of Landlord's billing for same. If the last period of the Lease term does not include a full Lease Year, then the "additional rent" due, if any, for such period shall be prorated to the said expiration date and shall be computed upon electric bills issued to the Landlord up to and including the next to the last month of the term and projected for the last month of the term. Payment of the final electricity charge, if any, shall be made simultaneously with the payment of the basic rent for the last month of the term. Landlord shall furnish Tenant with copies of bills and other evidence demonstrating the increase in the electric rate upon request of Tenant.

Definitions

f. As used in and for the purposes of this Article 10, the following definitions shall apply:

(1) The term "Taxes" shall be deemed to include all real estate taxes and assessments, special or otherwise and sewer rents, upon or with respect to the Building and the land allocated to it including all parking areas (hereinafter called the "Real Property"). If, due to any change in the method of taxation, any franchise, income, profit, sales, rental use and occupancy, or other tax shall be substituted for, or levied

against Landlord or any owner of the Building or the Real Property in lieu of, any real estate taxes, assessments or sewer rents upon or with respect to the Real Property, such tax shall be included in the term Taxes for the purposes of this Article.

Procedure for Invoicing and Payment of Additional Rent

g. (1) Landlord shall render to Tenant a statement containing a computation of additional rent due under this Article ("Landlord's Statement") at any time and from time to time as such becomes due. Within twenty (20) days after the rendition of the Landlord's Statement which shows additional rent to be payable, Tenant shall pay to Landlord the amount of such additional rent. In the event the Mortgage on the Land and Building requires Landlord to escrow real estate tax payments, on the first day of each month following rendition of each Landlord's Statement, Tenant shall pay to Landlord, on account of the potential additional rent, a sum equal to one-twelfth (1/12th) of the annualized additional rent last paid by Tenant. Landlord, upon written request by Tenant, shall furnish evidence of real estate tax amounts and payments thereof. Landlord, upon Tenant's request, shall reconcile, on an annual basis, the amounts paid on behalf of such additional rent and if there is a surplus in excess of the funds actually expended by Landlord for such items, Landlord shall

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state the amount of such surplus, and, at Landlord's option, refund the surplus, or allow a credit to Tenant against the next installment of rent equal to the amount of such surplus. If the Landlord does not have to make real estate tax escrow payments to its Mortgagee, Landlord shall promptly render a bill to Tenant upon receipt of any applicable tax bill for any taxes increased due pursuant to paragraph 10(a) hereof and Tenant shall pay to Landlord, not later than twenty (20) days prior to the expiration of the grace period for the payment of said tax, the amount due.

(2) The obligations of Landlord and Tenant under the provisions of this Article with respect to any additional rent for any Escalation Year shall survive the expiration or any sooner termination of the Demised Term.

(3) In the event that Tenant challenges the amount of Additional Rent payable pursuant to this Article, then, as a condition precedent to the submission of a dispute as to such amount to judicial review, and pending the determination of any dispute, Tenant shall promptly pay the Additional Rent as demanded by Landlord. After such determination, any adjustment in the disputed amount shall be made within thirty (30) days.

TENANT'S REPAIRS

11. Tenant shall take good care of the demised premises and, subject to the provisions of Article 6 hereof, shall make as and when needed, or as a result of misuse or neglect by Tenant or Tenant's servants, employees, agents, or licensees, or as a result of the moving of Tenant's fixtures, furniture, or equipment, all non-structural repairs in and about the demised premises necessary to preserve them in good order and condition, which repairs shall be in quality and class equal to the original work. Tenant shall be responsible for any structural repairs to the Building or repairs to the common areas, if any, if such repair is necessitated by the act or omission of Tenant, its agents, employees or invitees. Landlord shall repair, replace and maintain the glass and windows in the demised premises. Tenant shall be responsible for the repair and maintenance of the bathrooms within the demised premises. Except as provided in Article 25 hereof, 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 any repairs, alterations, additions or improvements in or to any portion of the Building or the demised premises, or in or to fixtures, appurtenances, or equipment thereof, and no liability upon Landlord for failure of Landlord or others to make any repairs, alterations, additions or improvements in or to any portion of the Building or of the demised premises, or in or to the fixtures, appurtenances or equipment thereof. Any repairs which Tenant may be required to carry out pursuant to the terms hereof may, at Landlord's option, if not made by Tenant within five (5) days after notice thereof or in the event of an emergency, be made by Landlord at the expense of Tenant, and the expenses thereof incurred by Landlord shall be collectible as additional rent after the rendition of a bill or statement therefor.

FLOOR LOADING

12. The emplacement of any equipment which will impose an evenly distributed floor load in excess of 50 pounds per square foot shall be done only after written permission is received from the Landlord. Such permission will be granted only after adequate proof is furnished by a professional engineer that such floor loading will not endanger the structure.

FIXTURES AND INSTALLATIONS

13. All appurtenances, fixtures, improvements, additions, and other property attached to or built into the demised premises, whether by Landlord or Tenant or others, and whether at Landlord's expense, or Tenant's expense, or the joint expense of Landlord and Tenant, shall, at the end of the Term hereof, become and remain the property of Landlord, and shall remain upon and be surrendered with the demised premises unless Landlord, by notice to Tenant no later than twenty (20) days prior to the date fixed as the termination of this Lease, elects to have them removed by Tenant, (excluding alterations which have been installed with the prior consent of Landlord which Tenant shall not be obligated to remove) in which event, the same shall be removed from the premises by Tenant forthwith, at Tenant's expense. Nothing in this Article shall be construed to prevent Tenant's removal of trade fixtures or other alterations or installations installed for and paid for by Tenant, but upon removal of any such trade fixtures from the premises or upon removal of other installations as may be required by Landlord, Tenant shall immediately and at its expense, repair any damage to the demised premises or the Building due to such removal. All property permitted or required to be removed by Tenant at the end of the term remaining in the premises after Tenant's removal shall be deemed abandoned and may, at the election of Landlord, either be retained as Landlord's property or may be removed from the premises at Tenant's expense. All the outside walls of the demised premises, including corridor walls and the outside entrance doors to the demised premises, any balconies; terraces, or roofs adjacent to the demised premises, and any space in the demised premises used for shafts, stacks, pipes, conduits, ducts or other building facilities, and the use thereof, as well as access thereto in and through the demised premises for the purpose of operation, maintenance, decoration and repair, are expressly reserved to Landlord, and Landlord does not convey any rights to Tenant therein except to the extent reasonably necessary by Tenant for its operation. Tenant shall be able to use such shafts, stacks, electric and phone closets and other areas of the Building designated for installations of utilities and services for the Building adjacent to and under the demised premises including but not limited to the areas referred to for the installation of the equipment referred to in a letter dated December 19, 1996 (Revised) from Cameron Engineering, P.C. to Tenant, [initialed by the parties hereto], provided any installations of Tenant within such areas shall be identified as Tenant's and plans for the same shall be furnished to

Landlord immediately upon installation thereof. Notwithstanding the foregoing, Tenant shall enjoy full right of access to the demised premises through the public entrances, public corridors and public areas and elevators within the Building.

ALTERATIONS

14. a. Tenant shall make no alterations, decorations, installations, additions or improvements in or to the demised premises which affect the structure, roof or exterior of the Building, the mechanical, plumbing and electrical systems of the Building or work which requires a Certificate of Completion/Compliance or a new Certificate of Occupancy without Landlord's prior written consent (which consent shall not be unreasonably withheld or delayed and shall be deemed granted unless denied in writing within thirty (30) days after written request for consent is given to Landlord specifying the work to be done, including all plans and specifications thereof, which writing shall specify the reasons for the denial), and then only by contractors or mechanics reasonably approved by Landlord and at such times and in such manner as Landlord may from time to time designate. Landlord shall approve or disapprove of such contractor or mechanics within ten (10) days of written request therefor, and in the absence of any denial, it shall be deemed Landlord has approved such contractor or mechanic. Landlord shall have the right to make inspections of any such work being carried out by Tenant or on Tenant's behalf at any reasonable time during the progress of such work. Notwithstanding the foregoing, Tenant shall not be required to obtain Landlord's consent for such alterations solely

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within the demised premises of a non-structural nature which do not effect the Building's systems or require a Certificate of Completion or Compliance or the issuance of a new Certificate of Occupancy if the reasonable estimate for the cost of such alterations does not exceed \$25,000.00 (and is not part of a plan to construct in excess of \$25,000.00 of alterations in separate stages over a six (6) month period). Tenant shall notify Landlord- before commencing any such work as to the plan and specifications of such alterations and shall furnish Landlord upon completion of such alteration any changes to the plan to reflect the "as-built" condition thereof. All such work shall still require the Tenant to comply with the other requirements of this Article 14.

b. All installations or work done by Tenant shall be done in a good and workmanlike manner and shall at all times comply with:

(1) Laws, rules, orders and regulations of governmental authorities having jurisdiction thereof.

(2) Reasonable rules and regulations of Landlord as to the time and manner of such work, entrances to be used by trades people and contractors, etc.

(3) Plans and specifications prepared by and at the expense of Tenant theretofore submitted to Landlord for its prior written approval as provided in paragraph 14(a) hereof; no installations or work shall be undertaken, started or begun by Tenant, its agents, servants or employees, until Landlord, if required, has approved such plans and specifications; and no amendments or material additions to such plans and specifications shall be made without the prior written consent of Landlord, and shall be subject to reimbursement for Landlord's reasonable out-of-pocket expenses for architecture or engineering services, excluding any such charge for initial Tenant's Work shown on Exhibit 7.

Tenant agrees that it will not, either directly or indirectly, use any contractors and/or labor and/or materials if the use of such contractors and/or labor and/or materials would or will create any difficulty with other contractors and/or labor engaged by Tenant or Landlord or others in the construction, maintenance and/or operation of the Building or any part thereof. Tenant shall, before making any alterations, additions, installations or improvements, at its expense, obtain all permits, approvals and certificates required by any governmental or quasi-governmental bodies and (upon completion) certificates of final approval thereof and shall deliver promptly duplicates of all such permits, approvals and certificates to Landlord and Tenant agrees to carry and will cause Tenant's contractors and sub-contractors to carry such workmen's compensation, general liability, personal and property damage insurance as Landlord may reasonably require not to exceed \$1 million/\$2 million for liability and \$500,000.00 for property damage. At Landlord's request, Tenant agrees to obtain and deliver to Landlord, written and unconditional waivers of mechanic's liens upon the real property in which the demised premises are located, for all work, labor and services performed and materials furnished in connection with such work after payment therefore, signed by all contractors and sub-contractors involved in such work. Notwithstanding the foregoing, if any mechanic's lien is filed against the demised premises, or the Building, for work claimed to have been done for, or materials furnished to, Tenant, whether or not done pursuant to this Article, the same shall be discharged by Tenant within thirty (30) days after notice of such liens is given to Tenant, at Tenant's expense, by filing the bond required by law or by satisfaction of such lien.

c. Anything contained herein to the contrary notwithstanding, Tenant shall make no alterations, decorations, installations,

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additions or improvements in or to the demised premises which shall in any way materially and adversely affect utility services or plumbing and electrical lines, except as part of Tenant's initial work. Moreover, Landlord shall not be deemed to have acted unreasonably for withholding consent to any alterations, decorations, installations, additions or improvements which: (i) materially or adversely affect any structural or exterior element of the Building outside the demised premises or the Building, or (ii) will require unusual expense to readapt the demised premises to normal office use on the expiration of the Demised Term or increase the cost of construction or of insurance or taxes on the Building or of the services called for hereunder unless Tenant first gives assurances acceptable to Landlord for payment of such increased cost and that such readaption will be made prior to the Expiration Date without expense to Landlord.

d. Notwithstanding the foregoing, Tenant shall be permitted to complete the improvements and alterations substantially shown on the plans and specifications annexed hereto as Exhibit 8 within the demised premises ("Tenant's Work"). Prior to the commencement of Tenant's Work, Tenant shall comply with all the provisions of this paragraph 14 and in addition thereto, shall furnish Landlord with a performance and payment bond issued by a surety licensed to do business in New York State reasonably acceptable to Landlord, in an amount equal to or greater than the estimated cost to complete the repairs (said estimate having been made and certified as accurate by Tenant's architect) naming Landlord as the beneficiary thereof, insuring the completion of Tenant's work and the payment of all contractors, subcontractors, materialmen, mechanics, laborers, suppliers, etc. In lieu of such bond, the following principals of Tenant shall individually, jointly and severally personally guaranty the payment and completion of such work: Joseph Berland, Richard Rosenstock and Allan Gaines.

e. Tenant shall have the right to use elevators within the Building and loading docks at reasonable specified hours at no charge to Tenant during the performance of Tenant's work and Tenant's move in provided that in the case of any passenger elevator, Tenant shall install pads and protect the interior of the cab.

f. Landlord, in executing any applications for permits or municipal approvals requested by Tenant, shall sign such applications within ten (10) days of a written request with such application.

REQUIREMENTS OF LAW

15. a. Tenant, at Tenant's sole cost and expense, shall comply with all laws, orders and regulations of Federal, State, County and Municipal authorities, and with all directions, pursuant to law, of all public officers, which shall impose any duty upon Landlord or Tenant arising out of the manner of use, occupancy or possession by Tenant of the demised premises. Tenant shall not be required to make any alterations in order so to comply unless such alterations shall be necessitated or occasioned, in whole or in part, by the acts, omissions or negligence of Tenant or any person claiming through or under Tenant or any of their servants, employees, contractors, agents, visitors or licensees, or by the manner of use or occupancy of the demised premises by Tenant (as opposed to the permitted use of the Building for office purposes and the use clause hereof), or any such person. Such requirements include, but are not limited to, the handling of hazardous materials.

b. Landlord represents that there are no violations issued by any municipal, governmental or regulatory agency against the Building.

Fire Insurance

c. Tenant shall not do anything or permit anything to be done, in or about the demised premises which shall (i) invalidate or be in conflict with the provisions of any standard New York fire or other insurance policies covering the Building or any property located therein, or (ii) result in a refusal by fire insurance companies of good standing to insure the Building or any such property in amounts reasonably satisfactory to Landlord, or (iii) subject Landlord to any liability or responsibility for injury to any person or property by reason of any business operation being conducted in the demised premises, or (iv) cause any increase in the fire insurance rates applicable to the Building or property located therein at the beginning of the Demised Term or at any time thereafter. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the New York Board of Fire Underwriters and the New York Fire Insurance Rating Organization or any similar body arising out of the manner of use by Tenant of the demised premises.

d. Tenant shall pay all costs, expenses, fines, penalties or damages, which may be imposed upon Landlord by reason of Tenant's failure to comply with the provisions of this Article 15 and if by reason of such failure the fire insurance rate shall at the beginning of this Lease or at any time thereafter, be higher than it otherwise would be, then Tenant shall reimburse Landlord, as additional rent hereunder, for that portion of all fire insurance premiums thereafter paid by Landlord which shall have been charged because of such failure by Tenant, and shall make such reimbursement upon the

first day of the month following such outlay by Landlord. In any action or proceeding wherein Landlord and Tenant are parties, a schedule or "make up" of rates applicable to the Building or property located therein issued by the New York Fire Insurance Rating Organization, or other similar body fixing such fire insurance rates, shall be conclusive evidence of the facts therein stated and of the several items and charges in the fire insurance rates than applicable to the Building or property located therein.

e. Landlord acknowledges that it has no knowledge that the use of the demised premises for general offices as intended by Tenant (excluding any equipment intended to be installed by Tenant or the number of persons occupying the demised premises) will result in any increased insurance costs, nor will Landlord seek reimbursement for such increased cost from Tenant on such grounds.

f. Landlord shall comply with all statutes, rules and regulations concerning the ownership and maintenance of the Building providing that the cost of any compliance or violation thereof arising out of the manner of use by Tenant of the demised premises shall be borne by Tenant. Landlord represents that to the best of its knowledge there are no building violations issued against the Building as of the date hereof.

INSURANCE

16. Tenant shall, at Tenant's own expense, provide for the benefit of the Landlord, comprehensive general liability insurance with minimum limits of \$2,000,000/\$5,000,000 as to personal injuries or death and \$500,000 as to property damage covering occurrences in and about the demised premises and areas adjacent thereto. Tenant may provide for umbrella or excess coverage so

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that the total insurance obtained satisfies the foregoing coverage requirements. A current certificate and all renewal policies or certificates evidencing such insurance, together with proper proof of payment of all premiums payable thereon shall be deposited with the Landlord, it being understood that each such renewal policy or certificate shall be so deposited at least thirty (30) days prior to the expiration of the insurance which it is to replace or renew and in default thereof, Landlord may obtain such insurance and collect the premium thereon as additional rent. The policy or policies provided for in this Paragraph may be for the benefit of both Landlord and Tenant and shall name the Landlord as an additional insured.

CLEANING SERVICES

17. Cleaning of the demised premises shall be the responsibility of the Tenant. Tenant shall use and pay for such janitorial or cleaning company as Landlord shall reasonably approve and shall cooperate with Landlord in using such company. Tenant may use its own employees for such work.

END OF TERM

18. a. Upon the expiration or other termination of the term of this Lease, Tenant shall quit and surrender to Landlord the demised premises, broom clean, in good order and condition, ordinary wear excepted, and Tenant shall remove all of its property, and shall repair all damage to the demised premises or the Building occasioned by such removal. Any property not removed from the premises shall be deemed abandoned by Tenant and may be disposed of in any manner deemed appropriate by the Landlord. Tenant expressly waives, for itself and for any person claiming through or under Tenant, any rights which

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 successor law of like import then in force, in connection with any holdover summary proceedings which Landlord may institute to enforce the foregoing provisions of this Article. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease. If the last day of the term of this Lease or any renewal hereof falls on Sunday or a legal holiday, this Lease shall expire on the business day immediately preceding.

b. Tenant acknowledges that possession of the demised premises must be surrendered to Landlord at the expiration or sooner termination of the term of this Lease. The parties recognize and agree that the damage to Landlord resulting from any failure by Tenant timely to surrender possession of the demised premises as aforesaid will be extremely substantial, will exceed the amount of monthly rent theretofore payable hereunder, and will be impossible of accurate measurement. Tenant therefore agrees that if possession of the demised premises is not surrendered to Landlord on or before the date of the expiration or other termination of the term of this Lease, time being of the essence with respect thereto, then, in lieu of any other remedies and/or damages otherwise available to Landlord hereunder or at law, Tenant agrees to pay Landlord, for each month and for each portion of any month during which Tenant holds over in the demised premises after expiration or other termination of the term of this Lease, a sum equal to 150% times the rent and additional rent (inclusive of escalations) that was payable per month under this Lease during the last month of the term thereof. Nothing contained herein shall be construed to constitute Landlord's consent to Tenant remaining in possession of the demised premises after the expiration or other termination of the term of this Lease. Landlord shall be entitled to pursue any action necessary to recover

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immediate possession of the demised premises notwithstanding Tenant's payment of the aforementioned sum. The aforesaid provisions of this paragraph shall survive the expiration or sooner termination of the term of this Lease.

QUIET ENJOYMENT

19. Landlord covenants and agrees with Tenant that upon Tenant paying the rent and additional rent and observing and performing all the terms, covenants and conditions on Tenant's part to be observed and performed, Tenant may peaceably and quietly enjoy the demised premises during the term of this Lease without hindrance or molestation by anyone claiming by or through Landlord, subject, nevertheless, to the terms, covenants and conditions of this Lease including, but not limited to, Article 24.

SIGNS

20. Except as provided in Article 9 hereof, no signs may be put on or in any window nor on the exterior of the Building. Any signs or lettering in the public corridors or on the doors must be submitted to Landlord for approval before installation, which approval shall not be unreasonably withheld provided said signs conform to the building standard signage.

RULES AND REGULATIONS

21. Tenant and Tenant's agents, employees, visitors, and licensees shall faithfully comply with the Rules and Regulations now in effect, if any, and with such further reasonable Rules and Regulations as Landlord at any time may make and communicate in writing to Tenant which, in the Landlord's judgment, shall be necessary for the reputation, safety, care or appearance of the Building and land allocated to it or the preservation of good order therein,

or the operation or maintenance of the Building, its equipment and such land, or the more useful occupancy or the comfort of the tenants or others in the Building provided any rule or regulation shall not materially affect Tenant's use and occupancy of the Premises. Landlord shall not be liable to Tenant for the violation of any of said Rules and Regulations, or the breach of any covenant or condition of any lease by any other tenant or occupant in the Building. Rules and Regulations shall be uniformly applied where possible and shall be effective on not less than thirty (30) days written notice to Tenant.

ASSIGNMENT AND SUBLETTING

22. a. Tenant, for itself, its successors, undertenants and assigns, (all of the foregoing hereinafter referred to as the "Tenant") expressly covenants that it shall not assign, mortgage or encumber this Agreement, nor underlet the demised premises or any part thereof, or license or permit the demised premises or any part thereof to be used by others, without the prior written consent of the Landlord in each instance which shall not be unreasonably withheld and which shall be given or denied within twenty-one (21) days of written request therefor. If the Landlord denies the request, the denial shall state the reasons therefor.

b. The Landlord will be deemed to have reasonably withheld its consent if the Landlord shall find that the proposed assignee or sublessee is not (i) financially responsible; (ii) of good

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reputation, or (iii) engaged in an authorized use as set forth in article 4a hereof, and that the proposed assignment or sublease would not be for any school or college, and further provided that such assignee shall execute and deliver to Landlord an Assumption Agreement wherein it agrees to perform all of the obligations of the Tenant under this Lease in a form appropriate for recording. The consent by Landlord to an assignment or sublease shall not in any way be construed to relieve Tenant from obtaining the express consent in writing of Landlord to any further or subsequent assignment or subleasing. The time in which Landlord shall act on such request shall run from the receipt by Landlord of the proposed lease assignment, the proposed Assumption Agreement or sublease, the two (2) prior years' (if available) financial statements for the proposed assignee or sublessee and a bank reference together with the name and address of the proposed assignee's or sublessee's then current landlord. In the event the Landlord fails to consent to such assignment or sublease and the Tenant hereunder disputes such refusal, Tenant's sole remedy shall be to commence an action to enforce the Landlord's obligation to consent hereunder. In no event will the Landlord be responsible to the Tenant for any money damages as a result of its failure to consent to any such proposed assignment or sublease except if a court ultimately finds that Landlord unreasonably withheld its consent to a sublease or assignment as provided herein, Landlord shall reimburse Tenant for its reasonable attorney's fees and expenses in connection with such litigation. Notwithstanding anything contained herein to the contrary, Tenant may assign this Lease or sublet all or any portion of the demised premises to an affiliate, subsidiary or to a company acquiring all or substantially all of the common stock of the Tenant or of its assets, provided in the case of an assignment, such assignee assumes the obligations hereof. Tenant, without Landlord's consent, may also grant a license to independent contractor broker-traders associated with Tenant for, in each instance, up to 1% of the demised premises. Upon any such assignment pursuant to Article 22, Tenant shall remain liable for all the terms, covenants and conditions hereof.

LANDLORD'S ACCESS TO PREMISES

23. a. Upon reasonable prior notice to Tenant, except in cases of emergency, Landlord or Landlord's agents shall have the right to enter and/or pass through the demised premises at all times to examine the same, to show them to mortgagees, ground lessors, prospective purchasers or lessees or mortgagees of the Building, and to make such repairs, improvements or additions as Landlord may deem reasonably necessary and Landlord shall be allowed to take all material into and upon and/or through said demised premises that may be required thereof or provided Landlord will avoid unnecessary storage of material within the demised premises which cannot be used within two (2) days. During the year prior to the expiration of the term of this Lease, or any renewal term, Landlord may exhibit the demised premises to prospective tenants or purchasers at all reasonable hours and without unreasonably interfering with Tenant's business. If Tenant shall not be personally present to open and permit an entry into said premises, at any time, when for any reason an entry therein shall be necessary or permissible, Landlord or Landlord's agents may enter the same by a master key, without rendering Landlord or such agent liable therefor (if during such entry Landlord or Landlord's agents shall accord reasonable care to Tenant's property). Landlord shall repair any damage to Tenant's property or the demised premises as a result of such entry and shall take reasonable steps to avoid interference with Tenant's business operations. If during the last month of the Demised Term Tenant shall have removed all or substantially all of Tenant's property therefrom, Landlord may immediately enter, alter, renovate or redecorate the demised premises without limitation or abatement of rent, or incurring liability to Tenant for any compensation and such act shall have no effect on this Lease or Tenant's obligations hereunder.

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b. Landlord shall also have the right at any time to use, maintain and replace pipes and conduits in and through the demised premises and to erect new pipes and conduits therein, to change the arrangement and/or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets or other public parts of the Building, provided, however, that Landlord shall make no change in the arrangement and/or location of entrances or passageways or other public parts of the Building which will adversely affect in any material manner Tenant's use and enjoyment of the demised premises and Landlord shall take reasonable steps to avoid installing wet pipes over Tenant's computer room and telephone switching equipment. Such work shall be done to avoid interference with Tenant's business operations unless such work is of an emergency nature. If any such work involves asbestos removal or other hazardous substances, it shall be done at night or weekends to avoid interference with Tenant's business operations, unless such work is of an emergency nature. Landlord shall accord reasonable care to Tenant's property. Landlord shall also have the right, at any time, to name the Building, to display appropriate signs and/or lettering on any or all entrances to the Building, and to change the name by which the Building is commonly known.

c. Neither this Lease nor any use by Tenant shall give Tenant any right or easement to the use of any door or passage or concourse connecting with any other building or to any public conveniences, and the use of such doors and passages and concourse and of such conveniences may be reasonably regulated and/or discontinued at any time and from time to time by Landlord upon reasonable prior notice to Tenant.

d. The exercise by Landlord or its agents of any right reserved to Landlord in this Article shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of rent, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord, or its agents, or upon any lessor under any ground or underlying lease, by reason of inconvenience or annoyance to

Tenant, or injury to or interruption of Tenant's business, or otherwise.

SUBORDINATION

24. a. This Lease is subject and subordinate in all respects to all ground leases and/or underlying leases and to all mortgages which may now or hereafter be placed on or affect such leases and/or the real property of which the demised premises form a part, or any part or parts of such real property, and/or Landlord's interest or estate therein, and to each advance made and/or hereafter to be made under any such mortgages, and to all renewals, modifications, consolidations, replacements and extensions thereof and all substitution therefor provided Landlord shall obtain from any such mortgagee or ground lessor a non-disturbance agreement as provided in subdivision (d) hereof. This Section (a) shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, Tenant shall execute and deliver promptly any certificate that Landlord and/or any mortgagee and/or the lessor under any ground or underlying lease and/or their respective successors in interest may request in accordance with this paragraph.

b. Without limitation of any of the provisions of this Lease, in the event that any mortgagee or its assigns shall succeed to the interest of Landlord or of any successor- Landlord and/or shall have become lessee under a new ground or underlying lease, then, this Lease shall

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nevertheless continue in full force and effect and Tenant shall and does hereby agree to attorn to such mortgagee or its assigns and to recognize such mortgagee or its respective assigns as its Landlord.

c. Tenant shall, at any time and from time to time upon not less than fifteen (15) days prior notice by Landlord, execute, acknowledge, and deliver to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), and the dates to which the rent, additional rent and other charges have been paid in advance, if any, and stating whether or not to the best knowledge of the signer of such certificate, Landlord is in default in performance of any covenant, agreement, term, provision or condition contained in this Lease and, if so, specifying each such default of which the signer may have knowledge, it being intended that any such statement delivered pursuant hereto may be relied upon by any prospective purchaser or lessee of said real property or any interest or estate therein, any mortgagee or prospective mortgagee thereof or any prospective assignee of any mortgage thereof. If, in connection with obtaining financing or refinancing for the Building and the land allocated to it, a banking, insurance or other recognized institutional lender shall request reasonable modifications in this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder, decrease Tenant's rights, or materially adversely affect the leasehold interest hereby created. Landlord, upon fifteen (15) days notice from Tenant, shall furnish Tenant a certificate, executed by Landlord, certifying that this Lease is in full force and effect, identifying any modifications thereto, the date through which rent has been paid and whether the Tenant is in default of any provisions hereof and if so, specifying each default of which the signer may have knowledge, it being intended that any such statement delivered pursuant hereto may be relied upon by any recipient thereof.

d. In the event a mortgage is conveyed to a

mortgagee by the Landlord or a ground lease executed, Landlord shall obtain a written agreement in recordable form from such mortgagee, lender or ground lessor providing that the lender, mortgagee or ground lessor, as the case may be, as long as Tenant performs its obligations under this Lease, shall not disturb Tenant's peaceful possession of the demised premises for the term of this Lease, whether by foreclosure or by deed in lieu of foreclosure or otherwise, and Tenant shall attorn to such new owner or Landlord and such new owner or landlord shall accept such attornment of Tenant. Tenant agrees to execute the written agreement and any other documents to accomplish the purpose of this paragraph. This provision shall inure to the benefit of Tenant and be binding on any purchaser at foreclosure of such mortgage or under a deed in lieu of foreclosure.

PROPERTY LOSS, DAMAGE, REIMBURSEMENT

25. a. Landlord or its agents shall not be liable for any damage to property of Tenant or of others entrusted to employees of the Building, nor for the loss of or damage to any property of Tenant by theft or otherwise, unless the foregoing is caused by negligence or intentional acts of Landlord, its agents, contractors, or employees. Landlord or its agents shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, electrical disturbance, water, rain or snow or leaks from any part of the Building or from the pipes, appliances or plumbing works or from the roof, street or subsurface or from any other place or by dampness or by any other cause of whatsoever nature, unless caused by or due to the negligence or intentional acts of Landlord, its agents, servants, contractors, licensees, invitees or employees; nor shall Landlord or its agents be liable for any such damage caused by other tenants or persons in the Building or caused by operations in construction of

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any private, public or quasi-public work; nor shall Landlord be liable for any latent defect in the demised premises or in the Building except Landlord's obligation to repair in accordance with this Lease. If at any time any windows of the demised premises are temporarily closed or darkened incident to or for the purpose of repairs, replacements, maintenance and/or cleaning in, on, to or about the Building or any part or parts thereof, 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 rent nor shall the same release Tenant from its obligations hereunder nor constitute an eviction. Tenant shall reimburse and compensate Landlord as additional rent for all reasonable and out-of-pocket expenditures made by, or damages or fines sustained or incurred by Landlord due to non-performance or non-compliance with or breach or failure to observe any term, covenant or condition of this Lease upon Tenant's part to be kept, observed, performed or complied with after expiration of all applicable notice and grace periods. Tenant shall give immediate notice to Landlord in case of fire or accidents in the demised premises or in the Building or of defects therein or in any fixtures or equipment, however, the failure of Tenant to timely notify Landlord of such incidents shall not vitiate Landlord's obligation to repair as provided herein.

Tenant's Indemnity

b. Tenant shall indemnify and save harmless Landlord against and from any and all claims by and on behalf of any person or persons, firm or firms, corporation or corporations, arising from the conduct or management of or from any work or thing whatsoever done (other than by Landlord or its contractors, agents or invitees) in and on the demised premises by Tenant, its agents, employees or invitees or the agents or employees of either

during the term of this Lease and during the period of time, if any, prior to the Term Commencement Date that Tenant may have been given access to the demised premises for the purpose of making installations, and will further indemnify and save harmless Landlord against and from any and all claims arising from any condition of the demised premises due to or arising from any act or omission or negligence of Tenant or any of its agents, contractors, servants, employees, licensees or invitees, and against and from all costs, expenses and liabilities incurred in connection with any such claim or claims or action or proceeding brought thereon; and in case any action or proceeding be brought against Landlord by reason or any such claim, Tenant, upon notice from Landlord, agrees that Tenant, at Tenant's expense, will resist or defend such action or proceeding. Tenant's liability under this Lease extends to the acts and omissions of any subtenant, assignee and any agent, contractor, employee, invitee or licensee of any subtenant. Landlord shall not settle such action without the consent of Tenant as to any claim which Tenant is required to indemnify Landlord hereunder.

DESTRUCTION-FIRE OR OTHER CASUALTY

26. If the demised premises shall be damaged by fire or other casualty, Tenant shall give notice to Landlord of such damage, Landlord, at Landlord's expense, shall repair such damage. However, Landlord shall have no obligation to repair any damage to, or to replace, Tenant's personal property or any other property or effects of Tenant. If the entire demised premises shall be rendered untenable by reason of any such damage, the rent shall abate for the period from the date of such damage to the date when such damage shall have been repaired (Landlord to give notice to Tenant approximately thirty (30) days prior to the estimated completion date of the repairs, unless it is estimated to take less than thirty (30) days to effectuate the repair), and if only a part of the demised premises shall be so rendered untenable, the rent shall abate for such period in the proportion which the area of the part of the demised premises so rendered untenable bears to the total area of the demised premises. However, if prior to the date when all of such damage shall have been repaired any part of the demised premises so damaged shall be rendered tenable and shall be used or occupied by Tenant or any person or persons claiming through or under Tenant, then the amount by which the rent shall abate shall be equitably

apportioned for the period from the date of any such use or occupancy to the date when all such damage shall have been repaired. Tenant hereby expressly waives the provisions of Section 227 of the New York Real Property Law, and of any successor law of like import then in force, and Tenant agrees that the provisions of this Article shall govern and control in lieu thereof. If the demised premises are partially damaged or rendered partially unusable by fire or other casualty, the damages thereto shall be repaired by and at the expense of Landlord and the rent, until such repair shall be substantially completed, shall be apportioned from the day following the casualty according to the part of the Premises which is usable. The Landlord shall give notice to Tenant approximately thirty (30) days prior to the estimated completion date of the repairs, unless it is estimated to take less than thirty (30) days to effectuate the repair. Notwithstanding the foregoing provisions of this Section, if, prior to or during the Demised Term, (i) the demised premises shall be totally damaged or rendered wholly untenable by fire or other casualty, and if Landlord shall decide not to restore the demised premises, or (ii) the Building, including the demises Premises, shall be so damaged by fire or other casualty that, in Landlord's opinion, substantial alteration, demolition, or reconstruction of the Building shall be required (whether or not the demised premises shall be damaged or rendered untenable), then, in any of such events, Landlord at Landlord's option, may give to Tenant, within ninety (90) days after such fire or other

casualty, a thirty (30) day notice of termination of this Lease and, in the event such notice is given, this Lease and the Demised Term shall come to an end and expire (whether or not said term shall have commenced) upon the expiration of said thirty (30) days with the same effect as if the date of expiration of said thirty (30) days were the Expiration Date, the rent shall be apportioned as of such date and any prepaid portion of rent for any period after such date shall be refunded by Landlord to Tenant. Landlord agrees to obtain such insurance as to provide for the full replacement cost of the Building. In the event that Landlord notifies Tenant of its intent to restore the Building, such notice shall state the estimated time to rebuild. If such date is more than one hundred eighty (180) days from a final settlement with Landlord's insurance carrier or two hundred seventy (270) days from the date of loss, whichever is sooner, or if the actual reconstruction is not substantially completed within 270 days of the date of loss, Tenant may elect to cancel this lease by giving notice thereof within thirty (30) days of Landlord's notice or the expiration of 270 days from the date of the loss as the case may be.

