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IN THE
SUPREME COURT OF VIRGINIA
AT RICHMOND

RECORD NO. 011150

LASZLO N. TAUBER, LESLIE L. PETERS, IRWIN S. FREEDMAN, ESTATE OF SAMUEL BURTOFF, MICHAEL A. CORRADO, DAN J. FERIOZI, LESLIE P. GONDOR, REGINALD P. MCMANUS, MAGDOLNA A. IRANYI, ESTATE OF JAMES H. SCULLY, JEFFERSON MEMORIAL HOSPITAL JOINT VENTURE, JEFFERSON MEMORIAL HOSPITAL, INC., JEFFERSON MEMORIAL HOSPITAL ASSOCIATES, JEFFERSON MEMORIAL HOSPITAL CORPORATION, JEFFERSON CORPORATION OF ALEXANDRIA, THE TAUBER FOUNDATION, and THE CHARITABLE REMAINDER UNITRUST,

Appellants-Respondents,

v.

COMMONWEALTH OF VIRGINIA, *ex.rel.*, RANDOLPH A. BEALES, ACTING ATTORNEY GENERAL OF THE COMMONWEALTH OF VIRGINIA; RANDOLPH A. BEALES, ACTING ATTORNEY GENERAL OF THE COMMONWEALTH OF VIRGINIA; and THE COMMONWEALTH'S ATTORNEY FOR THE CITY OF ALEXANDRIA,

Appellees-Complainants.

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AMENDMENT TO ORIGINAL LEASE DATED JULY 1, 1975
[INCLUDING ALL AMENDMENTS SUBSEQUENT FROM THE DATE JULY 1, 1975]

This Amendment of Lease is made as of this February 10, 1982, by and between Laszlo N. Tauber, M.D., Trustee for the Jefferson Memorial Hospital Joint Venture, here in after referred to as the Lessor; and Jefferson Memorial Hospital Corporation, a Delaware Corporation, here in after referred to as the Lessee

Whereas, the parties refer to all previous documents relating to the Lease between the Lessor and Lessee. Lessor was informed by the Lessee that the Lessee is in the process of negotiating a sublease with Health Group of Virginia Inc., and in order to consummate this transaction, certain amendments are required by both parties.

Paragraph 19 of the original lease agreement stipulates that both parties have the right to cancel the lease after six months' written notice. Furthermore, the amendment dated December 31, 1978 stipulates that the new permanent mortgage in the amount of \$1,400,000 is the sole obligation of the Jefferson Memorial Hospital Corporation, that is the Lessee.

In consideration that the Lessor and Lessee waive the right to cancel the lease for a period of 10 years and one month, that is until April 15, 1992, Lessee will assign the proceeds of the Sublessee to Lessor except for the first \$100,000 annually which the Lessee will retain. All the money above will be paid as additional rent to Lessor. In consideration of this additional rent payment, Lessor will take full responsibility for the payment of the first mortgage secured on the building which was in the original amount of \$1,400,000. Furthermore, all rent payments, including ground rent, and rent for the additional space in the new building will be waived.

Lessor has the full right to review the documents signed by Lessee and Sublessee. Written approval of Lessor is required to consummate the transaction.

In case of termination of the agreement between Lessee and Sublessee, both parties agree that they will reinstate the original lease and amendments, except that on which was signed on December 31, 1978 indicating that the Jefferson Memorial Hospital Corporation has the sole obligation of the repayment of the first mortgage in the amount of \$1,400,000, less principal payment by the date of such termination. It is understood that the Lessor retains its right to terminate this lease between Lessor and Lessee at any time after written notice given within thirty days.

Trial Exhibit
No. 325.

(2)

All the other agreements of the original lease between Lessor and Lessee and subsequent executed amendments will be enforced subject to the above Paragraph.

In Witness whereof, Laszlo N. Tauber, M.D., Trustee, as Lessor has hereunto set his hand and seal, and Jefferson Memorial Hospital Corporation, as Lessee, caused its corporate name to be signed by its President and duly attested by its assistant secretary and its corporate seal hereunto affixed.

Laszlo N. Tauber, M.D. Trustee (SEAL)

Laszlo N. Tauber, M.D., Trustee

LESSOR

BY: Leslie L. Peters, M.D. President (SEAL)

Leslie L. Peters, M.D., President

LESSEE

Attest:

Harold J. Gould, M.D.

Harold J. Gould, M.D.

Assistant Secretary

CORPORATE SEAL

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HOSPITAL LEASE AGREEMENT

THIS LEASE AGREEMENT is entered into at Alexandria, Virginia this 11th day of February, 1982, between JEFFERSON MEMORIAL HOSPITAL CORPORATION, a Delaware corporation ("Lessor") and HEALTH GROUP OF VIRGINIA, INC., a Tennessee corporation ("Lessee").

1. Premises. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, for and in consideration of the sums hereinafter payable and also in consideration of the mutual promises and covenants of the parties hereinafter set forth, the real estate located in the City of Alexandria, Virginia, which is described in Exhibit A, and the related equipment, furniture and fixtures which are described in Exhibit B and nonclinical replacements. The real estate and equipment, furniture and fixtures and nonclinical replacements leased hereunder shall be referred to as the "Premises", and shall include the land, the main hospital building, and the space leased in the medical office building which is currently being utilized in the operations of Jefferson Memorial Hospital ("Hospital").

2. Warranty of Title. Lessor warrants that it has authority to enter into and perform this Lease. All mortgages, liens and encumbrances applicable to the Premises are set forth on Exhibit C. Lessor assures quiet and peaceful enjoyment of the Premises to Lessee. Lessor has obtained the consent of the respective landlords of the leased portions of the Premises to sublease those portions to Lessee. Lessee may at its election and at its cost obtain leasehold title insurance from a reputable company in an amount to be determined by Lessee and insuring the leasehold interest free of encumbrances, except as described in Exhibit C.

3. Term. Lessor leases the Premises to Lessee for a term of ten (10) years and one month, commencing on the "Effective Date", which shall be April 1, 1982; provided Lessee can lawfully operate the Hospital. If by September 1, 1982, after the exercise of due diligence, the Lessee has been unable to obtain all necessary, a Certificate of Public Need, if required, and the granting of all other federal and state approvals, if required, allowing Lessee to lease and operate the Premises as a 130-bed acute-care general hospital, then Lessee may at its election terminate the Lease. Immediately prior to the commencement of this Lease, Lessor shall update as of the Effective Date the representations and warranties of Section 17, which update shall not include any material adverse changes. If there are material changes from the date hereof to the Effective Date, the Lessor may cure (same to be made on or before April 1, 1982) or elect to terminate the Lease.

6.15. 45

If Lessor elects to terminate rather than cure, it shall do so only by giving at least ten (10) days written notice to the Lessee prior to the Effective Date; provided, however, Lessee shall have the option to accept the Lease without the material adverse changes being cured, and without liability of Lessor for the particular deficiencies disclosed by it in writing to Lessee prior to Effective Date.

4. Rent. During each year (twelve month period) of the term hereof, Lessee shall pay Lessor beginning May 1, 1982 as follows:

- (a) Years 1-5: \$760,000.00 per year.
- (b) Years 6-10: The greater of (i) \$1,000,000.00 per year or (ii) \$760,000.00 per year plus an amount equal to \$760,000.00 multiplied by one-half of the percentage increase in the "cost of living," as measured by the Consumer Price Index (All Urban Consumers) of the U.S. Department of Labor from January, 1982 to December, 1986.

(c) If at any time during the term of this Lease, the Lessee undergoes a reorganization proceeding under Chapter 11, of the U.S. Bankruptcy Code or under similar law then at that time rent as required hereunder shall be increased by \$100,000 per year and shall be divided equally into and paid in monthly installments in advance for the balance of the term of this Lease.

Annual rent hereunder shall be divided equally into and paid in monthly installments in advance.

5. Additional Rent. Except as otherwise provided in this Lease and in addition to the fixed annual rental described in Section 4 hereof, Lessee shall pay as additional rent the costs, expenses, and obligations of the Premises beginning as of the Effective Date including:

- (a) All repairs: external or internal, structural or non-structural, ordinary or extraordinary;
- (b) All costs of replacement and/or leasing of all fixtures and equipment, machinery and items of personalty as provided in Paragraph 23 hereof;
- (c) All utilities, which accounts are to be placed in the name of the Lessee;
- (d) Physician's service contracts identified in Exhibit J and as provided in Paragraph 24 hereof;
- (e) All taxes;
- (f) All insurance;
- (g) All license fees;

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(h) All maintenance costs

(i) All equipment leases and other contracts identified in Exhibit C and as provided in Paragraph 23 hereof.

(j) A monthly payment equal to Lessor's lease payments (not to exceed \$20,000.00 per month) under the real property leases for portions of the Premises, which leases have heretofore been delivered to the Lessee and which are identified in Exhibit D attached hereto. Lessee's annual base rent under this subparagraph will not exceed \$240,000.00. Lessor will remain responsible for the balance of the rent and its other obligations for those real property leases. In addition to its base rent Lessee shall be responsible for the other costs, expenses and obligations of those leased premises to the extent otherwise required by subparagraphs (a) through (i) above.

6. Additional Beds. If approval from all necessary governmental agencies is obtained to add additional beds in a Psychiatric Unit, and the number of beds is actually increased, then the rental figures set forth in Sections 4 and 5 shall be increased by 1/120th for each additional bed, and the current and all future rent shall be calculated and paid in accordance with the new figures. If the parties hereto desire to seek and obtain increases in bed capacity other than in the Psychiatric Unit, then the parties agree to negotiate in good faith as to the terms, conditions and desirability of such increases.

7. Use. Lessee shall use the Premises solely as a hospital with its related activities. Lessee shall comply with all governmental requirements and regulations, including health, police and fire regulations respecting the Premises.

8. Sublet. Lessee shall not assign its leasehold interest or sublet the leased premises in whole or in part without the prior written approval of the Lessor, which approval shall not be unreasonably withheld.

9. Insurance and Condemnation. During the term hereof, the Lessee at its own cost and expense and as additional rent shall:

(a) keep all buildings and improvements, equipment, furniture and fixtures on, in and appurtenant to the Premises including all alterations, additions and improvements to the Premises insured against loss or damage by fire, and other casualties, and shall maintain all standard extended coverages with such co-payments as the Lessee may select for the full replacement value.