SUBROGATION

27. Each of the parties hereto and their successors or assigns hereby waives any and all rights of action for negligence against the other party hereto which may hereafter arise for damage to the premises or to property therein resulting from any fire or other casualty of the kind covered by standard fire insurance policies with extended coverage, regardless of whether or not, or in what amounts, such insurance is now or hereafter carried by the parties hereto, or either of them. The foregoing release and waiver shall be in force only if both releasors' insurance policies contain a clause providing that such a release or waiver shall not invalidate the insurance and also provided that such a policy can be obtained without additional premiums. Both parties agree to use their best efforts to obtain and maintain a waiver of subrogation from their respective carriers if they are insured.

EMINENT DOMAIN

28. a. In the event that the whole of the demised premises shall be lawfully condemned or taken in any manner for any public or quasi-public use, this Lease and the term and estate hereby granted shall forthwith cease and terminate as of the date of vesting of title. In the event that only part of the demised premises shall be so condemned or taken, then, effective as of the date of vesting of title, the rent hereunder shall be abated in an amount thereof apportioned according to the area of the demised premises so condemned or taken. In the event that only part of the Building shall be so condemned or taken, then (a) Landlord (whether or not the demised premises be affected) may, at its option, terminate this Lease and the term and estate hereby granted as of the date of such vesting of title by notifying Tenant in writing of such termination within sixty (60) days following the date on which Landlord shall have received notice of vesting of title, and (b) if such condemnation or taking shall be of a substantial part of the demised premises (greater than 15% thereof) or of a substantial part of the means of access thereto, Tenant shall have the right, by delivery of notice in writing to Landlord within sixty (60) days following the date on which Tenant shall have received notice of vesting of title, to terminate this lease and the term and estate hereby granted as of the date of vesting of title and if the portion of the premises taken is greater than 15% of the parking area and if Landlord is unable to relocate sufficient parking elsewhere on the land owned by Landlord so that at least 85% of the parking available before the taking is available elsewhere on the property upon which the Building is located, then Tenant shall have the right to terminate this Lease, or (c) if neither Landlord nor Tenant elects to terminate this Lease, as aforesaid, taking, except that the rent shall

be abated to the extent, if any hereinabove provided in this Article. In the event that only a part of the demised premises shall be so condemned or taken and this Lease and the term and estate hereby granted are not terminated as hereinbefore provided, landlord will, at its expense, restore the remaining portion of the demised premises as nearly as practicable to the same condition as it was in prior to such condemnation or taking.

b. In the event of a termination in any of the cases hereinabove provided, this Lease and the term and estate granted shall expire as of the date of such termination with the same effect as if that were the date hereinbefore set for the expiration of the term of this Lease, and the rent hereunder shall be apportioned as of such date.

c. In the event of any condemnation or taking hereinabove mentioned of all or a part of the Building, Landlord shall be entitled to receive the entire award in the condemnation proceeding, including any award made for the value of the estate vested by this Lease in Tenant, and Tenant hereby expressly assigns to Landlord any and all right, title and interest of Tenant now or hereafter arising in or to any such award or any part thereof, and Tenant shall be entitled to receive no part of such award, except that the Tenant may file a claim for any taking of removable fixtures, alterations and installations owned by Tenant and for moving expenses incurred by Tenant.

It is expressly understood and agreed that the provisions of this Article shall not be applicable to any condemnation or taking for governmental occupancy for a limited period.

CERTIFICATE OF OCCUPANCY

29. Tenant will not at any time use or occupy the demised premises in violation of the certificate of occupancy (temporary or permanent) issued for the Building or portion thereof of which the demised premises form a part and shall obtain a Certificate of Occupancy for Tenant's Work, if required, before occupying the demised premises.

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DEFAULT

30. a. Upon the occurrence at any time prior to or during the Demised Term, of any one or more of the following events (referred to as "Events of Default"):

(1) if Tenant shall default in the payment when due of any installment of rent or in the payment when due of any additional rent, and such default shall continue for a period of ten (10) days after notice by Landlord to Tenant of such default; or

(2) if Tenant shall default in the observance or performance of any term, covenant, or condition of this Lease on Tenant's part to be observed or performed (other than the covenants for the payment of rent and additional rent) and Tenant shall fail to remedy such default within twenty (20) days after notice by Landlord to Tenant of such default, or if such default is of such a nature that it cannot be completely remedied within said period of twenty (20) days and Tenant shall not commence within said period of twenty (20) days, or shall not thereafter diligently prosecute to completion, all steps necessary to remedy such default; or

(3) if Tenant or Tenant's guarantor

hereunder (if any) shall file a voluntary petition in bankruptcy or insolvency, or shall be adjudicated a bankrupt or become insolvent, or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, or shall make an assignment for the benefit of creditors or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Tenant or of all or any part of Tenant's property; or

(4) if, within thirty (30) days after the commencement of any proceeding against Tenant, whether by the filing of a petition or otherwise, seeking any reorganizations, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy act or other present or future applicable federal, state or other statute or law, such proceeding shall not have been dismissed, or if, within thirty (30) days after the appointment of any trustee, receiver or liquidator of Tenant, or of all or any part of Tenant's property, without the consent or acquiescence of Tenant, such appointment shall not have been vacated or otherwise discharged, or if any execution or attachment shall be issued against Tenant or any of Tenant's property pursuant to which the demised premises shall be taken or occupied or attempted to be taken or occupied; or

(5) if Tenant shall default in the observance or performance of any term, covenant or condition on Tenant's part to be observed or performed under any other lease with Landlord of space in the Building and such default shall continue beyond any grace period set forth in such other lease for the remedying of such default; or

(6) 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 herein;

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then, upon the occurrence, at any time prior to or during the Demised Term, of any one or more of such Events of Default, Landlord, at any time thereafter, at Landlord's option, may give to Tenant a ten (10) day notice of termination of this Lease and, in the event such notice is given, this Lease and the Demised Term shall come to an end and expire (whether or not said term shall have commenced) upon the expiration of said ten (10) days were the Expiration Date, but Tenant shall remain liable for damages as provided in Article 32.

REMEDIES

31. a. If Tenant shall default in the payment when due of any installment of rent or in the payment when due of any additional rent and such default shall continue for a period of ten (10) days after notice by Landlord to Tenant of such default, or if this Lease and the Demised Term shall expire and come to an end as provided in Article 30:

(1) Landlord and its agents and servants may immediately, or at any time after such default or after the date upon which this Lease and the Demised Term shall expire and come to an end, re-enter the demised premises or any part thereof, on notice to Tenant provided that service of a notice of petition in a summary proceeding shall be sufficient notice thereof, either by summary proceedings or by any other application action or proceeding (without being liable to indictment, prosecution or damages therefor), and may repossess the demised premises and dispossess Tenant and any other persons from the demised premises and remove any and all of their property and effects from the demised premises; and

(2) Landlord, at Landlord's option, may relet the whole or any part or parts of the demised 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 Expiration Date, at such rental or rentals and upon such other conditions, which may include concessions and free rent periods, as Landlord, in its sole discretion, may determine. Landlord shall have no obligation to relet the demised premises or any part thereof and shall in no event be liable for refusal or failure to relet the demised 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 to affect any such liability. Landlord, at Landlord's option, may make such repairs, replacements, alterations, additions, improvements, decorations and other physical changes in and to the demised premises as Landlord, in its sole discretion, considers 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.

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b. Tenant, on its own behalf and on behalf of all persons claiming through or under Tenant, including all creditors, does hereby waive any and all rights which Tenant and all such persons might otherwise have under any present or future law to redeem the demised premises, or to re-enter or repossess the demised premises, or to restore the operation of this Lease, after (i) Tenant shall have been dispossessed by a judgment or by warrant of any court or judge, or (ii) any re-entry by Landlord, or (iii) any expiration or termination of this Lease and the Demised Term, whether such dispossession, re-entry, expiration or termination shall be by operation of law or pursuant to the provisions of this Lease. 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 on Tenant's part to be observed or performed, 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 rights 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.

DAMAGES

32. a. If this Lease and the Demised Term shall expire and come to an end as provided in Article 30 or by or under any summary proceeding or any other action or proceeding, or if Landlord shall re-enter the demised premises as provided in Article 31 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 rent, additional rent and other charges payable under this Lease by Tenant to Landlord to the date upon which this Lease and the Demised Term shall have expired and come to an end or to the date of re-entry upon the demised premises by Landlord, as the case may be; and

(2) Tenant shall also be liable for and shall pay to Landlord, as damages, any deficiency (referred to as "Deficiency") between the rent and additional rent reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Demised Term and the net amount, if any, of rents collected under any reletting effected pursuant to the provisions of Section 31(a) for any part of such period (first deducting

from the rents collected under any such reletting all of Landlord's expenses in connection with the termination of this Lease or Landlord's re-entry upon the demised premises and such reletting including, but not limited to, all repossession costs, brokerage commissions, legal expenses, attorney's fees, alteration costs and other expenses of preparing the demised 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 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) At any time after the Demised Term shall have expired and come to an end or Landlord shall have re-entered upon the demised premises, as the case may be, whether or not Landlord shall have collected any monthly Deficiencies as aforesaid, Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord, on demand, as and for liquidated and agreed final damages, a sum equal to the amount by which the rent and additional rent reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Demised Term exceeds the then fair and reasonable rental value of the demised premises for the same period, both

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discounted to present worth at the rate of four (4%) percent per annum. If, before presentation of proof of such liquidated damages to any court, commission or tribunal, the demised premises, or any part thereof, shall have been relet by Landlord for the period which otherwise would have constituted the unexpired portion of the Demised Term, or any part thereof, the amount of rent reserved upon such reletting shall be deemed, prima facie, to be the fair and reasonable rental value for the part or the whole of the demised premises to relet during the term of the reletting.

b. If the demised 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 Article. Tenant shall in no event be entitled to any rents collected or payable under any reletting, whether or not such rents shall exceed the rent reserved in this Lease. Solely for the purposes of this Article, the term rent as used in Section 32(a) shall mean the rent in effect immediately prior to the date upon which this Lease and the Demised Term shall have expired and come to an end, or the date of re-entry upon the demised premises by Landlord, as the case may be, plus any additional rent payable pursuant to the provisions of Article 10. Immediately preceding such event. Nothing contained in Articles 30 and 31 or this Article 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 Section 32(a).

FEES AND EXPENSES

33. If Tenant shall default after any applicable notice and grace periods in the performance of any covenant on Tenant's part to be performed in this Lease contained, Landlord may immediately, or at any time thereafter, without notice, perform the same for the account of Tenant. If Landlord at any time is compelled to pay or elects to pay any sum of money, or do any act which will require the payment of any sum of money, by reason of the failure of Tenant to comply with any provision hereof, or, if Landlord is compelled to or does incur any expense including reasonable attorneys' fees,

instituting, prosecuting and/or defending any action or proceeding instituted by reason of any default of Tenant hereunder and if Landlord is successful, the sum or sums so paid by Landlord including reasonable attorney's fees with all interest, costs and damages, shall be deemed to be additional rent hereunder and shall be due from Tenant to Landlord on the first day of the month following the incurring of such respective expenses, or at Landlord's option on the first day of any subsequent month. In the event that Landlord shall institute any such action or proceeding by reason of a default by Tenant hereunder more than three (3) times in any twelve (12) month period or more than five (5) times during the term hereof, and Tenant shall thereafter cure such default before judgment is entered in such action or proceeding, the sum of \$1,000.00 shall immediately become due and payable from Tenant to Landlord as and for liquidated damages on account of Landlord's attorneys' fees and other costs and expenses in connection therewith (said sum not to be deemed to be, or construed as, a limitation on Landlord's right to obtain reasonable attorneys' fees in a greater amount where such default is not so cured). Any sum of money (other than rent) accruing from Tenant to Landlord pursuant to any provision of this Lease whether prior to or after the Term Commencement Date, may, at Landlord's option, be deemed additional rent, and Landlord shall have the same remedies for Tenant's failure to pay any item of additional rent when due as for Tenant's failure to pay any installment of rent when due. Tenant's obligations under this Article shall survive the expiration or sooner termination of the Demised Term.

NO WAIVER

34. a. No act or thing done by Landlord or Landlord's agents during the term hereby demised shall be deemed an acceptance of a surrender of said demised 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 of said demised 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 demised premises. In the event of tenant at any time desiring to have Landlord underlet the demised premises for Tenant's account, Landlord or Landlord's agents are authorized to receive said keys for such purposes 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 underletting. The failure of Landlord or Tenant to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease, or any of the Rules and Regulations annexed hereto and made a part hereof, or hereafter adopted by Landlord, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Landlord of rent 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 annexed hereto and made a part hereto, or hereafter adopted, against Tenant and/or any other tenant in the Building shall not be deemed a waiver of any such Rules and Regulations. No provision of this Lease shall be deemed to have been waived by Landlord or Tenant, unless such waiver be in writing signed by Landlord or Tenant, as the case may be. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent then owing nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

b. Landlord's failure to render a Landlord's

Statement with respect to any escalation year per Article 10 shall not prejudice Landlord's right to render a Landlord's Statement with respect to any subsequent escalation year. The obligations of Landlord and Tenant under the provisions of Article 10 with respect to any additional rent for any escalation year shall survive the expiration or any sooner termination of the Demised Term.

WAIVER OF TRIAL BY JURY

35. To the extent such waiver is permitted by law, Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by Landlord or Tenant against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, the use or occupancy of the demised premises by Tenant or any person claiming through or under Tenant, any claim of injury or damage, and any emergency or other statutory remedy. The provisions of the foregoing sentence shall survive the expiration or any sooner termination of the Demised Term. If Landlord commences any summary proceeding for nonpayment of rent or otherwise to recover possession of the demised premises, Tenant agrees not to interpose any counterclaim of any nature or description in any such proceeding except mandatory counterclaims. Nothing herein shall preclude Tenant from commencing a plenary action to adjudicate such claim.

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BILLS AND NOTICES

36. Except as otherwise expressly provided in this Lease, any bills, statements, notices, demands, requests or other communications given or required to be given under this Lease shall be effective only if rendered or given in writing, sent by registered or certified mail (return receipt requested), overnight mail, messenger service or facsimile with regular mail during the hours of 9:00 a.m. to 5:00 p.m. addressed (A) to Tenant (i) at Tenant's address set forth in this Lease if mailed prior to Tenant's taking possession of the demised premises, or (ii) at the Building if mailed subsequent to Tenant's taking possession of the demised premises, or (iii) at any place where Tenant or any agent or employee of Tenant may be found if mailed subsequent to Tenant's vacating, deserting, abandoning or surrendering the demised premises, or (B) to Landlord at Landlord's address set forth in this Lease, or (C) addressed to such other address as either Landlord or Tenant may designate as its new address for such purpose by notice given to the other in accordance with the provisions of this Article. Any such bill, statement, notice, demand, request or other communication shall be deemed to have been rendered or given on the date when it shall have been mailed as provided in this Article.

INABILITY TO PERFORM

37. a. Subject to the Landlord's obligation pursuant to Section 2(b) hereof, if, by reason of strikes or other labor disputes, fires or other casualty (or reasonable delays in adjustment of insurance), accidents, orders or regulations of any Federal, State, County or Municipal authority, or any other cause beyond Landlord's reasonable control, whether or not such other cause shall be similar in nature to those hereinbefore enumerated, Landlord is unable to furnish or is delayed in furnishing any utility or service required to be furnished by Landlord under the provisions of this Lease or any collateral instrument, or is unable to perform or make or is delayed in performing or making any installations, decorations, repairs, alterations, additions or improvements, whether or not required to be performed or made under this Lease or under any collateral instrument, or is unable to fulfill or is delayed in fulfilling any of Landlord's other obligations under this Lease or any collateral instrument, no such inability or delay shall constitute an actual or

constructive eviction, in whole or in part, 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, nor shall any such delay or inability to perform on the part of Landlord in any way affect this Lease and the obligation of Tenant to pay rent hereunder and to perform all of the other covenants and agreements to be performed by Tenant hereunder. If the Landlord fails to take reasonable steps within three (3) days of notice of such interruption of service, Tenant may undertake to restore such services and shall submit to Landlord any reasonable out-of-pocket expenses for such restoration and may take a credit for such expenses against the next monthly installment of rent or additional rent.

b. If by reason beyond, the control of Tenant or its agents, strike or other labor disputes, fires or other casualty (or reasonable delays in adjustment of insurance), accidents, orders or regulations of any federal, state, county or municipal authority or any other cause beyond the reasonable control of Tenant, its agents and employees, Tenant is delayed in performing or fulfilling any of Tenant's covenants or obligations hereunder (other than the obligation to pay rent or additional rent and maintain insurance as required hereunder), such inability or delay shall not be the basis of a default hereunder and Tenant's time to perform such covenants shall be extended a reasonable time for such circumstances.

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Interruption of Service

c. Landlord reserves the right to stop the services of the air conditioning, elevator, plumbing, electrical or other mechanical systems or facilities in the Building when necessary by reason of accident or emergency, or for repairs, alterations, replacements or improvements which in the judgment of Landlord are reasonably necessary, until such repairs, alterations, replacements or improvements shall have been completed. Landlord shall give Tenant reasonable notice of all scheduled interruptions or shutdowns which shall include a reasonable good faith estimate of the duration thereof. Landlord shall in good faith limit to the extent possible interruptions to Tenant's business' operations. If the Landlord fails to take reasonable steps within three (3) days of notice of such interruption of service, Tenant may undertake to restore such services and shall submit to Landlord any reasonable out-of-pocket expenses for such restoration and may take a credit for such expenses against the next monthly installment of rent or additional rent. If such interruption continues for more than ten (10) days and if the premises are rendered untenable and Tenant is not conducting business operations in the demised premises, Tenant shall receive a rent abatement for each additional day of such service interruption commencing on the 1st day thereof.

CONDITIONS OF LANDLORD'S LIABILITY

38. a. Tenant shall not be entitled to claim a constructive eviction from the demised premises unless Tenant shall have first notified Landlord of the condition or conditions given rise thereto, and if the complaints be justified, unless Landlord shall have failed to remedy such conditions within a reasonable time after receipt of such notice.

b. Landlord represents to Tenant that Landlord is the owner of the Land and the Building.

TENANT'S TAKING POSSESSION

39. a. Tenant by taking possession of the premises and commencing the Tenant's Work therein shall be conclusively deemed to have agreed that Landlord up to the time of such possession has performed all of its obligations hereunder and that the premises were in satisfactory condition as of the date of such possession, unless within ninety (90) days after such date (or within thirty (30) days of discovery of a latent defect) Tenant shall give written notice to Landlord specifying the respects in which the same were not in such condition.

b. If Tenant shall use or occupy all or any part of the demised premises for the conduct of business prior to the Term Commencement Date, such use or occupancy shall be deemed to be under all of the terms, covenants and conditions of this Lease and if such occupancy is more than thirty (30) days before the Term Commencement Date, then also including the covenant to pay rent for the period from the commencement of said use or occupancy to the Term Commencement Date.

ENTIRE AGREEMENT

40. This Lease contains the entire agreement between the parties and all prior negotiations and agreements are merged herein. Neither Landlord nor Landlord's agent or representative has made any representation, or statement, or promise, upon which Tenant has relied regarding any matter or thing relating to the Building, the land allocated to it, (including the parking area) or the demised premises, or any other matter whatsoever, except as is expressly set forth in this Lease, including, but without limiting the

generality of the foregoing, any statement, representation or promise as to the fitness of the demised premises for any particular use, the services to be rendered to the demised premises or the prospective amount of any item of additional rent. No oral or written statement, representation or promise whatsoever with respect to the foregoing or any other matter made by Landlord, its agents or any broker, whether contained in an affidavit, information circular, or otherwise shall be binding upon the Landlord unless expressly set forth in this Lease. No rights, easements or licenses are or shall be acquired by Tenant by implication or otherwise unless expressly set forth in this Lease. This Lease may not be changed, modified or discharged, in whole or in part, orally, and no executory agreement shall be effective to change, modify or discharge, in whole or in part, this Lease or any obligations under this Lease, unless such agreement is set forth in a written instrument executed by the party against whom enforcement of the change, modification or discharge is sought. All references in this Lease to the consent or approval of Landlord shall be deemed to mean the written consent of Landlord, or the written approval of Landlord, as the case may be, which shall not be unreasonably withheld or delayed and no consent or approval of Landlord shall be effective for any purpose unless such consent or approval is set forth in a written instrument executed by Landlord.

DEFINITIONS

41. The term "Landlord" as used in this Lease means only the owner, or the mortgagee in possession, for the time being of the land and Building (or the owner of a lease of the Building or of the land and Building) of which the demised premises form a part, so that in the event of any sale or other transfer of said land and Building or of said Lease, or in the event of a Lease of the Building, or of the land and Building, the said Landlord shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder after the date of transfer and provided that the new owner or landlord assumes the Landlord's obligation hereunder, and it shall be deemed and construed as a covenant running with the land without further agreement between

the parties or their successors in interest, or between the parties and the purchaser or other transferee at any such sale, or the said lessee of the Building, or of the land and Building, provided that the purchaser, transferee or the lessee of the Building assumes and agrees to carry out any and all covenants and obligations of Landlord hereunder. The words "re-enter," "re-entry" and "reentered" as used in this Lease are not restricted to their technical legal meanings. The term "business days" as used in this Lease shall exclude Saturdays, (except such portion thereof as is covered by specific hours in Article 5 hereof), Sundays and all days observed by the State and Federal Government as legal holidays.

The terms "person" and "persons" as used in this Lease shall be deemed to include natural persons, firms, corporations, associations and any other private or public entities, whether any of the foregoing are acting on their own behalf or in a representative capacity.

SUCCESSORS, ASSIGNS, ETC.

42. The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective heirs, distributees, executors, administrators, successors, and, except as otherwise provided in this Lease, their respective assigns.

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APPLICATION OF INSURANCE PROCEEDS, WAIVER OF SUBROGATION

43. In any case in which Tenant shall be obligated under any provision of this Lease to pay to Landlord any loss, cost, damage, liability or expense suffered or incurred by Landlord, Landlord shall allow to Tenant as an offset against the amount thereof the net proceeds of any insurance collected by Landlord for or on account of such loss, cost, damage, liability or expense, provided that the allowance of such offset does not invalidate or prejudice the policy or policies under which such proceeds were payable. In any case in which Landlord shall be obligated under any provision of this Lease to pay to Tenant any loss, cost, damage, liability or expense suffered or incurred by Tenant, Tenant shall allow to Landlord as an offset against the amount thereof the net proceeds of any insurance collected by Tenant for or on account of such loss, cost, damage, liability or expense, provided that the allowance of such offset does not invalidate or prejudice the policy or policies under which such proceeds were payable.

CAPTIONS AND INDEX

44. The captions and the index at the beginning of the Lease, if any, are included 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 provisions thereof.

RECOVERY FROM LANDLORD

45. a. Tenant shall look solely to the estate and property of Landlord in the land and building of which the demised premises are a part, for the satisfaction of Tenant's remedies for the collection of a judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms, covenants and/or conditions of the Lease to be observed and/or performed by Landlord, and no other property or assets of such Landlord shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies provided that the Landlord is also the fee owner of the land and the Building.

b. With respect to any provision of this Lease which provides for Landlord's approval and/or consent, Tenant, in no event, shall be entitled to make, nor shall Tenant make any claim, and Tenant hereby waives any claim, for money damages; nor shall Tenant claim any money damages by way of set-off, counterclaim or defense, based upon any claim or assertion by Tenant that Landlord has unreasonably withheld or unreasonably delayed any such consent or approval. Tenant's sole remedy shall be to seek a judgment enforcing Landlord's obligations to give such approval or consent. In the event Tenant is successful in such litigation and it is determined that Landlord unreasonably withheld or delayed its consent, then Landlord shall reimburse Tenant for its reasonable attorney's fees and expenses in such litigation.

BROKER

46. Landlord and Tenant represent and warrant to each other that Sutton & Edwards, Inc. is the sole broker who brought the demised premises to Tenant's attention and with whom Tenant has negotiated in bringing about this Lease. Landlord agrees to pay a commission to such broker pursuant to a separate agreement.

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RENEWAL OPTION

47. The Tenant shall have the right, to be exercised as hereinbefore provided, to extend the term of this Lease for one (1) successive period of three (3) years upon the following terms and conditions:

a. That at the time of the exercise of such right, the Tenant shall not be in default in the performance of any of the material terms, covenants or conditions herein contained with respect to a matter as to which notice of default has been given hereunder and which has not been remedied within the time limited in this Lease.

b. That the extension shall be upon the same terms, covenants and conditions as in this Lease provided, except that (i) there will be no further privilege of extension for the term of this Lease beyond the period referred to above; (ii) during the extension period the annual rental payable by Tenant to Landlord shall be the amount set forth in Article 3 of this Lease as cumulatively increased pursuant to Article 10 of this Lease throughout the Initial Term thereof ("The Cumulatively Adjusted Additional Base Rent") and the Cumulatively Adjusted Base Rent shall be further increased in accordance with said Article 10 on the first day of the renewal term and on each anniversary thereof during the renewal term; and (iii) during the extension period, the base year for determining additional rent under the escalation clause, Article 10 shall remain unchanged and continue to be the base year established at the commencement of the term of this Lease.

c. Notwithstanding anything in this Article contained to the contrary, the Tenant shall not be entitled to any extension, if at the time of the commencement of the extended period the Tenant shall be in default under any of the material terms, covenants or conditions of this Lease with respect to a matter as to which notice of default has been given hereunder and which has not been remedied within the time limited in this Lease, or if this Lease shall have terminated prior to the commencement of said period.

d. The Tenant shall exercise its right to the extension of the term of this Lease by notifying the Landlord of the Tenant's election to exercise such right as provided in Article 2(a) hereof. Upon the giving of this notice, this Lease shall be deemed extended for the specified

period, subject to the provisions of this Article, without execution of any further instrument.

SECURITY

48. Intentionally Omitted.

RIGHT OF FIRST REFUSAL

49. a. Tenant shall have a right of first refusal to lease the entire remaining portion of the second floor of the Building (but not less than the entire amount, 22,000 square feet +/-) that may be or becomes available in the Building whether the same shall become available due to the offering for lease of previously unleased space or by the vacating by a tenant of previously leased space or otherwise. Any such space shall be known as "First Offer Space". Notwithstanding the foregoing, no vacant space in the Building will be deemed available if either Landlord or Briarcliffe College Inc. requires the space for

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its operation. Tenant's right to lease First Offer Space shall be on all of the same terms and conditions set forth in this Lease including, but not limited to, the then current Annual Basic Rent as adjusted pursuant to Article 10 hereof on a square foot basis for the amount of rentable square feet in the First Offer Space assuming a loss factor of 10%. The parties agree that the rentable square footage of the First Offer Space is approximately 22,000 square feet. Notwithstanding the foregoing, no vacant space in the Building shall be treated as eligible First Offer Space if such space is needed by Landlord for its operations in the Building at the time when such space first become vacant or such space is contractually committed to another tenant in the Building and such tenant acquires such space at the time when it first become vacant. In addition, Tenant's right to acquire First Offer Space shall expire on the last calendar day of the right of Tenant to elect to renew the term hereof as provided in Article 2(a) hereof.

b. Landlord's Notice of Availability. As soon as Landlord decides to market or otherwise lease out all of the First Offer Space, Landlord shall so inform Tenant in writing. Landlord's notice shall state Landlord's best good faith estimate of the date on which the term of this Lease will commence as to the First Offer Space.

c. If Tenant intends to acquire the First Offer Space, Tenant shall, within thirty (30) days after receipt of Landlord's notice of availability of such First Offer Space, give Landlord written notice that Tenant intends to exercise its right to lease the subject First Offer Space. Said notice shall be effective as of the date of the giving of such notice. Failure of Tenant to timely respond to Landlord's notice of availability shall terminate the rights as to said First Offer Space with no further obligation on either party as to First Offer Space.

d. Term of First Offer Space. If Tenant exercises its right to lease First Offer Space, then the term of this lease as to any First Offer Space shall commence on the date on which Landlord delivers the First Offer Space to Tenant free of any other tenants in an "as is" condition and the term of such space shall end on the expiration or earlier termination of the term of this Lease. The description of the demised premises set forth herein on Exhibit 1 shall be deemed for all purposes to then include the First Offer Space. Tenant shall accept such space in its "as is" condition and any improvements by the Tenant therein shall be governed by Article 14 hereof.

HAZARDOUS MATERIALS

50. a. Tenant will not use or permit to be used in the Premises anything that may be dangerous to life or limb, nor in any manner deface or injure the Premises or in any part thereof; nor permit any objectionable noise or odor to escape or be emitted from the Premises or do anything or permit anything to be done upon the Premises that creates a nuisance. Tenant agrees it shall not, under any circumstances, cause or permit any hazardous substance to be used, generated, handled, possessed or stored within the Building or any parts or part thereof or on any portion of the Premises or the Building within which the Premises are located, except with respect to those materials which, in reasonable quantities, are customarily required in the maintenance and operation of office operations, and then only in compliance with all applicable laws and regulations regarding the handling and storage of such materials. Tenant acknowledges that it has received and read a copy of a report entitled Phase I Site Assessment, Building 35, Grumman Aerospace Corporation, Bethpage, New York, dated March 29, 1996, and Landlord represents that to the best of its knowledge it has no knowledge of any environmental condition or hazardous material located at the Building and parking lot except as set forth in said report, if any.

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b. Landlord will not use or permit to be used in the Premises anything that may be dangerous to life or limb, nor in any manner deface or injure the Premises or in any part thereof; nor permit any objectionable noise or odor to escape or be emitted from the Premises or do anything or permit anything to be done upon the Premises that creates a nuisance. Landlord agrees it shall not, under any circumstances, cause or permit any hazardous substance to be used, generated, handled, possessed or stored within the Building or any parts or part thereof or on any portion of the Premises or the Building within which the Premises are located, except with respect to those materials which, in reasonable quantities, are customarily required in the maintenance and operation of office operations, and then only in compliance with all applicable laws and regulations regarding the handling and storage of such materials.

c. Tenant shall indemnify, defend and hold Landlord and its agents, employees, successors and assigns free and harmless from any claims, damages, losses or liabilities arising from or in connection with any breach of the warranties, representations or covenants of Tenant set forth in this Article, whether such claims, damages, losses or liabilities arise during or after the term of this Lease except for claims, damages, losses or liabilities arising from hazardous substances brought into the Premises by Landlord, its employees, invitees or other tenant or occupant of the Building, or Landlord's predecessors in title.

d. Landlord shall indemnify, defend and hold Tenant and its agents, employees, successors and assigns free and harmless from any claims, damages, losses or liabilities arising from or in connection with any breach of the warranties, representations or covenants of Landlord set forth in this Article, whether such claims, damages, losses or liabilities arise during or after the term of this Lease except for claims, damages, losses or liabilities arising from hazardous substances brought into the Premises by Tenant, its employees or invitees.

e. If, during the construction of Tenant's Work, the presence of asbestos is discovered in the demised Premises solely in

the conduits or risers which become exposed during the construction, Landlord shall reimburse Tenant for its actual additional out-of-pocket cost to remove or encapsulate such asbestos, provided Tenant gives notice of such condition to Landlord before incurring any expense therefore, and the estimated cost therefore and the removal or encapsulation of such asbestos is required by government rule, statute or regulation. Landlord, within five (5) days of such notice, may elect to remove or encapsulate such asbestos at its own cost and expense.

WASTE REMOVAL

51. Landlord shall supply the Building and Tenant with sufficient dumpsters for the disposal and removal of customary and reasonable waste produced in the demised premises by the normal generation of office waste. At the request of Landlord, Tenant shall participate in any reasonable recycling program instituted within the Building including the segregation and/or separation of paper and other waste.

COMMON AREAS

52. Tenant acknowledges that the demised premises and the Building within which it is located are designated non-smoking areas. Tenant shall not allow its employees, agents or invitees to congregate in the Building

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or the lobbies thereof in order to smoke, nor shall Tenant allow its employees, agents or invitees to consume food or beverages outside of the demised premises in the common areas of the Building.

In the event Landlord and/or Briarcliffe College Inc. maintains a cafeteria within the Building, Tenant's employees may use the cafeteria services for the purchase and on site consumption of food and beverages (but not for the consumption of employee provided food or beverages) during the normal operating hours of the cafeteria. The right to use the cafeteria shall be deemed a revocable license and shall not be deemed an appurtenant right, easement or grant under this Lease. Tenant's employees shall observe all rules and regulations in connection with the use of the cafeteria including, but not limited to, the disposal of any waste, removal or disposal of trays, plates, plastic ware, cups, etc. In the event Briarcliffe College Inc. revokes the license to use the cafeteria, Tenant shall not be entitled to any abatement in rent nor shall such revocation be deemed any constructive eviction or breach of this Lease by the Landlord. Nothing herein shall obligate Landlord and/or Briarcliffe College Inc. to continue cafeteria operations. Tenant may operate its own cafeteria in the demised premises provided Tenant complies with all municipal rules regulations and permits for the operation of such facility and obtains Landlord's consent therefor which Landlord may refuse solely if the Landlord's cafeteria is available for the use of Tenant's employees. Tenant may install in the demised Premises, without Landlord's consent a lunchroom, vending machines, refrigerators and microwave ovens for the use of its own employees and invitees. The foregoing shall not preclude Tenant from takeout and prepared food deliveries being delivered to the demised premises.

TENANT'S ENTRANCE TO BUILDING

53. Tenant's primary entrance to the demised premises shall be at the west end of the Building. Tenant shall have access to other entrances of the Building (only during normal working hours), but its primary (though nonexclusive) entrance shall be at the west end of the Building. Appropriate signage, at Tenant's expense, shall notify its employees, agents, invitees and

others visiting the demised premises to use such entrance for ingress and egress to the Building.

TENANT INSTALLATIONS

54. At its sole cost and expense, Tenant shall be allowed to install a microwave dish or other similar antenna on the roof provided Tenant, at its cost and expense prior to such installation, shall obtain all necessary permits and pay all fees and expenses and obtain any necessary certificates after such completion. Landlord agrees to cooperate in signing any applications or consents for such permits or approvals. Such alteration shall be made pursuant to Article 14 hereof and Tenant shall be responsible for any damage, repair or maintenance to the roof membrane or roofing system from the installation and/or maintenance of the antenna on the roof. Tenant shall submit plans for the location, installation and specification as to the weight and location, placement and installation of any guy wires or other supports. Such installation shall be subject to the Landlord's consent which will not be unreasonably withheld. Tenant shall reimburse Landlord for any reasonable costs and expenses Landlord incurs in having Landlord's own architect/engineer review the plans, specification and installation of the microwave dish antenna on the Building.