The policies for such insurance shall be assumed in the name of the Lessor and Lessee with loss thereunder payable to the Lessor. Lessor shall

L.A.T. 17

promptly replace any of the Premises which are partially or totally destroyed by fire or other casualty, or are taken in any condemnation proceeding, to the extent of insurance proceeds or condemnation awards.

(b) Provide and keep in force in such form as Lessor shall reasonably require public liability, elevator and boiler insurance coverage protecting the Lessor against any and all liability in the amount of not less than \$3,000,000.00 for any one accident or disaster and in the amount of not less than \$1,000,000.00 for injuries to any one person; and

(c) Provide and keep in force malpractice insurance covering both Lessor and Lessee as insureds (but not individuals) in an amount no less than the malpractice insurance maintained by Lessor as of January 13, 1982. The Lessee shall maintain malpractice insurance through the Virginia Hospital Reciprocal on a "claims made" basis throughout the term of the Lease. Furthermore, said insurance shall effectively cover the Lessor and Lessee against risk of loss for claims made after the Effective Date arising from occurrences prior to the Effective Date. At termination of the Lease, Lessor shall either continue the above insurance or the Lessor shall in insurance parlance "buy out the tail" so that the Lessee and Lessor will be fully protected from any risk of loss for claims made after the termination date arising from occurrences prior to the termination date. If either party should terminate the present coverage, it shall "buy out the tail" sufficient to fully protect each from all prior occurrences. The Lessee shall obtain an endorsement to the malpractice insurance policy to be delivered to the Lessor on or before the Effective Date and annually during the term of this Lease in which the insurer states that it is aware of the provisions of this paragraph, and agrees that both the Lessor and Lessee are protected as insureds from all claims referred to in this subparagraph. After termination, Lessor shall obtain the endorsements and deliver them to Lessee as provided in the preceding sentence so long as Lessee is at risk for any claims.

On January 13, 1984, 1986, 1988 and 1990, during the term of this Lease, the Lessee shall cause the aforesaid malpractice insurance coverage to be increased, if necessary, so that the coverage amounts for the next succeeding two years are not less than the average of those coverage amounts then maintained by hospitals in the Northern Virginia area.

(d) Lessee shall furnish Lessor with duplicate originals or copies certified by the insurance companies of all policies of insurance for all insurance

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coverage referred to in subparagraphs 9(a), 9(b), and 9(c). All insurance referred to in the aforesaid subparagraphs must be approved by the Lessor, but such approval shall not be unreasonably withheld; provided, the insurance to be obtained by Lessor at termination shall be subject to the approval of Lessee which approval shall not be unreasonably withheld.

10. Items to be Purchased.

(a) By Lessee. As of Effective Date, Lessee shall purchase from Lessor and Lessor shall sell to Lessee total of all patient accounts receivables, each of the movable equipment items listed on Exhibit B, all inventory, and all prepaid expenses existing as of Effective Date and as reflected on the Lessor's Balance Sheet as of March 31, 1982 and Exhibit B. The Purchase Price shall be the sum of the following values as of January 31, 1982.

- (1) Eighty percent (80%) of patient accounts receivable;
- (2) Plus one hundred percent (100%) of the book value of the equipment purchased;
- (3) Plus one hundred percent (100%) of the cost of inventory of usable expendable supplies on hand for Hospital operations and purchased by Lessee;
- (4) Plus one hundred percent (100%) of prepaid expenses;
- (5) Less one hundred percent (100%) of trade accounts payable;
- (6) Less one hundred percent (100%) of all accrued expenses assumed by Lessee;
- (7) Plus fifteen percent (15%) of the sum of items (1), (2), (3), (4), (5), and (6) above.

At the execution of this Lease, the Lessee shall pay to Lessor the sum of \$100,000.00 to be held in escrow and then to be applied on March 1, 1982, to the purchase price of the items referred to in this subparagraph. The balance of the purchase price will be paid by the Lessee to the Lessor on or before March 1, 1982. As of March 31, 1982 the sum of items 1 through 7 hereof will be recalculated and the purchase price paid on March 1, 1982 will be adjusted with the difference to be due and payable on May 1, 1982. On the Effective Date, Lessor shall execute and deliver all documents necessary to convey fee simple title to the above assets free and clear of all encumbrances.

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(b) By Lessor. At termination of this Lease, Lessee shall sell to Lessor and Lessor shall purchase from Lessee all of Lessee's total patient accounts receivables, each of the Lessee's movable items of equipment, all inventory and all prepaid expenses existing as of the date of termination. The purchase price shall be calculated as of termination date and as follows: L.T. J

- (1) Eighty percent (80%) of patient accounts receivable;
- (2) Plus one hundred percent (100%) of the book value of the equipment purchased;
- (3) Plus one hundred percent (100%) of the cost of inventory of usable expendable supplies on hand for Hospital operations purchased by Lessee;
- (4) Plus one hundred percent (100%) of prepaid expenses;
- (5) Less one hundred percent (100%) of trade accounts payable;
- (6) Less one hundred percent (100%) of accrued expenses.

Lessee shall cause the price which is to be the sum of those values referred to above as of the termination date not to be a negative figure. Furthermore, during the term of this Lease Lessee shall not change its valuation, accounting and record keeping procedures from those used by Lessor during the year immediately preceding the Effective Date. Lessor shall pay Lessee the purchase price within thirty (30) days of termination. Upon termination of the Lease, Lessee shall execute and deliver all documents necessary to convey fee simple title to the above assets free and clear of all encumbrances.

11. Indemnification. Lessor hereby agrees to indemnify and hold harmless Lessee, its stockholders, officers, agents and employees, against any and all claims, damages or liabilities including malpractice, and those arising out of Medicare, Medicaid, Blue Cross, taxes of all kinds, EEOC and ERISA, and including reasonable attorney's fees, expenses and costs of litigation, incurred in connection with the operation of the Hospital by Lessor prior to the Effective Date of this Lease, and for Lessor's, its agents', and employees' actions, omissions and responsibilities which cause such liability after the Effective Date and which is not covered by Lessee's malpractice policy. Lessee hereby agrees to an identical indemnification and hold harmless of Lessor during and after the term of the Lease for matters arising out of Lessee's operation of the Premises. L.T. J

12. Right to Use of Name. During the terms of this Lease, Lessee shall have the right, power, authority and permission to utilize the name "Jefferson Memorial Hospital" and the related "logo" in connection with the operation of the

leased premises. At the termination of this Lease, Lessee shall execute any documents necessary to release the name.

13. Termination. This Lease may be terminated:

(a) By Lessor:

- (1) To the extent permitted by applicable bankruptcy law, if Lessee shall apply for or consent to the appointment of a receiver, trustee or liquidator of all or a substantial part of Lessee's assets, file a voluntary petition in bankruptcy, make a general assignment for the benefit of creditors or take advantage of any insolvency law, or if an order, judgment or decree shall be entered by a court of competent jurisdiction, on the application of a creditor, adjudicating Lessee a bankrupt or insolvent, or approving a petition seeking reorganization of Lessee, or appointing a receiver, trustee or liquidator of all or a substantial part of Lessee's assets; or
- (2) If Lessee shall default in the performance of any covenant, agreement, term or provisions of this Lease and such default shall continue for a period of thirty (30) days after written notice (ten days after written notice in the case of rental payments) to Lessee from Lessor stating in detail the default.

(b) By Lessee:

If Lessor shall default in the performance of any covenant, agreement, term or provision of this Lease and such default shall continue for a period of thirty (30) days after written notice to Lessor from Lessee stating in detail the default; or in the event of a material misrepresentation in any of Lessor's warranties and representations.

14. Good Faith. Lessor and Lessee agree that they will each exercise due diligence and good faith in performing their respective obligations under this Lease.

15. Return of Premises to Lessor at Termination of Lease. At the termination of this Lease, Lessee shall give possession of the Premises to Lessor, in good condition, ordinary wear and tear excepted. Lessee shall cooperate with

C. H. F. J

Lessor in the transfer of transferrable licenses and permits for the operation of the Hospital.

16. Rights and Remedies on Default. Either party shall be in default in the performance of any covenant, agreement, term or hereunder if such party has defaulted provision of this Lease and fails to cure such breach within thirty (30) days of written notice (ten days of written notice in the case of rental payment). The parties shall have the following rights and remedies on default of the other whether or not there is a termination of this Lease as a result thereof, which shall be cumulative and shall not exclude any other right or remedy allowed by this Lease or by law. L.B.T. J

(a) Lessor shall be entitled to recover possession of the Premises and all damages which Lessor may have suffered or may in the future suffer as a result of the Lessee's default; and Lessee shall pay all of Lessor's reasonable collection costs, including without limitation, costs and reasonable attorney's fees which are incurred by Lessor.

(b) In the event of default by Lessor, Lessee shall be entitled to recover all damages which Lessee may have suffered or may in the future suffer, as a result of the Lessor's default and Lessor shall pay all of Lessee's reasonable collection costs, including without limitation, costs and reasonable attorney's fees which are incurred by Lessee.

17. Representations and Warranties of Lessor.

(a) Organization. Lessor is a corporation duly organized and validly existing and is in good standing under the laws of the State of Delaware and is authorized by the Virginia State Corporation Commission to do business in Virginia. Lessor has the corporate power and authority to enter into and perform the terms of this Lease. The execution, delivery and performance of this Lease have been duly authorized by all necessary corporate actions including, without limitation, approval of the directors and shareholders of Lessor.

(b) Absence of Conflict. Execution and delivery of this Lease and the performance and compliance with the terms hereof by Lessor will not conflict with, or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation of any lien, charge or encumbrance upon the Premises, pursuant to its certificate of incorporation or bylaws, or any trust agreement, indenture, mortgage, lease, agreement, or any other instrument or any order, law, rule, regulation, judgment or decree to which it is a party or by which it, or any of its affiliates, or any of its properties are bound.

(c) No Hill-Burton Lien. No funds were received to construct, improve or acquire the Premises under the "Hill-Burton" Act.

(d) Licenses and Permits. Lessor has all necessary licenses and permits to occupy and operate the Premises, including, without limitation, licenses, Certificate of Public Need and permits issued by the Virginia Department of Public Health, the Virginia Health and Planning Commission and all local governmental authorities, as required under applicable laws, rules and regulations.

(e) Accreditations and Approvals. The Premises are accredited by the Department of Health & Human Services, Division of Survey and Certification, and it is a provider of health care services eligible for reimbursement under Medicare (USC Title 18), Blue Cross and similar insurance programs and under Medicaid (USC Title 19) and under similar contractual programs. True and correct copies of all reports and correspondence concerning the most recent Medicare and Medicaid reviews have been furnished to Lessee. Lessor and Lessee shall cooperate in maintaining JCAH accreditation, at no cost to Lessor.