Subject to Tenant, at its sole cost and expense, obtaining all necessary permits and approvals, Tenant shall be allowed to install additional air conditioning equipment on the roof. Such alteration shall

be made pursuant to Article 14 hereof and Tenant shall be responsible for any damage, repair or maintenance to the roof membrane or roofing system from the installation and/or maintenance of the additional air conditioning equipment on the roof. Tenant shall submit plans for the location, installation and specification as to the weight and location, placement and installation of any dunnage or other supports. Landlord shall provide access for Tenant's connection to water tower or supply for such installation. Such installation shall be subject to the Landlord's consent which will not be unreasonably withheld. Tenant shall reimburse Landlord for any reasonable costs and expenses Landlord incurs in having Landlord's own architect/engineer review the plans, specification and installation of additional air conditioning equipment on the Building.

MEMORANDUM OF LEASE

55. Landlord and Tenant agree to execute a Memorandum of Lease duly acknowledged for recording to be recorded at the option of either party in the office of the Clerk of Nassau County setting forth the names and addresses of the parties, the term and the legal description of the Building and the demised premises.

CURB CUT CONSTRUCTION

56. In the event the Town of Oyster Bay or County of Nassau does not extend Cherry Avenue adjacent to the land upon which the Building is situated on or before December 31, 1997, Tenant, at its sole cost and expense, shall apply for such approvals as are necessary to construct a curb cut in Stewart Avenue for an additional means of ingress and egress to the parking areas and Tenant shall use reasonable and diligent efforts to obtain the same. Landlord shall cooperate and sign any required application or consent. The parties acknowledge that there is no assurance that such approval may be granted. If granted, Landlord shall, at Tenant's cost and expense, construct the necessary apron and drive to form such curb cut to the parking area.

CONSTRUCTION OF ADDITIONAL EXITS

57. Landlord shall, upon written request from Tenant, made within two (2) years from the date hereof, make application to the Town of Oyster Bay for the construction, by Tenant and at Tenant's sole cost and expense, of up to three additional exterior exits as additional means of egress for Tenant's employees from the demised premises as shown on Exhibit 8. Tenant shall promptly reimburse Landlord for all reasonable costs and expenses incurred in connection with the application including any appeals from a denial therefrom including engineering, environmental, architectural and legal up to a maximum, in the aggregate, of \$15,000. The exits shall be designed and Landlord shall obtain bid from a contractor reasonably acceptable to Tenant for the cost of such exits as approved (excluding the reasonable expenses referred to in the preceding sentence) of not more than up to \$180,000. In the event the Landlord has not obtained approval for the construction of such exits within twelve (12) months from the date of Tenant's request, which date may be extended for up to one hundred eighty (180) days if the Town of Oyster Bay has taken no action with respect to the application or any appeal has not been decided by the end of said twelve (12) month period, Tenant may elect to cancel this Lease by notice given within thirty (30) days of the expiration of such period, said notice shall set forth the termination date of this Lease, and upon such date the term of this Lease shall expire as if said date was the expiration date of the initial term hereof. If the Tenant fails to request Landlord to make such application within two (2) years of the date hereof, Tenant waives its right to have Landlord make such application and waives any right to cancel or terminate this Lease pursuant to this paragraph of the Lease. If the Tenant fails to timely give notice of its

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election to cancel upon the expiration of the twelve (12) month period, as same be extended pursuant to the provisions of this paragraph 57, in the event Landlord has not obtained approval of the application, Tenant waives its right to have Landlord make such application and waives any right to cancel or terminate this Lease pursuant to this paragraph of the Lease. Nothing herein shall compel Tenant to construct said exits in the event the approval from the Town of Oyster Bay is timely received, however, upon the timely approval of such application Tenant's right to cancel or terminate this Lease pursuant to this paragraph shall cease and no longer be valid whether or not Tenant constructs said exits. If Tenant does construct such exits, Tenant shall comply with the provisions of Article 14 hereof and shall construct such alterations at its sole cost and expense.

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IN WITNESS WHEREOF, Landlord and Tenant have respectively signed and sealed this Lease as of the day and year first above written.

Witness for Landlord:

BRIARCLIFFE COLLEGE, INC.

/s/

/s/ Richard Turan

By: _____

Richard Turan, President

Witness for Tenant::

Gaines, Berland, Inc.

/s/

/s/

By: _____

Solely as to Paragraph 14(d) hereof:

/s/ Allan Gaines

ALLAN GAINES

/s/ Joseph Berland

JOSEPH BERLAND

/s/ Richard Rosenstock

RICHARD ROSENSTOCK

RULES AND REGULATIONS

1. The sidewalks, entrances, passages, courts, elevators, vestibules, stairways, corridors or halls shall not be obstructed or by any Tenant or used for any purpose other than ingress and egress to and from the demised premises.

2. The Landlord may refuse admission to the Building outside of ordinary business hours to any person not known to the watchman in charge or not having a pass issued by the Landlord or Tenant or not properly identified, and may require all persons admitted to or leaving the Building outside of ordinary business hours to register. Any person whose presence in the Building at any time shall, in the Landlord's judgment, be prejudicial to the safety, character, reputation and interest of the Building or of its tenants may be denied access to the Building or may be ejected therefrom. The Landlord may require any person leaving the Building with any package or other object to exhibit a pass from the tenant from whose premises the package or object is being removed, but the establishment and enforcement of such requirements shall not impose any responsibility on the Landlord for the protection of any tenant against the removal of property from the premises of the tenant. Landlord shall, in no way, be liable to any tenant for damages or loss arising from the admission, exclusion or ejection of any person to or from the demised premises or the Building under the provision of this Rule.

3. The windows and doors that reflect or admit light and air into demised premises, or other public places in the Building shall not be covered or obstructed by any Tenant, nor shall any bottles, parcels, or other articles be placed on the window sills.

4. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags or substances shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by the Tenant who, or whose servants, employees, agents, visitors or licensees, shall have caused the same.

5. No Tenant shall make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them whether by the use of any instrument, radio, talking machine, unmusical noise, whistling, singing, or in any other way.

6. No Tenant, nor any of Tenant's servants, employees, agents, visitors or licensees, shall at any time bring or keep upon the demised premises any inflammable, combustible or explosive fluid, chemical or substance, or cause or permit any unusual or objectionable odors to be produced upon or permeate from the demised premises.

7. All removals, or the carrying in or out of any safes, freight, furniture, or bulky matter of any description must take place during such hours and in a manner reasonably approved by the Landlord. No hand trucks or dollies may be used in the Building unless equipped with rubber tires and side guards. The Landlord reserves the right to inspect all freight to be brought into the Building and to exclude from the Building all freight which violates any provision of the lease of which these Rules and Regulations are a part.

8. All Machinery shall be placed by the Tenant in the demised premises in approved setting to absorb or prevent any vibration, noise or annoyance.

9. No bicycles, vehicles, animals or birds of any kind shall be brought into or kept in or about the demised premises.

LIST OF EXHIBITS

Demised Premises

Site Plan

Term Commencement Date

Landlord's Work

Zoning Resolution

BYAC Specification

Parking Sketch

Tenant's Work

=====
STANDARD FORM OF OFFICE LEASE The Real
Estate Board of New York, Inc.
=====

Agreement of Lease, made as of this 3rd day of August 1999, between MAYORE ESTATES LLC and 80 LAFAYETTE ASSOCIATES LLC, each a New York limited liability company having an address at 100 Henry Street, Brooklyn, NY 11201, party to the first part, hereinafter referred to as OWNER, and GAINES, BERLAND INC., a corporation having an address at , party of the second part, hereinafter referred to as TENANT,

Witnesseth: Owner hereby leases to Tenant and Tenant hereby hires from Owner the entire rentable portion of the 19th floor and a certain rentable portion of the 20th floor as set forth on the floor plans annexed hereto as Exhibit "A" in the building known as 22 Cortlandt Street in the Borough of Manhattan, City of New York, for the term of SEE RIDER ANNEXED HERETO AND MADE A PART HEREOF both dates inclusive, at an annual rental rate of SEE RIDER ANNEXED HERETO AND MADE A PART HEREOF which Tenant agrees to pay in lawful money of the United States which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, in equal monthly installments in advance on the first day of each month during said term, at the office of Owner or such other place as Owner may designate, without any set off or deduction whatsoever, except that Tenant shall pay the first monthly installment(s) on the execution hereof (unless this lease be a renewal).

In the event that, at the commencement of the term of this lease, or thereafter, Tenant shall be in default in the payment of rent to Owner pursuant to the terms of another lease with Owner or with Owner's predecessor in interest, Owner may at Owner's option and without notice to Tenant add the amount of such arrears to any monthly installment of rent payable hereunder and the same shall be payable to Owner as additional rent.

The parties hereto, for themselves, their heirs, distributees, executors, administrators, legal representatives, successors and assigns, hereby covenant as follows:

- Rent 1. Tenant shall pay the rent as above and as hereinafter provided.
- Occupancy 2. Tenant shall use and occupy demised premises for SEE RIDER ANNEXED HERETO AND MADE A PART HEREOF and for no other purpose.

Tenant Alterations: 3. Tenant shall make no changes in or to the demised premise of any nature without Owner's prior written consent(1). Subject to the prior written consent of Owner, and to the provisions of this article, Tenant at Tenant's expense, may make alterations, installations, additions or improvements which are non-structural and which do not affect utility services or plumbing and electrical lines, in or to the interior of the demised premises by using contractors or mechanics first (2) approved by Owner. (2a)Tenant shall, before making any alterations, additions, installations, or improvements, at its expense, obtain all permits, approvals and certificates required by any governmental or quasi-governmental bodies and (upon completion) certificates of

final approval thereof and shall deliver promptly duplicates of all such permits, approvals and certificates to Owner and Tenant agrees to carry and will cause Tenant's contractors and sub-contractors to carry such workman's compensation, general liability, personal and property damage insurance as Owner may require. If any mechanic's lien is filed against the demised premises, or the building of which the same forms a part, for work claimed to have been done for, or materials furnished to, Tenant, whether or not done pursuant to this article, the same shall be discharged by Tenant within thirty days (3), at Tenant's expense, by filing the bond required by law. All fixtures and all paneling, partitions, railings and like installations, installed in the premises at any time, either by Tenant or by Owner in Tenant's behalf, shall, upon installation, become the property of Owner and shall remain upon and be surrendered with the demised premises unless Owner, by notice to Tenant no later than twenty days prior to the date fixed as the termination of this lease, elects to relinquish Owner's right thereto and to have them removed by Tenant, in which event the same shall be removed from the premises by Tenant prior to the expiration of the lease, at Tenant's expense (4). Nothing in this Article shall be construed to give Owner title to or to prevent Tenant's removal of

trade fixtures, moveable office furniture and equipment, but upon removal of any such from the premises or upon removal of other installations as may be (2) required by Owner, Tenant shall immediately and at its expense, repair and restore the premises to the condition existing prior to installation and repair any damage to the demised premises or the building due to such removal. All property permitted or required to be removed, by Tenant at the end of the term remaining in the premises after Tenant's removal shall be deemed abandoned and may, at the election of Owner, either be retained as Owner's property or may be removed from the premises by Owner, at Tenant's expense.

Maintenance and Repairs 4. Tenant shall, throughout the term of this lease, take good care of the demised premises and the fixtures and appurtenances therein. Tenant shall be responsible for all damage or injury to the demised premises or any other part of the building and the systems and equipment thereof, whether requiring structural or nonstructural repairs caused by or resulting from carelessness, omission, neglect or improper conduct of Tenant, Tenant's subtenants, agents, employees, invitees or licensees, or which arise out of any work, labor, service or equipment done for or supplied to Tenant or any subtenant or arising out of the installation, use or operation of the property or equipment of Tenant or any subtenant. Tenant shall also repair all damage to the building and the demised premises caused by the moving of Tenant's fixtures, furniture and equipment. Tenant shall promptly make, at Tenant's expense, all repairs in and to the demised premises for which Tenant is responsible, using only the contractor for the trade or trades in question, selected from a list of at least two contractors per trade submitted by Owner. Any other repairs in or to the building or the facilities and systems thereof for which Tenant is responsible shall be performed by Owner at the Tenant's expense. Owner shall maintain in good working order and repair the exterior and the structural portions of the building, including the structural portions of its demised premises, and the public portions of the building interior and the building plumbing, electrical, heating and ventilating systems (to the extent such systems presently exist) serving the demised premises. Tenant agrees to give prompt notice of any defective condition in the premises for which Owner may be responsible hereunder. There shall be no allowance to Tenant for diminution of rental value and no liability on the part of Owner by reason of inconvenience, annoyance or injury to business arising from Owner or others making repairs, alterations, additions or improvements in or to any portion of the building or the demised premises or in and to the fixtures, appurtenances or equipment thereof. It is specifically agreed that Tenant shall not be entitled to any setoff or reduction of rent by reason of any failure of Owner to comply with the

covenants of this or any other article of this Lease. Tenant agrees that Tenant's sole remedy at law in such instance will be by way of an action for damages for breach of contract. The provisions of this Article 4 shall not apply in the case of fire or other casualty which are dealt with in Article 9 hereof.

Window Cleaning: 5. Tenant will not clean nor require, permit, suffer or allow any window in the demised 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, Fire Insurance, Floor Loads: 6. Prior to the commencement of the lease term, if Tenant is then in possession, and at all times thereafter, Tenant, at Tenant's sole cost and expense, shall promptly comply with all present and future laws, orders and regulations of all state, federal, municipal and local governments, departments, commissions and boards and any direction of any public officer pursuant to law, and all orders, rules and regulations of the New York Board of Fire Underwriters, Insurance Services Office, or any similar body which shall impose any violation, order or duty upon Owner or Tenant with respect to the demised premises, arising out of Tenant's manner of use thereof, (including Tenant's permitted use) or, with respect to the building if arising out of Tenant's manner of use of the premises or the building (including the use permitted under the lease). Nothing herein shall require Tenant to make structural repairs or alterations unless Tenant has, by its manner or use of the demised premises or method of operation therein, violated any such laws, ordinances, orders, rules, regulations or requirements with respect thereto. Tenant may, after securing Owner to Owner's satisfaction against all damages, interest, penalties and expenses, including, but not limited to, reasonable attorney's fees, by cash deposit or by surety bond in an amount and in a company satisfactory to Owner, contest and appeal any such laws, ordinances, orders, rules, regulations or requirements provided same is done with all reasonable promptness and provided such appeal shall not subject Owner to prosecution for a criminal offense or constitute a default under any lease or mortgage under which Owner may be obligated, or cause the demised premises or any part thereof to be condemned or vacated. Tenant shall not do or permit any act or thing to be done in or to the demised premises which is contrary to law, or which will invalidate or be in conflict with public liability, fire or other policies of insurance at any time carried by or for the benefit of Owner with respect to the demised premises or the building of which the demised premises form a part, or which

shall or might subject Owner to any liability or responsibility to any person or for property damage. Tenant shall not keep anything in the demised premises except as now or hereafter permitted by the Fire Department, Board of Fire Underwriters, Fire Insurance Rating Organization or other authority having jurisdiction, and then only in such manner and such quantity so as not to increase the rate for fire insurance applicable to the building, nor use the premises in a manner which will increase the insurance rate for the building or any property located therein over that in effect prior to the commencement of Tenant's occupancy. Tenant shall pay all costs, expenses, fines, penalties, or damages, which may be imposed upon Owner by reason of Tenant's failure to comply with the provisions of this article and if by reason of such failure the fire insurance rate shall, at the beginning of this lease, or at any time thereafter, be higher than it otherwise would be, then Tenant shall reimburse Owner, as additional rent hereunder, for that portion of all fire insurance premiums thereafter paid by Owner which shall have been charged because of such failure by Tenant. In any action or proceeding wherein Owner and Tenant are parties, a schedule or "make-up" of rate for the building or demised premises issued by the New York Fire Insurance Exchange, or other body making fire insurance rates

applicable to said premises shall be conclusive evidence of the facts therein stated and of the several items and charges in the fire insurance rates then applicable to said premises. Tenant shall not place a load upon any floor of the demised premises exceeding the floor load per square foot area which it was designed to carry and which is allowed by law. Owner reserves the right to prescribe the weight and position of all safes, business machines and mechanical equipment. Such installations shall be placed and maintained by Tenant, at Tenant's expense, in settings sufficient, in Owner's judgement, to absorb and prevent vibration, noise and annoyance.

Subordination: 7. This lease is subject and subordinate to all ground or underlying leases and to all mortgages which may now or hereafter affect such leases or the real property of which demised premises are a part and to all renewals, modifications, consolidations, replacements and extensions of any such underlying leases and mortgages. This clause shall be self-operative and no further instrument of subordination shall be required by any ground or underlying lessor or by any mortgagee, affecting any lease or the real property of which the demised premises are a part. In confirmation of such subordination, Tenant shall execute promptly any certificate that Owner may (2) request.

Property--Loss, Damage, Reimbursement, Indemnity: 8. Owner or its agents shall not be liable for any damage to property of Tenant or of others entrusted to employees of the building, nor for loss of or damage to any property of Tenant by theft or otherwise, nor for any injury or damage to persons or property resulting from any cause of whatsoever nature, unless caused by or due to the negligence (5) of Owner, its agents, servants or employees. Owner or its agents will not be liable for any such damage caused by other tenants or persons in, upon or about said building or caused by operations in construction of any private, public or quasi public work. If at any time any windows of the demised premises are temporarily closed, darkened or bricked up (or permanently closed, darkened or bricked up, if required by law) for any reason whatsoever including, but not limited to Owner's own acts, Owner shall not be liable for any damage Tenant may sustain thereby and Tenant shall not be entitled to any compensation therefor nor abatement or diminution of rent nor shall the same release Tenant from its obligations hereunder nor constitute an eviction. Tenant shall indemnify and save harmless Owner against and from all liabilities, obligations, damages, penalties, claims, costs and expenses for which Owner shall not be reimbursed by insurance, including reasonable attorneys fees, paid, suffered or incurred as a result of any breach by Tenant, Tenant's agents, contractors, employees, invitees, or licensees, of any covenant or condition of this lease, or the carelessness, negligence or improper conduct of the Tenant, Tenant's agents, contractors, employees, invitees or licensees. Tenant's liability under this lease extends to the acts and omissions of any sub-tenant, and any agent, contractor, employee, invitee or licensee of any sub-tenant. In case of any action or proceeding is brought against Owner by reason of any such claim, Tenant, upon written notice from Owner, will, at Tenant's expense, resist or defend such action or proceeding by counsel approved by Owner in writing, such approval not to be unreasonably withheld.

Destruction, Fire and Other Casualty: 9. (a) If the demised premises or any part thereof shall be damaged by fire or other casualty, Tenant shall give immediate notice thereof to Owner and this lease shall be continue in full force and effect except as hereinafter set forth. (b) If the demised premises are partially damaged (6) or rendered partially unusable by fire or other casualty, the damages thereto shall be repaired by and at the expense of Owner and the rent, until such repair shall be substantially completed, shall be apportioned from the day following the casualty according to the part of the premises which is usable. (c) If the demised premises are totally damaged or rendered wholly unusable (8) by fire or other casualty, then the rent shall be proportionately paid up to the time of the casualty and thenceforth shall cease until the date

when the premises (9) shall have been repaired and restored by Owner, subject to Owner's right to elect not to restore the same as hereinafter provided. (d) If the demised premises are rendered wholly unusable or (whether or not the demised premises are damaged in whole or in part) if the building shall be so damaged that Owner shall decide to demolish it or to rebuild it, then, in any of such events, Owner may elect to terminate this lease by written notice to Tenant, given within 90 days after such fire or casualty, specifying a date for the expiration of the lease, which date shall not be more than 60 days after the giving of such notice, and upon the date specified in such notice the term of this lease shall expire as fully and completely as if such date were the date set forth above for the termination of this lease and Tenant shall forthwith quit, surrender and vacate the premises without prejudice however, to Landlord's rights and remedies against Tenant under the lease provisions in effect prior to such termination, and any rent owing shall be paid up to such date and any payments of rent made by Tenant which were on account of any period subsequent to such date shall be returned to Tenant. Unless Owner shall serve a termination notice as provided for herein, Owner shall make the repairs and restorations under the conditions of (b) and (c) hereof, with all reasonable expedition, subject to delays due to adjustment of insurance claims, labor troubles and causes beyond Owner's control. After any such casualty, Tenant shall cooperate with Owner's restoration by removing from the premises as promptly as reasonably possible, all of Tenant's salvageable inventory and movable equipment, furniture, and other property. Tenant's liability for rent shall resume (7) days after written notice from Owner that the premises are substantially ready for Tenant's occupancy. (e) Nothing contained hereinabove shall relieve Tenant from liability that may exist as a result of damage from fire or other casualty. Notwithstanding the foregoing, including Owners obligation to restore under subparagraph (b) above, each party shall look first to any insurance in its favor before making any claim against the other party for recovery for loss or damage resulting from fire or other casualty, and to the extent that such insurance is in force and collectible and to the extent permitted by law, Owner and Tenant each hereby releases and waives all right of recovery with respect to subparagraph (b), (d), and (e) above, against the other or any one claiming through or under each of them by way of subrogation or otherwise. The release and waiver herein referred to shall be deemed to include any loss or damage to the demised premises and/or to any personal property, equipment, trade fixtures, goods and merchandise located therein. The foregoing release and waiver shall be in force only if both releasors' insurance policies contain a clause providing that such a release or waiver shall not invalidate the insurance. If, and to the extent, that such waiver can be obtained only by the payment of additional premiums, then the party benefitting from the waiver shall pay such premium within ten days after written demand or shall be deemed to have agreed that the party obtaining insurance coverage shall be free of any further obligation under the provisions hereof with respect to waiver of subrogation. Tenant acknowledges that Owner will not carry insurance on Tenant's furniture and/or furnishings or any fixtures or equipment, improvements, or appurtenances removable by Tenant and agrees that Owner will not be obligated to repair any damage thereto or replace the same. (f) Tenant hereby waives the provisions of Section 227 of the Real Property Law and agrees that the provisions of this article shall govern and control in lieu thereof. (8).

Eminent Domain: 10. If the whole or any part of the demised premises shall be acquired or condemned by Eminent Domain for any public or quasi public use or purpose, then and in that event, the term of this lease shall cease and terminate from the date of title vesting in such proceeding and Tenant shall have no claim for the value of any unexpired term of said lease and assigns to Owner, Tenant's entire interest in any such award. Tenant shall have the right to make an independent claim to the condemning authority for the value of Tenant's moving expenses and personal property, trade fixtures and equipment, provided Tenant is entitled pursuant to the terms of the lease to remove such property, trade fixture and equipment at the end of the term and provided

further such claim does not reduce Owner's award.

Assignment, Mortgage, Etc.: 11. Tenant, for itself, its heirs, distributees, executors, administrators, legal representative, successor and assigns, expressly covenants that it shall not assign, mortgage or encumber this agreement, nor underlet, or suffer or permit the demised premises or any part thereof to be used by others, without the prior written consent of Owner in each instance. Transfer of the majority of the stock of a corporate Tenant or the majority partnership interest of a partnership Tenant shall be deemed an assignment. If this lease be assigned, or if the demised premises or any part thereof be underlet or occupied by anybody other than Tenant, Owner may, after default by Tenant, collect rent from the assignee, under-tenant or occupant, and apply the net amount collected to the rent herein reserved, but no such assignment, underletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, under-tenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. The consent by Owner to an assignment or underletting shall not in any wise be construed to relieve Tenant from obtaining the express consent in writing of Owner to any further assignment or underletting.

Electric Current: 12. Rates and conditions in respect to submetering or rent inclusion, as the case may be, to be added in RIDER attached hereto. Tenant covenants and agrees that at all times its use of electric current shall not exceed the capacity of existing feeders to the building or the risers or wiring installation and Tenant may not use any electrical equipment which, in Owner's opinion, reasonably exercised, will overload such installations or interfere with the use thereof by other tenants of the building. The change at any time of the character of electric service shall in no wise make Owner liable or responsible to Tenant, for any loss, damages or expenses which Tenant may sustain.

Access to Premises: 13. Owner or Owner's agents shall have the right (but shall not be obligated) to enter the demised premises in any emergency at any time, and, at other reasonable times (9), to examine the same and to make such repairs, replacements and improvements as Owner may deem necessary and reasonably desirable to the demised premises or to any other portion of the building or which Owner may elect to perform. Tenant shall permit Owner to use and maintain and replace pipes and conduits in and through the demised premises and to erect new pipes and conduits therein provided they are concealed within the walls, floor, or ceiling. Owner may, during the progress of any work in the demised premises, take all necessary materials and equipment into said premises without the same constituting an eviction nor shall the Tenant be entitled to any abatement of rent while such work is in progress nor to any damages by reason of loss or interruption of business or otherwise. (10) Throughout the term hereof Owner shall have the right to enter the demised premises at reasonable hours for the purpose of showing the same to prospective purchasers or mortgagees of the building, and during the last six months of the term for the purpose of showing the same to prospective tenants. If Tenant is not present to open and permit an entry into the premises, Owner or Owner's agents may enter the same whenever such entry may be necessary or permissible by master key or forcibly and provided reasonable care is exercised to safeguard Tenant's property, such entry shall not render Owner or its agents liable therefor, nor in any event shall the obligations of Tenant hereunder be affected. If during the last month of the term Tenant shall have removed all or substantially all of Tenant's property therefrom Owner may immediately enter, alter, renovate or redecorate the demised premises without limitation or abatement of rent, or

incurring liability to Tenant for any compensation and such act shall have no effect on this lease or Tenant's obligations hereunder.

Vault, Vault Space, Area: 14. No Vaults, vault space or area, whether or not enclosed or covered, not within the property line of the building is leased hereunder, anything contained in or indicated on any sketch, blue print or plan, or anything contained elsewhere in this lease to the contrary notwithstanding. Owner makes no representation as to the location of the property line of the building. All vaults and vault space and all such areas not within the property line of the building, which Tenant may be permitted to use and/or occupy, is to be used and/or occupied under a revocable license, and if any such license be revoked, or if the amount of such space or area be diminished or required by any federal, state or municipal authority or public utility, Owner shall not be subject to any liability nor shall Tenant be entitled to any compensation or diminution or abatement of rent, nor shall such revocation, diminution or requisition be deemed constructive or actual eviction.

Occupancy: 15. Tenant will not at any time use or occupy the demised premises in violation of the certificate of occupancy issued for the building of which the demised premises are a part. Tenant has inspected the premises and accepts them as is, subject to the riders annexed hereto with respect to Owner's work, if any. In any event, Owner makes no representation as to the condition of the premises and Tenant agrees to accept the same subject to violations, whether or not of record. (11).

Bankruptcy: 16. (a) Anything elsewhere in this lease to the contrary notwithstanding, this lease may be canceled by Owner by the sending of a written notice to Tenant within a reasonable time after the happening of any one or more of the following events: (1) the commencement of a case in bankruptcy or under the laws of any state naming Tenant as the debtor (12), or (2) the making by Tenant of an assignment or any other arrangement for the benefit of creditors under any state statute. Neither Tenant nor any person claiming through or under Tenant, or by reason of any statute or order of court, shall thereafter be entitled to possession of the premises demised but shall forthwith quit and surrender the premises. If this lease shall be assigned in accordance with its terms, the provisions of this Article 16 shall be applicable only to the party then owning Tenant's interest in this lease.

(b) it is stipulated and agreed that in the event of the termination of this lease pursuant to (a) hereof, Owner shall forthwith, notwithstanding any other provisions of this lease to the contrary, be entitled to recover from Tenant as and for liquidated damages an amount equal to the difference between the rent reserved hereunder for the unexpired portion of the term demised and the fair and reasonable rental value of the demised premises for the same period. In the computation of such damages the difference between any installment of rent becoming due hereunder after the date of termination and the fair and reasonable rental value of the demised premises for the period for which such installment was payable shall be discounted to the date of termination at the rate of four percent (4%) per annum. If such premises or any part thereof be relet by the Owner for the unexpired term of said lease, or any part thereof, before presentation of proof of such liquidated damages to any court, commission or tribunal the amount of rent reserved upon such re-letting shall be deemed to be the fair and reasonable rental value for the part or the whole of the premises so re-let during the term of the re-letting. Nothing herein contained shall limit or prejudice the right of the Owner to prove for and obtain as liquidated damages by reason of such termination, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when,

and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to, or less than the amount of the difference referred to above.

Default: 17. (1) If Tenant defaults in fulfilling any of the covenants of this lease (13) the covenants for the payment of rent or additional rent; or if the demised premises become vacant or deserted; or if any execution or attachment shall be issued against Tenant or any of Tenant's property whereupon the demised premises shall be taken or occupied by someone other than Tenant; or if this lease be rejected under ss. 235 of Title 11 of the U.S. Code (bankruptcy code); then, in any one or more of such events, upon Owner serving a written fifteen (15) days notice upon Tenant specifying the nature of said default and upon the expiration of said fifteen (15) days, if Tenant shall have failed to comply with or remedy such default, or if the said default or omission complained of shall be of a nature that the same cannot be completely cured or remedied within said fifteen(15) day period, and if Tenant shall not have diligently commenced curing such default within such fifteen(15) day period, and shall not thereafter with reasonable diligence and in good faith, proceed to remedy or cure such default, the Owner may serve a written five (5) days' notice of cancellation of this lease upon Tenant, and upon the expiration of said five (5) days this lease and the term thereunder shall end and expire as fully and completely as if the expiration of such five (5) day period were the day herein definitely fixed for the end and expiration of this lease and the term thereof and Tenant shall then quit and surrender the demised premises to Owner but Tenant shall remain liable as hereinafter provided.

(2) If the notice provided for in (1) hereof shall have been given, and the term shall expire as aforesaid, then and in any of such events Owner may without notice, re-enter the demised premises either by force or otherwise, and dispossess Tenant by summary proceedings or otherwise, and the legal representative of Tenant or other occupant of demised premises and remove their effects and hold the premises as if this lease had not been made, and Tenant hereby waives the service of notice of intention to re-enter or to institute legal proceedings to that end. If Tenant shall make default hereunder prior to the date fixed as the commencement of any renewal or extension of this lease, Owner may cancel and terminate such renewal or extension agreement by written notice.

Remedies of Owner and Waiver of Redemption: 18. In case of any such default, re-entry, expiration and/or dispossess by summary proceedings or otherwise, (a) the rent shall become due thereupon and be paid up to the time of such re-entry, dispossess and/or expiration, (b) Owner may re-let the premises or any part or parts thereof, either in the name of Owner or otherwise, for a term or terms, which may at Owner's option be less than or exceed the period which would otherwise have constituted the balance of the term of this lease and may grant concessions or free rent or charge a higher rental than that in this lease, and/or (c) Tenant or the legal representatives of Tenant shall also pay Owner as liquidated damages for the failure of Tenant to observe and perform said Tenant's covenants herein contained, any deficiency between the rent hereby reserved and/or covenanted to be paid and the net amount, if any, of the rents collected on account of the lease or leases of the demised premises for each month of the period which would otherwise have constituted the balance of the term of this lease. The failure of Owner to re-let the premises or any part or parts thereof shall not release or affect Tenant's liability for damages. In computing such liquidated damages there shall be added to the said deficiency such expenses as Owner may incur in connection with re-letting, such as legal expenses, attorneys' fees, brokerage, advertising and for keeping the demised premises in good order or for preparing the same for re-letting. Any such liquidated damages shall be paid in monthly installments by Tenant on the rent day specified in this lease and any suit brought to collect the amount of the deficiency for any month shall not prejudice in any way the rights of Owner to

collect the deficiency for any subsequent month by a similar proceeding. Owner, in putting the demised premises in good order or preparing the same for re-rental may, at Owners option, make such alterations, repairs, replacements, and/or decorations in the demised premises as Owner, in Owner's sole judgement, considers advisable and necessary for the purpose of re-letting the demised premises, and the making of such alterations repairs, replacements, and/or decorations shall not operate or be construed to release Tenant from liability hereunder as aforesaid. Owner shall in no event be liable in any way whatsoever for failure to re-let the demised premises, or in the event that the demised premises are re-let, for failure to collect the rent thereof under such re-letting, and in no event shall Tenant be entitled to receive any excess, if any, of such net rents collected over the sums payable by Tenant to Owner hereunder. In the event of a breach or threatened breach by Tenant of any of the covenants or provisions hereof, Owner shall have the right of injunction and the right to invoke any remedy allowed at law or in equity as if re-entry, summary proceedings and other remedies were not herein provided for. Mention in this lease of any particular remedy, shall not preclude Owner from any other remedy, in law or in equity. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Owner obtaining possession of demised premises, by reason of the violation by Tenant of any of the covenants and conditions of this lease or otherwise.

Fees and Expenses: 19. If Tenant shall default in the observance or performance of any term or covenant on Tenant's part to be observed or performed under or by virtue of any of the terms or provisions in any article of this lease after notice if required and upon expiration of any applicable grace period if any, (except in an emergency), then, unless otherwise provided elsewhere in this lease, Owner may immediately or at any time thereafter and without notice perform the obligation of Tenant thereunder. If Owner, in connection with the foregoing or in connection with any default by Tenant in the covenant to pay rent hereunder, makes any expenditures or incurs any obligations for the payment of money, including but not limited to reasonable attorney's fees, in instituting, prosecuting or defending any action or proceeding and prevails in any such action or proceeding, then Tenant will reimburse Owner for such sums so paid or obligations incurred with interest and costs. The foregoing expenses incurred by reason of Tenant's default shall be deemed to be additional rent hereunder and shall be paid by Tenant to Owner within ten (10) days of rendition of any bill or statement to Tenant therefor. If Tenant's lease term shall have expired at the time of making of such expenditures or incurring of such obligations, such sums shall be recoverable by Owner as damages.

Building Alterations and Management: 20. Owner shall have the right at any time without the same constituting an eviction and without incurring liability to Tenant therefor to change the arrangement and/or location of public entrances, passageways, doors, doorways, corridors, elevators, stairs, toilets or other public parts of the building and to change the name, number or designation by which the building may be known. There shall be no allowance to Tenant for diminution of rental value and no liability on the part of Owner by reason of inconvenience, annoyance or injury to business arising from Owner or other Tenants making any repairs in the building or any such alterations, additions and improvements. Furthermore, Tenant shall not have any claim against Owner by reason of Owner's imposition of such controls of the manner of access to the building by Tenant's social or business visitors as the Owner may deem necessary for the security of the building and its occupants.