(f) Zoning and Land Use. Lessor and the Premises are not in violation of any zoning, land use, building code or other law applicable to the Premises.

(g) Financial Reports. Lessor's Financial Statements for the years ending June 30, 1979, 1980 and 1981 and the unaudited financial statements certified by an officer of Lessor dated as of December 31, 1981, all of which have been delivered previously to Lessee, and the unaudited financial statements dated as of January 31, 1982, February 28, 1982, and March 31, 1982 shall be certified by an officer of Lessor and promptly delivered to Lessee. Each and every one of the financial statements referenced in the preceding sentence shall present fairly the financial position of Lessor as of the dates indicated and the results of its operations for the periods specified, on the accrual basis of accounting, and have been (or will have been, as the case may be) prepared in conformity with generally accepted accounting principles. The Financial Statements which have been and which will be furnished by Lessor are true and correct to the best of Lessor's knowledge. To the best of Lessor's knowledge, there is no fact relating to Lessor's financial disclosures which Lessor has not disclosed to Lessee in writing which materially adversely affects, or which could reasonably materially adversely affect the Premises prior to, at or after the Effective Date or which could affect Lessee's ability to perform its obligations under this Lease.

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(h) Absence of Undisclosed Liabilities. Except as otherwise disclosed in writing, as of the Effective Date, Lessor shall have no liabilities or obligations of any nature whether absolute, accrued, contingent or otherwise, whether due or to become due, as principal or guarantor, which are not reflected in the Financial Statements or in the notes thereto or in Exhibit F hereto, except for accounts payable incurred since the dates thereof in the ordinary course of business and any accrued taxes, which, individually or in the aggregate, are material to the Premises or the ability of Lessor to fully perform its obligations hereunder.

(i) Absence of Material Change. Since June 30, 1981, Lessor has conducted business operations in the ordinary course other than as disclosed by Lessor and has not:

- (1) incurred any material adverse change in the financial condition or in the operations of the business of the Premises; or
- (2) incurred any obligation or liability (absolute or contingent), except current liabilities incurred and agreements and contracts entered into in the ordinary course of business; or
- (3) sold, assigned, or transferred any of its assets or cancelled any debts or claims other than in the ordinary course of business; or
- (4) sold, assigned, transferred or terminated voluntarily or otherwise, any governmental or private licenses, permits, accreditations, or approvals referred to in subsections (d) and (e) above or any other similar assets; or
- (5) mortgaged, pledged or subjected to any lien, charge or any encumbrance or other imperfections of title, the Premises, or any portion thereof; or
- (6) waived any rights of substantial value, contractual or otherwise, whether or not in the ordinary course of business; or
- (7) suffered any material damage, destruction or loss; or

- (8) made or suffered any amendment or termination of any contract or agreement which adversely affects its business or the Premises; or
- (9) entered into any agreement to do any of the foregoing in the future.

(j) Assets Employed. Lessor has no clinically related assets other than as referred to on the Exhibits hereto and the Premises constitute all the assets necessary to, and which are used by and employed in the business and operations of Lessor as currently conducted.

(k) Condition of Premises. Lessee shall have the right to inspect the Premises prior to the Effective Date to assure that the Premises are in a good state of maintenance and repair. Lessor warrants that the Premises conform in all material aspects to applicable laws, ordinances, and regulations governing the operation thereof as a hospital and as otherwise being presently used.

(l) Contracts and Commitments. Included as Exhibit G hereto is a list as of the date hereof of each contract, lease, and agreement relating in any way to the Premises, the related assets and the operation and use thereof as a hospital, including, without limitation, approvals, accreditations and licenses from governmental authorities, Blue Cross and equivalent insurance programs, Medicaid and Medicare and other contractual programs and all agreements with or relating to employees, staff members and medical specialists. There has been no breach or default of any provisions of any contract, agreement, lease or license listed in said Exhibit (or otherwise) by Lessor which has not been previously cured, or to the knowledge of Lessor, by any other party thereto, and nothing has occurred which with lapse of time or the giving of notice or both would constitute a breach or default by Lessor, or to the knowledge of Lessor, by any other party thereto, with respect to any such contract, license, agreement or lease. Lessee has been furnished with true and complete copies of all contracts, agreements, leases and licenses listed in said Exhibit.

(m) Litigation. Except as may be described in Exhibit H, there is no administrative, judicial, private or other action, suit, proceeding, inquiry or investigation of law, or in equity, before or by any public board or body or otherwise pending (or, to the knowledge of Lessor, threatened against or affecting Lessor) or to the knowledge of Lessor, any meritorious basis therefor, wherein any unfavorable decision, ruling or finding would have a material adverse effect on (i)

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the operation of the Premises, (II) the status of any licenses or permits referred to in Section 17(d), (III) the status of any accreditations and approvals referred to in Section 17(e) or (iv) this Lease. There exists no threatened or pending disciplinary actions or other actions against or relating to any member of the Hospital staff.

(n) Lessor's Employees. Exhibit I hereto sets forth a complete list of all of Lessor's executive employees, their job titles and rates of pay, together with copies of any and all fringe benefits and personnel policies. The delivery of the Schedule shall not imply or impose any obligation on Lessee to assume or be bound by such terms of employment. There exist no contracts or agreements between the Lessor and any employee or staff member providing for bonuses or terms of employment except as set forth in such Exhibit. This list will be held in confidence by Lessee.

(o) Employees' Fringe Benefit. Lessee shall be responsible for normal and reasonable fringe benefits due Lessor's employees accrued and unpaid prior to Effective Date, except that all payroll expenses due as aforesaid shall be the responsibility of Lessor prior to Effective Date. Lessee shall be responsible for all sick leave and vacation time accrued and unused by Lessor's employees prior to Effective Date. Lessor shall be responsible for normal and reasonable fringe benefits due Lessor's employees at Hospital accrued and unpaid as of the termination date of the Lease, except that Lessee shall be responsible for all payroll expenses due as aforesaid. Lessor shall be responsible for all sick leave and vacation time accrued and unused by Lessor's employees as of the termination date of the Lease.

(p) Labor Relations. There are no labor contracts to which Lessor is a party and there is no request for an election pending at the date hereof.

(q) No Violations of Law. To the best of Lessor's knowledge, Lessor is not conducting its business in violation of any federal, state or local laws, rules, regulations or ordinances currently in effect to which it is subject including, without limitation, laws and regulations relating to health care providers, land use, environmental protection, occupational safety or health, prices, wages, hours, taxes and employment practices, and at the Effective Date, the Premises, as constructed and operated, will violate no applicable law, order, rule or regulation relating to the use or occupancy thereof.

(r) Consents. No consents of other persons or entities shall be required to be obtained in order for Lessor to enter into this Lease, to execute and

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deliver all documents contemplated hereby and to perform all of Lessor's obligations hereunder except those listed on Exhibit B attached hereto, which consents shall be obtained prior to the Effective Date by Lessor.

(s) Full Disclosure. The information provided Lessee relating to the Premises and its operation has been and shall be true and correct in all respects on the date hereof and on the Effective Date, and Lessor shall have not failed to advise Lessee of any information which Lessor, through the exercise of prudence, could reasonably expect would be material to the operation of the Premises and to Lessee's leasing thereof.

(t) Conformity with Omnibus Reconciliation Act. All contracts assumed by Lessee hereunder shall be in conformity with Section 932 of the Omnibus Reconciliation Act of 1980, PL96-499, providing for the access to the books and records of subcontractors of Medicare providers, by the Secretary of the Department of Health and Human Services.

(u) Primary Lease. The real estate included in the Premises is comprised of _____ primary leases, under all of which Lessor is either the lessee or sublessee. Lessor warrants and represents that it is current in the performance of all its obligations under each of the leases and has or shall have by the Effective Date, the authority and power to enter into this Lease and fully perform each of its obligations hereunder.

18. Representations and Warranties of Lessee.

(a) Organization. Lessee is a corporation duly organized and validly existing in good standing under the laws of the State of Tennessee with full corporate power to carry on its business as now conducted. True and correct copies of the Articles of Incorporation of the Lessee and Health Group Inc., certified by the Secretary of State of Tennessee, will be delivered to the Lessor prior to the Effective Date.

(b) Authority. The Lessee is authorized to perform the obligations hereunder and the approval of this Lease or the transactions contemplated hereby by the stockholders of the Lessee is not required by any provisions of its Articles of Incorporation, Bylaws or by any rule or regulation of the New York Stock Exchange.

(c) Consents. The execution and performance of this Lease will not violate any provision of, result in the breach of, or constitute a default under any order, writ, injunction, decree of court, governmental agency, or arbitration

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tribunal, or any contract, agreement or instrument by which the Lessee or its assets and properties may be bound nor is any consent not obtained by Effective Date for the actions herein required under or by any of the above.

(d) Confidentiality. Lessee and its representatives shall hold in strict confidence all data and information obtained with respect to the Lessor or the Hospital's activities or businesses, and shall not use such data or information or disclose the same to others except such data or information as is published as a matter of public record or is required to be disclosed to governmental or health care agencies.

19. Survey. Lessor shall cause to be furnished to Lessee before the Effective Date a survey of all of the Premises showing the boundaries of each of the leases and the improvements thereon. This survey shall be paid for by Lessee.

20. Subordination. Lessee agrees to subordinate its rights hereunder to the lien resulting from any future mortgage or mortgages, or any other method of financing or refinancing. This subordination is upon the express condition that the instrument creating such lien of mortgage or mortgages or other liens shall contain a clause agreeing that in the event of foreclosure or deed in lieu thereof, to Lessee's quiet enjoyment of the Premises, so long as Lessee is not in default of the terms and conditions of this Lease. Lessee shall promptly execute any documents submitted by Lessor as further evidence of this subordination, provided such documents do not impair Lessee's quiet enjoyment of the Premises, so long as it is not in default of the Lease.

21. Legal Opinion. Prior to the Effective Date, Lessor shall provide to Lessee the opinion of John Thorpe Richards, of Alexandria, Virginia, counsel for Lessor, certifying as to the accuracy of the representations and warranties of Lessor made in Section 17(a), (d), and (f). Lessee shall reimburse Lessor the cost of this opinion to a maximum of \$2,000.00.

22. Repairs, Alterations and Additions. Lessee will maintain all improvements and buildings on the Premises (and all later alterations and additions) in a good state of repair. Lessee shall make all repairs, external and internal, structural or nonstructural, ordinary or extraordinary and be responsible for all replacements of any broken or worn out equipment, machinery and personal property. Lessee shall permit Lessor to inspect the Premises at all reasonable times for the purpose of monitoring the maintenance of plant, equipment, machinery and personal property, alterations and additions.

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With respect to capital additions to the Premises, either Lessor or Lessee may propose, in written documents delivered to the other party, such additions to the Premises as the proposing party may deem necessary or appropriate. Every reasonable effort shall be made to make such proposal at least ninety (90) days prior to the fiscal year end of the Hospital, for inclusion in an annual capital budget. In the event that there are additions to the Hospital, any additional rental due therefor shall be negotiated in good faith between the parties.

23. Furniture, Fixtures and Equipment. All furniture, fixtures, machinery, equipment and items of personalty (referred to herein as "FF&E") shall be dealt with as follows:

(a) FF&E Owned by Lessor and Purchased by Lessee. FF&E owned by Lessor which was purchased by the Lessee pursuant to paragraph 16 which requires replacement during the term hereof, shall be replaced by Lessee and at termination of the Lease, all such original FF&E and replacements thereof shall be purchased by Lessor at book value as of the termination of this Lease.

(b) FF&E Owned by Lessor but not Purchased by Lessee. All FF&E owned by Lessor but not purchased on March 1, 1983 by Lessee shall remain the property of the Lessor and may be used by the Lessee during the term of this Lease. Any such FF&E which requires replacement during the term hereof, shall be replaced by Lessee and purchased by Lessor at book value as of termination of the Lease and all such FF&E shall become the property of the Lessor.

(c) FF&E Leased by Lessor as of the Effective Date. Lessor shall assign to Lessee all rights under such leases (including the right to purchase) and Lessee shall assume the obligations accruing after Effective Date with respect to these leases. Lessor shall obtain all necessary consents required for such assignments. All leased FF&E which requires replacement during the term of this Lease shall be replaced by Lessee. If Lessee leases the replacements, and said replacements are still being leased as of the termination of this Lease, Lessor shall assume any or all of such leases, and Lessee shall assign to Lessor those leases (including the right to purchase), and Lessor shall assume the obligations accruing after the termination of this Lease with respect to these FF&E leases. Lessee shall obtain all necessary consents required for such assignments. If Lessee purchases such replacements, Lessor shall purchase any or all of this FF&E at its book value as of the termination of this Lease.

(d) New FF&E. It shall be Lessee's responsibility to obtain new FF&E for use in the Hospital, as Lessee may determine. Lessee shall consult appropriate medical staff chiefs of the Hospital in determining equipment needs of the Hospital, from time to time. If Lessee purchases additional FF&E, it shall be the property of Lessee at termination provided Lessor shall have the right to purchase any or all such FF&E at book value at the termination of this Lease. If the aforesaid new FF&E is leased, all such leases shall remain the responsibility of the Lessee, provided Lessor at termination shall have the right to assume any or all of the leases and Lessee shall assign to Lessor all rights under such leases (including right to purchase) and Lessor shall assume the obligations accruing after termination of this Lease with respect to those FF&E leases. Lessee shall obtain all necessary consents required for such assignments. If Lessor does not elect to purchase any or all of such FF&E or assume any or all of the leases for such FF&E, that FF&E shall be removed by Lessee at the termination of this Lease.

14. Physicians Service Contracts. Lessor is party to service contracts with physicians as listed on Exhibit J hereto. Lessee shall assume such service contracts on the Effective Date. It is Lessee's intention to extend such contracts after their present terms expire, however, Lessee shall retain the right to entertain competitive offers for such services. The physicians who are currently parties to such contracts shall have the right of first refusal to meet the terms of competitive offers to Lessee for such contract services.

15. Offset. The obligations of Lessee hereunder may be offset to cover any loss suffered by Lessee by virtue of default in any of the provisions hereof by Lessor. In the event of a dispute concerning the validity of any such offset, the dispute shall be submitted for resolution by the Circuit Court for the City of Alexandria. In the event that a determination is made that the offset was improper, then Lessee shall pay to Lessor the sums improperly offset, plus a penalty of ten percent (10%) of the sums improperly offset, plus reasonable attorney's fees.

16. Collateral Assignment. Lessee may assign this Lease and its rights and obligations hereunder as collateral to lending institutions which loan funds shall be used solely in connection with the operation of the Hospital.

17. Pledge of Accounts Receivable. To secure Lessee's full performance of this Lease, on or before April 1, 1982, Lessee shall unconditionally assign to Lessor patient accounts receivable then owing or thereafter arising which in the

aggregate total \$1,250,000.00. Furthermore, on or before April 1, 1982, Lessee shall execute a security agreement and financing statement in which Lessee shall grant to Lessor a security interest in the aforesaid patient accounts receivable, and shall promptly execute any documents submitted by Lessor as further evidence of its assignment and granting of a security interest in the aforesaid patient accounts receivable necessary to keep the assignment and security interest in full force and effect during the term of this Lease. Lessee unconditionally agrees that it will pay all accounts incurred in its operation of the Hospital within forty-five (45) days of the date said account is incurred.

28. No Partnership. Lessor does not by this Lease, in any way or for any purpose, become a partner of Lessee in the conduct of its business or otherwise, or a joint venturer or a member of a joint enterprise with Lessee.

29. Indemnification of Lessor. Lessee will at all times during the terms of this Lease and thereafter indemnify and hold harmless Lessor, its stockholders, officers, agents and employees, from and against any and all claims, actions, damages, liability and expense, including attorney's fees, arising from or out of (1) any occurrence in, upon or at the leased Premises, or (2) the occupancy or use by Lessee of the leased Premises or any part thereof, or (3) occasioned wholly or in part by any act or omission of Lessee, its agents, contractors, employees, servants, invitees, lessees, or concessionaires, provided that such occurrence was not caused by the fault or negligence of Lessor or its agents, employees, or representatives.

30. New Building and Proposed New Building. During the term of this Lease, Lessee agrees that all persons using the new office building or proposed office building shall have unlimited rights of ingress and egress to such buildings. Furthermore, all such persons shall have equal access to all surface parking located on the Premises in the same manner and at the same costs, if any, as persons using the Hospital.

Lessee agrees that the aforesaid two buildings may be used by doctors and others as offices and for other purposes and said uses shall not be considered in violation of any non-competition agreements which are connected with the Lease. Said building shall not be used as a surgicenter nor for overnight patient observation. All income received from parking shall belong to Lessee during the terms of this Lease, except that income which is derived from parking located under the present building, and which will be located in the new building to be constructed.

31. Lessor's Access to Information. Lessee shall make available to Lessor such of its records as shall be necessary to assure Lessor that Lessee is fully performing its duties under this Lease and is current in discharging its obligations with respect to the payment of its creditors. Lessor shall notify Lessee in writing of any nonconformity or irregularity and specify to Lessee what actions Lessee should take to correct the situation.

32. Property Loss, Damage, Reimbursement. Lessor shall not be liable for any damage to property of Lessee or of others on the leased Premises, nor for the loss or damage to any property of Lessee or others by theft or otherwise. Lessor shall not be liable for any injury or damages to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or snow leaks from any part of said Premises, or from the pipes, appliances or plumbing works or from the roof, street or suburface 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 fault of Lessor, its agents, servants or employees.

33. Lessor's Rights to Perform Lessee's Covenants. If Lessee shall at any time fail to pay any taxes, or fail to secure or pay for, or to maintain and deliver any of the insurance policies provided for herein, or shall fail to make any other payment or perform any other act required or to be performed in accordance with any terms or provisions of this Lease, then Lessor, after fifteen (15) days written notice to Lessee (or without notice in case of a bona fide emergency) and without waiving, or releasing Lessee from any obligations to make any of such payments or perform any other act on Lessee's part required or to be performed in this Lease, may enter upon the demised Premises for any such purpose, and take all such action thereon, as may be reasonably necessary.

All sums so paid by Lessor and all costs and expenses, including reasonable attorney's fees, incurred by Lessor in connection with the performance of any such act, together with interest thereon at the rate of sixteen percent (16%) per annum from the respective dates of Lessor's obligation and/or payment shall be paid by Lessee to Lessor on demand, and Lessor shall not be limited in the proof of any damages which Lessor may claim against Lessee arising out of or by reason of Lessee's failure to provide and keep in force insurance as aforesaid, to the amount of the insurance premium or premiums not paid or incurred by Lessee, but Lessor shall also be entitled to recover damages for such breach including the uninsured amount of any loss to the extent of any deficiency in the insurance required by the

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provisions of this Lease, damages, costs and expenses of suit, including attorney's fees, suffered or incurred by reason of damage to, or destruction of, the demised Premises, or any part thereof, occurring during any period when Lessee shall have failed or neglected to provide insurance as aforesaid.

Under no circumstances shall either the exercise by Lessor of the right granted in this section to enter upon the demised Premises for any purpose specified herein and take all such action thereon as may be necessary therefor, or the exercise of any other right or remedy granted to Lessor under any other provision of this Lease to cure, prevent or take any other action with respect to any default by Lessee, constitute an eviction of Lessee, result in a termination of this Lease, or in any manner whatsoever relieve Lessee from liability to pay net rent and additional rent as provided herein or from the keeping, observance and performance of any other covenant, condition and agreement on the part of Lessee to be kept, observed and performed under this Lease.

The provisions of this section shall have no application to Lessor's right to terminate this Lease or to Lessor's right to enter, re-enter or to obtain possession of the demised Premises following termination of this Lease in accordance with the provisions hereof.

In taking action under this Section 33, Lessor shall act with diligence, in good faith, and with a view toward mitigation of Lessee's liability hereunder.

34. Notices. Any notice or other communication by either party to the other shall be in writing, and shall be given, and be deemed to have been given, either when delivered personally or as of the date mailed, if mailed postage prepaid, registered or certified mail addressed as follows:

To Lessor: Jefferson Corporation of Alexandria L.D.F. J
4600 King Street
Alexandria, Virginia 22302
Attention: Chairman of the Board and the President
WITH COPY TO: Ross, Marsh & Foster, 117 S. Fairfax St., Alexandria, VA 22314
To Lessee: Health Group of Virginia, Inc. L.D.F. A
Suite 801
One Commerce Place
Nashville, Tennessee 37219
Attention: Chairman of the Board and the President

35. Governing Law. This Lease shall be governed by Virginia law.

36. Severability. If any provision hereof is deemed by a court to be invalid, then it shall be stricken and the remaining portions hereof shall continue to be operative.