No Representations by Owner: 21. Neither Owner nor Owner's agents have made any representations or promises with respect to the physical condition of the building, the land upon which it is erected or the demised premises, the rents, leases, expenses of operation or any other matter or thing affecting or related

to 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 in the provisions of this lease. Tenant has inspected the building and the demised premises and is thoroughly acquainted with their condition and agrees to take the same "as is" and acknowledges that the taking of possession of the demised premises by Tenant shall be conclusive evidence that the said premises and the building of which the same form a part were in good and satisfactory condition at the time such possession was so taken, except as to latent defects. All understandings and agreements heretofore made between the parties hereto are merged in this contract, which alone fully and completely expresses the agreement between Owner and Tenant and any executory agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of it in whole or in part, unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought.

End of Term: 22. Upon the expiration or other termination of the term of this

lease, Tenant shall quit and surrender to Owner the demised premises, broom clean, in good order and condition, ordinary wear and damages which Tenant is not required to repair as provided elsewhere in this lease excepted, and Tenant shall remove all its property. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this lease. If the last day of the term of this Lease or any renewal thereof, falls on Sunday, this lease shall expire at noon on the preceding Saturday unless it be a legal holiday in which case it shall expire at noon on the preceding business day.

Quiet Enjoyment: 23. Owner covenants and agrees with Tenant that upon Tenant paying the rent and additional rent and observing and performing all the terms, covenants and conditions, on Tenant's part to be observed and performed, Tenant may peaceably and quietly enjoy the premises hereby demised, subject, nevertheless to the terms and conditions of this lease including but not limited to, Article 31 hereof and to the ground leases, underlying leases and mortgages hereinbefore mentioned.

Failure to Give Possession: 24. If Owner is unable to give possession of the demised premises on the date of the commencement of the term hereof, because of the holding-over or retention of possession of any tenant, undertenant or occupants or if the demised premises are located in a building being constructed, because such building has not been sufficiently completed to make the premises ready for occupancy or because of the fact that a certificate of occupancy has not been procured or for any other reason, Owner shall not be subject to any liability for failure to give possession on said date and the validity of the lease shall not be impaired under such circumstances, nor shall the same be construed in any wise to extend the term of this lease, but the rent payable hereunder shall be abated (provided Tenant is not responsible for Owner's inability to obtain possession or complete construction) until after Owner shall have given Tenant written notice that the Owner is able to deliver possession in condition required by this lease. If permission is given to Tenant to enter into the possession of the demised premises or to occupy premises other than the demised premises prior to the date specified as the commencement of the term of this lease, Tenant covenants and agrees that such possession or occupancy shall be deemed to be under all the terms, covenants, conditions and provisions of this lease, except the obligation to pay the fixed annual rent set forth in the preamble to this lease. The provisions of this article are intended to constitute "an express provision to the contrary" within the meaning of Section 223-a of the New York Real Property Law.

No Waiver: 25. The failure of Owner to seek redress for violation of, or to insist upon the strict performance of any covenant or condition of this lease or

of any of the Rules or Regulations, set forth or hereafter adopted by Owner, shall not prevent a subsequent act which would have originally constituted a violation from having all the force and effect of an original violation. The receipt by Owner of rent and/or additional rent with knowledge of the breach of any covenant of this lease shall not be deemed a waiver of such breach and no provision of this lease shall be deemed to have been waived by Owner unless such waiver be in writing signed by Owner. No payment by Tenant or receipt by Owner of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement of any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Owner may accept such check or payment without prejudice to Owner's right to recover the balance of such rent or pursue any other remedy in this lease provided. No act or thing done by Owner or Owner's agents during the term hereby demised shall be deemed an acceptance of a surrender of said premises, and no agreement to accept such surrender shall be valid unless in writing signed by Owner. No employee of Owner or Owner's agent shall have any power to accept the keys of said premises prior to the termination of the lease and the delivery of keys to any such agent or employee shall not operate as a termination of the lease or a surrender of the premises.

Waiver of Trial by Jury: 26. It is mutually agreed by and between Owner and Tenant that the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other (except for personal injury or property damage) on any matters whatsoever arising out of or in any way connected with this lease, the relationship of Owner and Tenant, Tenant's use of or occupancy of said premises, and any emergency statutory or any other statutory remedy. It is further mutually agreed that in the event Owner commences any proceeding or action for possession of the premises, Tenant will not interpose any counterclaim of whatever nature or description in any such proceeding including a counterclaim under Article 4 except for statutory mandatory counterclaims.

Inability to Perform: 27. This Lease and the obligation of Tenant to pay rent hereunder and perform all of the other covenants and agreements hereunder on

part of Tenant to be performed shall in no wise be affected, impaired or excused because Owner is unable to fulfill any of its obligations under this lease or to supply or is delayed in supplying any service expressly or impliedly to be supplied or is unable to make, or is delayed in making any repair, additions, alterations or decorations or is unable to supply or is delayed in supplying any equipment or fixtures if Owner is prevented or delayed from so doing by reason of strike or labor troubles or any cause whatsoever including, but not limited to, government preemption or restrictions or by reason of any rule, order or regulation of any department or subdivision thereof of any government agency or by reason of the conditions which have been or are affected, either directly or indirectly, by war or other emergency.

Bills and Notices: 28. Except as otherwise in this lease provided, a bill, statement, notice or communication which Owner may desire or be required to give to Tenant, shall be deemed sufficiently given or rendered if, in writing, delivered to Tenant personally or sent by registered or certified mail addressed to Tenant at the last known residence address or business address of Tenant or left at any of the aforesaid premises addressed to Tenant, and the time of the rendition of such bill or statement and of the giving of such notice or communication shall be deemed to be the time when the same is delivered to Tenant, mailed, or left at the premises as herein provided. Any notice by Tenant to Owner must be served by registered or certified mail addressed to Owner at the address first hereinabove given or at such other address as Owner shall

designate by written notice.

Services Provided by Owners: 29. Owner shall provide: (a) necessary elevator facilities on business days from 8 a.m. to 6 p.m. and have one elevator subject to call at all other times; (b) heat to the demised premises when and as required by law, on business days from 8 a.m. to 6 p.m.; (c) water for ordinary lavatory purposes, but if Tenant uses or consumes water for any other purposes or in unusual quantities (of which fact Owner shall be the sole judge), Owner may install a water meter at Tenant's expense which Tenant shall thereafter maintain at Tenant's expense in good working order and repair to register such water consumption and Tenant shall pay for water consumed as shown on said meter as additional rent as and when bills are rendered; (d) cleaning service for the demised premises on business days at Owner's expense provided that the same are kept in order by Tenant. If, however, said premises are to be kept clean by Tenant, it shall be done at Tenant's sole expense, in a manner reasonably satisfactory to Owner and no one other than persons approved by Owner shall be permitted to enter said premises or the building of which they are a part for such purpose. Tenant shall pay Owner the cost of removal of any of Tenant's refuse and rubbish from the building; (e) If the demised premises are serviced by Owner's air conditioning/cooling and ventilating system, air conditioning/cooling will be furnished to tenant from May 15th through September 30th on business days (Mondays through Fridays, holidays excepted) from 8:00 a.m. to 6:00 p.m., and ventilation will be furnished on business days during the aforesaid hours except when air conditioning/cooling is being furnished as aforesaid. If Tenant requires air conditioning/cooling or ventilation for more extended hours or on Saturdays, Sundays or on holidays, as defined under Owner's contract with Operating Engineers Local 94-94A, Owner will furnish the same at Tenant's expense. RIDER to be added in respect to rates and conditions for such additional service; (f) Owner reserves the right to stop services of the heating, elevators, plumbing, air-conditioning, power systems or cleaning or other services, if any, when necessary by reason of accident or for repairs, alterations, replacements or improvements necessary or desirable in the judgment of Owner for as long as may be reasonably required by reason thereof. If the building of which the demised premises are a part supplies manually operated elevator service, Owner at any time may substitute automatic control elevator service and proceed diligently with alterations necessary therefor without in any wise affecting this lease or the obligation of Tenant hereunder. (14)

Captions: 30. 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 provisions thereof.

Definitions: 31. The term "office", or "offices", wherever used in this lease, shall not be construed to mean premises used as a store or stores, for the sale or display, at any time, of goods, wares or merchandise, of any kind, or as a restaurant, shop, booth, bootblack or other stand, barber shop or for other similar purposes or for manufacturing. The term "Owner" means a landlord or lessor, and as used in this lease means only the owner, or the mortgagee in possession, for the time being of the land and building (or the owner of a lease of the building or of the land and building) of which the demised premises form a part, so that in the event of any sale or sales of said land and building or of said lease, or in the event of a lease of said building, or of the land and building, the said Owner shall be and hereby is entirely freed and relieved of all covenants and obligations of Owner hereunder, and it shall be deemed and

construed without further agreement between the parties or their successors in interest, or between the parties and the purchaser, at any such sale or the said lessee of the building, or of the land and building, that the purchaser or the lessee of the building has assumed and agreed to carry out any and all covenants

and obligations of Owner, hereunder. The words "re-enter" and "re-entry" as used in this lease are not restricted to their technical legal meaning. The term "business days" as used in this lease shall exclude Saturdays, Sundays and all days observed by the State or Federal Government as legal holidays and those designated as holidays by the applicable building service union employees service contract or by the applicable Operating Engineers contract with respect to HVAC service. Wherever it is expressly provided in this lease that consent shall not be unreasonably withheld, such consent shall not be unreasonably delayed.

Adjacent Excavation - Shoring: 32. If an excavation shall be made upon land adjacent to the demised premises, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, license to enter upon the demised premises for the purpose of doing such work as said person shall deem necessary to preserve the wall or the building of which demised premises form a part from injury or damage and to support the same by proper foundations without any claim for damages or indemnity against Owner, or diminution or abatement of rent.

Rules and Regulations: 33. Tenant and Tenant's servants, employees, agents, visitors, and licensees shall observe faithfully, and comply strictly with, the Rules and Regulations and such other and further reasonable (15) Rules and Regulations as Owner or Owner's agents may from time to time adopt. Notice of any additional rules or regulations shall be given in such manner as Owner may elect. In case Tenant disputes the reasonableness of any additional Rule or Regulation hereafter made or adopted by Owner or Owner's agents, the parties hereto agree to submit the question of the reasonableness of such Rule or Regulation for decision to the New York office of the American Arbitration Association, whose determination shall be final and conclusive upon to the parties hereto. The right to dispute the reasonableness of any additional Rule or Regulation upon Tenant's part shall be deemed waived unless the same shall be asserted by service of a notice, in writing upon Owner within fifteen (15) days after the giving of notice thereof. Nothing in this lease contained shall be construed to impose upon Owner any duty or obligation to enforce the Rules and Regulations or terms, covenants or conditions in any other lease, as against any other tenant and Owner shall not be liable to Tenant for violation of the same by any other tenant, its servants, employees, agents, visitors or licensees.
(16)

Security 34. Tenant has deposited with Owner the sum of \$ as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this lease; it is agreed that in the event Tenant defaults in respect of any of the terms, provisions and conditions of this lease, including, but not limited to, the payment of rent and additional rent, Owner may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any rent and additional rent of any other sum as to which Tenant is in default or for any sum which Owner may expend or may be required to expend by reason of Tenant's default in respect of any of the terms, covenants and conditions of this lease, including but not limited to, any damages or deficiency accrued before or after summary proceedings or other re-entry by Owner. In the event that Tenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this lease, the security shall be returned to the Tenant after the date fixed as the end of the Lease and after delivery of entire possession of the demised premises to Owner. In the event of a sale of the land and building or leasing of the building, of which the demised premises form a part, Owner shall have the right to transfer the security to the vendee or lessee and Owner shall thereupon be released by Tenant from all liability for the return of such security; and Tenant agrees to look to the new Owner solely for the return of said security, and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the security to a new Owner. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the monies deposited herein as security and that neither Owner nor its successors or assigns shall be bound

by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

Estoppel Certificate 35. Tenant, at any time, and from time to time, upon at least 10 days' prior notice by Owner shall execute, acknowledge and deliver to Owner, and/or to any other person, firm or corporation specified by Owner, a statement certifying that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications), stating the dates to which the rent and additional rent have been paid, and stating whether or not there exists any default by Owner under this Lease, and, if so, specifying each such default.

Successors and Assigns 36. The covenants, conditions and agreements contained in this lease shall bind and inure to the benefit of Owner and Tenant and their respective heirs, distributees, executors, administrators, successors, and except as otherwise provided in this lease, their assigns. Tenant shall look only to Owner's estate and interest in the land and building, for the satisfaction of Tenant's remedies for the collection of a judgment (or other judicial process) against Owner in the event of any default by Owner hereunder, and no other property or assets of Owner (or any partner, member, officer or director thereof, disclosed or undisclosed), shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this lease, the relationship of Owner and Tenant hereunder, or Tenant's use and occupancy of the demised premises.

SEE RIDER ANNEXED HERETO AND MADE A PART HEREOF

IN WITNESS WHEREOF, Owner and Tenant have respectively signed and sealed this lease as of the day and year first above written.

Witness for Owner:

LANDLORD
MAYORE ESTATES LLC

/s/

By: _____

80 LAFAYETTE ASSOCIATES LLC

/s/

By: _____

Witness for Tenant:

Tenant
GAINES, BERLAND INC.

/s/

By: _____

INSERTS TO PRINTED FORM OF LEASE,
DATED AS OF AUGUST 3, 1999, BETWEEN

MAVORE ESTATES LLC
AND 80 LAFAYETTE ASSOCIATES LLC,

COLLECTIVELY, AS LANDLORD, AND
GAINES, BERLAND INC., AS TENANT

- (1) , which consent shall not be unreasonably withheld, (1) , which consent shall not be unreasonably withheld, conditioned or delayed provided the provisions of the Lease, including, without limitation, Article 40, are complied with by Tenant
- (2) reasonably
- (2a) No consent is required for cosmetic, decorative alterations which do not require a building permit and which cost less than \$15,000 in the aggregate to complete.
- (3) after notice thereof is given to the Tenant
- (4) ; provided, however, that Tenant shall not have any obligation to remove any such installation which is affixed to the Demised Premises in a permanent manner
- (5) or wilful misconduct
- (6) or wholly inaccessible
- (7) fifteen (15)
- (8) (g) Subject to Owner's receipt of insurance proceeds fro its insurer or lender, if for any reason the repairs necessitated by fire or other casualty are not substantially completed by Owner within 270 days after the date of damage, Tenant shall have the right to terminate this Lease upon not less than thirty (30) days' prior written notice to Owner; provided, however, that such notice is sent within thirty (30) days after the expiration of such 270 day period.
- (9) upon reasonable prior notice (which may be oral) and accompanied by a Tenant representative if Tenant desires same
- (10) Owner shall in good faith use all commercially reasonabl efforts to minimize any material interference with Tenant's use of the Demised Premises in the exercise of Landlord's rights under this Article.
- (11) Tenant shall not have any responsibility for violations existing as of the Commencement Date. Landlord represents that there are no violations currently encumbering the Demised Premises which will prevent Tenant from obtaining a building permit for Tenant's Initial Installation (hereinafter defined).
- (12) (and which, in the case of an involuntary case in bankruptcy, is not dismissed within sixty (60) days of its filing thereof)
- (13) including, without limitation,
- (14) Tenant shall have access to the Demised Premises 7 days week, 24 hours each day.
- (15) and nondiscriminatory
- (16) Landlord agrees to enforce the Rules and Regulations in nondiscriminatory fashion.

ADDITIONAL CLAUSES ATTACHED TO
AND FORMING A PART OF LEASE DATED
AUGUST 3, 1999 BETWEEN MAYORE ESTATES
LLC AND 80 LAFAYETTE ASSOCIATES LLC,
COLLECTIVELY, AS LANDLORD, AND
GAINES. BERLAND INC.. AS TENANT

IN THE EVENT OF ANY INCONSISTENCIES BETWEEN THE PROVISIONS OF
THIS RIDER AND THE PREPRINTED FORM LEASE TO WHICH IT IS ATTACHED, THE

PROVISIONS OF THIS RIDER SHALL CONTROL.

37. DEMISED PREMISES ACCEPTED AS-IS; POSSESSION: Tenant acknowledges that neither Landlord nor Landlord's agent has made any representations or promises with regard to the Demised Premises for the term herein demised. Tenant acknowledges that Tenant has inspected the Demised Premises and agrees to accept same as is and that Landlord shall not be obligated to make any repairs, alterations, improvements or additions to prepare said Demised Premises for Tenant's occupancy whatsoever, except that Landlord has agreed to construct a demising wall (the "Landlord's Work") on the twentieth (20th) floor of the Building separating the Demised Premises located on such floor from certain adjacent space on such floor located at the southernmost portion of such floor and which is not being leased to Tenant pursuant to this Lease (such adjacent space is herein referred to as Unit "A" and is shown on Exhibit "A" annexed hereto and made a part hereof). The said demising wall shall run from east to west and shall be constructed so as to be parallel to Dey Street in that portion of the Demised Premises. At Landlord's option, Landlord may elect to hire and pay the Tenant's contractor to perform the Landlord's Work and in such event Tenant's contractor shall perform the Landlord's Work, and Landlord shall pay the Tenant's contractor for the cost of same as reasonably estimated by the Tenant's architect. The Landlord's Work shall be substantially completed within thirty (30) days of the later of (i) the Commencement Date (hereinafter defined) of this Lease and (ii) the date of the submission by Tenant to Landlord of the plans and specifications for the Tenant's Initial Installation (hereinafter defined). The plans and specifications for the Tenant's Initial Installation shall incorporate and specify such demising wall and its planned location within the Demised Premises.

38. USE:

(A) Subject to and in accordance with the rules, regulations, laws, ordinances, statutory limitations and requirements of all governmental authorities and the fire insurance rating organization and board of fire underwriters and any similar bodies having jurisdiction thereof, Tenant covenants and agrees that it shall use the Demised Premises solely for general office use, stock and securities brokerage offices, trading offices, broker dealer operations, executive and administrative offices and general offices for research and investment banking and for no other purpose.

(B) Tenant agrees that (i) Landlord shall have the right to prohibit the continued use by Tenant of any method of operation, advertising or interior display which shall be in violation of the use permitted herein. Tenant will not encumber or obstruct or permit to be encumbered or obstructed any hallway, service elevator, stairway or passageway in the Building. Tenant hereby indemnifies and holds harmless the Landlord and its lender, agent, tenants and invitees from any and all loss, cost or expense incurred by reason of the Tenant's particular manner of use of the Demised Premises, the Building and any common areas therein or thereon.

(C) Tenant acknowledges that the Demised Premises are located in a first-class commercial building, that the provisions of this Article 38 are a material inducement to the Landlord for the execution of this Lease and that a default by Tenant hereunder shall be deemed a material default by Tenant hereunder shall be deemed a material default entitling Landlord to exercise any or all of the remedies provided in this Lease.

39. RENTAL: The payments reserved under this Lease for the term hereof shall be and consist of the aggregate of:

(A) "Minimum Rent" during the term of the Lease shall be as follows:

Lease Year(s) -----	Annual Rental -----	Monthly Rental -----
1 - 5	\$ 585,620.00	\$ 48,801.67
6 - 10 and seven (7) months in Lease Year 11	\$ 669,280.00	\$ 55,773.33

The first "Lease Year" shall commence on the commencement date (the "Commencement Date") of this Lease, which shall be August 3, 1999, and shall end on August 31, 2000 and each succeeding "Lease Year" shall run concurrently with each succeeding period of twelve (12) calendar months. The Demised Premises shall be delivered to Tenant as of the Commencement Date free of other tenancies and occupants.

The expiration date of this Lease and the end of the term of this Lease shall be March 31, 2010 (the "Expiration Date").

Minimum Rent shall be payable in advance, on the first (1st) day of each calendar month.

Tenant's obligation to pay Minimum Rent under this Lease shall commence (the "Rent Commencement Date") on April 1, 2000. Except as hereinabove described, there shall be no abatements of Minimum Rent or Additional Rent under this Lease.

(B) "Additional Rent", consisting of all such other sums of money as shall become due from and payable by Tenant to Landlord hereunder (for default in payment of which Landlord shall have the same remedies as a default in payment of Minimum Rent).

(C) The obligation of Tenant to pay all sums of Additional Rent and electricity charges to Landlord shall commence on the Commencement Date of the Lease and there shall be no abatement whatsoever of the obligation of Tenant

to pay all sums of Additional Rent and electricity charges during any period or part of any Lease Year during the term of the Lease.

(D) Landlord hereby directs Tenant to make all Minimum Rent and Additional Rent payments payable to Mayore Estates LLC.

40. TENANT'S INSTALLATIONS: Except for Landlord's Work, all work necessary or desirable to make the Demised Premises suitable for Tenant's use and occupancy, including, without limitation, any changes or work which Tenant intends to make at the inception of the Lease shall be performed by Tenant at Tenant's own cost and expense (hereinafter called "Tenant's Work"). Tenant's Work to be performed by Tenant in the Demised Premises shall be subject to the following conditions:

(A) Tenant shall comply with all of the laws, orders, rules and regulations of all governmental authorities, and of the fire insurance rating organization having jurisdiction thereof, and the local board of fire underwriters, or any similar body, and Tenant shall procure and pay for, so far as the same may be required, all governmental permits and authorizations;

(B) Prior to commencing Tenant's Work, all plans and specifications therefore shall be submitted to Landlord for Landlord's prior written approval said approval not to be unreasonably withheld, conditioned or delayed as to nonstructural work. Tenant will reimburse Landlord for any reasonable third party review costs incurred by Landlord in connection with the Tenant's Initial Installation (hereinafter defined) and for any of Tenant's Work (other than the Landlord's Work), including, without limitation, reasonable costs incurred in connection with Landlord's review and/or approval of Tenant's plans and specifications for any Tenant's Work. In the event Tenant does not retain the Building's engineer, plans prepared by other engineers shall be submitted to Landlord's Building engineer for review and Tenant shall reimburse Landlord for the reasonable cost of such review in addition to any other review costs incurred by Landlord and required to be reimbursed by Tenant hereunder. In the event Tenant shall employ any contractor to do any work in the Demised Premises permitted by this Lease, such contractor and any subcontractor must be licensed and bonded and said contractor and any subcontractor shall agree to employ only such labor as will not result in jurisdictional disputes or strikes or result in causing disharmony with other workers employed at the Building. Tenant shall inform Landlord in writing of the names of any contractor or subcontractor Tenant proposes to use in the Demised Premises at least 15 days prior to the beginning of work by such contractor or subcontractor and Landlord shall have the right to approve or disapprove such contractors or subcontractors, with such approval not to be unreasonably withheld, conditioned or delayed. Tenant shall only use a fire-alarm contractor pre-approved by Landlord's managing agent for the Building. The cost of Tenant's Work made at the inception of this Lease as shown on such contract(s) shall be herein referred to as "Tenant's Costs";

(C) Tenant's Work shall be prosecuted (i) with reasonable dispatch, (ii) in accordance with the plans and specifications submitted to, and approved in writing by, Landlord pursuant to subparagraph (B) hereof and (iii) only with the use of new first class materials and supplies;

(D) Tenant shall make all necessary payments required so that the Demised Premises and Building shall upon completion of Tenant's Work be free of liens for labor and materials supplied in connection with Tenant's Work;

(E) Prior to commencing Tenant's Work, Tenant shall at its own cost and expense deliver to Landlord an endorsement of its policy of

comprehensive general liability insurance referred to in Article 46 of this Lease, covering the risk during the course of performance of Tenant's Work, together with proof of payment of such endorsement, which policy as endorsed shall protect Landlord in the same amounts against any claims or liability arising out of Tenant's Work, and Tenant or Tenant's contractors shall obtain workmen's compensation insurance to cover all persons engaged in Tenant's Work;

(F) Tenant guarantees to Landlord that Tenant's Work shall be promptly completed and paid for, and upon completion the Demised Premises and the Building shall be free and clear of all liens, encumbrances, chattel mortgages, conditional bills of sale and other charges, and Tenant's Work shall be completed in accordance with the plans and specifications approved by Landlord; and

(G) Notwithstanding anything herein contained to the contrary, Tenant shall make all repairs to the Demised Premises necessitated by Tenant's

Work permitted hereunder, and shall keep and maintain in good order and condition all of the installations in connection with Tenant's Work, and shall make all necessary replacements thereto.

(H) All of Tenant's Work shall be done in such a manner so as not to interfere with, delay, or impose any additional expense upon Landlord in the maintenance or operation of the Building. In no event shall Landlord be required to consent to any of Tenant's Work which would physically affect any part of the Building outside of the Demised Premises or would, in Landlord's sole judgment, adversely affect the proper functioning of any of the mechanical, electrical, sanitary or other systems of the Building. The approval by Landlord of any of Tenant's plans and specifications shall not constitute an assumption of any liability on the part of the Landlord for their accuracy or their conformity which applicable law, and Tenant shall be solely responsible therefor. Approval by Landlord of any Tenant's plans and specifications shall not constitute a waiver by Landlord of the right to thereafter require Tenant to amend same to provide for omissions therein later discovered by Landlord.

(I) Subject to the terms and conditions set forth below, Landlord shall expend up to a maximum amount of \$702,025.00 ("Landlord's Contribution") for costs incurred in connection with Tenant's initial installation in the Demised Premises for the conduct of its business (including architectural, engineering, expediting and other consulting fees, and all necessary building department permits and approvals, but not including personal property not constituting a permanent leasehold improvement) (collectively, "Tenant's Initial Installation"). Notwithstanding anything to the contrary set forth in this Lease, Tenant unconditionally acknowledges and agrees that no more than \$104,575.00 of the Landlord's Contribution may be used by Tenant for the payment of construction-related soft costs associated with the Tenant's Initial Installation. The costs incurred by Tenant for electrical wiring, computer wiring and installation and for installation of the Supplementary Unit (hereinafter defined) may be part of Landlord's Contribution. Landlord shall disburse from time to time, but not more often than once in any thirty (30) day period, within ten (10) business days after receipt of Tenant's request therefor, that portion of Landlord's Contribution equal to the amount set forth in Tenant's requisition; provided however, that no advance or requisition shall be made if, and for so long as, Tenant shall be in monetary default under this lease or non-monetary default under this Lease beyond any applicable notice and cure period. No requisition or advance shall be made until receipt of a written request therefor from Tenant and the submission by Tenant of the following:

(1) A certificate signed by Tenant and Tenant's architect, and AIA Form G702, also signed by Tenant and Tenant's architect, dated not more than ten (10) days prior to such request, setting forth (a) the sum then justly due to all contractors, subcontractors, materialmen, engineers, architects and other persons who have rendered services or furnished materials in connection with Tenant's Initial Installation, (b) a brief description of such services and materials and the amounts previously paid or to be paid from such requisition to each of such persons in respect thereof; (c) that the work described in the certificate has been completed substantially in accordance with the final plans which were approved in writing by the Landlord (this statement need not be made by Tenant, only by Tenant's architect), (d) that there has not been filed with respect to the Demised Premises or the Building or any part thereof or any improvements thereon, any vendor's, mechanic's, laborer's, materialmen's or other like liens arising out of Tenant's Initial Installation which has not been discharged of record, and (e) that Tenant has complied with all of the conditions set forth in this Lease applicable to alterations, including the requirement that Tenant comply with all applicable law (statements (d) and (e) need not be made by Tenant's architect, only by Tenant); and

(2) Partial lien waivers corresponding to the particular sum to be advanced or paid (less the ten (10%) retainage amount held back by the Landlord for such advance or requisition) to each contractor, subcontractor, materialman, engineer, architect and other persons who have rendered services or furnished materials in connection with Tenant's Initial Installation with respect to such particular advance or requisition to be paid thereon, in recordable form, paid receipts and such other proof of payment as Landlord shall reasonably require for all work done and materials supplied and amounts paid to such vendors prior to the current requisition and with respect to the current requisition.

(J) Landlord has applied for the Property Tax Exemption and Deferral created by Title II, Chapter 2, Part 3 of the Administrative Code of the City of New York and accordingly, this Lease is subject to the provisions of Executive Order Nos. 50 (1980) and 100 (1986) and the Rules and Regulations promulgated thereunder, as same may from time to time be amended and the New York City Industrial and Commercial Incentive Program and the Rules and Regulations promulgated thereunder ("ICIP"). To the extent required, all work (including, but not limited to Tenant's Initial Installation and all other Tenant's Work) must be done in strict compliance with the ICIP laws for as long as the Building continues to qualify for ICIP benefits and, to the extent required, Tenant acknowledges that Landlord may be required to condition its approval for any work to be done within the Demised Premises on the approval of a governmental agency in connection with the foregoing. In furtherance of the foregoing, Tenant and Tenant's contractor must cooperate in filing documents required by the Department of Finance and the Department of Business Services of the City of New York in the procurement of an ICIP exemption and the Lower Manhattan Energy Program ("LMEP") abatement, and Landlord must, subject to the express provisions of Exhibit "B" of this Lease, cooperate (at no expense, risk or loss to Landlord) in executing documents required in connection with the Lower Manhattan Real Property Tax Abatement Program ("LMRPTAP"). Tenant acknowledges that Landlord is seeking benefits under the LMEP and that Landlord agrees to pursue such benefits with reasonable diligence, however Landlord has not guaranteed or represented to Tenant that any such benefits will actually be obtained by Landlord for itself or for the benefit of Tenant. Tenant shall indemnify and hold Landlord harmless for any and all losses, claims, damages, costs or liabilities suffered or incurred by Landlord arising out of Tenant's failure to comply with all ICIP, LMEP and LMRPTAP requirements applicable to

Tenant in connection with any Tenant's Work or otherwise in connection with this Lease and of which Landlord shall have provided Tenant notice.

(K) Anything in this Article to the contrary notwithstanding, Landlord shall not be required to expend or reimburse the final ten percent (10%) of Landlord's Contribution and shall in addition be unconditionally entitled to retain ten (10%) percent from each advance or requisition until it has received final lien waivers in recordable form, paid receipts and such other proof of payment as Landlord shall reasonably require for all work done and materials supplied and amounts paid to such vendors prior to and with respect to amounts and payments covered by the current requisition, and until Landlord has also received from Tenant's architect all certificates of final approval required by any governmental or quasi governmental body in respect of Tenant's Initial Installation and Tenant and Tenant's contractor shall have submitted any necessary filings required by the ICIP, the LMEP and/or the LMRPTAP. Following completion of Tenant's Work and the Tenant's Initial Installation, Tenant shall cause Tenant's architect to obtain and such architect shall be responsible for obtaining final approval of Tenant's Work and the Tenant's Initial Installation from the New York City Department of Buildings and other regulatory bodies having jurisdiction. In addition, Tenant shall be required to sign a written statement in form satisfactory to Landlord acknowledging the total cost of Tenant's Initial Installation and further acknowledging that all contractors, subcontractors, materialmen, engineers, architects and other persons who have rendered services or furnished materials in connection with Tenant's Initial Installation have been previously paid in full. Notwithstanding anything to the contrary set forth in this Lease, the Tenant acknowledges that if the final ten percent (10%) of Landlord's Contribution has not been drawn down by the Tenant or reimbursed to the Tenant within three hundred sixty (360) days of the

Commencement Date of this Lease, then Tenant shall be deemed to have unconditionally and forever forfeited any rights to the final ten percent (10%) of Landlord's Contribution and Landlord shall be entitled to retain said sum.

(L) Any modifications, changes or alterations to the Class E fire safety system for each floor in the Building on which the Demised Premises are located (each a "Fire Safety System") which are performed after the Commencement Date, including without limitation, installing speakers, strobes and pull stations and making other Class E installations and hookups and making modifications to said Fire Safety System, shall be performed by Tenant at its sole cost and expense and shall be deemed to be a part of Tenant's Initial Installation. The work to be performed by Tenant in and to the Fire Safety System shall be a part of Tenant's Initial Installation, shall be described in Tenant's plans and specifications therefor and shall be reimbursed as part of Landlord's Contribution. Tenant may use only the contractor or contractors designated by Landlord with respect to any Tenant's Work to the Fire Safety System. Landlord herein acknowledges that "Edwards" is an acceptable contractor with respect to any work to be performed by Tenant in and to the Fire Safety System. Subsequent to any Tenant's work to be performed in and to the Fire Safety System, such system shall be repaired and maintained only by the contractors designated by Landlord from time to time, at Tenant's cost. Landlord shall maintain the Building's Class E fire safety system. Together with the plans and specifications for Tenant's Initial Installation, Tenant shall provide to the Landlord and its engineer for its written approval and comment thereto the specifications outlining the design and modifications to be made by the Tenant to the Fire Safety System for the floor(s) on which the Demised Premises are located. Once Landlord and its engineer approve in writing said plans and specifications for the modification of the Fire Safety System and adds to such

plans and specifications any modifications required to the Fire Safety System for the balance of the floor on which the Demised Premises are located, same shall be forwarded to Edwards, the service provider for the Fire Safety System. The parties agree that the costs incurred in connection with the modification kit for the Fire Safety System for each floor on which the Demised Premises are located shall be paid pro-rata by Tenant according to the percentage that the rentable square footage of each portion of the Demised Premises located on a floor bears to the rentable square footage of each respective floor on which the Demised Premises are located, and Tenant shall pay such pro-rata charges to Landlord with ten (10) days of being billed therefor by the Landlord.

41. ELECTRICITY:

(A) Landlord will provide electricity to Tenant on a submetered basis subject to the terms and conditions of this Article 41.

(B) For the purposes of subsection C of this Article 41, Landlord and Tenant agree that:

(1) The term "Electric Rate" (including all applicable surcharges, demand charges, energy charges, fuel adjustment charges, time of day charges, taxes and other sums payable in respect thereof) shall mean the greater of either:

(a) the Service Classification 4 Rate 2 (or successor Service Classification rate) pursuant to which Landlord purchases electricity from the utility company servicing the Building, or

(b) the Service Classification pursuant to which Tenant would purchase electricity directly from the utility company servicing the Building; provided, however, at no time shall the amount payable by Tenant

for electricity be less than the Cost per Kilowatthour (hereinafter defined).

(2) The term "Cost per Kilowatthour" shall mean the total cost for electricity incurred by Landlord to service the Building during a particular time period (including all applicable surcharges, demand charges, energy charges, fuel adjustment charges, time of day charges, taxes and other sums payable in respect thereof) divided by the total kilowatthours purchased by Landlord during such period.