37. Effect of Waiver. No waiver by either party of any default or breach of any covenant, condition or stipulation herein contained shall be treated as a

waiver of any subsequent default or breach of the same or any other covenant, condition or stipulation hereof.

32. Exhibits. Lessor shall fully complete and provide Lessee the Exhibits hereto and in the forms attached hereto within seven (7) days of the date hereof and if they are not provided within such time period or if they contain material adverse information of which Lessee has not been previously provided then Lessee may terminate this Lease if it so notifies Lessor within five (5) days of Lessee's receipt of the Exhibits or on non-receipt of the Exhibits; provided, however, the survey and description of real property and Exhibit C shall be delivered on but no later than February 24, 1982. Delivery shall be deemed given upon Lessee's receipt thereof.

33. Refund. In the event that Lessee shall not take possession of the Hospital on the Effective Date, then all deposits and payments to Lessor pursuant to Section 18 above shall be immediately returned to Lessee provided Lessee's failure to take possession of the Hospital is not in default of its obligation to Lessor.

IN WITNESS WHEREOF, the parties have executed this Lease on this the 11th day of February, 1982.

"LESSOR"

JEFFERSON MEMORIAL HOSPITAL CORPORATION

By: Laszlo N. Tauber, M.D.

Secretary

"LESSEE"

HEALTH GROUP OF VIRGINIA, INC.

By: George P. Van

GEORGE P. VAN
President

STATE OF VIRGINIA,

CITY OF ALEXANDRIA, to-wit:

Before me, the undersigned Notary Public in and for said City and State, personally appeared Lasso N. Tauber, M.D. who acknowledged himself to be the Secretary of Jefferson Memorial Hospital Corporation, and who, as such officer, being duly authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes contained therein.

WITNESS my hand and official seal at Alexandria, Virginia this 16 day of December, 1982.

Harriet M. Morgan
Notary Public

My Commission Expires:

March 15, 1985



STATE OF TENNESSEE,

CITY/COUNTY OF Dandridge, to-wit:

Before me, the undersigned Notary Public in and for said City/County and State, personally appeared George F. Van who acknowledged himself to be the President of Health Group of Virginia, Inc., and who, as such officer, being duly authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes contained therein.

WITNESS my hand and official seal at Nashville, Tennessee this 14th day of December, 1982.

Thelma M. Ford
Notary Public

My Commission Expires:

April 17, 1983



March 1, 1982

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DESCRIPTION
LEASE PARCEL A
GROUP HEALTH OF VIRGINIA INCORPORATED
CITY OF ALEXANDRIA, VIRGINIA

BEGINNING at a point on the southwesterly line of King Street (variable width) said point being the northwesterly corner of the lands leased by Jefferson Memorial Hospital Inc. from G. Tyson Hopkins and lying South $38^{\circ} 27' 37''$ East, 148.66 feet from the intersection of the southeasterly line of N. Beauregard Street (variable width) and the southwesterly line of King Street (variable width);

thence with said southwesterly line of King Street South $38^{\circ} 27' 37''$ East 159.73 feet and South $37^{\circ} 38' 20''$ East 102.68 feet to a point, said point being the northwesterly corner of the lands of Bolling Brook Towers;

thence with the westerly line of said lands of Bolling Brook Towers, South $17^{\circ} 25' 00''$ West 328.62 feet to a point on the northerly line of the lands of Ralph H. and Irene Stowe;

thence with said northerly line of the lands of Stowe North $66^{\circ} 12' 00''$ West 426.01 feet to a point on the easterly line of the lands of Washington Forrest Foundation;

thence with the easterly and northerly lines of the Lands of Washington Forrest Foundation North $04^{\circ} 51' 50''$ East 27.10 feet, and North $83^{\circ} 25' 16''$ West 233.40 feet to a point on the aforementioned southeasterly line of N. Beauregard Street (variable width);

thence with said southeasterly line of N. Beauregard Street North $26^{\circ} 19' 48''$ East 59.16 feet and North $32^{\circ} 59' 09''$ East 109.94 feet to a point of curvature;

thence with the arc of a curve to the right whose radius is 454.00 feet and whose chord bearing and chord are North $40^{\circ} 16' 47''$ East and 115.28 feet, respectively, an arc distance of 115.60 feet to a point of tangency;

thence North $47^{\circ} 34' 27''$ East 76.50 feet to a point of curvature;

thence with the arc of a curve to the right whose radius is 454.00 feet and whose chord bearing and chord are North $51^{\circ} 30' 00''$ East and 62.17 feet respectively, an arc distance of 62.22 feet to a point on the southwesterly line of the lands of G Tyson Hopkins Associates;

thence departing N. Beauregard Street and running with the aforesaid southwesterly line South $04^{\circ} 51' 50''$ West 9.96 feet to a point on the northerly line of the lands leased from G. Tyson Hopkins Associates by Jefferson Memorial Hospital, Inc.;

HOLLAND ENGINEERING LTD. PARTNERSHIP

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thence with said northerly line of said land South $37^{\circ} 29' 10''$ East 188.46 feet to a point;

thence with the lines of Parcel B the following courses and distances:

South $53^{\circ} 35' 59''$ West, 11.57 feet,

South $36^{\circ} 27' 09''$ East, 58.51 feet,

South $51^{\circ} 32' 51''$ West, 24.58 feet,

South $39^{\circ} 27' 09''$ East, 54.88 feet,

North $51^{\circ} 32' 51''$ East, 151.00 feet,

South $38^{\circ} 27' 09''$ East, 3.56 feet,

North $51^{\circ} 32' 51''$ East, 16.96 feet,

North $38^{\circ} 27' 09''$ West, 31.46 feet,

North $51^{\circ} 32' 51''$ East, 3.46 feet, and

North $39^{\circ} 27' 09''$ West, 80.23 feet to a point on the westerly line of the

land leased from G. Tyson Hopkins Associates by Jefferson Memorial Hospital, Inc.;

thence with said westerly line of said land North $53^{\circ} 35' 59''$ East 89.73 feet to the point of beginning.

LESS and EXCEPT: Parcel "C" more particularly described as follows:

BEGINNING at a point, said point lying North $54^{\circ} 29' 36''$ East 153.14 feet from a point on the southeasterly line of N. Beauregard Street (variable width), a common corner to Washington Forrest Foundation and the aforesaid Parcel "A";

thence North $32^{\circ} 59' 09''$ East 26.23 feet to a point of curvature;

thence with the arc of a curve to the right whose radius is 391.00 feet and whose chord bearing and chord are North $34^{\circ} 49' 45''$ East and 25.16 feet, respectively, an arc distance of 25.16 feet to a point;

thence the following courses and distances:

North $53^{\circ} 19' 39''$ West, 15.00 feet,

North $39^{\circ} 02' 21''$ East, 33.53 feet, and

HOLLAND ENGINEERING LTD. PARTNERSHIP

Prepared by
Holland Engineering Limited Partnership
Number 548-2188

Large Parcel "A" containing 123.12 square feet or 4.2040 acres and being more particularly shown on the plan attached hereto and made a part hereof.

North 53° 12' 19" West, 76.14 feet to the point of beginning.

North 83° 25' 16" West, 13.20 feet, and

South 43° 34' 31" West, 54.41 feet,

South 30° 00' 48" West, 57.06 feet,

South 53° 12' 19" East, 84.36 feet,

thence the following courses and distances:

thence with the arc of a curve to the right whose radius is 391.00 feet and whose chord bearing and chord are North 43° 53' 56" East and 34.02 feet, respectively, an arc distance of 34.02 feet to a point;

South 48° 35' 39" East, 15.00 feet to a point of curvature;

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EXHIBIT B

All clinical equipment, non-clinical equipment, furniture and fixtures (including but not limited to those items listed on the computer print-out marked Exhibit B-1)

which have been used (whether owned or leased by . . . Lessor) in the operation of the hospital or have been located within the hospital within the three (3) months preceding the Effective Date, except: _____

Notwithstanding the foregoing, those items of movable equipment which are listed on the Lessor's computer print-out marked "Exhibit B-1" under Class 30 beginning at the bottom of Page 8 through the bottom of Page 38 on Lessor's said computer print-out dated as of January 31, 1982 are all being purchased by Lessee from Lessor pursuant to Paragraph 10(a). Those items of movable equipment which will be listed on the print-out under Class 30, and which are acquired by the Lessor during February and March, 1982 will be shown on the Lessor's computer print-out dated as of March 31, 1982 and will be purchased by Lessee from Lessor. The book value of those items of movable equipment listed under Class 30 and acquired in February and March, 1982 by Lessor will be added to Paragraph 10(a)(2) and the costs will be added to Paragraph 10(a)(5) as part of the recalculation referred to in Paragraph 10(a) as of March 31, 1982. All items of movable equipment purchased by the Lessee pursuant to Paragraph 10(a) are part of the Premises for the purposes of Paragraph 17. All other items on the Lessor's computer print-out and as referred to in the first sentence hereof are also considered part of the Premises as used in the Lease and as specifically covered by Paragraph 23.

In addition to the above, 15 Hospital beds with accessories were bought and paid for in full by the Lessor on March 22, 1982 for a total purchase price of \$18,179.75. Accordingly, the cost will not be added to Paragraph 10(a)(5) but will be added to Paragraph 10(a)(2). There are other small items of movable equipment which will be treated in the same way as aforesaid and will be included in the recalculated purchase price.

As of 4/1/82

EXHIBIT "C"

1. Real Title Company, Inc. tax information sheets marked:
 - a) 836/739 Parc 2
 - b) Parc 3821-03-02
 - c) 707/594 Parc 3821-03-03
 - d) 707/590 Parc 3821-03-04
 - e) 707/600 Parc 3821-03-01
 - f) Bldg only on 3821-03-01
 - g) Bldg only on Parc 3821-03-02
2. Financing Statement securing First Federal Savings and Loan Association of Arlington, signature of debtor: Jefferson Memorial Hospital Joint Venture.
3. Assignment of Lessor's interest in Lease, dated April 23, 1979 by Lazzlo M. Tauber, Trustee to First Arlington Service Corporation, et al., re: Lease dated 7/31/77. (Recorded Book 941, page 280)
4. Assignment of Lessor's interest in Lease dated April 23, 1979 by Lazzlo M. Tauber, Trustee to First Arlington Service Corporation, et al., re: Lease dated 7/1/75. (Recorded Book 941, page 287)
5. Deed of Trust assignment of rents and security agreement dated April 23, 1979, among the Trustor/Grantor Lazzlo M. Tauber, Trustee, et al. and the beneficiary, First Federal Savings and Loan Association of Arlington. (Recorded Book 941, page 271)
6. Agreement dated October 4, 1978 shown as being recorded in Book 916, Page 718.
7. Virginia-American Water Company, Alexandria District, Easement Agreement dated September 1, 1978, shown as being recorded in Deed Book 912, Page 718.
8. Agreement dated September 15, 1977 shown as being recorded in Deed Book 870, Page 39.
9. Agreement dated October 9, 1964 shown as being recorded in Deed Book 614, Page 49.
10. Deed of Easement dated August 11, 1958, shown as being recorded in Deed Book 477, Page 175.
11. Agreement dated March 8, 1952, shown as being recorded in Deed Book 336, Page 626.
12. Reference to a Right-of-way to Virginia Public Service Company, top of which is typed "Form 7".