(C) Electricity shall be supplied by Landlord to service the Demised Premises and Tenant shall pay to Landlord, as Additional Rent, within ten (10) days after rendition of any bill, the sum of (a) an amount determined by applying the Electric Rate to Tenant's consumption of and demand for electricity within the Demised Premises as recorded on the submeter or submeters servicing the Demised Premises (as installed by the Tenant at its sole cost and expense), and (b) Landlord's administrative charge of five (5%) percent of the amount referred to in (a) above, if and to the extent permitted by law, for overhead and supervision. Tenant may use one submeter for both the 19th or and 20th floor spaces which comprise the Demised Premises.

When more than one submeter measures the electrical service to Demised Premises, the service rendered through each submeter shall be separately computed and billed in accordance with the charges, taxes, terms and rates stated herein. Bills shall be rendered monthly at such times as Landlord may elect and, commencing on the earlier of (i) Tenant's occupancy of all or any portion of the Demised Premises, or (ii) the Commencement Date of the term of

this Lease, the amounts as computed from meter readings shall be deemed to be, and be paid as, Additional Rent without set-off or deduction. In no event shall the amount payable by Tenant each month, in consideration of Landlord having electric current available to the Demised Premises, be less than an amount equal to the least demand charge shown on Tenant's electric bill within the immediately preceding twelve (12) month period of Tenant's occupancy of the Demised Premises (or such shorter period of time as Tenant shall have occupied the Demised Premises if Tenant's occupancy shall have been less than twelve (12) months.)

For purposes of this Article, the rate to be paid by Tenant shall include any taxes, energy charges, demand charges, fuel adjustment charges, rate adjustment charges, or other charges actually imposed in connection therewith. If any tax is imposed upon Landlord's receipts from the sale or resale of electrical energy to Tenant by any federal, state, city or local authority, the pro-rata share of such tax allocable to the electrical energy service received by Tenant shall be passed onto and paid by Tenant as Additional Rent if and to the extent permitted by law. Notwithstanding the foregoing, Tenant shall pay Landlord as Additional Rent from the Commencement Date until such time as all necessary electrical submeters are installed and operable for the Demised Premises, an electric charge of \$1.50 per square foot of the Demised Premises until Tenant occupies the Demised Premises for the purpose of conducting its business in the Demised Premises and \$2.50 per square foot from the time Tenant occupies the Demised Premises for the purpose of conducting its business in the Demised Premises until all of the aforementioned submeters are installed and operable. For purposes of this paragraph only, the Demised Premises are deemed to contain 20, 915 rentable square feet. In no event shall Tenant or Landlord be entitled to measure, remeasure or adjust the square footage of the Demised Premises after the date of this Lease and none of the provisions of this Lease, including, without limitation, the Minimum Rental and Additional Rental, shall ever be modified based on such square footage.

Tenant shall pay Landlord for any given bill period for such electric current at the prevailing rate Service Classification 4 Rate 2 as described hereinabove (or successor Service Classification rate, and not the time-of-day rate schedule (if any), and if any increase or increases in such rate becomes effective during the term of this Lease, for similar service by any public service company servicing the part of the city where the Building is located all such increase or increases shall be paid by Tenant to Landlord or the meter company designated by Landlord at the same percentage increase as is shown by the first month's increased charges paid by Landlord, when billed. The amount to be paid by Tenant for current consumed shall be determined by a submeter or submeters in the Demised Premises or installed by the Landlord and billed separately according to such submeter(s). Bills for current consumed by Tenant (and/or bulbs, lamps or electric fixtures, renewed or replaced) shall be rendered by Landlord, or the meter company, to Tenant at such time as Landlord may elect, and shall be deemed to be, and be paid as Additional Rent within ten (10) days after rendition of any such bill. The amounts payable pursuant to this Section shall be deemed Additional Rent under the Lease. Landlord shall have the right, in the event of any nonpayment by Tenant of any such bills within said ten (10) day period after rendition of any bill to discontinue and cut off the use of electric current to Tenant after providing Tenant an additional twenty (20) day notice, without releasing Tenant from any liability under this Lease, and without Landlord or the said meter company incurring any liability for any damage caused by such discontinuance of service.

Tenant further agrees, on demand by Landlord (if Landlord shall then be supplying electricity to the Demised Premises) if Tenant is then in default of this Lease after the expiration of any grace or cure period expressly

provided for in this Lease, or the meter company, to deposit with Landlord or with the meter company designated by Landlord, as applicable, cash deposit sufficient, in Landlord's reasonable opinion, to secure payment of the electricity consumed by Tenant in the Demised Premises. No current shall be furnished until the equipment of the Tenant has been approved by the proper public authorities, the New York Board of Fire Underwriters and the New York Fire Insurance Exchange or similar organization having jurisdiction, and no changes shall be made in such equipment without the written consent of Landlord. Tenant shall make no changes and/or additions to the electrical equipment, wiring and/or appliances in the Demised Premises, without the prior written reasonable consent of landlord. Rigid conduit only will be allowed by Landlord for exposed work. If, in Landlord's reasonable opinion, as confirmed in writing by the written opinion of Landlord's electrical consultant, Tenant's installation overloads any riser or risers, and/or switch or switches in the Building, Tenant, at Tenant's sole cost and expense, promptly will provide and install, in conformity with all applicable Legal Requirements and all applicable provision of the Lease, any additional riser or risers and/or any or all switches, that any be necessary; but no risers and/or switches may be installed without Tenant first obtaining the prior written consent of the Landlord.

(D) Landlord shall not in any way be liable or responsible to Tenant for any loss or damage or expense which Tenant may sustain or incur if either the quantity or character of electric service is changed or is no longer available or suitable for Tenant's requirements. Landlord agrees to provide to the 19th floor portion of the Demised Premises (and Tenant agrees that at no time will the connected electrical load in the 19th floor portion of the Demised Premises exceed) in the aggregate 400 amps of electrical power (exclusive of Building airconditioning). Landlord agrees to provide to the 20th floor portion of the Demised Premises (and Tenant agrees that at no time will the connected electrical load in the 20th floor portion of the Demised Premises exceed) in the aggregate six (6) watts per useable square foot of the 20th floor portion of the Demised Premises (exclusive of Building air conditioning). Tenant's use of electric current in the Demised Premises shall not at any time exceed the capacity of any of the electrical conductors and facilities in or otherwise serving the Demised Premises. In order to insure that such capacity is not exceeded and to avert any possible adverse effect upon the Building's electric service,

Tenant shall not, without Landlord's prior written consent in each instance, connect any fixtures, appliances or equipment (other than a reasonable number considering the Tenant's use of the Demised Premises and type of business of table or floor lamps, typewriters, quotrons, word processors, small computers, photocopy machines and similar small office machines using comparable electric current) to the Building's electric distribution system nor make any alteration or addition to the electric system of the Demised Premises. Should Landlord grant such consent, all additional risers or other equipment required therefor shall be provided by Landlord upon notice to Tenant, and all costs and expenses in connection therewith, including without limitation, those filing and supervision, shall be paid by Tenant. As a condition to granting such consent, Landlord may require Tenant to agree to an increase in the Additional Rent by an amount which will reflect the value to Tenant of the additional service to be furnished by Landlord, to wit: the potential additional electrical current to be made available to Tenant based upon the estimated initial total capacity of such additional risers or other equipment. If Landlord and Tenant cannot agree on the amount of such Additional Rent increase, the same shall be determined by a reputable electrical consultant, to be selected by Landlord and paid equally by both parties. The parties shall then execute an agreement prepared by Landlord amending this Lease and setting forth the new Additional Rent resulting from

such increases and confirming the effective date thereof, but such increase shall be effective from such date even if such agreement is not executed.

(E) Landlord reserves the right to discontinue furnishing electric current to Tenant in the Demised 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.

(F) If Landlord, at Landlord's option, (i) exercises such right of discontinuance as provided in paragraph E, or (ii) requires Tenant to initially obtain its electric current directly from the public utility corporation supplying electric current to the Building, 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, or the commencement of direct usage, as the case may be, Landlord shall not be obligated to furnish electric current to Tenant. If Landlord is not to furnish electric current to Tenant, Tenant shall arrange to obtain electric current directly from the public utility corporation supplying electric current to the Building; and in any event, unless same are already installed in sufficient capacity and number in the Building, all risers, equipment and other facilities which may be required for Tenant to obtain electric current directly from such public utility corporation shall, at Tenant's expense, payable in advance to Landlord upon demand, be installed by Landlord, if in Landlord's judgment the same are necessary and will not cause damage or injury to the Building or any part thereof or create a hazardous condition or entail excessive alterations, repairs or expense or interfere with or disturb any other Building tenants or occupants; and in any event, any such installation shall be maintained by Tenant, at its expense, and shall be subject to such reasonable conditions as Landlord and/or the public utility corporation may require. If, on the other hand, Landlord is required by law or other applicable requirements of governmental entities having jurisdiction over the Building to discontinue furnishing electric energy to Tenant, Tenant shall reimburse Landlord promptly upon demand for the cost incurred by Landlord in making such changes to panel boards, feeders, risers, wiring and other conductors and equipment in order to permit Tenant to obtain electric energy direct from the Utility Company. If Landlord shall not furnish electric current to Tenant, it shall not be liable to Tenant therefor and the same shall not be deemed to be a lessening or diminution of services within the meaning of any law, rule or regulation now or hereafter enacted, promulgated or issued.

(G) If any taxes or charges are or shall be imposed upon Landlord or its agent in connection with the sale or resale of electrical energy to Tenant, Tenant covenants and agrees that, where permitted by law, Tenant's pro-rata share of such taxes or charges shall be passed on to Tenant and paid by Tenant to Landlord or its agent upon demand, as Additional Rent, without set-off or deduction. At all times during the term of this lease Tenant will comply with all present and future general rules, regulations, terms and conditions applicable to service equipment, wiring and requirements in accordance with the regulations of the public utility corporation supplying electric current to the Building.

(H) Landlord's failure during the term of this Lease to prepare and deliver any statements or bills under this Article or Landlord's failure to make a demand under this Article or any other provisions of this Lease, shall not in any way be deemed to be a waiver of, or cause Landlord to forfeit or surrender its rights to collect, any increase in the Minimum Rent, or any amount of Additional Rent which may have become due pursuant to this Article

during the term of this Lease. Tenant's liability for any amounts due under this Article shall continue unabated during the remainder of the term of this Lease and shall survive the expiration or sooner termination of this Lease.

42. TAX ESCALATION:

(A) As used in this Lease:

(i) "Taxes" shall mean the real estate taxes and assessments and special assessments imposed upon the Building and/or the land on which the Building is situated by any governmental bodies or authorities (the "Land") and any rights or interests appurtenant thereto payable by Landlord during any Tax Year. If at any time during the term of this Lease the methods of taxation prevailing at the commencement of the term hereof shall be altered so that in lieu of, or as an addition to or as a substitute for the whole or any part of the taxes, assessments, levies, impositions or charges now levied, assessed or imposed on real estate and the improvements thereof, there shall be levied, assessed and imposed (a) a tax, assessment, levy or otherwise on the rents received therefrom, or (b) a license fee measured by the rent payable by Tenant to Landlord, or (c) any other such additional or substitute tax, assessment, levy, imposition or charge, then all such taxes, assessments, levies, impositions or charges or the part thereof so measured or based shall be deemed to be included within the term "Taxes" for the purpose hereof. In no event shall "Taxes" include income, inheritance, franchise, gross receipts or other similar taxes. A copy of the tax bill of The City of New York or other taxing authority imposing Taxes on the Land or the Building shall be sufficient evidence of the amount of Taxes. Subject to the provisions of Exhibit "B" of this Lease, notwithstanding the fact that the aforesaid Additional Rent is measured by Taxes, such amount is Additional Rent and shall be paid by Tenant as provided herein regardless of the fact that Tenant may be exempt, in whole or in part, from the payment of any Taxes for any reason whatsoever.

(ii) "Base Tax" shall mean Taxes, as finally determined, for the fiscal period of July 1, 1999 through June 30, 2000. The aforesaid shall be calculated without regard to any abatement obtained by Landlord under the LMRPTAP.

Landlord represents that the fiscal period of July 1, 1999 through June 30, 2000 is the Building's first benefit year under the ICIP. Landlord represents that taking into account the ICIP, the current Taxes for the fiscal period of July 1, 1999 through June 30, 2000 are \$1,810,953.12.

(iii) "Tax Year" shall mean the fiscal year commencing on July 1 and ending on June 30 (or such other period as hereinafter may be duly adopted by the City of New York as its Fiscal Year for real estate tax purposes), any portion of which fiscal period occurs during the term of this Lease.

(iv) "Tenant's Share" shall be three and thirteen one hundredths (3.13 %) percent.

(B) (i) If the Taxes for any Tax Year shall be more than the

Base Tax, Tenant shall pay as Additional Rent for such Tax Year an amount equal to Tenant's Share of the amount by which the Taxes for such Tax Year are greater than the Base Tax (the amount payable by Tenant is hereinafter called the "Tax Payment"). The Tax Payment shall be prorated, if necessary, to correspond with that portion of a Tax Year occurring within the term of this Lease. At Landlord's sole option, the Tax Payment shall either (1) be payable by Tenant within ten (10) days after receipt of a demand from Landlord therefor or (2) shall be payable by Tenant to Landlord in equal monthly installments on the first day of each month in an amount as reasonably estimated by the Landlord, and shall in any event be adjusted from time to time with such adjusted amount being remitted by Tenant to Landlord upon Landlord's written demand therefor. At Tenant's written request, Landlord shall provide copies of then current bills for the Taxes to Tenant.

(ii) In the event the Base Tax is reduced, Landlord shall have the right to adjust the amount of Tax Payment due from Tenant for any Tax Year in which Tenant is or was obligated to pay a Tax Payment hereunder, and Tenant agrees to pay the amount of said adjustment on the next rental installment day immediately following receipt of a rent statement from Landlord setting forth the amount of said adjustment. The parties acknowledge that in no event shall the Minimum Rent ever be reduced as a result of a tax certiorari proceeding or as a result of any reduction in Taxes or the Base Tax.

(C) Only Landlord shall be eligible to institute tax reduction or other proceedings to reduce the assessed valuation of the Land and the Building, provided, however, that Tenant shall be required to make all Tax Payments due under this Article while any such proceedings are pending. Should Landlord be successful in any such reduction proceedings and obtain a rebate for periods during which Tenant has paid its share of increases, Landlord shall after deducting its expenses, including customary, market-dictated attorneys' fees and disbursements in connection therewith, return Tenant's Share of such rebate to Tenant.

(D) With respect to any period at the expiration of the term of this Lease which shall constitute a partial tax year, Landlord's statement shall apportion the amount of the Additional Rent due hereunder. The obligation of Tenant in respect to such Additional Rent applicable for the last year of the term of this Lease or part thereof shall survive the expiration of the term of this Lease.

(E) Landlord will assist and cooperate with Tenant in filing a commercial revitalization program application and all applicable additional documents associated with such application promptly following the execution and delivery of this Lease in accordance with the provisions of Exhibit "B" annexed hereto and made a part hereof.

(F) At such times as are required by the New York City Department of Finance or other authority having jurisdiction (of which times Landlord shall give Tenant reasonable prior written notice), Tenant agrees to report to Landlord the number of workers permanently engaged in employment in the Demised Premises, the nature of each worker's employment and whether each worker is a New York City resident. Tenant further agrees to provide access to the Demised Premises to the New York City Department of Finance at all reasonable times and upon reasonable notice at the request of Landlord.

43. TENANT'S OPERATING PAYMENT:

(A) As used in this Lease:

(i) "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 with respect to the operation, cleaning, repair, safety, replacement, management, security and maintenance of the Building and the Land (collectively, 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 Building, the Land and the Building Systems or in providing services to tenants; (ii) social security, unemployment and other payroll taxes, the cost of providing disability and worker's compensation coverage imposed by any applicable legal requirement ("Requirement"), 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 common areas of the Building and utility taxes; (iv) the expenses incurred for casualty, rent, liability, fidelity and any other insurance; (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 by reason of Requirements 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 life, with interest calculated at an annual rate equal to two (2%) percent over Citibank, N.A.'s "prime" or "base" lending rate ("Base Rate") in effect at the time of Landlord's having made said expenditure; (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 in an amount not to exceed five (5%) percent of the annual gross rents and gross revenues for the Building; (xi) charges of independent contractors performing work included within this definition of Operating Expenses; (xii) telephone and stationery costs; (xiii) reasonable legal, accounting and other professional fees and disbursements incurred in connection with the operation and management of the Building and the Land; (xiv) association fees and dues; (xv) the cost of decorations; (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; (xviii) electrical usage costs incurred in the operation of the common areas of the Building including, but not limited to, the electrical energy required to run the Building's elevators; and (xix) any and all other costs and expenses incurred by Landlord in the operation and maintenance of the Real Property. Notwithstanding any provision in this Article to the contrary, if Landlord shall discontinue the redistribution or furnishing of electrical energy to all tenants in the Building, then the cost and expense incurred by Landlord for electricity shall thereafter be deemed to be one hundred (100%) percent of the total cost and expenses to Landlord of purchasing electricity for the Building.

Provided, however, that the foregoing costs and expenses shall exclude or have deducted from them, as the case may be:

- (a) executives' salaries above the grade of building manager;

- (b) Taxes or taxes that are imposed solely on Landlord's business, such as franchise taxes, excess profits taxes or income taxes;
- (c) refinancing costs and mortgage interest and amortization payments;
- (d) leasing commissions, rental concessions and lease buy-outs;
- (e) depreciation, except as specifically provided in clauses (vi) and (xvi) above and in the first unlettered paragraph following this paragraph;
- (f) rental under any ground or underlying lease and costs incurred by Landlord in connection with the sale or rental of the Land or Building;
- (g) the cost of preparing, renovating or improving space in the Building for initial occupancy by tenants;
- (h) professional fees (including legal and accounting) incurred by Landlord in the preparation of leases or in connection with disputes with tenants or in connection with obtaining approvals from or otherwise negotiating with lessors or mortgagees;
- (i) cost of any repair made by Landlord to remedy damage caused by Landlord's or its agents gross negligence or wrongful misconduct or wrongful omission;
- (j) amounts recovered by Landlord as insurance proceeds or condemnation awards to the extent they are compensation for sums previously included in Operating Expenses hereunder;
- (k) costs of repairs or replacements incurred by reason of fire or other casualty or condemnation;
- (l) advertising, marketing and public relation fees incurred by Landlord to market the Building;
- (m) costs incurred for doing work or services for any tenant (including Tenant) which is to be fully reimbursed to Landlord by such party;
- (n) the cost of electricity furnished directly to the Demised Premises or any other fully-tenanted or tenantable space in the Building;
- (o) any fines, penalties or similar punitive amounts paid or incurred by Landlord in connection with, or as a result of, violations of applicable laws and requirements of public authorities;
- (p) cost incurred by Landlord for the removal of asbestos or other hazardous materials in the

Building (if any);

(q) costs otherwise included in Operating Expenses to the extent actually reimbursed directly from Tenant or another tenant;

(r) costs included in the Operating Expenses to the extent allocable to other properties owned by the Landlord; and

(s) the cost of services of work performed in connection with the installation or operation of any specialty facility at the Building such as a health club, childcare facility, luncheon facility or the like unless same is mandated by law or is installed upon the vote of a majority of the Building's tenants or of those tenants occupying a majority of the rentable square footage of the Building.

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 [as same is described hereinabove in Paragraph (43) (A) (i)-(vi)] 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 life, with interest calculated at an annual rate of two (2%) percent over the Base 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 Operationing Years in which such rentals and costs are incurred.

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, 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.

(ii) "Base Operating Factor" equals the Operating Expenses paid or incurred during the Operating Year beginning January 1, 2000 and ending December 31, 2000.

(iii) "Operating Year" shall mean each calendar year that includes any part of the term of the Lease.

(iv) "Landlord's Operating Statement" shall mean a statement containing a computation of Additional Rent due pursuant to the provisions of this Article furnished by Landlord to Tenant.

(B) Tenant shall pay as Additional Rent for each Operating Year (including the Operating Year in effect on the Commencement Date)

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.

(C) Landlord may furnish to Tenant, with respect to each Operating Year, a Landlord's Operating Statement setting forth Landlord's estimate of Tenant's Operating Payment for such Operating Year ("Tenant's Projected Operating Share"). At Landlord's option, (i) Tenant shall pay to Landlord on the first day of each month during such Operating Year, as Additional Rent, an amount equal to one-twelfth of Tenant's Projected Operating Share for such Operating Year; or (ii) the Tenant's Projected Operating Share for such Operating Year shall be payable by Tenant to Landlord within ten (10) days of Landlord's written demand therefor. 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, 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 Article 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 Additional Rent; and (c) on the first day of the month following the month in which such Landlord's Operating Statement is furnished to Tenant, and monthly thereafter throughout the remainder of such Operating Year, Tenant shall pay to Landlord, at Landlord's option, either: (a) an amount equal to one-twelfth of Tenant's Projected Operating Share shown in such Landlord's Operating Statement, or (b) the Tenant's Projected Operating share for such Operating Year shall be payable by Tenant to Landlord within ten (10) days of Landlord's written demand therefor. Landlord may furnish to Tenant a revised Landlord's Operating Statement with a new 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 proceeding sentence.

(D) After the end of each Operating Year, Landlord shall 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 Landlord (or its agent or accountant) from which Landlord shall make the computation of Additional Rent due in respect of Operating Expenses hereunder. In making computations of Operating Expenses, the Landlord (or its agent or accountant) may rely on Landlord's reasonable estimates and allocations whenever said estimates and allocation are needed for this Article. If the Landlord's Operating Statement shows that the sums paid by /Tenant under the Article 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 Additional Rent; and if the Landlord's Operating Statement for Operating Yyear 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.

(E) Landlord's failure to render any Landlord's Operating Statement with respect to any Operating Year shall not prejudice Landlord's right thereafter to render a Landlord's Operating Statement with respect thereto or with respect to any subsequent Operating Year, nor shall the rendering of a Landlord's Operating Statement prejudice Landlord's right thereafter to render a corrected Landlord's Operating Statement for that Operating Year.

(F) 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 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 Additional Rent under this Article shall be paid or adjusted within thirty (30) days after submission of a Landlord's Operating Statement. In no event shall Minimum Rent ever be reduced by operation of this Article, and the rights and obligations of Landlord and Tenant under the provisions of this Article with respect to any Additional Rent shall survive the Expiration Date.

(G) Any Landlord's Operating Statement sent to Tenant shall be conclusively binding upon Tenant unless, within sixty (60) days after such Landlord's Operating Statement is sent, Tenant shall send a written notice to Landlord objecting to such Landlord's Operating Statement and specifying the respects in which such Landlord's Operating Statement is disputed. If Tenant shall send such notice with respect to a Landlord's Operating Statement, and Landlord shall determine that such objection(s) are reasonable and are made in good faith, then Tenant may, on its own behalf by an independent certified public accountant (selected and paid by Tenant) examine Landlord's books and records relating solely to disputed aspects of the Operating Expenses to determine the accuracy of Landlord's Operating Statement. Tenant recognizes the confidential nature of Landlord's books and records, and agrees that any information obtained by Tenant's accountant during any examination shall be maintained in strict confidence by such accountant, without revealing same to any person, including Tenant. If, after such examination, such accountant shall in good faith dispute such Landlord's Operating Statement and shall describe such dispute in a detailed, written notice and explanation of such dispute sent to Landlord, then either party may refer the decision of the issues raised to a reputable independent firm of certified public accountants, selected by Landlord and approved by Tenant, which approval shall not be unreasonably withheld, 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 Tenant (unless Landlord's Operating Statement overestimated the charges to be paid by Tenant by more than seven and one-half (7.5%) percent, in which event the reasonable fees and expenses shall be borne by Landlord). Notwithstanding the giving of such notice by Tenant, and pending the resolution of any such dispute, Tenant shall promptly pay to Landlord when due the actual amount shown on any such Landlord's Operating Statement, as provided in this Article.

44. WAIVER OF SUBROGATION: Each party hereby releases the other party (which term as used in this Article includes the employees, agents, officers and directors of the other party) from all liability, whether for negligence or otherwise, in connection with loss covered by any fire and/or extended coverage insurance policies, which the releasor carries with respect to the Demised Premises, or any interest or property therein or thereon (whether or not such insurance is required to be carried under this lease), but only to the extent

that such loss is collected under said fire and/or extended coverage insurance policies. Such release is also conditioned upon the inclusion in the policy or policies of a provision whereby any such release shall not adversely affect said policies, or prejudice any right of the releasor to recover thereunder. Each party agrees that its insurance policies aforesaid will include such a provision so long as the same shall be obtainable without extra cost, or if extra cost shall be charged therefor, so as the party for whose benefit the clause or endorsement is obtained shall pay such extra cost. If extra cost shall be

chargeable therefor, each party shall advise the other thereof of the amount of the extra cost, and the other party at its election, may pay the same, but shall not be obligated to do so.

45. COMPLIANCE WITH LAWS: Supplementing the provisions of Article 6 hereof, Tenant shall give prompt notice to Landlord of any notice it receives of the violation of any law or requirement of any public authority with respect to the Demised Premises or the use or occupation thereof. Tenant shall promptly comply with all present and future laws, orders and regulations of all state, federal, municipal and local governments, departments, commissions and boards or any direction of any public officer pursuant to law and all orders, rules and regulations of the New York Board of Fire Underwriters or any similar body arising out of Tenant's particular use of the Demised Premises which shall impose any violation, order or duty upon Landlord or Tenant with respect to Tenant's particular use of the Demised Premises (in which event Tenant shall effect such compliance at its sole cost and expense) or the Building (in which event, notwithstanding anything herein to the contrary, Landlord shall effect such compliance but Tenant shall promptly pay to Landlord Tenant's share, as defined in Paragraph 42(A) (iv), of the cost thereof).

46. INDEMNITY-LIABILITY INSURANCE:

(A) Tenant covenants and agrees to indemnify and save Landlord harmless from and against any and all claims arising during the term of this lease for damages or injuries to goods, wares, merchandise and property and/or for any personal injury or loss of life in, upon or about the Demised Premises, except such claims as may be the result of the gross negligence of Landlord, its agents, employees or contractors.

(B) Tenant further covenants and agrees to indemnify Landlord against the cost of any actual, documented increase in Landlord's insurance rates resulting from Tenant's use or manner of use of the Demised Premises. Tenant shall reimburse Landlord for any such increase within fifteen (15) days after Landlord bills Tenant therefor.

(C) Tenant covenants to provide on or before the commencement of the term hereof and to keep in force during the term hereof for the benefit of Landlord and Tenant a comprehensive policy of liability insurance protecting Landlord and Tenant against any liability whatsoever occasioned by accident on or about the Demised Premises or any appurtenances thereto. Such policy is to be written by good and solvent insurance companies satisfactory to Landlord of at least a Best's Rating of "A+" or better, and the amounts of liability thereunder shall not be less than the amount of \$4,000,000 in respect of any one person, in the amount of \$8,000,000 in respect of any one accident, and in the amount of \$2,000,000 in respect of property damage. The aforesaid insurance policy or a certificate evidencing such insurance shall name Landlord and Landlord's managing agent, Landlord's mortgagee and other designees as "additional insureds" under such policy and said policy shall be delivered to

Landlord upon Tenant's execution of this Lease. Prior to the time such insurance is first required to be carried by Tenant, and thereafter at least thirty (30) days prior to the expiration of any such policy, Tenant agrees to deliver to Landlord either a duplicate original of the aforesaid policy or a certificate evidencing such insurance and meeting the requirements of this Article, provided said certificate contains an endorsement that such insurance may not be canceled or modified except upon thirty (30) days prior written notice to Landlord, together with evidence of payment for the policy. Tenant's failure to provide and keep in force the aforementioned insurance shall be regarded as a material default hereunder, entitling Landlord to exercise any or all of the remedies as provided in this lease in the event of Tenant's default.

47. ASSIGNMENT, SUBLETTING, MORTGAGING:

(A) Tenant will not by operation of law or otherwise, assign, mortgage or encumber this Lease, not sublet or permit the Demised Premises or any part thereof to be used by others, without Landlord's prior express written consent in each instance. Subject to the provisions of Paragraph (47)(B)(vii) hereinbelow, any transfer, by operation of law or otherwise, of Tenant's interest in this Lease (in whole or in part) or of a fifty (50%) percent or greater interest in Tenant (whether stock, partnership interest or otherwise) shall be deemed an assignment of this Lease within the meaning of this Article. (The issuance of shares of stock to other than the existing shareholders shall be deemed to be a transfer of such stock for the purposes of this Article.) Subject to the provisions of Paragraph (47)(B)(vii) hereinbelow, if there has been a previous transfer of less than a fifty (50%) percent interest in Tenant during the term of this Lease, any other transfer of an interest in Tenant which would then result in an aggregate transfer of greater than a fifty (50%) percent interest in Tenant shall be deemed an assignment of Tenant's interest in this Lease within the meaning of this Article.

(B) (i) In the event that Tenant shall at any time or times during the term of this Lease desire to assign this Lease or sublet all or any part of the Demised Premises, Tenant shall give notice (the "Assignment/Sublet Notice") thereof to Landlord, which notice shall be accompanied by (a) at Tenant's option, either a conformed or photostatic copy of the proposed assignment or sublease agreement (provided, however that such proposed assignment or sublease agreement need not be in executed form if accompanied by a writing signed by Tenant and the proposed assignee or sublessee indicating their intent to enter into the proposed assignment or sublease upon Landlord consenting thereto), or a copy of a letter of intent (the "Letter of Intent") executed by or on behalf of Tenant and the proposed assignee or subtenant setting forth the material business terms of the proposed assignment or sublease, in either event, the effective or commencement date of which shall be at least fifteen (15) business days after the giving of such notice, (b) a statement setting forth in reasonable detail the identity of the proposed assignee or subtenant, the nature of its business and its proposed use of the Demised Premises, (c) current financial information with respect to the proposed assignee or subtenant, including, without limitation, its most recent financial report or statement (if same exists, and if not, the equivalent information in a form reasonably satisfactory to Landlord), and (d) such other information as Landlord may reasonably request. Such notice shall be deemed an offer from Tenant to Landlord whereby Landlord (or Landlord's designee) may, at its option: (i) terminate this Lease (if the proposed transaction is an assignment or sublease of all or substantially all of the Demised Premises), or (ii) terminate this Lease with respect to the space covered by the proposed sublease (if the proposed transaction is a sublease of part of the Demised Premises for all or

substantially all of the remainder of the term of this Lease, i.e., the term of which expires during the final eighteen (18) months prior to the Expiration Date). For purposes of this paragraph, "substantially all of the Demised Premises" shall mean more than seventy (70%) percent thereof. Said options may be exercised by Landlord by notice to Tenant at any time within fifteen (15) business days after Landlord's receipt of the Assignment/Sublet Notice, together with all other documentation and information required pursuant to this paragraph to be given by Tenant to Landlord ("Recapture Period"); and during such Recapture Period Tenant shall not assign this Lease or sublet such space to any person. Following the expiration of the Recapture Period, Tenant shall have thirty (30) days to submit to Landlord Tenant's written request for Landlord's consent to a proposed assignment or sublease on the same terms and conditions as were contained in the proposed assignment or sublease or the Letter of Intent, which was previously submitted to Landlord pursuant to this Section, whichever is applicable. In the event that Tenant fails to submit such written request for

Landlord's consent as set forth in the preceding sentence within such 30 day period, then in connection for with any request for Landlord's consent to such proposed assignment of this Lease or proposed subletting of the Demised Premises or any portion thereof submitted after such 30 day period, Tenant will be required to comply with all of the requirements of this paragraph and Landlord shall have all the options under this paragraph.

(ii) If Landlord exercises its option to terminate this Lease in the event that Tenant desires either to assign this Lease or to sublet all or substantially all of the Demised Premises, then this Lease shall end and expire upon the date that such assignment or subletting was to be effective or to commence, as the case may be, and the Minimum Rent and Additional Rent shall be paid and apportioned to such date. If Landlord exercises its option to terminate this Lease as to a portion of the Demised Premises in the event that Tenant desires to sublet a portion of the Demised Premises, then this Lease, with respect to the portion of the Demised Premises affected by such subletting, shall end and expire upon the date that such subletting was to commence, the Minimum Rent payable hereunder and the Additional Rent payable pursuant to this Lease hereof shall be adjusted in proportion to the portion of the Demised Premises affected by such termination and Tenant shall at its sole cost and expense (and prior to the effective date of said sublease) erect such demising walls as are necessary to separate the terminated portion of the Demised Premises from the remainder of the Demised Premises and to provide access thereto.

(iii) In the event that Tenant complies with the provisions of this subparagraph of this Article and Landlord does not exercise an option provided to it thereunder within the time provided therefor, and provided that Tenant is not in default of any of Tenant's obligations under this Lease, Landlord's consent (which must be in writing and in form reasonably satisfactory to Landlord) to the proposed assignment of this lease or subletting of a portion or all of the Demised Premises shall not be unreasonably withheld or delayed, provided the following conditions have been satisfied:

(1) in Landlord's reasonable judgment, the proposed assignee or subtenant is engaged in such a business, and the Demised Premises will be used in such a manner, that: (x) is limited to the use expressly permitted under this Lease; and (y) will not violate any negative covenant as to use contained in any other Lease of space in the Building about which Tenant has been informed following its request to Landlord for such information;

(2) the proposed assignee or subtenant is a reputable person of good character and with sufficient financial worth considering the responsibility involved, and Landlord has been furnished with reasonable proof thereof;

(3) the proposed assignee or sublessee is not then an occupant of any part of the Building who is seeking to relocate to the Demised Premises (or any portion thereof) from any other space in the Building;

(4) the proposed assignee or sublessee is not a person with whom Landlord is then, or shall have been during the previous twelve (12) month period, negotiating to lease space in the Building;

(5) Tenant shall have submitted to Landlord a fully executed counterpart of the proposed assignment or the proposed sublease, as the case may be, and the form of the same shall be reasonably satisfactory to Landlord and shall comply with the applicable provisions of this Article;

(6) The rental rate to be paid by the proposed

subtenant is not less than the then current rental rate being charged by Landlord under leases being entered into for comparable space in the Building, and the other terms and conditions of the sublease are the same as those contained in the proposed sublease furnished to Landlord pursuant to paragraph (b) of this Article;

(7) Tenant shall reimburse Landlord on demand for an costs that may be incurred by Landlord in connection with said agreement or sublease, including the costs of making investigations as to the acceptability of the proposed assignee or subtenant and the reasonable legal costs incurred in connection with the granting of any requested consent;

(8) Tenant shall not have (a) advertised or publicized in any way the availability of the Demised Premises without prior notice to, and approval by, Landlord, which approval Landlord agrees not to unreasonably withhold, nor shall any advertisement state the name (as distinguished from the address) of the Building, or (b) listed the Demised Premises for subletting or assignment, with a broker, agent or representative or otherwise, at a proposed rental less than the Minimum Rent and Additional Rent at which Landlord is then offering to Lease other space in the Building;

(9) the sublease shall not provide for an option on behalf of the subtenant thereunder to extend or renew the term of such sublease and shall also not grant to subtenant any space option or other option set forth in this Lease (which option(s) is (are) only granted to the original Tenant hereunder);

(10) such subletter shall not result in there being more than three (3) occupants of the Demised Premises in the 19th floor portion of the Demised Premises (inclusive of Tenant) and two (2) occupants in the 20th floor portion of the Demised Premises (inclusive of Tenant); and

(11) the proposed assignee or subtenant shall not be (i) a government or any subdivision or agency thereof, (ii) a school, college, university or educational institution of any type, whether for profit or nonprofit, (iii) an employment agency, or (iv) a provider of medical services of any kind.