100-1081, p. 27

FINANCING STATEMENT

TO:



Clerk of the Circuit Court
City of Alexandria, Virginia



State Corporation Commission

Please file this Financing Statement pursuant to the Uniform Commercial Code. Kindly send us a receipt as evidenced of filing indicating the file Number thereon. Filing fee attached.

Jefferson Memorial Hospital Joint Venture
and
Laszlo W. Tauber, Trustee

4600 King Street
Alexandria, Virginia 22302

Name of Debtor

Complete address of debtor

First Federal Savings and Loan
Association of Arlington

4020 University Drive
Fairfax, Virginia 22030

Name of Secured Party

Complete address of secured party

This financing statement covers the following property located in the City of Alexandria, Virginia:

All medical and hospital equipment of any type whatsoever now owned or hereafter acquired located in the premises known as Jefferson Memorial Hospital

Signature of Debtor:

JEFFERSON MEMORIAL HOSPITAL JOINT VENTURE

By: Laszlo W. Tauber
Laszlo W. Tauber, General Partner and
Managing Joint Venturer

Laszlo W. Tauber
Laszlo W. Tauber, Trustee

Signature of Secured Party:

FIRST FEDERAL SAVINGS AND LOAN
ASSOCIATION OF ARLINGTON

By: [Signature]

Title: Assistant Vice-President

1. Parking Space Agreement dated 10/10/77 with Bolling Brook Towers Condominium.
2. Agreement dated 9/2/80 with Emanuel Maniatis dated 9/2/80.
3. Agreement with Carls Hecker, MD by letter dated 11/1/80.
4. Lease Agreement dated 12/1/79 with Melvin Small, MD.
5. Lease Agreement dated 11/1/79 with Richard F. Sappington, Jr. MD
6. Lease Agreement dated 1/1/66 with Leslie Conder, Samuel Burtoff and The Tauber Foundation.
7. Amendment dated 3/1/80 and Lease Dated 7/1/75 with Lazzlo M. Tauber, Trustee.
8. Lease dated 7/31/77 with Lazzlo M. Tauber, Trustee.
9. Lease Agreement dated 6/1/79 with Lazzlo M. Tauber, MD
10. Land Lease Agreement dated 2/13/78 with G Tyson Hopkins Associates.
11. Assignment of Lease from L & L Corporation to Lazzlo M. Tauber, Trustee, dated 8/14/63. (Recorded Book 583, Page 12.)
12. Memorandum of Lease dated 10/8/62 between Gerard T. Hopkins and Helen C. Hopkins and L & L Corporation. (Recorded Book 583, Page 168.)
13. Lease Agreement dated 7/1/79 with Lazzlo M. Tauber, M.D., Trustee Jefferson Memorial Hospital Joint Venture.
14. General terms of lease referred to in items 11 and 12 above are: "net-net", annual base rental of \$2,406.40 for a ninety-nine (99) year term with no rental escalator provision.
15. Assignment of Lease from Jefferson Memorial Hospital, Inc., a Maryland Corporation, Jefferson Memorial Hospital Corporation, a Delaware Corporation and Lazzlo M. Tauber, Trustee, to Lazzlo M. Tauber, Trustee, dated 6/1/75.
16. Amendment to Original Lease dated July 1, 1975 identified in Item 7 above, executed on February 10, 1982.
17. Parking Meter Agreement dated February 1, 1981 with Van Horn Corporation.

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PARKING SPACE AGREEMENT

This agreement made this 10 day of October, 1977, by and between Jefferson Memorial Hospital of Alexandria, Virginia and the Rolling Brook Towers Condominium, also of Alexandria, Virginia.

The Condominium agrees to the use by the Hospital of not more than ten parking spaces on average each normal working day (Monday - Friday) for its employees.

These spaces will be primarily those nearest the King Street exit adjoining the property of the Hospital. Other spaces will be used only when sufficient space in this area is not available.

The Hospital agrees to pay one hundred dollars a month to the Condominium for the use of these parking spaces. The Hospital further agrees that it shall use these parking spaces for the automobiles of its employees who normally work from 8:00 A.M. to 5:00 P.M. It is understood by the Condominium that there may be certain occasional exceptions to these hours but that they are infrequent and apply only to a few individuals.

The Hospital will provide the Hospital sticker and license plate of those vehicles which it has authorized to park on the property of the Condominium.

The term of the Agreement shall be in force for not less than six months and continued at the pleasure of both parties for an indefinite period. However, either party may terminate this Agreement within 90 days upon written notification of a desire to terminate being sent by registered mail to the parties at the address shown below:

Donald D. Bader
President
Council of Co-owners
Rolling Brook Towers Condominium
28th and King Streets
Alexandria, Virginia 22302

Paul E. Limin
Administrator
Jefferson Memorial Hospital
4000 King Street
Alexandria, Virginia 22302

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AGREEMENT

(2)

THIS AGREEMENT, entered this 2 day of September 1980 by and between EMANUEL MANIATIS, the LESSOR, and the JEFFERSON MEMORIAL HOSPITAL, the LESSEE.

The Lessor will rent and transfer to the Lessee the following property:

Use of approximately fifty (50) parking spaces located adjacent to the Fancy Fliver's Used Car Rental and specifically marked for hospital parking during the hours of 7:00 A.M. weekdays until 6:30 P.M. weekdays.

This Agreement shall commence on the 2nd day of September 1980 and extend for a period of 12 months, ending on the 1st day of September 1981. During this term the rental to the Lessee shall be \$10.00 per space per month, payable in advance on the 1st day of each month.

Both parties are of the understanding that the month of December space is being allotted for the sale of Christmas Trees, but that there will be space allotted to the Lessee during this period for parking some of its employees.

The Lessee will not hold the Lessor for any liability of any hospital employee vehicle or contents thereof. The Lessee will provide snow removal for the designated 50 parking spaces.

Either party may cancel this contract by giving a 60 day notice in writing.

This written agreement constitutes the entire agreement between the Lessor and the Lessee, and regarding the demise of the property described and no agent of either party has any authority to alter, amend, or waive any of the terms hereof, unless such amendments be in writing and consented to and signed by both parties.

BY: EMANUEL MANIATIS
President and General Manager

BY: CARL E. LINTON
Jefferson Memorial Hosp.

DATE

DATE

3

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22304
TELEPHONE: 702/691-1000

November 1, 1980

Carlos Hecker, M.D.
4600 King Street
Suite 16N
Alexandria, Virginia 22302

Dear Doctor Hecker:

This is to confirm our mutual agreement that the Hospital desires to rent from you, your room space 6N-1 for a period of 16 months at a monthly charge of \$125.00 each month. The Hospital agrees to be responsible for all maintenance and up-keep of the space 6N-1 throughout the 16 month rental period. Payment of the monthly rent will be made by the 10th of each and every month over the period covered in this Agreement.

Any improvement made to 6N-1 by the Hospital will become a part of the space and at no cost to Doctor Hecker.

Sincerely yours,

C. E. Linton
CARL E. LINTON
Administrator

CEL:ps

I hereby signify acceptance of the above. I accept rental as to be on a nine (9) - month basis. I will not a 3-year agreement.
Carlos Hecker
CARLOS HECKER, M.D.

THIS AGREEMENT made this 1st day of December, 1979, by and between
HELVIN SWALL, M.D., (hereinafter called "Landlord") and JEFFERSON
NEBRILL, M.D. (hereinafter called "Tenant").

WITNESSETH:

1. That the Landlord for and in consideration of the covenants
and agreements hereinafter set forth and the rent hereinafter specifically
reserved, has leased, and does hereby lease, unto said Tenant the space
described as follows: That portion of the 4th floor designated as

Suite 4J containing 1470 square feet of space consisting of all that area
within the red-lined boundary on the floor plan attached as Exhibit "A",
and reads in part hereto,

in the building located at 4600 King Street, Alexandria, Virginia, for the
term of Ten (10) years (or until such term shall sooner cease and
expire as hereinafter provided) commencing on the 1st day of December
1979, and ending on the 30th day of November 1989, both dates inclusive,
at an annual base rental of Eleven Thousand, One Hundred Seven and 44/100
Dollars (\$11,107.44) without deduction or demand, the first monthly
installment payable on the execution of this agreement, and the remaining
monthly installments payable in advance on the first day of each and every
month during the said term at the office of Suite 2L, 4600 King Street,
Alexandria, Virginia 22302, or at such other place as the Landlord may
hereinafter designate in writing. Rent checks are to be made payable to
Helvin Swall, M.D., or such other person, firm, or corporation as the Land-
lord may designate in writing.

2. Tenant does hereby take and hold said leased premises at the rent
hereinafter specifically reserved and payable as aforesaid, and upon and sub-
ject to the terms and conditions herein contained. All charges incurred by
Tenant for alterations, or work to be performed to the leased premises
pursuant to an executed proposal by and between Tenant and Landlord or
Landlord's agent and/or all charges for parking shall constitute additional
rent unless otherwise specifically provided for in this Lease Agreement.

3. Use of Premises. Tenant shall use and occupy the leased premi-
ses for Hospital, consultative activities and/or professional activities.

The Tenant is extended the right to sublease the said demised premises so long as the premises are used for providing health care activities.

4. Utilities, Services, and Repairs. The landlord shall provide at no additional rent, heat, air conditioning, and other utilities, and all structural repairs to the leased premises except those necessitated by the negligence of the Tenant. Minor repairs and maintenance of floors, walls, ceiling, and fixtures of the premises shall be the responsibility of the Tenant.

5. The Tenant is permitted to install at Tenant's expense, floor covering, painting of walls or wall covering of a pleasing to the Tenant. Further, the Tenant is permitted to remove or add fixtures, partitions, and doors to the premises. However, the landlord reserves the right at the expiration of this lease, to accept the modifications made by the Tenant or to require the tenant to restore the premises to the design as shown on "Exhibit A" of this lease. All improvements made to the premises shall become the property of the landlord upon the expiration of this lease.

6. Housekeeping and Cleaning Service. The Tenant is responsible for such service in the demised premises. Further, the Tenant assumes the expense for such cleaning service of public and common space of the building premises and will not hold the landlord responsible for such service.

7. Termination. The landlord may terminate this Lease Agreement at any time if Tenant fails to make monthly rental payments as required, or fails to comply with the terms and conditions of this Lease Agreement. Tenant may terminate this lease agreement at any time if the landlord fails to comply with the terms and conditions of this Lease Agreement or if the premises are damaged not due to Tenant's actions or negligence, to such an extent they are not usable by the Tenant. In the event the landlord or Tenant exercises this termination provision, sixty (60) days prior written notice shall be given by the party exercising this termination provision.

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IN WITNESS WHEREOF, the parties have executed this Agreement the
day and year first above written.

WITNESSES:

BY: HELVY SCOLL, M.D.

TRUST:

BY: LESLIE L. PETERS, M.D.
President, Jefferson Memorial
Hospital Corporation

1080-835

LEASE AGREEMENT

5

THIS AGREEMENT made this 1st day of November, 1979, by and between
RICHARD F. SAMPINGTON, JR., M.D., (hereinafter called "Landlord") and
JEFFERSON MEMORIAL HOSPITAL CORPORATION (hereinafter called "Tenant").

WITNESSETH:

1. That the Landlord for and in consideration of the covenants and agreements hereinafter set forth and the rent hereinafter specifically reserved has leased, and does hereby lease, unto said Tenant the space described as follows: That portion of the 6th floor designated as Suite 6P containing 1026 square feet of space consisting of all that area within the red-lined boundary on the floor plan attached as "Exhibit A", and made a part hereto,
in the building located at 4600 King Street, Alexandria, Virginia, for the term of Two (2) years (or until such term shall sooner cease or expire as hereinafter provided) commencing on the 1st day of November 1979, and ending on the 31st day of October 1981, both dates inclusive, at an annual base rental of Nine Thousand Two Hundred Thirty Four and 00/100 Dollars (\$9,234.00), without deduction or demand, the first monthly installment payable on the execution of this Agreement and the remaining monthly installments payable in advance on the first day of each and every month during the said term at the office of Suite 3E, 4600 King Street, Alexandria, Virginia 22302, or at such other place as the Landlord may hereinafter designate in writing. Rent checks are to be made payable to RICHARD F. SAMPINGTON, JR., M.D., or such other person, firm, or corporation as the Landlord may designate in writing.
2. Tenant does hereby take and hold said demised premises at the rent hereinabove specifically reserved and payable aforesaid, and upon and subject to the terms and conditions herein contained. All charges incurred by Tenant for alterations, or work to be performed to the demised premises pursuant to an executed proposal by and between Tenant and Landlord or landlord's agent and/or all charges for parking shall constitute additional rent unless otherwise specifically provided for in this Lease Agreement.

3. Utilities, Services, and Repairs. The Landlord shall provide at no additional rent, heat, air conditioning, and other utilities, and all structural repairs to the leased premises except those necessitated by the negligence of the Tenant. Minor repairs and maintenance of floors, walls, ceiling, and fixtures of the premises shall be the responsibility of the Tenant.

4. The Tenant is permitted to install at Tenant's expense, floor covering, painting of walls or wall covering of a choosing to the Tenant. Further, the Tenant is permitted to remove or add fixtures, partitions, and doors to the premises. However, the Landlord reserves the right at the expiration of this Lease, to accept the modifications made by the Tenant or to require the tenant to restore the premises to the design as shown on "Exhibit A" of this Lease. All improvements made to the premises shall become the property of the Landlord upon the expiration of this lease.

5. Housekeeping and Cleaning Service. The Landlord is responsible for such service in the demised premises.

6. Termination. The Landlord may terminate this Lease Agreement at any time if Tenant fails to make monthly rental payments as required, or fails to comply with the terms and conditions of this Lease Agreement. Tenant may terminate this Lease Agreement at any time if the Landlord fails to comply with the terms and conditions of this Lease Agreement or if the premises are damaged not due to Tenant's actions or negligence, to such an extent they are not usable by the Tenant. In the event the Landlord or Tenant exercises this termination provision, sixty (60) days prior written notice shall be given by the party exercising this termination provision.

BOOK 1081 PAGE 37

IN WITNESS WHEREOF, the parties have executed this Agreement the
day and year first above written.

LANDLORD:

BY: Richard F. Saffington, Jr.
RICHARD F. SAFFINGTON, JR., M.D.

TENANT:

BY: Leslie L. Peters, M.D.
LESLIE L. PETERS, M.D., President
JEFFERSON MEMORIAL HOSPITAL
CORPORATION

I certify this to be a copy of the original.

Margaret L. Cross
Notary Public

My Commission Expires 5-7-85

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THIS AMENDMENT TO LEASE AGREEMENT made as of

the 1st day of January, 1966, by and between Leslie Gonder, Samuel Burtoff and the Tauber Foundation, hereinafter called the LANDLORD, and Jefferson Memorial Hospital, Inc., hereinafter called the TENANT.

WHEREAS, the parties hereto entered into a lease agreement, as of the 1st day of January, 1966, for premises located at 4600 King Street, Alexandria, Virginia, and where- as the said parties hereto desire to amend said agreement.

IT IS THEREFORE AGREED AS FOLLOWS:

1. The parties hereto agree to add the following paragraph to said lease of January 1, 1966: 6.3a During the term of this lease, if the TENANT shall erect any improvements, and if said improvements at any time during the term of this lease shall vest in the LANDLORD, the LANDLORD agrees to pay to the TENANT the fair market value of said improvements. Such fair market value shall be determined at the time of vesting by two independent real estate appraisers, one to be selected by the LANDLORD, and one to be selected by the TENANT, and their appraisal shall be binding upon both parties. Payment for such improvements, after the appraisal has been made, is to be paid 25% cash and the balance in the form of a note payable over ten years in equal monthly payments with interest of 6% per annum, on the unpaid balance, with the right in the LANDLORD to accelerate the payment at any time without penalty.

2. The said lease of January 1, 1966, and all of the provisions of said lease shall remain in full force and effect, together with above amendment except as modified above.

IN WITNESS WHEREOF, the said LANDLORD and
TENANT have duly executed this Amendment to lease as
their free act and deed.

Witness

Witness

Attest:

Richard G. Grier

(Corporate Seal)

LANDLORDS:

Leslie Gondor

Samuel Burtoff

THE TAUBER FOUNDATION

By President:

Leslie N. Tauber

TENANT:

JEFFERSON MEMORIAL HOSPITAL, INC.

By President:

Leslie N. Tauber

Attest:

Richard G. Grier

(Corporate Seal)

THIS LEASE AGREEMENT is made as of this 1st day of January, 1956, by and between Leslie Gonder, Samuel Burtzoff and The Tauber Foundation, (hereinafter called LANDLORD) and Jefferson Memorial Hospital, Inc., (hereinafter called TENANT).

LANDLORD, for and in consideration of the rental herein provided to be paid by TENANT and the covenants, conditions and agreements herein contained on the part of the TENANT to be paid, kept and performed, does hereby let and rent to TENANT and TENANT does hereby take and hire as tenant of the LANDLORD the premises hereinafter described for the TERM and at the rental and upon the terms and conditions all as hereinafter stated:

I. Preliminary Provisions

1.1 Landlord. Leslie Gonder, Samuel Burtzoff and The Tauber Foundation, as LANDLORD, are the legal and equitable owners of the LEASED PREMISES and their title to the LEASED PREMISES will be placed on record within a reasonable period of time. LANDLORD warrants that LANDLORD has full right and power to make this Lease without the consent or agreement of any other person. Each party hereto who is a LANDLORD hereby waives any right (whether statutory or common law) to seek a partition of the LEASED PREMISES; provided, however, that such waiver shall not be effective at such time or times as the LEASED PREMISES or any part thereof is no longer held for use in any manner as a hospital and/or for related purposes. The LEASED PREMISES consist of an eighty percent (80%) undivided interest in certain property hereinafter described, which interest is owned by the parties who are the LANDLORD as tenants in common and in the following proportions: Leslie Gonder (50%), Samuel Burtzoff (3%) and The Tauber Foundation (25%). The remaining twenty percent (20%) undivided interest in said property is owned by the Tenant.

*Words in capital letter are specifically defined. See Section 12.1

1.2 Tenant. TENANT is Jefferson Memorial Hospital, Inc..

1.3 Notice Address. Notices to LANDLORD shall be sent to LANDLORD c/o Dr. Laszlo Tauber, Jefferson Memorial Hospital, 4600 King Street, Alexandria, Virginia, and c/o Dr. Leslie Gonder, 3541 West Braddock Road, Alexandria, Virginia, or to TENANT c/o Dr. Laszlo Tauber, Jefferson Memorial Hospital, 4600 King Street, Alexandria, Virginia.

1.4 Lease Commencement Date. The term of the Lease shall commence on January 1, 1966 (the LEASE COMMENCEMENT DATE).

1.5 Annual Basic Rental. The ANNUAL BASIC RENTAL shall be \$15,600.

II. Leased Premises

2.1 The premises herein leased consist of an eighty percent (80%) undivided interest in property more fully described on the ANNEX attached hereto and made a part hereof. Said eighty percent (80%) undivided interest is herein referred to as the LEASED PREMISES.

2.2 LANDLORD hereby leases to TENANT not only the land area just described but also all rights appurtenant thereto, including all right and interest, if any, of LANDLORD, in and to the land lying in the streets and sidewalks adjoining said land area, to the center line of such streets and including easements and rights in respect of all adjoining public space, including vacant space, it being intended hereby that all rights of LANDLORD in respect of the LEASED PREMISES or rights relating to the LEASED

PREMISES are hereby granted to TENANT during the TERM, but subject to all requirements and limitations, from time to time, of GOVERNMENTAL AUTHORITIES, it being understood that if GOVERNMENTAL AUTHORITIES terminate or restrict any rights to use areas described in Section 2.2 which extend beyond the land area described in Section 2.1, LANDLORD shall have no liability to TENANT by reason thereof and that TENANT will pay all charges with respect thereto.