(iv) Each subletting pursuant to this Article shall be subject to all of the covenants, agreements, terms, provisions and conditions contained in this Lease. Notwithstanding any such subletting and/or acceptance of Minimum Rent or Additional Rent by Landlord from any subtenant, Tenant shall and will remain fully liable for the payment of the Minimum Rent and Additional Rent due, and to become due, hereunder, for the performance of all of the covenants, agreements, terms, provisions and conditions contained in this Lease on the part of Tenant to be performed and for all acts and omissions of any licensee, subtenant, or any other person claiming under or through any subtenant that shall be in violation of any of the obligations of this Lease, and any such violation shall be deemed to be a violation by Tenant. Tenant further agrees that, notwithstanding any such subletting, no other and further subletting of the Demised Premises by Tenant, or any person claiming through or under Tenant shall, or will be, made, except upon compliance with, and subject to, the provisions of this Article.

(v) Any assignment or transfer shall be made only if, and shall not be effective until, the assignee shall execute, acknowledge and deliver to Landlord an agreement, in form and substance reasonably satisfactory to Landlord, whereby the assignee shall assume all of the obligations of this Lease on the part of Tenant to be performed or observed and which accrue on and after the effective date of the assignment and whereby the assignee shall agree that the provisions contained in paragraph (a) shall, notwithstanding such assignment or transfer, continue to be binding upon it in respect of all future assignments and transfers.

(vi) If Landlord shall give its consent to any assignment of this Lease or to any sublease, Tenant shall, in consideration therefor, pay to Landlord, as Additional Rent:

(a) in the case of an assignment, an amount equal to fifty (50%) percent of all sums and other consideration payable to Tenant by the assignee for, or by reason of, such assignment, including, without limitation, all sums payable for the sale of Tenant's fixtures, Leasehold improvements, equipment, furniture, furnishings, or other personal property (collectively, the "Tenant's Property"), after deducting therefrom "Tenant's Costs" (as defined below); and

(b) in the case of a sublease, fifty (50%) percent of any rents, additional charges, or other consideration payable under the sublease by the subtenant to Tenant that are in excess of the Minimum Rent and Additional Rent accruing during the term of the sublease in respect of the subleased space (at the rate per square foot payable by Tenant hereunder) pursuant to the terms hereof, including, without limitation, all sums paid for the sale or rental of Tenant's Property, after deducting therefrom Tenant's Costs.

For purposes hereof, the term "Tenant's Costs" shall mean:

(i) the amount of any customary and reasonable brokerage fees or commissions actually paid to a broker as a result of any assignment or subletting by Tenant hereunder;

(ii) reasonable advertising expenses and reasonable attorneys' fees directly related to the assignment of this Lease or the subletting of the space; and

(iii) the then unamortized or undepreciated cost of Tenant's Property determined on the basis of Tenant's as-filed federal tax returns.

The sums payable under this paragraph (vi) shall be paid to Landlord as and when payable by the subtenant to Tenant.

(vii) If Tenant (or any subtenant) is a corporation, the provisions of subparagraph (A) of this Article shall apply to a transfer (however accomplished, whether in a single transaction or in a series of related or unrelated transactions) of stock (or any other mechanism such as, by way of example, the issuance of additional stock, a stock voting agreement or change in class (es) of stock) which results in a change of control of Tenant (or such subtenant) as if such transfer of stock (or other mechanism) which results in a change of control of Tenant (or such subtenant) were an assignment of this

Lease, and if Tenant (or such subtenant) is a partnership, limited liability company or joint venture, said provisions shall apply with respect to a transfer (by one or more transfers) of an interest in the distributions of profits and losses of such partnership, joint venture or limited liability company (or other mechanism, such as, by way of example, the creation of additional general partnership or limited partnership interests or limited liability company interests) which results in a change of control of such partnership or joint venture or limited liability company, as if such transfer of an interest in the distributions of profits and losses of such partnership or joint venture or limited liability company which results in a change of control of such partnership or joint venture or limited liability company were an assignment of this Lease; but the provisions of subparagraph 47 (A) and 47 (B) (i), (ii), (iii) and (vi) of this Article shall not apply and Landlord's consent shall not be required therefor for transactions with (u) a corporation into or with which Tenant is merged or consolidated, (v) a corporation, partnership or other entity to which substantially all of Tenant's assets are transferred, (w) any corporation which controls or is controlled by Tenant or is under common control with Tenant, (x) any person, persons, entity or entities to whom a controlling block of Tenant's stock is transferred, (y) an existing shareholder or shareholders, or (z) a trust established by or for the benefit of existing shareholder or shareholders, provided that in any of such events (i) the Tenant hereunder immediately after such transfer is a reputable entity of good character and has a net worth computed in accordance with generally accepted accounting principles at least equal to the "Minimum Net Worth" (as defined below), (ii) proof reasonably satisfactory to Landlord of such net worth shall have been delivered to Landlord at least ten (10) days prior to the effective date of any such transaction, (iii) in the event that the Tenant hereunder immediately after such transfer is other than the Tenant herein named, a duplicate original instrument of assignment in form and substance reasonably satisfactory to Landlord, duly executed by Tenant, shall have been delivered to Landlord at least ten (10) days prior to the effective date of any such transaction, (iv) in the event that the Tenant hereunder immediately after such transfer is other than the Tenant herein named (a "New Tenant"), an instrument in form and substance reasonably satisfactory to Landlord, duly executed by such New Tenant, in which such New Tenant assumes (as of the Commencement Date) observance and performance of, and agrees to be personally bound by, all of the terms, covenants and conditions of this Lease on Tenant's part to be performed

and observed shall have been delivered to Landlord at least ten (10) days prior to the effective date of any such transaction, and (v) such merger, consolidation or transfer shall be for a good business purpose with a view toward continuing Tenant's business as an on-going concern and not principally for the purpose of transferring this Lease. For purposes of this subparagraph (vii), the term "control" shall mean, in the case of a corporation, ownership or voting control, directly or indirectly, of more than fifty percent (50%) of all the voting stock, and in case of a joint venture or partnership or similar entity, ownership, directly or indirectly, of more than fifty percent (50%) of all the general or other partnership (or similar) interests therein. Any agreement pursuant to which (x) Tenant is relieved from the obligation to pay all or a part of Minimum Rent or Additional Rent under this Lease, and (y) a third party undertakes or is granted any right to assign or attempt to assign this Lease or sublet or attempt to sublet all or any portion of the Demised Premises, shall be deemed an assignment of this Lease and subject to the provisions of this Article, including, without limitation, subparagraph (A) hereof. For purposes of this subparagraph, the term "Minimum Net Worth" shall mean the greater of (i) the average net worth of Tenant for the twelve (12) month period which immediately precedes such transfer or (ii) Tenant's net worth as of the date hereof. Notwithstanding anything to the contrary contained herein, the transfer of stock to any family member or members of the shareholders of Tenant who as of the date hereof own a minimum of fifty-one (51%) percent of the outstanding shares of Tenant (the "Major Shareholders"), or to any trust established for the benefit of one or more of the family members of the Major Shareholders shall not in any event be treated as an assignment of this Lease and Landlord's consent shall not be required therefor but at least 10 business days prior written notice of such stock transfer shall be delivered to

the Landlord and a copy of the relevant trust documentation and/or estate planning instruments shall be delivered to Landlord at least 10 business days prior to the effective date of such stock transfer.

(C) Each permitted assignee shall assume and be deemed to have assumed this Lease and shall be and remain liable jointly and severally with Tenant for the payment of the Minimum Rent and Additional Rent and for the due performance of all the terms, covenants, conditions and agreements herein contained on Tenant's part to be performed for the term of this Lease and accruing from and after the effective date of the assignment and any renewals and modifications hereof. No assignment shall be binding on Landlord unless, as hereinbefore provided, such assignee or Tenant shall deliver to Landlord a duplicate original of the instrument of assignment which contains a covenant of assumption by the assignee of all of the obligations aforesaid and shall obtain from Landlord the aforesaid written consent prior thereto. Any assignment, sublease or agreement permitting the use and occupancy of the premises to which Landlord shall not have expressly consented in writing shall be deemed null and void and of no force or effect.

(D) Tenant agrees that notwithstanding any subletting or assignment permitted by Landlord, no other and further subletting of the Demised Premises by Tenant or any person or entity claiming through or under Tenant shall or will be made except upon compliance with and subject to the provisions of this Article.

48. TENANT'S CERTIFICATE: Tenant shall, without charge at any time and from time to time, within fifteen (15) days after request by Landlord, certify by written instrument, duly executed, acknowledged and delivered and given with the express knowledge that any party may rely on the information set forth in said

instrument, to any mortgagee, assignee of any mortgage or to any purchaser, or any proposed mortgagee, assignee of any mortgage or purchaser, or any other person, firm or corporation specified by Landlord:

(A) that this Lease is unmodified and in full force and effect (or, if there has been modification, that the Lease is in full force and effect as modified and stating the modifications) and that both the Landlord and the Tenant are not then in default under this Lease (or, if there has been a default, stating the default(s), if any);

(B) whether or not there are then existing any set offs or defenses against the enforcement of any of the agreements, terms, covenants or conditions hereof upon the part of Tenant to be performed or complied with (and, if so, specifying the same); and

(C) the dates, if any, to which the rental, additional rental and other charges hereunder have been paid in advance, and stating the rental, additional rent and other charges provided for in the Lease;

(D) the commencement date and expiration date of the Lease;

(E) whether or not any rental has been paid more than 30 days before the due date, and whether or not the Tenant has any unsatisfied claim against Landlord;

(F) the security deposit (if any) deposited by Tenant under the Lease;

(G) whether any actions, whether voluntary or otherwise, are pending against the Tenant under the bankruptcy laws of the United States or any state thereof; and

(H) whether the Tenant has any option to renew or expand the term of the Lease or the leased premises, as the case may be, and whether the Tenant has any right of first refusal to purchase (or lease) the Demised Premises or any part thereof or the Building in which the Demised Premises are located.

In the event that Tenant fails to deliver to Landlord the aforesaid certificate within the time period described hereinabove, then at Landlord's sole option same shall be deemed a material default by Tenant under this Lease, Tenant shall be deemed to have unconditionally waived (and shall be estopped from raising) any and all alleged defenses or alleged Lease defaults allegedly committed by Landlord which it may have otherwise claimed or maintained in such estoppel certificate and Tenant shall also be deemed to have unconditionally assented to and affirmed any and all provisions set forth in the estoppel certificate as same may have been prepared by the Landlord. In addition to the foregoing, Landlord reserves the right to exercise any further rights or remedies available to it under the Lease, at law or equity by reason of Tenant's material default hereunder.

Landlord agrees, on fifteen (15) business days prior written notice from Tenant, to deliver an estoppel letter certifying (to the best knowledge of Landlord) as to the foregoing information relating to this Lease as reasonably requested by Tenant when same is requested by Tenant in connection with a desire to assign the Lease or sublet the Demised Premises.

49. EXCULPATORY CLAUSE: If Landlord shall be an individual, joint venture, limited liability company, tenancy-in-common, co-partnership, unincorporated association, or other unincorporated aggregate of individuals and/or entities, or a corporation, Tenant shall look only to such Landlord's estate and property in the Building and, where expressly so provided in this Lease, to offset against the rents payable under this Lease, for the satisfaction of Tenant's remedies for the collection of a judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default by Landlord hereunder, and no other property or assets of such Landlord shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease, the relationship of Landlord and Tenant hereunder or Tenant's use or occupancy of the Demised Premises. Landlord represents that it is currently the fee owner of the Building.

50. BROKER: Tenant covenants, warrants and represents that there was no broker instrumental in consummating this lease other than Jones Lang LaSalle, Frederic P. Green & Company, Inc. and Sutton & Edwards, Inc. (collectively, the "Broker"), and no conversations or negotiations were had with any other broker concerning the renting of the Demised Premises. Tenant and Landlord agree to indemnify, defend and hold and save the other harmless against any and all liability from any claims of any broker (other than the Broker) who claims to have dealt with the other party (including, without limitation, the cost of counsel fees in connection with the defense of any such claims in connection with the renting of the Demised Premises). Landlord shall pay the commission due Broker pursuant to separate written agreement.

51. CONFLICT OF TERMS: In the event any term, covenant, condition or agreement contained in this rider to the Lease shall conflict or be inconsistent with any

term, covenant, condition or agreement contained in the printed portion of this Lease, then the parties agree that the rider provision shall prevail.

52. TENANTS REMEDIES: With respect to any provision of this Lease which provides, in effect, that Landlord shall not unreasonably withhold or unreasonably delay any consent or any approval, Tenant in no event, shall be entitled to make, nor shall Tenant make, any claim, and Tenant hereby waives any claim, for money damages; nor shall Tenant claim any money damages by way of setoff, counterclaim or defense, based upon any claim or assertion by Tenant that Landlord has unreasonably withheld or unreasonably delayed any consent or approval; but Tenant's sole remedy shall be an action or proceeding to enforce any such provision, or for specific performance, injunction or declaratory judgment.

53. NO EXCESSIVE NOISE: Tenant agrees that it will use the Demised Premises and will perform all work required or permitted hereunder in such a manner so as not to create any excessive noise which disturbs any of the other tenants of the Building or persons occupying adjacent and neighboring premises.

54. LABOR REGULATIONS: Tenant covenants and agrees that prior to and throughout the demised term, it shall not take any action which would violate Landlord's union contract, if any, affecting the Building, nor create any work stoppage, picketing, labor disruption or dispute, or any interference with the business of the Landlord or any other tenant or occupant in the Building or with the rights and privileges of any person(s) lawfully in said Building, nor cause any impairment or reduction of the good name of the Building. Any default by Tenant under this Article shall be deemed a material default entitling Landlord to exercise any or all of the remedies as provided in this Lease.

55. CONTROL OF TENANT: If the Tenant is a corporation (other than one whose shares are regularly and publicly traded on a recognized stock exchange), partnership or other entity other than an individual, Tenant represents that the ownership and power to vote the majority of its entire outstanding capital stock or other controlling interest (collectively "Controlling Interest") belongs to and is vested in the person(s) executing this Lease or members of his or their immediate family.

56. ADDENDUM TO ARTICLE 22: If Tenant shall default in surrendering the Demised Premises upon the expiration or termination of the term, Tenant's occupancy subsequent to such expiration or termination, whether or not with the consent or acquiescence of Landlord, shall be deemed to be that of a tenancy at will and in no event from month-to-month or from year-to-year, and it shall be subject to all the terms, covenants and conditions of this lease applicable thereto, except the Minimum Rent and Additional Rent shall be 175% of the amount payable in the last year of the term, and no extension or renewal of this Lease shall be deemed to have occurred by such holding over.

57. ADDENDUM TO ARTICLE 18:

Should Tenant fail to pay within ten (10) days of when due any installments of Minimum Rent, Additional Rent, or any other sum payable to Landlord under the terms of this Lease, then a late charge in the amount of \$0.075 per \$1.00 due shall be added to the sum due and shall be deemed Additional Rent hereunder. If Tenant shall issue a check to Landlord which is returnable unpaid for any reason, Tenant shall pay Landlord an additional charge of \$100.00 for Landlord's expenses in connection therewith. If Tenant shall default (i) in the timely (10 days) payment of Fixed Rent or Additional Rent for any two (2) consecutive months or for a total of three (3) months in any period of twelve (12) months then, notwithstanding, that such defaults shall have each been cured within the applicable period, if any, any further similar default

shall be deemed to be deliberate and Landlord thereafter may serve Tenant with a three (3) days' notice of termination without affording to Tenant an opportunity to cure such further default at which time the term of this Lease shall terminate as if that day were the Expiration Date.

58. ENTIRE AGREEMENT: No earlier statement or prior written matter shall have any force or effect. Tenant agrees that it is not relying on any representations or agreements other than those contained in this Lease. This agreement shall not be modified or canceled except by writing subscribed by all parties.

59. SAVING PROVISION: If any provision of this Lease, or its application to any situation shall be invalid or unenforceable to any extent, the remainder of this Lease, or the application thereof to situations other than that as to which it is invalid or unenforceable, shall not be affected thereby, and every provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

60. LEASE NOT BINDING UNLESS EXECUTED: Submission by Landlord of the within Lease for execution by Tenant shall confer no rights nor impose any obligations on either party unless and until both Landlord and Tenant shall have executed this Lease and duplicate originals thereof shall have been delivered to the respective parties.

61. HEATING, VENTILATION AND AIR-CONDITIONING: OVERTIME AIR CONDITIONING AND OTHER SERVICES SERVICES: AND SUPPLEMENTARY AIR-CONDITIONING UNIT:

(A) Landlord shall deliver the Demised Premises to Tenant with properly functioning heating, ventilation and air-conditioning ("HVAC") of sufficient capacity to service the Demised Premises for normal office use.

(B) Tenant acknowledges that the Unit servicing the Demised Premises may be connected to the Building's cooling tower which is in operation during normal working hours on normal weekdays only. There shall be no charge to Tenant for the furnishing of any necessary HVAC or Building engineering services to the Demised Premises from 8:00 a.m. to 6:00 p.m. Mondays through Fridays, holidays excepted and for the furnishing of freight elevator facilities to the Demised Premises from 8:00 a.m. to 5:00 p.m. Mondays through Fridays, holidays excepted. However, the Minimum Rent does not reflect or include any charge to Tenant for the furnishing of any such freight elevator facilities, Building engineering services or HVAC to the Demised Premises during any other periods ("Overtime Periods"); provided, however, that Landlord shall not charge Tenant for freight elevator service provided to Tenant during six (6) continuous, uninterrupted hours during Overtime Periods occurring during Tenant's initial move-in. Accordingly, if Landlord furnishes any such freight elevator facilities, Building engineer's services or HVAC to the Demised 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 or if no such rates are then fixed, at comparable rates then being charged by first-class office buildings in the lower Manhattan vicinity. Landlord's current rate for air conditioning during Overtime Periods is \$440 per hour per Building floor, Landlord's current rate for freight elevator service during Overtime Periods is \$100 per hour and the Landlord's current rate for Building engineer's service during Overtime Periods is \$125 per hour, provided, however, that Tenant acknowledges that such rates may change in the Building as Landlord determines in its sole discretion. Landlord shall not be required to furnish any such services during any Overtime Periods unless Tenant shall notify Landlord in writing of its requirement for services prior to 12:00 p.m. of the day before which such services are requested or by 12:00p.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. For purposes of this Lease, "Business Day" shall mean any day, excluding Saturdays, Sundays and all days observed as holidays by the State of New York, the federal government or the labor unions servicing the Building.

(C) SUPPLEMENTARY AIR-CONDITIONING UNIT:

Tenant may at its sole cost and expense (and same may constitute a portion of Tenant's Initial Installation, Tenant's Costs and the Landlord's Contribution) install a Building-standard supplementary airconditioning unit utilizing up to two (2) windows in the window louvre located at the northeast corner of each of the 19th and 20th floors of the Building facing the northeast corner of Dey Street in the locations shown on Exhibit "A" annexed hereto and made a part hereof (the "Supplementary Unit") provided same always complies with

any and all applicable law and the provisions of this Lease and further satisfies the following conditions: (a) same may not be installed on the roof of the Building and same may only be an air-cooled unit, (b) the electricity used in connection with the usage of the Supplementary Unit shall be measured by a submeter and shall be paid by Tenant in accordance with Article 41 of this Lease and (c) the installation of same shall not exceed the capacity of any of the electrical conductors and facilities in or otherwise serving the Demised Premises and the Building. The Supplementary Unit shall be maintained by Tenant at its sole cost and expense. Tenant hereby indemnifies and holds Landlord harmless for any and all damage to the Building caused by the installation and maintenance of the aforesaid Supplemental Unit except if same was proximately caused by the gross negligence or wrongful acts of Landlord or that of its agents, contractors or employees. Tenant will obtain insurance as required under Article 46 of this Lease to protect Landlord against any damage by reason of the foregoing, and will deliver insurance certificates naming Landlord and any of its designees as additional insureds under such policy prior to commencing installation.

62. WAIVER OF JURY TRIAL AND RIGHT TO COUNTERCLAIM. Tenant hereby waives all right to trial by jury in any summary or other action, proceeding or counterclaim arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, the Demised Premises and the use and occupancy thereof any claim of injury or damages, and any emergency statutory or other statutory remedy. Tenant also hereby waives all right to assert or interpose any noncompulsory counterclaim in any summary proceeding or other action or proceeding to recover or obtain possession of the Demised Premises unless such waiver would result in Tenant's loss of the right to bring such claim in a separate proceeding.

63. INJUNCTIVE RELIEF: In the event of a breach or threatened breach by Tenant of any of the covenants or provisions of this Lease, Landlord shall have the right of injunction and the right to invoke any remedy allowed at law or in equity as if re-entry, summary proceedings and other remedies were not herein provided for. Mention in this Lease of any particular remedy shall not preclude Landlord from any other remedy, at law or in equity. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant's being evicted or dispossessed, or in the event of Landlord's obtaining possession of the Demised Premises by reason of Tenant's violation of the provisions of this Lease. Tenant further agrees that

it shall not interpose any counterclaim or counterclaims in a summary proceeding or in any other action or proceeding to evict the Tenant or otherwise recover possession of the Demised Premises and Tenant hereby waives the right to interpose any noncompulsory counterclaim or noncompulsory counterclaims in any such proceeding(s).

64. RECORDATION: Tenant covenants not to place this Lease on record or to record this Lease without the prior written consent of Landlord. At the request of Landlord, Tenant will execute a memorandum of lease for recording purposes containing references to such provisions of this Lease as Landlord, in its sole discretion, shall deem necessary.

65. ATTORNEYS' FEES: Tenant agrees to pay Landlord upon demand, as an Additional Rental, a sum equal to all costs and expenses (including reasonable attorneys' fees, costs of investigation and disbursements) incurred by Landlord in enforcing any or all of its rights hereunder, specifically including the cost of collecting sums due, whether or not an action or proceeding is commenced, or levying and collecting on any judgment or arbitration award in Landlord's favor.

66. FORCE MAJEURE: In the event that either party hereto shall be delayed or hindered in or prevented from the performance or any act required hereunder other than Tenant's obligation to pay rent by reason of strikes, lockouts, labor troubles, failure of power, riots, insurrection, war or other reason of like nature not the fault of the party delayed in performing work or doing acts, such party shall be excused for the period of delay. The period of performance of any such act shall then be extended for the period of such delay.

67. ELECTRICITY AND HEAT: Landlord shall not in any way be liable or responsible to Tenant for any loss or damage or expense which Tenant may sustain or incur if either the quantity or character of electric service, gas service or other utility is changed or is no longer available or suitable for Tenant's requirements. Tenant's use of electric current or other utilities in the Demised Premises shall not at any time exceed the capacity of any of the electrical conductors, facilities and other systems in or otherwise serving the Demised Premises.

68. SECURITY:

(A) (i) Tenant has deposited with Landlord the sum of \$585,620.00 upon the execution of this Lease, as security for the performance by Tenant of all of the terms, covenants and conditions of this Lease on Tenant's part to be performed. The security deposit shall be deposited in Landlord's regular banking institution which it uses for deposits for the Building. Landlord shall have the right, without notice to Tenant, and regardless of the exercise of any other remedy Landlord may have by reason of a default, to apply any part of said deposit to cure any default of Tenant, and, if Landlord does so, Tenant shall upon demand deposit with Landlord the amount so applied so that Landlord shall have the full amount of the security (\$585,620.00) at all times during the term of this Lease. If Tenant shall fail to make such deposit, Landlord shall have the same remedies for such failure as Landlord has for a default in the payment of Minimum Rent. In the event of an assignment or transfer of the leasehold estate under the Lease, (a) Landlord shall have the right to transfer the security to the assignee, (b) Landlord shall thereupon be automatically released by Tenant from all liability for the return of such security, and (c) Tenant shall look solely to the assignee for the return of said security, and the foregoing provisions of this sentence shall apply to every transfer made of the security to a new assignee of Landlord's interest in the Lease. The security deposited under this Lease shall not be assigned or

encumbered by Tenant without the prior consent of Landlord, and any such assignment or encumbrance shall be void. Landlord and Tenant acknowledge and agree that any cash security in the actual physical possession of the Landlord shall be deposited in an interest-bearing account of a type which is standard and customary for security deposits in the industry, and any interest earned thereon shall accrue and be added to the security deposited hereunder. The parties agree that Landlord shall be entitled to deduct from the interest on the security a 1% fee for the administrative costs incurred in holding said security in an interest-bearing account.

(ii) On or about April 1, 2004, provided that this Lease remains in full force and effect, and the Tenant named herein remains in possession of the Demised Premises and is not then in default under this Lease after the expiration of any grace or cure period expressly provided for in this Lease, the Landlord acknowledges that upon Tenant's written request thereto it shall return to Tenant a portion of the cash security deposit held by Landlord

in the amount of an equivalent of three (3) months of the initial Minimum Rent under this Lease payable during the first Lease Year. Landlord shall remit a check to Tenant for this sum within 30 days of Tenant's written request to Landlord if same is due pursuant to the provisions of this Article.

(iii) On or about April 1, 2006, provided that this Lease remains in full force and effect, and the Tenant named herein remains in possession of the Demised Premises and is not then in default under this Lease after the expiration of any grace or cure period expressly provided for in this Lease, the Landlord acknowledges that upon Tenant's written request thereto it shall return to Tenant a portion of the cash security deposit held by Landlord in the amount of an equivalent of three (3) months of the initial Minimum Rent under this Lease payable during the first Lease Year. Landlord shall remit a check to Tenant for this sum within 30 days of Tenant's written request to Landlord if same is due pursuant to the provisions of this Article.

(iv) In the event that a Letter of Credit has been delivered by Tenant to Landlord pursuant to subparagraph (B) herein below, any reduction in or return of security mandated by subparagraphs (A)(ii) and (iii) here in above may be implemented by Tenant delivering to the Landlord a replacement Letter of Credit in the reduced amount indicated in subparagraphs (A)(ii) and (iii) hereinabove provided such replacement Letter of Credit is acceptable to the Landlord.

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to draw upon the existing Letter of Credit and to hold such sums for the balance of the Lease term as cash security for Tenant's performance under this Lease and (ii) at Landlord's option, such failure shall be deemed to be a material default by Tenant under this Lease and Landlord shall have all of its remedies thereof under the Lease, at law and at equity. Tenant shall ensure that the foregoing sentence shall appear in bold" on the face of the letter of credit.

(ii) In the event Tenant shall default during the period in which the Letter of Credit shall be in place after the expiration of any applicable grace periods expressly stated in this Lease, Landlord shall have the right, and regardless of the exercise of any other remedy Landlord may have by reason of a default, to immediately draw against the Letter of Credit to the extent necessary to cure the amount of any default and to apply any part of said Letter of Credit to the extent necessary to cure any default of Tenant, and, if Landlord does so, Tenant shall upon demand issue a new Letter of Credit in favor of Landlord in the face amount of the original amount so drawn down so that

Landlord shall at all times have the full amount of the Letter of Credit required under this Article during the entire term of this Lease. If Tenant shall fail to issue such new Letter of Credit, Landlord shall have the same remedies for such failure as Landlord has for a default in the payment of Minimum Rent. Landlord's right to draw on the Letter of Credit shall continue for so long as Tenant shall remain in default.

(iii) In the event of an assignment or transfer by the Landlord of the leasehold estate under the Lease, (a) Landlord shall have the right without any charge, cost, fee or expense charged to any party, to transfer or assign the Letter of Credit to the assignee by delivering to said assignee a blanket assignment of said Letter of Credit (using a form acceptable to Landlord in its sole discretion), (b) Landlord shall thereupon upon such transfer be automatically released by Tenant from all liability, if any, for the return of such Letter of Credit, and (c) Tenant shall look solely to the assignee for the

return of said Letter of Credit, and the foregoing provisions of this sentence shall apply to every transfer made of the Letter of Credit to a new assignee of Landlord's interest in the Lease. The Letter of Credit issued under this Lease shall not be assigned or encumbered by Tenant or by the issuing bank without the prior consent of Landlord, and any such assignment or encumbrance shall be void.

(iv) The Letter of Credit may not be automatically self-reducing on its face, but may be replaced and reduced by Tenant to comply with the express provisions of subparagraphs (A) (ii) and (iii) hereinabove provided such replacement Letter of Credit is acceptable to the Landlord..

69. CLEANING: Landlord shall provide cleaning services for the Demised Premises in accordance with building standard specifications annexed hereto as Exhibit "C", at no extra cost to Tenant.

70. BUILDING DIRECTORY/SIGNAGE: Tenant shall have the right to display the number of individual names in the Building's Lobby Directory in the same proportion that the rentable space of the Demised Premises bears to the aggregate rentable space of the entire Building. Tenant may utilize its own graphics in implementing signage to be located at the entrance to the Demised Premises, subject to Landlord's prior written approval as to aesthetics and location (and subject, also, to the compliance by Tenant with applicable law and with all of the provisions of this Lease applicable thereto.)

71. BILLING BY LANDLORD: Any bill, invoice, statement or other notice rendered by the Landlord or any other party to the Tenant and which is not disputed or objected to by the Tenant within 60 days of the rendition of such bill, invoice, statement or other notice shall be deemed to be unconditionally approved and accepted by the Tenant. In the event that Landlord has been delayed in rendering or has failed to render any bill, invoice, statement or other notice to Tenant beyond the originally anticipated due date thereof, such delay or failure shall not prejudice any of Landlord's rights and no waiver of any rights of the Landlord shall have occurred or be deemed to have occurred as a result of any of Landlord's delay or failure as described herein above.

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a demand under any Articles this Lease shall not in any way be denied to be a waiver of, or cause Landlord to forfeit or surrender its rights to collect, any Additional Rent which may have become due pursuant to any such Articles of this Lease during the term of this Lease. Tenant's liability for the Additional Rent due under any Articles of this Lease shall continue unabated during the remainder of the term of this Lease and shall survive the expiration or sooner termination of this Lease.

(B) In no event shall any adjustment of any payments payable by Tenant in accordance with the provisions of any Articles of this Lease result in a decrease in Minimum Rent nor shall any adjustment of any Additional Rent payable by Tenant pursuant to any provision of any Articles of this Lease result in a decrease in any other Additional Rent payable by Tenant pursuant to any other provisions of this Lease, it being agreed and understood that the payment of Additional Rent under any Articles of this Lease is an obligation supplemental to Tenant's obligations to pay Minimum Rent and any other Additional Rent pursuant to any other provision of this Lease.

(C) If a Tax Year or lease year shall end after the expiration or termination of the term of this Lease, the Additional Rent payable

by Tenant in respect thereof shall be prorated to correspond to that portion of such year occurring within the term of this Lease.

(D) (i) Landlord's failure to render any Tax Statement with respect to any Tax Year shall not prejudice Landlord's right to thereafter render a Tax Statement with respect thereto or with respect to any subsequent Tax Year, nor shall the rendering of a Tax Statement prejudice Landlord's right to thereafter render a corrected Tax Statement for that Tax Year, as the case may be. Nothing herein contained shall restrict Landlord from issuing a Tax Statement at any time there is an increase in Taxes during any Tax Year or any time thereafter.

(ii) Each Tax Statement shall be conclusive and binding upon Tenant unless (i) with respect to such Tax Statement, on or before sixty (60) days after the delivery by Landlord to Tenant of such statement, Tenant shall notify Landlord that it disputes the correctness of such Tax Statement, specifying the particular respects in which such Tax Statement is claimed to be incorrect. Pending the determination of such dispute, Tenant shall pay any disputed portion of the relevant Tax Payment to the Landlord (as and when otherwise payable to the Landlord under the appropriate Article of this Lease) and Tenant shall pay any undisputed portion of the relevant Tax Payment in accordance with the applicable Tax Statement (and Landlord shall refund or credit any overpayment by Tenant following the determination of such dispute).

73. INTEREST: If any sums of money or charges required to be paid by Tenant under this Lease, including but not limited to Minimum Rent and Additional Rent payable by Tenant hereunder, are not paid at the time provided in the Lease, they shall nevertheless, if not paid when due, bear interest from the due date thereof to the date of payment at the highest rate allowed by law to be charged the Tenant.

74. LEGAL RENT RESTRICTIONS:

If any of the rents payable under the terms of this Lease shall be or become uncollectible, reduced or required to be refunded because of any applicable law, ordinances, order, rule, requirement or regulation, Tenant shall enter into such agreement(s) 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 which from time to time during the continuance of such legal rent restriction may be legally permissible (and not in excess of the amounts reserved therefor under this Lease). Upon the termination of such legal rent restriction, (a) the rents shall become and thereafter be payable in accordance with the amounts reserved herein for the periods following such termination and (b) Tenant shall pay to Landlord, to the maximum extent legally permissible, an amount equal to (i) the rents which would have

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and tenant further agrees to execute any modification of this Lease requested by Lender (provided such modification of Lease does not

serve to alter the material business terms of this Lease). The reasonable cost of obtaining any nondisturbance agreement in favor of Tenant, including, without limitation, any reasonable attorneys fees and costs of said lender, shall be borne solely by the Tenant.

76. TEMPORARY LICENSE SPACE ON THE 11th FLOOR OF THE BUILDIN

(A) Landlord hereby grants to Tenant a license ("License") to use and occupy certain rentable space located on the 11th floor of the Building as described on Exhibit "D" annexed hereto and made a part hereof which the parties agree measures 5,863 rentable square feet (the "License Premises") for the period (the "License Period") commencing from the earlier of (i) the date Tenant commences its business operations in the License Premises or (ii) September 1, 1999, and through and including December 31, 1999 (as so extended pursuant to the notice required in subparagraph (B) herein below, the "License Termination Date"). The License Premises shall be accepted in its present "as is" condition and Landlord shall have no obligation to do any work to prepare the License Premises for Tenant's occupancy. Tenant shall pay to Landlord a monthly licensee fee ("License Fee") for the License Premises in the amount of \$7,328.75 per month commencing on the first day of the License Period and on the first day of each month during the License Period through the License Termination Date, Tenant shall occupy the License Premises during the License Period for the uses set forth in Article 38 hereof only and for no other purpose.

(B) Tenant hereby agrees that time shall be of the essence with respect to its obligations to vacate and surrender possession of the License Premises on the License Termination Date, and Tenant shall vacate and surrender possession of the License Premises in vacant, broom clean condition on the License Termination Date. Notwithstanding the foregoing, provided that Tenant notifies Landlord at least 30 days prior to the License Termination Date that it desires to remain in possession of the License Premises subsequent to the expiration of the License Termination Date, then Tenant shall pay a License Fee in the amount of \$14,657.50 for the period from January 1, 2000 through January 31, 2000 and further a License Fee in the amount of \$19,543.33 for the period from February 1, 2000 through February 29, 2000. If Tenant fails to notify Landlord as aforesaid and Tenant remains in possession of the License Premises after the License Termination Date, then the foregoing fees shall also be due and payable and Tenant shall nevertheless be in default of this Article for failing to vacate and surrender the License Premises to Landlord on the License Termination Date.

(C) This Paragraph does not and shall not be deemed to constitute a lease or a conveyance of the License Premises by Landlord to Tenant or to confer upon Tenant any right, title, estate or interest in the License Premises. This Paragraph grants to Tenant a personal privilege to use and occupy the License Premises for the License Period on the terms and conditions set forth herein.

Except as may be otherwise expressly set forth herein and except that Tenant shall not be required to pay Minimum Rent, electricity charges (except for electricity charges incurred for use of any supplementary airconditioning unit which may be located in the License Premises, and as to such usage Tenant shall pay electricity for same as provided for in Article 41 of this Lease), Tax Payments or Tenant's Operating Payments for the License and the License Premises, the provisions of this Lease shall apply to the License and the License Premises and shall be binding on Tenant and Landlord.

(D) Tenant shall not assign, transfer or otherwise encumber the License Premises or the License, nor shall Tenant permit or suffer any other person or entity to use or occupy all or any part of the License Premises.

(E) Tenant shall indemnify and save harmless Landlord and its agents against and from (i) any and all claims against Landlord of whatever nature arising from any act, omission or negligence of Tenant, its contractors, licensees, agents, servants, employees, invitees or visitors, (ii) all claims against Landlord arising from any accident, injury or damage whatsoever caused to any person or to the property of any person and occurring during the term of this License in or about the License Premises, (iii) all claims

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(F) Tenant represents that it has made a thorough inspection of the License Premises and agrees to take same in its condition "as is", as of the commencement of the License Period, and Landlord shall have no obligation to alter, improve, decorate or otherwise prepare the License Premises for Tenant's use and occupancy whatsoever. Tenant shall not make any alterations to the License Premises without the prior written approval of Landlord in each instance. Landlord hereby approves that Tenant may remove the three (3) walls marked with the letter "X", as indicated on Exhibit "D" (subject to compliance with all applicable law) and Tenant shall have no obligation to restore same at the expiration of the License Period. All such approved alterations shall be made by Tenant at its sole cost and expense, and Tenant shall comply in all respects with all the terms and conditions contained in the Lease with respect to alterations made by Tenant. All alterations, decorations, installations and improvements upon the License Premises shall be removed by Tenant at the expiration of the License Period and Tenant shall, at its sole cost and expense, restore the License Premises to their original condition as existed prior to the commencement of the License Period (except as hereinabove expressly set forth).

80 LAFAYETTE ASSOCIATES LLC

/s/

By: _____

Tennant
GAINES, BERLAND INC.

/s/

By: _____

[DIAGRAMS OMITTED]

(INFORMATION OMITTED)

not Landlord, is fully responsible to timely submit, and for the accuracy of, the Application, all documentation ancillary to the Application (e.g., lease abstract, statement of expenditures on improvements, statement of number of employees), and all documentation ancillary to the Abatement (e.g., statement that requirements have been met, annual Certificate of Continuing Use, notification of Tenant's vacating), and Tenant agrees to indemnify and hold Landlord and Landlord's agents harmless from cost, loss, damage and liability relating to the Abatement and the law covering the Abatement with respect to this Lease. Landlord's only obligation regarding the Abatement shall be to reasonably cooperate with Tenant at no cost or expense to Landlord, and Landlord shall not be required to join Tenant in executing the Application and all ancillary documentation if doing so would result in any cost, loss, damage or

liability to Landlord or if Landlord has knowledge that the Application and all ancillary documentation are not accurately completed. Tenant acknowledges that (i) Landlord makes no representation that this Lease or the Demised Premises covered by this Lease is eligible for the Abatement, (ii) Landlord makes no representation that the Abatement covering this Lease, if any, will be obtained (or once obtained that the Abatement will continue in effect), and (iii) the effectiveness of this Lease and Tenant's obligation to pay all basic annual rent, additional rent and other charges (collectively, the "Rent") provided for under this Lease shall not be affected if the Abatement covering this Lease is not obtained (or once obtained the Abatement does not continue in effect). The Rent set forth in this Lease does not reflect the Abatement, and if the Abatement covering this Lease is granted and is in effect then the amount Landlord charges Tenant for Rent shall accurately reflect said Abatement. However, if and to the extent Landlord is not required to pay real estate taxes for any reason other than the Abatement, Landlord shall charge Tenant for Rent without reflecting the Abatement. Landlord and Tenant acknowledge that an expenditure of not less than \$35.00 per square foot of the Demised Premises (the "Expenditure Minimum") must be timely made to the Demised Premises and/or the common areas of the Building by Landlord and/or Tenant in order to qualify for the Abatement; Landlord's acknowledgment set forth above in this sentence does not require Landlord to (i) make any expenditure that Landlord has not otherwise agreed to make or (ii) consent to any improvements to be made by Tenant to which Landlord is not otherwise required to consent, and Landlord makes no representation that the Expenditure Minimum will be timely reached for this Lease. The calculation of (i) the amount of the Abatement covering this Lease, (ii) the Expenditure Minimum, and (iii) the square footage of the Demised Premises for purposes of completing the Application and calculating the Abatement covering this Lease only shall be calculated by applying (i) the Department of Finance number for the square footage of the Building and (ii) Tenant's Share as set forth in the Article of this Lease covering Real Estate Tax Payments; Landlord and Tenant agree that the above-mentioned calculations and square footages shall have no application except with regard to the Abatement. Landlord and Tenant acknowledge that the Abatement covering this Lease may be revoked if real estate taxes or water or sewer charges or other lienable charges on the Building are unpaid for one (1) year (unless delinquent amounts are paid as provided for in the law covering the Abatement). Tenant agrees that Tenant is only entitled to the benefits of the Abatement so long as Landlord's actual real estate tax payments are reduced to reflect the Abatement, and therefore there shall be no reduction in Tenant's payment of Minimum Rent in anticipation of the Abatement or for any reason other than the Abatement. The Additional Rent due and payable under the Article of this Lease regarding Real Estate Tax Payments is independent of and shall not be affected by or reflect the Abatement.

EXHIBIT "B"

LOWER MANHATTAN REAL PROPERTY TAX ABATEMENT PROGRAM

Landlord acknowledges that Tenant may request that Landlord join Tenant in executing the Commercial Revitalization Program Application (the "Application") for real estate tax abatement (the "Abatement") applicable to pre-1975 buildings in Lower Manhattan effective October 29, 1995. Landlord agrees to join Tenant in executing the Application subject to Tenant's agreement to, and compliance with, the terms of this Article. Tenant agrees to pay (i) all costs and expenses to make the Application, including but not limited to the filing fee, and (ii) all other fees regarding the Abatement covering this Lease. Tenant agrees that Tenant, and not Landlord, (i) shall pursue the Abatement in a reasonable manner

and (ii) shall be responsible to comply with all requirements ancillary to the Abatement, and in this regard, Tenant, and not Landlord, is fully responsible to timely submit, and for the accuracy of; the Application, all documentation ancillary to the Application (e.g., lease abstract, statement of expenditures on improvements, statement of number of employees), and all documentation ancillary to the Abatement (e.g., statement that requirements have been met, annual Certificate of Continuing Use, notification of Tenant's vacating), and Tenant agrees to indemnify and hold Landlord and Landlord's agents harmless from cost, loss, damage and liability relating to the Abatement and the law covering the Abatement with respect to this Lease. Landlord's only obligation regarding the Abatement shall be to reasonably cooperate with Tenant at no cost or expense to Landlord, and Landlord shall not be required to join Tenant in executing the Application and all ancillary documentation if doing so would result in any cost, loss, damage or liability to Landlord or if Landlord has knowledge that the Application and all ancillary documentation are not accurately completed. Tenant acknowledges that (i) Landlord makes no representation that this Lease or the Demised Premises covered by this Lease is eligible for the Abatement, (ii) Landlord makes no representation that the Abatement covering this Lease, if any, will be obtained (or once obtained that the Abatement will continue in effect), and (iii) the effectiveness of this Lease and Tenant's obligation to pay all basic annual rent, additional rent and other charges (collectively, the "Rent") provided for under this Lease shall not be affected if the Abatement covering this Lease is not obtained (or once obtained the Abatement does not continue in effect). The Rent set forth in this Lease does not reflect the Abatement, and if the Abatement covering this Lease is granted and is in effect then the amount Landlord charges Tenant for Rent shall accurately reflect said Abatement. However, if and to the extent Landlord is not required to pay real estate taxes for any reason other than the Abatement, Landlord shall charge Tenant for Rent without reflecting the Abatement. Landlord and Tenant acknowledge that an expenditure of not less than \$35.00 per square foot of the Demised Premises (the "Expenditure Minimum") must be timely made to the Demised Premises and/or the common areas of the Building by Landlord and/or Tenant in order to qualify for the Abatement; Landlord's acknowledgment set forth above in this sentence does not require Landlord to (i) make any expenditure that Landlord has not otherwise agreed to make or (ii) consent to any improvements to be made by Tenant to which Landlord is not otherwise required to consent, and Landlord makes no representation that the Expenditure Minimum will be timely reached for this Lease. The calculation of (i) the amount of the Abatement covering this Lease, (ii) the Expenditure Minimum, and (iii) the square footage of the Demised Premises for purposes of completing the Application and calculating the Abatement covering this Lease only shall be calculated by applying (i) the Department of Finance number for the square footage of the Building and (ii) Tenant's Share as set forth in the Article of this Lease covering Real Estate Tax Payments; Landlord and Tenant agree that the above-mentioned calculations and square footages shall have no application except with regard to the Abatement. Landlord and Tenant acknowledge that the Abatement covering this Lease may be revoked if real estate taxes or water or sewer charges or other

lienable charges on the Building are unpaid for one (1) year (unless delinquent amounts are paid as provided for in the law covering the Abatement). Tenant agrees that Tenant is only entitled to the benefits of the Abatement so long as Landlord's actual real estate tax payments are reduced to reflect the Abatement, and therefore there shall be no reduction in Tenant's payment of Minimum Rent in anticipation of the Abatement or for any reason other than the Abatement. The Additional Rent due and payable under the Article of this Lease regarding Real Estate Tax Payments is independent of and shall not be affected by or reflect the Abatement.

EXHIBIT "C"

CLEANING SPECIFICATIONS

GENERAL TENANT AREAS

All flooring swept nightly.

All carpeted areas and rugs swept nightly and vacuum cleaned weekly.

Wastepaper baskets, receptacles, etc., emptied and cleaned nightly (plastic liners required when necessary). Food related debris from pantry or excess paper from computer area are not included in this scope of work.

All furniture tops, (uncluttered surfaces, i.e., desks, chairs, tables and bookshelves) and window sills dusted nightly. All glass furniture tops cleaned nightly.

Slopsink rooms cleaned nightly.

Rub down with cloth all metal hand rails.

COMMON AREA LAVATORIES

All flooring swept and washed nightly using proper disinfectants. All mirrors, powder shelves, bright work and enameled surfaces, etc., including flushometers, piping and toilet seat hinges washed and polished nightly.

Scour, wash and disinfect all basins, bowls, urinals and toilet seats (both sides) throughout all lavatories nightly.

All partitions, tile walls, dispensers and receptacles dusted nightly, washed and polished as often as necessary.

Toilet paper and sanitary disposal receptacles emptied and cleaned nightly and transported to designated loading area for pick-up by rubbish removal contractor.

HIGH DUSTING OFFICE AREA

Do all high dusting approximately four times a year which includes the cleaning of all exterior surfaces of light fixtures, including glass and plastic enclosures.

WINDOW CLEANING

Clean all windows on the outside and inside four times a year. Windows frames and associated metal to be wiped clean at all times.

(DIAGRAMS OMITTED)

AMENDMENT OF LEASE

THIS AGREEMENT (this "Amendment" or the "Agreement"), made as of the 19th day of August, 1999, between MAYORE ESTATES LLC AND 80 LAFAYETTE ASSOCIATES LLC, each a New York limited liability company, having an address at c/o The St. George Hotel, 100 Henry Street, Brooklyn, New York 11201 (collectively, the "Landlord"), and GAINES, BERLAND INC., a corporation, having an address at 22 Cortlandt Street, New York, New York ("Tenant").

WITNESSETH:

WHEREAS, by Agreement of Lease (the "Original Lease") dated as of August 3, 1999, Landlord, as landlord, did demise and let unto Tenant, as tenant and Tenant did hire and take the entire rentable portion of space located on the nineteenth (19th) floor (the "19th Floor Demised Premises") and a portion of rentable space located on the twentieth (20th) floor (the "20th Floor Demised Premises"), as same is more particularly described in the Original Lease (collectively, the "Demised Premises"), in the building commonly known as 22 Cortlandt Street, New York, New York (the "Building");

WHEREAS, the Original Lease and all the amendments thereto are hereinafter collectively referred to as the "Lease";

WHEREAS, the parties desire to replace the 20th Floor Demised Premises with certain different premises located on the 20th floor of the Building and modify certain other terms and provisions of the Original Lease, as hereinafter set forth.

NOW, THEREFORE, the parties hereto, in consideration of the mutual promises contained herein and for TEN (\$10.00) DOLLARS and other good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound hereby, covenant and agree as follows:

1. Incorporation of Recitals. The recitals set forth above and in the Original Lease referred to therein are hereby incorporated herein by reference as if set forth in full in the body of this Amendment.

2. All terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Original Lease.

3. Effective Date. The effective date ("Effective Date") of this Amendment shall be upon the date of this Amendment.

4. The Amended 20th Floor Demised Premises. Commencing on the Effective Date, the 20th Floor Demised Premises are superceded and replaced by that certain portion of rentable space located on the 20th floor of the Building as same is described on the floor plan for the 20th floor annexed hereto as Schedule "1" (such space being referred to herein as the "Amended 20th Floor Demised Premises"). As such, the floor plan for the 20th floor portion for the Demised Premises which is annexed to the Original Lease as Exhibit "A" thereto is deemed herein to be superceded and replaced by the 20th floor floor plan annexed hereto as Schedule "1". The Demised Premises shall be and is the 19th floor Demised Premises as described in the Original Lease (a floor plan for which is annexed to the Original Lease as part of Exhibit "A" thereto) and the Amended 20th Floor Demised Premises as described and set forth on the 20th floor floor plan annexed hereto as Schedule "1".

5. Minimum Rent and Additional Rent for the Demised Premises.

(A) The Minimum Rent schedule set forth in Article 39(A) of the Original Lease is replaced and superceded by the following schedule:

"Lease Year(s)	Annual Rental	Monthly Rental
1 - 5	\$ 615,160.00	\$ 51,263.33
6 - 10 and seven (7) months in Lease Year 11	\$ 703,040.00	\$ 58,586.67"

On the Effective Date, the Tenant shall deposit with Landlord the amount of \$2,461.66, which sum is the difference between the first month's Minimum Rental installment set forth in Article 39(A) of the Original Lease and the first month's Minimum Rental installment recited in this paragraph.

(B) Article 40(I) of the Original Lease is hereby revised such that the Landlord's Contribution is \$738,950.00.

The second full sentence of Article 40(I) of the Original Lease is replaced and superceded by the following sentence:

"Notwithstanding anything to the contrary set forth in this Lease, Tenant unconditionally acknowledges and agrees that no more than \$109,850.00 of the Landlord's Contribution may be used by Tenant for the payment of construction-related soft costs associated with the Tenant's Initial Installation.

(C) Article 42(A) (iv) of the Original Lease is hereby revised such that the Tenant's Share is 3.29%.

(D) The last two sentences of the third full paragraph of Article 41(C) of the Original Lease are replaced and superceded by the following:

"For purposes of this paragraph only, the Demised Premises are deemed to contain 21,970 rentable square feet. In no event shall Tenant or Landlord be entitled to measure, remeasure or adjust the square footage of the Demised Premises after the date of this Lease and none of the provisions of this Lease, including, without limitation, the Minimum Rental and Additional Rental, shall ever be modified based on such square footage."

(E) Article 68(A) (i) and (B) (i) of the Original Lease is hereby revised such that the security deposit is 615,160.00. On the Effective Date, the Tenant shall deposit with Landlord the amount of \$29,540.00, which sum is the difference between the security deposit set forth in Article 68(A) (i) of the Original Lease and the security deposit recited in this paragraph.

6. As modified and amended by this Amendment, all of the terms, covenants and conditions of the Lease are hereby ratified and confirmed and shall continue to be and remain in full force and effect throughout the term of the Lease thereof.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Agreement to be executed as of the day and year first above written.

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Landlord

MAYORE ESTATES LLC.

/s/

By: _____

80 LAFAYETTE ASSOCIATES LLC

/s/

By: _____

Tenant

GAINES, BERLAND INC.

/s/

By: _____

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SCHEDULE "1"

FLOOR PLAN FOR THE AMENDED 20th FLOOR DEMISED PREMISES

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LIST OF EXHIBITS

Exhibit

- | | |
|---|------------------------|
| 1 | Demised Premises |
| 2 | Site Plan |
| 3 | Term Commencement Date |
| 4 | Landlord's Work |
| 5 | Zoning Resolution |
| 6 | HVAC Specification |
| 7 | Parking Sketch |

Bear, Stearns & Co.
 55 Water Street
 New York, N.Y. 10041
 (212) 952-5000

BEAR STEARNS

WRITER'S DIRECT DIAL NUMBER

April 30, 1985

Gaines, Berland
 14 East 60th. St.
 N York, N.Y. 10022

Gentlemen:

AGREEMENT FOR SECURITIES CLEARANCE SERVICES

This Agreement sets forth the terms and conditions under which Bear, Stearns & Co. ("Bear Stearns") will act as your clearing broker to carry and clear on a fully disclosed basis, your customer margin and cash accounts, and you will become a correspondent of Bear Stearns.

1. Bear Stearns will carry such of your customer accounts as will be mutually agreed by the parties hereto. These accounts are hereinafter called the "Accounts" and the legal and beneficial owners thereof are hereinafter called the "Customers".

2. (a) You shall have sole discretion to determine the amount of commission charged to your Customers' accounts cleared by Bear Stearns. You agree to pay Bear Stearns for its services pursuant to this agreement, on each order executed on your behalf on a national stock exchange or over-the-counter, such amounts as set forth in Schedule A hereto.

(b) Bear Stearns agrees to pay to you monthly such commissions received by Bear Stearns less any amounts due to Bear Stearns under this agreement or otherwise and any expenses or other sums to third parties paid on your behalf by Bear Stearns.

3. Bear Stearns agrees to notify your Customers in writing concerning the respective obligations of the parties hereto pursuant to paragraphs 4-11 of this agreement and any other Customer related responsibilities of the parties to this Agreement.

4. You agree to supply Bear Stearns with copies of all financial information and reports filed by you with the New York Stock Exchange, Inc. (if a member), the National Association of Securities Dealers, Inc., and any other National Securities Exchange (where a member) (including but not otherwise limited to monthly and quarterly Financial and Operational Combined Uniform Single Reports i.e., "FOCUS" Reports) simultaneous with the filing therewith. You shall submit to Bear Stearns on a monthly basis or, if so requested by Bear Stearns, at more frequent intervals, information and reports relating to your financial integrity, including but not otherwise limited to information regarding your aggregate indebtedness ratio and net capital.

5. You will be responsible to Bear Stearns for: (a) all payments required so that all Accounts, cash and margin, shall be at all times in

compliance with Regulation T, as amended, promulgated by the Board of Governors of the Federal Reserve Board, (b) maintaining margin in each margin Account to the satisfaction of Bear Stearns, (c) the payment of any unsecured debit balance in an Account, (d) until funds are credited to Bear Stearns, all payment to Bear Stearns on checks received by it in connection with your Accounts (e) payment and delivery of "when issued" transactions in the Accounts, and (f) the delivery by Customers of securities in good deliverable form under all applicable rules and practices. Bear Stearns has sole discretion to execute buy-ins or sell-outs in any cash or margin Account whenever it determines such action appropriate regardless whether the Account complies with applicable margin maintenance requirements or has requested extension of time in which to make payment. Any request by you that Bear Stearns should waive either buying-in or selling-out an Account must be in writing signed by an officer, partner or principal of your firm and you agree that if Bear Stearns accedes to your request that you will indemnify and hold Bear Stearns harmless against any loss, liability, damage, claim, cost or expense (including but not limited to fees and expenses of legal counsel) arising therefrom. Bear Stearns shall have sole discretion as to any

application for an extension of time for any Account to make any payment required by Regulation T.

6. (a) Bear Stearns may, at its discretion, either buy back in the "cash" market or borrow the day you are notified of option assignments affecting shares which have been tendered and cause short positions in your Accounts as of either the proration or withdrawal date. Shares purchased for cash or borrowed will not be considered part of an Account's tendered position until such shares are in Bear Stearns' actual possession. Bear Stearns will reduce the tender for your firm accounts and the Accounts by the size of the short or unreceived shares.

(b) During a tender period in which there are competing and countertender offers for a security Bear Stearns will tender only on a trade date basis the number of the shares net long in your firm account and the Accounts as of either the proration or withdrawal date.

7. In the event you execute orders away from Bear Stearns, Bear Stearns will on a best efforts basis attempt to clear the transaction within a reasonable period and utilize the same procedures it clears transactions on its own behalf and on behalf of other firms clearing through Bear Stearns; but if either you or the other broker for any reason whatsoever fail to settle the transaction you will be solely liable to Bear Stearns for any and all loss, including expenses, caused thereby.

8. For each Account you agree to supply to Bear Stearns a new account report on such forms as Bear Stearns will supply you and to supply any other documentation and information which Bear Stearns may in its sole discretion, request you to obtain from the Customer. Bear Stearns agrees to provide you with copies of its Customer Agreement and such other forms necessary to enable you to document each Account. In the event requested documentation or information is not promptly received by Bear Stearns, Bear Stearns has the right to refuse to accept orders for such Account, to close the Account and to withhold your commissions and assess upon you any other penalties it sees fit.

9. Unless otherwise agreed to in writing by Bear Stearns, Bear Stearns shall issue confirmations, statements and notices directly to your Customers on Bear Stearns' forms for such purpose which shall state in front of your name "Through the Courtesy of" and will send you duplicate confirmations, statements and notices.

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10. You agree that before you commence any trading in options for any account you will have a Senior Registered Options Principal registered with either the American Stock Exchange, Inc. or the National Association of Securities Dealers, Inc.

11. (a) This Agreement and all transactions in the Accounts, will be subject to the applicable Constitution, Rules, By-Laws, Regulations and customs of any securities market, association, exchange or clearing house where such transactions are effected or of which Bear Stearns is a member, and also to all applicable U. S. Federal and state laws and regulations. All of the foregoing are hereinafter called the "Applicable Rules".

(b) Except as otherwise specified in this Agreement you are solely responsible for the conduct of the Accounts, and ensuring that the transactions conducted therein are in compliance with the Applicable Rules. Such responsibility includes, but is not limited to: (i) using due diligence to learn and on a continuing basis to know the essential facts of each Customer, including verifying the address changes of each Customer, knowing all persons holding power of attorney over any Account, being familiar with each order in any Account and at all times to fully comply with Rule 405 of the New York Stock Exchange, Inc., and any interpretations thereof, and all similar Applicable Rules; (ii) selecting, investigating, training, and supervising all personnel who open, approve or authorize transactions in the Accounts; (iii) establishing written procedures for the conduct of the Accounts and ongoing review of all transactions in Accounts, and maintaining compliance and supervisory personnel adequate to implement such procedures; (iv) determining the suitability of all transactions, including option transactions; (v) ensuring that there is a reasonable basis for all recommendations made to Customers; (vi) determining the appropriateness of the frequency of trading in Accounts; (vii) determining the authorization and legality of each transaction in the Account; and (viii) obtaining and maintaining all documents necessary for the performance of your responsibilities under this Agreement and retaining such documents in accordance with all the Applicable Rules.

(c) You will be responsible for responding to all your Customer inquiries and complaints and you agree to promptly notify Bear Stearns

in writing of complaints concerning Bear Stearns.

(d) You hereby agree to indemnify and hold Bear Stearns harmless against any loss, liability, damage, claim, cost or expense (including but not limited to fees and expenses of legal counsel) caused by you directly or indirectly as a result of your breach of any of the terms hereof. You hereby agree and warrant that you will maintain appropriate brokers blanket bond insurance policies covering any and all acts of your employees, agents and partners adequate to fully protect and indemnify Bear Stearns against any loss, liability, damage, claim, cost or expense (including but not limited to fees and expenses of legal counsel) which Bear Stearns may suffer or incur, directly or indirectly, as a result of any act of your employees, agents or partners.

12. Bear Stearns, unless otherwise agreed, will supply you on each business day with copies of customer confirmations, margin status reports, money line and a daily commission detail report. Unless you notify Bear Stearns within a reasonable time of all mistakes or discrepancies in the above described reports and information, Bear Stearns shall be entitled to consider all the information supplied to you as correct.

13. (a) Bear Stearns agrees to: monitor and require your Customers to (i) make prompt payment for purchases of securities, interest and other charges, (ii) deliver securities sold, (iii) maintain money and securities in each

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Account as required by the Applicable Rules, and to comply with any additional requirements as Bear Stearns may as clearing broker, in its sole discretion require, upon reasonable notice to you and your Customers; advise you of the necessity for buying in or selling out positions in Accounts for failure to comply with payment or delivery requirements and Bear Stearns shall have the right at its discretion to execute buy-ins or sell-outs if you decline or fail to act; arrange the extension of credit for margin purchases in Accounts in accordance with the Applicable Rules, and with Bear Stearns' own additional requirements; transfer securities to and from accounts; provide custody, safekeeping and segregation of money and securities of Customers carried by Bear Stearns; and arrange for the receipt and delivery of securities in exchange and tender offers, rights and warrants offerings, redemptions and other similar type transactions.

(b) Bear Stearns agrees to maintain all books and records as are required by the Applicable Rules governing brokers having custody of money and securities in the Accounts.

(c) Bear Stearns agrees to promptly notify you in writing of complaints concerning you, your employees or your agents.

14. Errors, misunderstandings or controversies, except those specifically otherwise covered in this Agreement, between the Accounts and you or any of your employees, which shall arise out of your acts or omissions (including, without limiting the foregoing, your failure of you to deliver promptly to Bear Stearns any instructions received by you from an Account with respect to the voting, tender or exchange of shares held in such Account) shall be your sole and exclusive responsibility. In the event, that by reason of such error, misunderstanding or controversy, you in your discretion deem it advisable to commence an action or proceeding against an Account, you shall indemnify and hold Bear Stearns harmless from any loss, liability, damage, claim, cost or expense (including but not limited to fees and expenses of legal counsel) which Bear Stearns may incur or sustain directly or indirectly in connection therewith or under any settlement thereof. If such error, misunderstanding or controversy shall result in the bringing of any action or proceeding against Bear Stearns, you shall indemnify and hold Bear Stearns harmless from any loss, liability, damage, claim, cost or expense (including but not limited to fees and expenses of legal counsel) which Bear Stearns may incur or sustain directly or indirectly in connection therewith or under any settlement thereof.

15. Each party hereto agrees to indemnify the other and hold the other harmless from and against any loss, liability, damage, claim, cost or expense (including but not limited to fees and expenses of legal counsel) arising out of or resulting from any failure by the indemnifying party or any of its employees to carry out fully the duties and responsibilities assigned to such herein or any breach of any representation, warranty or covenant herein by such party under this Agreement. You hereby agree to indemnify and hold Bear Stearns harmless from and against any loss, liability, damage, claim, cost or expense (including but not limited to fees and expenses of legal counsel) sustained or incurred in connection herewith in the event any Account fails to meet any initial margin call or maintenance call.

16. You represent, warrant and covenant to Bear Stearns as follows:

(i) You will immediately notify Bear Stearns when (1) your Aggregate Indebtedness Ratio reaches or exceeds 10 to 1 or (2) if you have elected to operate under paragraph (f) of Rule 15c3-1 of the Securities Exchange Act of 1934, as amended, when your net capital is less than the greater of \$100,000 or 5% of aggregate debit items computed in accordance with Rule 15c3-3.

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(ii) You are a member in good standing of the National Association of Securities Dealers, Inc., or if you have applied for membership of the National Association of Securities Dealers, Inc. you agree to furnish Bear Stearns upon your receipt thereof, with the National Association of Securities Dealers, Inc.'s notification to you concerning the result of your membership application and if your membership application is refused for any reason whatsoever, Bear Stearns has the right to forthwith terminate this agreement. You are a member in good standing of every national securities exchange or other securities association of which you are a member and you agree to promptly notify Bear Stearns of any additional exchange memberships or affiliations. You shall also comply with whatever non-member access rules have been promulgated by any national securities exchange or any other securities exchange of which you are not a member.

(iii) You are and during the term of this Agreement will remain duly registered or licensed and in good standing as a broker/dealer under the Applicable Rules.

(iv) You have all the requisite authority in conformity with all Applicable Rules to enter into this Agreement and to retain the services of Bear Stearns in accordance with the terms hereof and you have taken all necessary action to authorize the execution of this Agreement and the performance of the obligations hereunder.

(v) You are in compliance, and during the term of this Agreement will remain in compliance with (1) the capital and financial reporting requirements of every national securities exchange or other securities exchange and/or securities association of which you are a member, (2) the capital requirements of the Securities and Exchange Commission, and (3) the capital requirements of every state in which you are licensed as a broker/dealer.

(vi) Unless otherwise agreed to in writing by Bear Stearns, you shall not generate any statements, billings or confirmations representing any Account.

(vii) You shall keep confidential any information you may acquire as a result of this Agreement regarding the business and affairs of Bear Stearns, which requirements shall survive the life of this Agreement.

17. Bear Stearns represents, warrants and covenants to you as follows:

(i) Bear Stearns is a member in good standing of the National Association of Securities Dealers, Inc., the New York Stock Exchange, Inc., the American Stock Exchange, Inc., the Boston Stock Exchange, Incorporated, the Midwest Stock Exchange, Incorporated, the Philadelphia Stock Exchange, Inc., the Pacific Stock Exchange Incorporated and the Chicago Board Options Exchange, Inc.

(ii) Bear Stearns is and during the term of this Agreement will remain duly licensed and in good standing as a broker/dealer under the Applicable Rules.

(iii) Bear Stearns has all the requisite authority, in conformity with all Applicable Rules to enter into and perform this Agreement and has taken all necessary action to authorize the execution of this Agreement and the performance of the obligations hereunder.

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(iv) Bear Stearns is in compliance, and during the term of this Agreement will remain in compliance with (1) the capital and financial reporting requirements of every national securities exchange and/or other securities exchange or association of which it is a member, (2) the capital requirements of the Securities and Exchange Commission, and (3) the capital requirements of every state in which it is licensed as a broker/dealer.

(v) Bear Stearns represents and warrants that the names and addresses of your customers which have or which may come to its attention in connection with the clearing and related functions it has assumed under this Agreement are confidential and shall not be utilized by Bear Stearns except in connection with the functions performed by Bear Stearns pursuant to this Agreement. Notwithstanding the foregoing, should an Account request, on an unsolicited basis, that Bear Stearns become its broker, acceptance of such Account by Bear Stearns shall in no way violate this representation and warranty, nor result in a breach of this Agreement.

(vi) Bear Stearns shall keep confidential any information it may acquire as a result of this Agreement regarding your business and affairs, which requirement shall survive the life of this Agreement.

18. Notwithstanding any provision in this Agreement, the following events or occurrences shall constitute an Event of Default under this Agreement:

(i) either party hereto shall fail to perform or observe any term, covenant or condition to be performed hereunder and such failure shall continue to be unremedied for a period of 30 days after written notice from the non-defaulting party to the defaulting party specifying the failure and demanding that the same be remedied; or

(ii) any representation or warranty made by either party shall prove to be incorrect at any time in any material respect; or

(iii) a receiver, liquidator or trustee of either party hereto or of any property held by either party, is appointed by court order and such order remains in effect for more than 30 days; or either party is adjudicated bankrupt or insolvent; or any property of either party is sequestered by court order and such order remains in effect for more than 30 days; or a petition is filed against either party under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 30 days after such filing; or

(iv) either party hereto files a petition in voluntary bankruptcy or seeks relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under any such law; or

(v) either party hereto makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a receiver, trustee or liquidator of either party, or of any property held by either party.

Upon the occurrence of any such Event of Default, the nondefaulting party may, at its option, by notice to the defaulting party declare that this Agreement shall be thereby terminated and such termination shall be effective as of the date such notice has been communicated to the

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defaulting party. Upon the occurrence by you of an Event of Default pursuant to paragraphs (iii), (iv), or (v) above, Bear Stearns shall be entitled to, upon the consent of the Customer, to accept instructions directly from the Customer and to transfer the Account directly to Bear Stearns.

19. In the event that you execute your own orders and give Bear Stearns' name to the other broker for clearance and settlement, you agree that you will only execute bona fide orders where you have reasonable grounds to believe that the account and the other broker have the financial capability to complete the transaction. Bear Stearns reserves the right at any time to place a limit (of either dollars or number of securities) on the size of transactions that Bear Stearns in these circumstances will accept for clearance. If after you have received notice of such limitation you execute an order in excess of the limit established by Bear Stearns, Bear Stearns shall have the right to notify the other party and other broker that it will not accept the transaction for clearance and settlement. In the event any claim is asserted against Bear Stearns by the other broker because of such action by Bear Stearns, you agree to indemnify and hold Bear Stearns harmless from any loss, liability, damage, cost or expense (including but not limited to fees and expenses of legal counsel) arising directly or indirectly therefrom.

20. (a) Bear Stearns shall limit its services pursuant to the terms of this Agreement to that of clearing functions and the related services expressly set forth herein and you shall not hold yourself out as an agent of Bear Stearns

or of any subsidiary or company controlled directly or indirectly by or affiliated with Bear Stearns. Neither this Agreement nor any operation hereunder shall create a general or limited partnership, association or joint venture or agency relationship between you and Bear Stearns.

(b) You shall not, without the prior written approval of Bear Stearns, place any advertisement in any newspaper, publication, periodical or any other media if such advertisement in any manner makes reference to Bear Stearns or to the clearing arrangements and the services embodied in this Agreement.

(c) Should you in any way hold yourself out as, advertise or represent that you are the agent of Bear Stearns, Bear Stearns shall have the power, at its option, to terminate this Agreement and you shall be liable for any loss, liability, damage, claim, cost or expense (including but not limited to fees and expenses of legal counsel) sustained or incurred by Bear Stearns as a result of such a representation of agency or apparent authority to act as an agent of Bear Stearns or agency by estoppel. Notwithstanding the provisions of paragraph 24 below that any dispute or controversy between the parties relating to or arising out of this Agreement shall be referred to and settled by arbitration, in connection with any breach by you of this paragraph 20, Bear Stearns may, at any time prior to the initial arbitration hearing pertaining to such dispute or controversy, seek by application to the United States District Court for the Southern District of New York or the Supreme Court of the State of New York for the County of New York any such temporary or provisional relief or remedy ("provisional remedy") provided for by the laws of the United States of America or the laws of the State of New York as would be available in an action based upon such dispute or controversy in the absence of an agreement to arbitrate. The parties acknowledge and agree that it is their intention to have any such application for a provisional remedy decided by the Court to which it is made and that such application shall not be referred to or settled by arbitration. No such application to either said Court for a provisional remedy, nor any act or conduct by either party in furtherance of or in opposition to such application, shall constitute a relinquishing or waiver of any right to have the underlying dispute or controversy with respect to which such application is made settled by arbitration in accordance with paragraph 24 below.

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21. The enumeration herein of specific remedies shall not be exclusive of any other remedies. Any delay or failure by any party to this Agreement to exercise any right herein contained, now or hereafter existing under the Applicable Rules shall not be construed to be a waiver of such right, or to limit the exercise of such right. No single, partial or other exercise of any such right shall preclude the further exercise thereof or the exercise of any other right.

22. This Agreement shall be submitted to and approved by the New York Stock Exchange, Inc., or other regulatory and self-regulatory bodies vested with the authority to review and approve this Agreement or any amendment or modifications hereto. In the event of disapproval, the parties hereto agree to bargain in good faith to achieve the requisite approval.

23. (a) This Agreement supersedes all other agreements between the parties with respect to the transactions contemplated herein. This Agreement may not be amended except by a writing signed by both parties hereto and may be terminated upon thirty (30) days written notice to the other party. Bear Stearns agrees that it will send to you copies of all written notices sent to Customers. Notices to you shall be sent to:

Notices to Bear Stearns shall be sent to: the Director of Clearance Services, Bear, Stearns & Co., 55 Water Street, New York, N.Y. 10041, with a copy to the Director of Legal & Compliance Department. Termination shall not affect any of the rights and liabilities of the parties hereto incurred before the date of receipt of such notice of termination.

(b) This Agreement shall be binding upon and inure to the benefit of the respective successors of the parties. Neither party may assign any of its rights or obligations hereunder without the prior written consent of the other party.

24. (a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(b) All disputes and controversies relating to or any way arising out of this Agreement shall be settled by arbitration before and under the rules of the Arbitration Committee of the New York Stock Exchange, Inc., unless the transaction which gives rise to such dispute or controversy is

effected in another United States market which provides arbitration facilities, in which case it shall be settled by arbitration under such facilities.

Please evidence your agreement to the foregoing by executing and delivering to Bear Stearns the enclosed copy hereof, whereupon you and Bear Stearns shall have entered into this Agreement.

Very truly yours,

BEAR, STEARNS & CO.

/s/

By _____
Managing Director

Accepted and Agreed to:
/s/ Gaines, Berland Inc.

/s/
By: _____

Options Procedures for Correspondents

It is each Correspondent's responsibility to have each account in which it effects listed option transactions approved by its or ROP, and to ensure (1) that each account carried on its books has received an appropriate Options Risk Disclosure Document no later than the first day an option transaction is effected in the account, (2) that it obtains a signed "Correspondent's Customer Option Agreement (form no. 3000-96-350) within fifteen business days of the first trade. Both Bear Stearns and each Correspondent have overlapping responsibilities concerning option trading.

In order for a Correspondent to meet its responsibilities, it must have sufficient information in its files to comply with the rules of the option exchanges concerning the opening of accounts and the suitability of the recommended transaction. Each Correspondent is required to send to each of its accounts the option risks disclosure document titled "Understanding the Risks and Uses of Listed Options" and a combined Option Agreement/New Account Form for the customer's signature. Where applicable the Correspondent must also send the appropriate supplementary risk disclosure documents and option agreements for index, currency, or debt options.

In order that Bear Stearns be assured that the foregoing has been accomplished, you must provide Bear Stearns with a copy of the "Correspondent's Customer's Option Approval Form" form # 2000-70-1782 (4/83) (or the form currently in effect at the time of the initial transaction) within fifteen days of the first option trade. Bear Stearns will withhold from that Correspondent its share of the commissions generated on those option accounts or which Bear Stearns has not received the option approval form within the required time. Bear Stearns will only remit the retained commissions upon timely receipt of the correct documentation and if the necessary papers continue to be received late from that Correspondent, Bear Stearns will not recredit that Correspondent with retained commissions.

ADDENDUM TO CLEARANCE AGREEMENT

BETWEEN

BEAR, STEARNS SECURITIES CORP.

GAINES, BERLAND INC.

DATED: APRIL 30, 1985

EFFECTIVE WITH JANUARY 1997 BUSINESS

Equity Business Customer

Tickets Per Month*	Per Ticket Charge**
0-1000	\$22.50
1001-1500	\$21.50

1501-2500	\$20.50
2501-3500	\$20.00
3501-4500	\$19.00
4501-5500	\$18.00
5501-6500	\$17.00
6501-8000	\$16.00
8001 - up	\$15.00

PRINCIPAL CROSS TRADES IN YOUR TRADING ACCOUNT - (MARKET MAKING)

Equities (OTC) - \$9 per dealer transaction; Customer transactions refer to your equity business customer matrix.

*This count is based upon your agency equity business and your equity principal crosses from your trading account (Syndicate transactions excluded).

**The per ticket charge is effective for all trades within this group.

MUTUAL FUNDS

Bear Stearns shall retain \$15 per ticket, plus 5% of the 12-B-I fees.

\$5 per Intra Fund switch (Roundturn)

/s/
 APPROVED: _____
 Gaines, Berland Inc.

/s/
 APPROVED: _____
 Bear, Stearns Securities Corp.

DATED: 4/7/97

BEAR STEARNS
 Bear, Stearns Securities Corp.
 245 Park Avenue
 New York, New York 10167
 (212) 272-4463

ADDENDUM TO CLEARANCE AGREEMENT

BETWEEN

BEAR, STEARNS SECURITIES CORP.

GAINES, BERLAND INC.

DATED: APRIL30, 1985

EFFECTIVE WITH SEPTEMBER 1996 BUSINESS

INTEREST RATES

CUSTOMER

Credit Interest

Customer accounts will receive interest at the Bear Stearns credit interest rate (presently 2% below Bear Stearns call) on balances of \$1 and up.

/s/
 APPROVED: _____
 Gaines, Berland Inc.

/s/
 APPROVED: _____
 Bear, Stearns Securities Corp.

DATED: September 24, 1996

BEAR STEARNS

Bear, Stearns Securities Corp.

245 Park Avenue
New York, New York 10167
(212) 272-4463

ADDENDUM TO CLEARANCE AGREEMENT

BETWEEN

BEAR, STEARNS SECURITIES CORP.

GAINES, BERLAND INC.

DATED: APRIL 30, 1985

EFFECTIVE WITH DECEMBER 1994 BUSINESS

MONEY MARKET REBATES

A rebate will be given to your firm based upon your Money Market balances as follows:

Up to \$10 million	25 Basis Points
\$10 - \$25million	30 Basis Points
\$25 - \$35million	35 Basis Points
Over \$35million	40 Basis Points

This rate is contingent upon the fund's continued payment of rebates.

If your firm does not utilize the automated money market sweep program, a \$5.00 fee will be charged on all manual money market transactions.

/s/
APPROVED: _____
Gaines, Berland Inc.

APPROVED: _____
Bear, Stearns Securities Corp.

DATED:

BEAR STEARNS

Bear, Stearns Securities Corp.

245 Park Avenue
New York, New York 10167
(212) 272-4463

ADDENDUM TO CLEARANCE AGREEMENT

BETWEEN

BEAR, STEARNS SECURITIES CORP.

GAINES, BERLAND INC.

DATED: APRIL 30, 1985

EFFECTIVE WITH MARCH 1994 BUSINESS

AGENCY BUSINESS - EQUITIES

Bear Stearns will retain \$22.50 per ticket.

PRINCIPAL CROSS TRADES IN YOUR TRADING ACCOUNT (MARKET MAKING)

Equities (Listed and OTC) - \$12 per dealer transaction; \$22.50 per customer transaction.

/s/
APPROVED: _____
Gaines, Berland Inc.

/s/
APPROVED: _____
Bear, Stearns Securities Corp.

DATED: 3/15/94

BEAR STEARNS

Bear, Stearns Securities Corp.

245 Park Avenue
New York, New York 10167
(212) 272-4463

ADDENDUM TO CLEARANCE AGREEMENT

BETWEEN

BEAR, STEARNS SECURITIES CORP.

GAINES, BERLAND INC.

DATED: APRIL 30, 1985

EFFECTIVE WITH AUGUST 1995 BUSINESS

Equity Business Customer

Tickets Per Month*	Per Ticket Charge**
0-1000	\$22.50
1001-1500	\$21.50
1501-2500	\$20.50
2501-3500	\$20.00
3501-up	\$19.00

Bear Stearns Executions

Listed orders entered on our terminal will be billed as follows:

Market Orders (up to 30,099 shares): \$.0025 per share
Limit Orders (up to 99,099 shares):

Execution under 2 minutes = \$.0025 per share Execution over 2
minutes = \$.01 per share

Shorts = \$.0125 per share

All other executions on a listed exchange will be billed at \$.01 5 per share.

*This count is based upon your agency equity business and your equity principal crosses from your trading account. (Syndicate transactions excluded)

**The per ticket charge is effective for all trades within this group.

/s/
APPROVED: _____
Gaines, Berland Inc.

/s/
APPROVED: _____
Bear, Stearns Securities Corp.

DATED: August 14, 1995

BEAR STEARNS

Bear, Stearns Securities Corp.

245 Park Avenue
New York, New York 10167
(212) 272-4463

ADDENDUM TO CLEARANCE AGREEMENT

BETWEEN

BEAR, STEARNS SECURITIES CORP.

GAINES, BERLAND INC.

DATED: APRIL 30, 1985

EFFECTIVE WITH DECEMBER 1994 BUSINESS

MONEY MARKET REBATES

A rebate will be given to your firm based upon your Money Market balances as follows:

Up to \$10 million	25 Basis Points
\$10 - \$25 million	30 Basis Points
\$25 - \$35 million	35 Basis Points
Over \$35 million	40 Basis Points

This rate is contingent upon the fund's continued payment of rebates.

If your firm does not utilize the automated money market sweep program, a \$5.00 fee will be charged on all manual money market transactions.

/s/
APPROVED: _____
Gaines, Berland Inc.

/s/
APPROVED: _____
Bear, Stearns Securities Corp.

DATED: 12/9/94

BEAR STEARNS

Bear, Stearns Securities Corp.

245 Park Avenue
New York, New York 10167
(212) 272-4463

ADDENDUM TO CLEARANCE AGREEMENT

BETWEEN

BEAR, STEARNS SECURITIES CORP.

GAINES, BERLAND INC.

DATED: APRIL 30, 1985

EFFECTIVE WITH DECEMBER 1994 BUSINESS

OVERSEAS SETTLEMENT

Agency Basis:

Customer transaction: \$60 per ticket plus local bank custodial fees.
Institutional DVP transaction: \$110 per ticket.

Principal Cross Trades into and out of your Trading Account:

Dealer transaction: \$60 per ticket plus local bank custodial fees.
Retail transaction: \$25 per ticket plus local bank custodial fees.
Institutional DVP transaction: \$60 per ticket.

Gross Credits - Bear Stearns (Trades Bought from or Sold to a Bear Stearns Trading Account):

Customer transaction: \$25 per ticket plus local bank custodial fees.
Institutional DVP transaction: \$60 per ticket.

In addition, non-Euroclear transactions may incur bank transaction fees.

APPROVED: _____
/s/
Gaines, Berland Inc.

APPROVED: _____
/s/
Bear, Stearns Securities Corp.

DATED: 12/8/94

BEAR STEARNS
Bear, Stearns Securities Corp.
245 Park Avenue
New York, New York 10167
(212) 272-4463

ADDENDUM TO CLEARANCE AGREEMENT
BETWEEN
BEAR, STEARNS SECURITIES CORP.
GAINES, BERLAND INC.
DATED: APRIL 30, 1985
EFFECTIVE WITH AUGUST 1993 BUSINESS

PRINCIPAL CROSS TRADES IN YOUR TRADING ACCOUNT (MARKET MAKING)

Equities (Listed and OTC) -\$15 per dealer transaction; \$35 per customer transaction.

APPROVED: _____
/s/
Gaines, Berland Inc.
APPROVED: _____
/s/
Bear, Stearns Securities Corp.

DATED: 8/3/93

BEAR STEARNS
Bear, Stearns Securities Corp.
245 Park Avenue
New York, New York 10167
(212) 272-4463

BETWEEN
BEAR, STEARNS SECURITIES CORP.
GAINES, BERLAND INC.
DATED: APRIL 30, 1985
EFFECTIVE WITH DECEMBER 1994 BUSINESS

OVERSEAS SETTLEMENT

Agency Basis:

Customer transaction: \$60 per ticket plus local bank custodial fees.
Institutional DVP transaction: \$110 per ticket.

Principal Cross Trades into and out of your Trading Account:

Dealer transaction: \$60 per ticket plus local bank custodial fees.
Retail transaction: \$25 per ticket plus local bank custodial fees.
Institutional DVP transaction: \$60 per ticket.

Gross Credits - Bear Stearns (Trades Bought from or Sold to a Bear Stearns Trading Account):

Customer transaction: \$25 per ticket plus local bank custodial fees.
Institutional DVP transaction: \$60 per ticket.

In addition, non-Euroclear transactions may incur bank transaction fees.

APPROVED: _____ /s/
Gaines, Berland Inc.

APPROVED: _____
Bear, Stearns Securities Corp.

DATED: _____

FEES FOR INTERNATIONAL SETTLEMENT/FULLY DISCLOSED BUSINESS

1. Equities and Non-Euro Bonds

Receipt or delivery with/without payment: \$50.00 plus applicable agent bank transaction fees (see schedule attached). The fee is a surcharge to your normal ticket charge, i.e. if the normal ticket charge is \$\$\$ per trade then an International Equity Movement would be: \$\$\$ + \$50.00 + applicable agent bank transaction fee. There is a ticket charge of \$5 for Internal type 1 and 2 movements associated with foreign denominated transactions.

It should be noted that sales of International Securities vs. U.S. Dollars, wherein Bear, Stearns Securities Corp. must deliver securities free, prior to U.S. Dollars being received, requires a Release & Hold Harmless agreement to be in effect.

2. American Depositary Receipts (ADR'S)

Conversions of ADR's to ordinary shares (cancellations) or conversion of ordinary shares to ADR'S (creations) require the movement of ordinary shares. The fee for a conversion is \$100.00.

3. Foreign Exchange Transactions (FX)

Bear Stearns' International Operations Group provides an FX order room service for clearance firms, when the FX transaction is directly related to a securities transaction cleared through Bear Stearns. There is no surcharge for this service. We encourage all clients to execute International Securities transactions in the related domestic currency in order to facilitate securities settlements vs. payment.

4. Euro-bonds

Bear, Stearns is a member of both Euroclear and Cedel. There are no surcharges for clearance of participant to participant settlements within these systems. However, in addition to your normal ticket charge as reflected on your schedule A, a 2 basis point per annum custody charge based on the average monthly value of securities held in Euroclear, will be billed monthly.

Other Notes

The above rates apply to "normal" transactions only. Additional charges may result for special services. We settle overseas securities within the related country or clearing organization(s) only. Under most circumstances we will not deliver or receive physical foreign securities outside of the accepted settlement mechanisms.

For any questions regarding communications of transactions, settlement practices in various countries and other related International Clearance matters, please contact one of the following Bear Stearns Personnel:

Edward Zirpola	Managing Director Ops. Adm.	(212) 272-1213
Robert Keane	Associate Director Int'l. Ops.	(212) 272-1167
Christopher Ryan	Associate Director Int'l. Ops.	(212) 272-0047
Terrence Cregg	Associate Director Int'l. Ops.	(212) 272-0039
August Nunziata	Associate Director Int'l. Ops.	(212) 272-1252

12/94

BEAR, STEARNS SECURITIES CORP.
INTERNATIONAL EQUITIES
CLEARANCE INSTRUCTIONS AND BANK FEES

Note: Custody fees are charged monthly based on the average market value of securities held.

12/94

<TABLE>

COUNTRY -----	BANK/CLEARING ORG. -----	TRANSACTION FEES -----	CUSTODY FEES -----
<S>	<C>	<C>	<C>
Argentina	Morgan Guaranty Trust Co. Buenos Aires, Argentina A/C Bear, Stearns Securities Corp. A/C #9809	35 U\$	20 BP
Australia	Citibank, N.A. Melbourne, Australia A/C Bear, Stearns Securities Corp. A/C #203999	100A\$	-
Belgium	Morgan Guaranty Trust Co. Brussels, Belgium A/C Bear Stearns Securities Corp. A/C 687-32273107/46	50 U\$	-
Brazil	Citibank, Brazil Sao Paulo, Brazil A/C Bear, Stearns Securities Corp. A/C #2022	50 U\$	16BP
Canada	Royal Bank Canada Toronto, Canada A/C Bear, Stearns Securities Corp. A/C #00002-102-624-4	12 C\$	-
China	Citibank, N.A. Hong Kong A/C Bear, Stearns Securities Corp. A/C #925940	100 U\$	16 BP
Columbia	Citibank, Colombia A/C Bear Stearns Securities Corp. A/C #3000000701	100 U\$	16 BP
Denmark	Unibank Copenhagen, Denmark A/C Bear, Stearns Securities Corp. A/C #100089-45821-00 A/C #1871040	350 DK	-

</TABLE>

<TABLE>

COUNTRY -----	BANK/CLEARING ORG. -----	TRANSACTION FEES -----	CUSTODY FEES -----
<S>	<C>	<C>	<C>

Finland	Kansallis-Osake-Pankki Helsinki, Finland A/C Bear, Stearns Securities Corp. A/C #100089-45821-00-8	500 FM	12 BP
France	Morgan Guaranty Trust Co. Paris, France A/C Bear, Stearns Securities Corp. A/C #014-73633-00-0	Bonds:300 FF Equities: 220 FF	5 BP
Germany (Bearer Shares)	Morgan Guaranty Trust Co. Frankfurt, Germany A/C Bear, Stearns Securities Corp. A/C #50880000	20 DM	5 BP
Greece	Citibank, Greece A/C Bear Stearns Securities Corp. A/C #990267	150 U\$	85 BP
Hong Kong	Citibank, Hong Kong Hong Kong A/C Bear, Stearns Securities Corp. A/C #924417	50 U\$	5 BP
Indonesia	Citibank, N.A. Jakarta, Indonesia A/C Bear, Stearns Securities Corp. A/C #800260	150 U\$	41 BP
Israel	Bank Hapoalim Tel Aviv A/C Bear Stearns Securities Corp. A/C #21302	Included in proceeds	
Italy	Citibank, Milano Milan, Italy A/C Bear, Stearns Securities Corp. A/C #1100809	70,000 IL	4 BP-Bonds 7 BP-Equities
Japan	Citibank - Tokyo Tokyo, Japan A/C Bear, Stearns Securities Corp. A/C #310925	2,700 JY	6BP
Korea	Citibank, Korea A/C Bear, Stearns Securities Corp. A/C #7068-1	50,000 KW	19 BP

</TABLE>

<TABLE>

COUNTRY -----	BANK/CLEARING ORG. -----	TRANSACTION FEES -----	CUSTODY FEES -----
<S>	<C>	<C>	<C>
Malaysia	Citibank, N.A. Kuala Lumpur, Malaysia A/C Bear, Stearns Securities Corp. A/C #112249	175 MYR	.75 MYR PER 1,000 SHARES
Mexico	Citibank Mexico Mexico City, Mexico A/C Bear Stearns Securities Corp. A/C #203807	Bonds: 30U\$ Equities: 15U\$	6 BP 6 BP
Netherlands	Citibank, N.A. Amsterdam, Netherlands A/C Bear, Stearns Securities Corp. A/C #710-781	60 DG	3 BP
New Zealand	Citibank, N.A. Auckland, New Zealand A/C Bear, Stearns Securities Corp. A/C #705088	125 N\$	-
Norway	Den Norske Creditbank Oslo, Norway A/C Bear, Stearns Securities Corp. A/C #05005-0005920	400 NK	20 BP

Pakistan	Citibank, Pakistan Karachi, Pakistan A/C Bear Stearns Securities Corp. A/C #1292-786069-000	150 U\$	41 BP
Peru	Citibank, Peru Lima, Peru A/C Bear, Stearns Securities Corp. A/C #70256029	125 U\$	51 BP
Philippines	Citibank, Manila Manila, Philippines A/C Bear, Stearns Securities Corp. A/C # 200499	40 U\$	40 BP

</TABLE>

<TABLE>

COUNTRY	BANK/CLEARING ORG.	TRANSACTION FEES	CUSTODY FEES
-----	-----	-----	-----
<S>	<C>	<C>	<C>
Portugal	Citibank Portugal Lisbon, Portugal A/C Bear, Stearns Securities Corp. A/C #30675517	15,000 PE	16 BP
Singapore	Citibank - Singapore Singapore A/C Bear, Stearns Securities Corp. A/C #707053	75 S\$	7 BP
South Africa	Standard Bank of South Africa Johannesburg Stock Exchange A/C Bear Stearns Securities Corp A/C #40556790	45 SR	1.6 BP
Spain	Morgan Guaranty Trust Co. Madrid, Spain A/C Bear, Stearns Securities Corp.	10,000 SP	10 BP
Sweden	Skandinaviska Enskilda Banken Stockholm, Sweden A/C Bear, Stearns Securities Corp. A/C #A 01001-261-321	300 SK	3 BP
Switzerland	Bank Leu Zurich, Switzerland A/C Bear, Stearns Securities Corp. A/C #9050-12155-8	45 SF	2.5 BP
Thailand	Citibank, N.A. Bangkok, Thailand A/C Bear, Stearns Securities Corp.	2,000 TB	21 BP
Turkey	Citibank Istanbul, Turkey A/C Bear Stearns Securities Corporation A/C #00325	70 U\$	20 BP
United Kingdom	Citibank, N.A. London, United Kingdom A/C Bear, Stearns Securities Corp. A/C #6970099074	18 BP	-

</TABLE>

<TABLE>

COUNTRY	BANK/CLEARING ORG.	TRANSACTION FEES	CUSTODY FEES
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<S>	<C>	<C>	<C>
Venezuela	Citibank, N.A.	100 U\$	31 BP
	Caracas, Venezuela		
	A/C Bear, Stearns Securities Corp.		
	A/C #1-110670		

</TABLE>

Note: Bank fees are subject to change at any time.
12/94

ADDENDUM TO THE AGREEMENT FOR SECURITIES CLEARANCE SERVICES
FOR PRIME BROKERAGE

Dear Correspondent:

We refer to a certain Agreement for Securities Clearance Services currently in effect between you and Bear Stearns Securities Corp. (the "Clearing Agreement").

This Addendum conforms to the requirements outlined in a no-action letter issued by the Securities and Exchange Commission on January 25, 1994 (the "No-Action Letter") which sets forth the requirements for maintaining a prime brokerage arrangement, and which takes effect on July 25, 1994.

The purpose of this Addendum is to set forth the obligations and responsibilities of Bear, Stearns Securities Corp. ("Bear Stearns Securities") and you in providing prime brokerage services to the Customer when you act as the executing broker, as such term is defined in the No-Action Letter, Bear Stearns Securities acts as your clearing agent, and the prime broker settles such transactions and carries the positions for the Customer. All defined terms herein shall have the same meanings as provided in the Clearing Agreement.

1. You hereby agree as follows:

a. You will notify Bear Stearns Securities with respect to each account for which you intend to act as an executing broker in a prime brokerage arrangement.

b. You are solely responsible for the conduct of the Customer's account, including but not limited to the responsibilities to know your customer, determine the suitability of all transactions, obtain all proper documentation (including all new account documents), and conduct your own credit review of the Customer.

c. Prior to effecting a short sale, you shall be responsible for verifying with Bear Stearns Securities to ensure that all orders effected by you will comply with all applicable short sale provisions in the Applicable Rules, including but not limited to SEC Rule 10a-1 and NYSE Rule 440A, and you will be responsible for verifying that securities can be borrowed in order to effect a timely delivery against each short sale.

d. In the event of any execution error or trade discrepancy between a trade as executed and a trade as recorded in the customer's account with the prime broker, you shall be responsible for correcting such error or resolving such discrepancy with Bear Stearns Securities or your customer by such time as Bear Stearns Securities deems appropriate on the next business day after trade date. You shall be liable to Bear Stearns Securities for any and all losses, including expenses caused thereby, and Bear Stearns Securities shall have no liability to you whatsoever in any circumstance. You agree to indemnify and hold Bear Stearns Securities harmless from and against and pay promptly on demand any loss, liability, damage, claim, cost or expense (including reasonable fees and expenses of counsel) arising out of or incurred in connection with such discrepancy or error.

e. You shall retain in your possession copies of all agreements that are necessary to enable you to execute prime brokerage trades and, except to the extent undertaken by Bear Stearns Securities in the Clearing

Agreement, you shall preserve all records relating to such trades, as required of an executing broker by the Applicable Rules and any SEC No-Action Letters pertaining to prime brokerage arrangements (collectively, "No-Action Letters").

2. Bear Stearns Securities hereby agrees as follows:

a. Bear Stearns Securities will, on your behalf and pursuant to your instructions, inform the prime broker of all trade data, including but not limited to the contract amount, security involved, number of shares or number of units, and whether the transaction was a long or short sale or a purchase, by the morning of the next business day after trade date.

b. Bear Stearns Securities will treat the customer as its own customer and record the transactions in a cash or margin account at Bear Stearns Securities. Bear Stearns Securities shall treat all disaffirmed and "DK'd" trades as normal customer transactions. If the disaffirmed or "DK'd" trade is a short sale, we shall treat the transaction as if it had been executed in a customer margin account.

c. Bear Stearns Securities shall be responsible for issuing confirmations directly to the customer for each trade executed by you at Bear Stearns Securities unless Bear Stearns receives written instructions from the customer explicitly requesting that the confirmations be sent to the customer in care of its prime broker, in which case Bear Stearns Securities will send the confirmations to such customer in care of the prime broker. In the event a trade is disaffirmed or DK'd, Bear Stearns Securities will promptly send a confirmation of the transaction to the customer in the manner described above.

d. If a customer account introduced by you to Bear Stearns Securities is managed by an investment advisor, each confirmation may cover a single bulk trade representing transactions that have been combined with those of other accounts of such investment advisor.

3. You hereby represent and covenant that you have entered into all agreements concerning the prime broker arrangement that are required by the Applicable Rules and No-Action Letters to enable you to execute prime brokerage trades.

4. Bear Stearns Securities hereby represents and covenants that Bear Stearns Securities has and at all times during the term of this Addendum shall maintain the minimum net capital required by the Applicable Rules and No-Action Letters.

5. All of the terms and conditions of the Clearing Agreement remain in full force and effect except insofar as a conflict exists between the provisions thereof and this Addendum, in which event the term or condition of this Addendum shall supersede the conflicting term or condition of the Clearing Agreement, only to the extent of the conflict.

6. The terms of this Addendum may not be amended or waived unless agreed to in writing by both parties.

This Addendum shall take effect on July 25, 1994.

Kindly acknowledge receipt and acceptance of this Addendum by signing

the duplicate in the space provided.

Received & Accepted by

Very truly yours,

/s/ Gaines Berland

Bear, Stearns Securities Corp.

Name of Correspondent

/s/

/s/

Authorized Signature

By

Title

Title Managing Director

9/6/94

September 7, 1994

Date

Date

ADDENDUM TO THE AGREEMENT FOR SECURITIES CLEARANCE SERVICES

FOR PRIME BROKERAGE

Dear Correspondent:

We refer to a certain Agreement for Securities Clearance Services currently in effect between you and Bear Stearns Securities Corp. (the "Clearing Agreement").

This Addendum conforms to the requirements outlined in a no-action letter issued by the Securities and Exchange Commission on January 25, 1994 (the "No-Action Letter") which sets forth the requirements for maintaining a prime brokerage arrangement, and which takes effect on July 25, 1994.

The purpose of this Addendum is to set forth the obligations and responsibilities of Bear Stearns Securities Corp. ("Bear Stearns Securities") and you in providing prime brokerage services to the Customer when you act as the executing broker, as such term is defined in the No-Action Letter, Bear Stearns Securities acts as your clearing agent, and the prime broker settles such transactions and carries the positions for the Customer. All defined terms herein shall have the same meanings as provided in the Clearing Agreement.

1. You hereby agree as follows:

a. You will notify Bear Stearns Securities with respect to each account for which you intend to act as an executing broker in a prime brokerage arrangement.

b. You are solely responsible for the conduct of the Customer's account, including but not limited to the responsibilities to know your customer, determine the suitability of all transactions, obtain all proper documentation (including all new account documents), and conduct your own credit review of the Customer.

c. Prior to effecting a short sale, you shall be responsible for verifying with Bear Stearns Securities to ensure that all orders effected by you will comply with all applicable short sale provisions in the Applicable Rules, including but not limited to SEC Rule 10a-1 and NYSE Rule 440A, and you will be responsible for verifying that securities can be borrowed in order to effect a timely delivery against each short sale.

d. In the event of any execution error or trade discrepancy between a trade as executed and a trade as recorded in the customer's account with the prime broker, you shall be responsible for correcting such error or resolving such discrepancy with Bear Stearns Securities or your customer by such time as Bear Stearns Securities deems appropriate on the next business day after trade date. You shall be liable to Bear Stearns Securities for any and all losses, including expenses caused thereby, and Bear Stearns Securities shall have no liability to you whatsoever in any circumstance. You agree to indemnify and hold Bear Stearns Securities harmless from and against and pay promptly on demand any loss, liability, damage, claim, cost or expense (including reasonable fees and expenses of counsel) arising out of or incurred in connection with such discrepancy or error.

e. You shall retain in your possession copies of all agreements that are necessary to enable you to execute prime brokerage trades and, except to the extent undertaken by Bear Stearns Securities in the Clearing Agreement, you shall preserve all records relating to such trades, as required of an executing broker by the Applicable Rules and any SEC No-Action Letters pertaining to prime brokerage arrangements (collectively, "No-Action Letters").

2. Bear Stearns Securities hereby agrees as follows:

a. Bear Stearns Securities will, on your behalf and pursuant to your instructions, inform the prime broker of all trade data, including but not limited to the contract amount, security involved, number of shares or number of units, and whether the transaction was a long or short sale or a purchase, by the morning of the next business day after trade date.

b. Bear Stearns Securities will treat the customer as its own

customer and record the transactions in a cash or margin account at Bear Stearns Securities. Bear Stearns Securities shall treat all disaffirmed and "DK'd" trades as normal customer transactions. If the disaffirmed or "DK'd" trade is a short sale, we shall treat the transaction as if it had been executed in a customer margin account.

c. Bear Stearns Securities shall be responsible for issuing confirmations directly to the customer for each trade executed by you at Bear Stearns Securities unless Bear Stearns receives written instructions from the customer explicitly requesting that the confirmations be sent to the customer in care of its prime broker, in which case Bear Stearns Securities will send the confirmations to such customer in care of the prime broker. In the event a trade is disaffirmed or DK'd, Bear Stearns Securities will promptly send a confirmation of the transaction to the customer in the manner described above.

d. If a customer account introduced by you to Bear Stearns Securities is managed by an investment advisor, each confirmation may cover a single bulk trade representing transactions that have been combined with those of other accounts of such investment advisor.

3. You hereby represent and covenant that you have entered into all agreements concerning the prime broker arrangement that are required by the Applicable Rules and No-Action Letters to enable you to execute prime brokerage trades.

4. Bear Stearns Securities hereby represents and covenants that Bear Stearns Securities has and at all times during the term of this Addendum shall maintain the minimum net capital required by the Applicable Rules and No-Action Letters.

5. All of the terms and conditions of the Clearing Agreement remain in full force and effect except insofar as a conflict exists between the provisions thereof and this Addendum, in which event the term or condition of this Addendum shall supersede the conflicting term or condition of the Clearing Agreement, only to the extent of the conflict.

6. The terms of this Addendum may not be amended or waived unless agreed to in writing by both parties.

This Addendum shall take effect on July 25, 1994.

Kindly acknowledge receipt and acceptance of this Addendum by signing

the duplicate in the space provided.

Received & Accepted by

Very truly yours,

Name of Correspondent

Bear, Stearns Securities Corp.

/s/

Authorized Signature

By

Title

Title

Date

Date

EXHIBIT 10.7.1

Schedule of Omitted Documents in the Form of
Exhibit 10.7, Including Material Detail in
Which Such Documents Differ from Exhibit 10.7

1. Employment Agreement, dated as of August 24, 1999, between the Registrant and Joseph Berland, Chief Executive Officer and Chairman.
2. Employment Agreement, dated as of August 24, 1999, between the Registrant and Richard J. Rosenstock, President.
3. Employment Agreement, dated as of August 24, 1999, between the Registrant and Mark Zeitchick, Executive Vice President.
4. Employment Agreement, dated as of August 24, 1999, between the Registrant and Vincent Mangone, Executive Vice President.
5. Employment Agreement, dated as of August 24, 1999, between the Registrant and David Thalheim, Administrator.

The form of the documents listed above does not differ in material detail from the form of Exhibit 10.7, except with respect to the position of the employee.

Subsidiaries of Registrant		
Name	Percentage Ownership	State of Organization
-----	-----	-----
Gaines, Berland Inc.	100	New York
GBI Trading Corp.	100	New York
GBI Fund Management Corp.	100	New York

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