2.3 LANDLORD warrants that LANDLORD is seised in fee simple of the LEASED PREMISES, that LANDLORD's title thereto is good of record and in fact, marketable and free of all encumbrances, restrictions, or liens of any kind, except as otherwise provided in Section 7.1.

2.4 LANDLORD warrants that if and so long as TENANT shall not be in default hereunder, TENANT shall quietly hold, occupy and enjoy the LEASED PREMISES and all rights relating thereto during the TERM, without hindrance, ejection, or molestation by LANDLORD or any party claiming by, through or under LANDLORD.

III. Term

3.1 The TERM of this Lease shall commence on the LEASE COMMENCEMENT DATE specified in Section 1.4 and shall continue thereafter, unless sooner terminated in accordance with the provisions hereof, for Ninety-nine (99) years following such date. LANDLORD shall give TENANT possession of the LEASED PREMISES on the LEASE COMMENCEMENT DATE.

3.2 If any rights or obligations hereunder (whether relating to payment of ANNUAL BASIC RENTAL, payment of IMPROVEMENTS, or to any other provision of this Lease) relate to a period in part before the LEASE COMMENCEMENT DATE, or in part after the date of termination of the TERM, appropriate adjustments and prorrations shall be made.

3.3 On or before the last day of the TERM, or upon the sooner termination of the Lease, TENANT shall peaceably and quietly leave, surrender and yield up to the LANDLORD the LEASED PREMISES, together with all IMPROVEMENTS (if any) thereon, broom clean and in good order and condition, reasonable wear and tear of IMPROVEMENTS excepted; TENANT shall have the right to remove TENANT's personal property.

IV. Rent

4.1 ANNUAL BASIC RENTAL.

(1) TENANT, in consideration of this LEASE, covenants and agrees to pay unto LANDLORD, in lawful money of the United States of America, during each LEASE YEAR, an ANNUAL BASIC RENTAL, in the amount specified in Section 1.5, commencing on the LEASE COMMENCEMENT DATE and continuing thereafter during the entire TERM. Said ANNUAL BASIC RENTAL shall be payable in equal monthly installments in advance on or before the first day of each and every calendar month. The ANNUAL BASIC RENTAL shall be paid in addition to and over and above all other payments to

be made by TENANT hereinafter provided. Except as may be otherwise herein specifically provided, the ANNUAL BASIC RENTAL shall be paid to LANDLORD without notice or demand and without abatement, deduction, or set-off of any kind. Each LEASE YEAR shall be an annual period commencing on the anniversary date of the LEASE COMMENCEMENT DATE; the first LEASE YEAR commences on the LEASE COMMENCEMENT DATE. Appropriate proration shall be made if the LEASE COMMENCEMENT DATE or the date of termination of the Lease is not on the first day of a month.

(2) The formula for increases and subsequent decreases, if any, of the ANNUAL BASIC RENTAL, shall be based on the fluctuations in the "Wholesale Price Index, All Commodities (1957-59 Cost Equals 100)" of the United States Department of Labor's Bureau of Labor Statistics, hereinafter called the Cost of Living Index (C.L.I.). On each tenth (10th) anniversary of the LEASE COMMENCEMENT DATE the ANNUAL BASIC RENTAL for the next ten (10) LEASE YEARS shall be recomputed by multiplying the ANNUAL BASIC RENTAL specified in Section 1.3 by a fraction, the denominator of which shall be the C.L.I. for the month in which the LEASE COMMENCEMENT DATE occurs, and the numerator of which shall be the C. L.I. for the month in which said tenth (10th) anniversary of the LEASE COMMENCEMENT DATE occurs, except that in no event will the ANNUAL BASIC RENTAL be less than the amount specified in Section 1.3.

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4.2 Additional Rent

(1) Payment by Tenant. As part of the consideration for this Lease and as additional rent and subject to all of the provisions hereof, TENANT covenants and agrees, commencing on the LEASE COMMENCEMENT DATE and at all times during the TERM, at TENANT's own cost and expense, to pay, as the same become due and payable and before any fine, penalty, interest or other charge which may be added thereto for the nonpayment thereof, all taxes, license and permit fees, charges for public utilities of any kind, and obligations for any and all other governmental charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever, including, but not limited to, assessments for sidewalks, streets, sewers, water, or any other public improvements, and any other improvements or benefits which shall, during the TERM hereof be made, assessed, levied, or imposed upon, or become due and payable in connection with, or a lien upon, the LEASED PREMISES, or any part thereof, or IMPROVEMENTS thereon, or upon this Lease (all of such items being herein referred to as an IMPOSITION), except that any such amounts properly allocable to periods before or after the TERM shall not be payable by TENANT and shall be equitably apportioned between LANDLORD and TENANT. LANDLORD agrees promptly to send to the TENANT copies of any notices in respect of any such IMPOSITION. TENANT covenants to furnish to LANDLORD, upon specific request in each instance, official receipts of the proper taxing of other GOVERNMENTAL AUTHORITIES or other proof satisfactory to LANDLORD, evidencing the full payment of any and all such IMPOSITION.

(2) Installment Payments. If, by law, any

IMPOSITION may be paid, at the option of the taxpayer, in installments (whether or not interest accrues thereon) TENANT may pay the same in installments.

(3) Limits of Tax Liability. The provisions

of this lease shall not be deemed to require TENANT to pay any tax on the rental paid to LANDLORD, or any inheritance, estate, succession or transfer taxes under any existing or future laws of the United States of America, or of any other country, or of any jurisdiction therein, that may be payable by reason of the devolution by descent or testamentary provision of the LANDLORD's estate in the LEASED PREMISES, and TENANT shall not be required to pay any income, gift or capital levy or excess profits tax that may be payable by LANDLORD under any existing or future tax law of the United States or of any jurisdiction therein.

(4) Tenant's Right to Contest. TENANT shall

have the right, if TENANT disputes the amount or validity of any IMPOSITION upon the LEASED PREMISES and IMPROVEMENTS thereon (whether in respect of the amount of tax assessment or otherwise) to contest, and defend against the same, and in good faith diligently conduct any necessary proceedings to prevent and avoid the same; provided, however, that such contest shall be prosecuted to a final conclusion as speedily as is reasonably possible. Any rebate made on account of any IMPOSITION paid by TENANT, shall belong and be paid to TENANT. LANDLORD agrees to render TENANT all reasonable assistance, at no expense to LANDLORD, in contesting the validity

or amount of any IMPOSITION, including joining in the execution of any documents, or the signing of any protests or pleadings, which the TENANT may file. During any such contest, the TENANT shall (by payment of such disputed IMPOSITION, if necessary) prevent any foreclosure of, or any divesting thereby, of the LANDLORD's title, reversion or other interest in or to the LEASED PREMISES, and will further (by the payment of such disputed IMPOSITION, if necessary) prevent the public sale or enforcement of any lien for any such IMPOSITION.

V. Use and Occupancy

5.1 (1) Use of Leased Premises. TENANT shall have the right to use the LEASED PREMISES, either alone or in connection with any other property, for any lawful purpose. TENANT agrees not to commit waste on the LEASED PREMISES and not to use the LEASED PREMISES for any unlawful purpose, or in violation of any certificate of occupancy, or for any purpose which may constitute a nuisance, public or private, nor suffer any dangerous article to be brought on the LEASED PREMISES unless safeguarded as required by law. TENANT agrees reasonably, promptly and effectively to comply with all applicable and lawful statutes, regulations, rules, ordinances, orders and requirements of any public official or agency having jurisdiction in respect of the LEASED PREMISES (herein referred to as GOVERNMENTAL AUTHORITIES). LANDLORD agrees to promptly give notice to TENANT of any notice from GOVERNMENTAL AUTHORITIES in respect of the LEASED PREMISES. TENANT may, in good faith, dispute

the validity of any complaint or action taken pursuant to or under color of any of the foregoing, defend against the same, and, in good faith, diligently conduct any necessary proceedings to prevent and avoid any adverse consequence of the same. TENANT agrees that any such contest shall be prosecuted to a final conclusion as speedily as possible, and TENANT will save the LANDLORD harmless with respect to any actions taken by any GOVERNMENTAL AUTHORITIES with respect thereto.

(2) Governmental Restrictions. LANDLORD agrees, within five (5) days after receipt of written request from TENANT, to join in any and all applications for zoning and rezoning (but not less in density, use and classification than now existing) and for permits, licenses, or other authorizations or other documents required by any GOVERNMENTAL AUTHORITIES in connection with any work which TENANT may do hereunder or in connection with any permitted use by the TENANT under the Lease, either alone or in conjunction with other premises, including, but not limited to, the right to construct IMPROVEMENTS, and will also join in any grants, or easements for electric, telephone, gas, water, sewer and other public utilities and facilities, or access roads, or other facilities useful and/or necessary to any permitted use of the LEASED PREMISES, or the IMPROVEMENTS or the construction thereof, including but not limited to occupancy permits; and will also join in any proceeding to close any public alleys adjacent to the LEASED PREMISES, it being agreed that the portion of such alley which accrues to the

LEASED PREMISES shall accrue to LANDLORD as owner of the LEASED PREMISES and shall be considered to be leased hereunder and shall constitute part of the LEASED PREMISES; and if, at the expiration of such five (5) day period LANDLORD shall not have joined in any such document, TENANT shall have the right to execute such document in the name of LANDLORD and, for that purpose, LANDLORD hereby irrevocably appoints TENANT as attorney-in-fact to execute such document on behalf of LANDLORD.

(3) Maintenance and Repairs. Throughout the TERM, TENANT shall, at TENANT's sole cost and expense, keep the LEASED PREMISES and IMPROVEMENTS (if any) in good order and condition and shall make or cause to be made all necessary repairs, alterations and/or replacements thereto, interior, exterior, structural and nonstructural, reasonable wear and tear excepted. All such repairs, alterations and replacements shall be equal in quality to the original work. TENANT shall, at TENANT's sole cost and expense, keep the sidewalks, curbs, entrances, passageways and areas adjoining or appurtenant to the LEASED PREMISES in a clean and orderly condition, free of snow, ice, rubbish and obstructions. LANDLORD shall have no responsibility whatsoever in respect of maintenance or repair, it being intended that TENANT shall have full responsibility for the LEASED PREMISES. TENANT will hold LANDLORD harmless with respect to any liability in respect of maintenance or repair.

(4) Right to Enter. LANDLORD and any MORTGAGEE shall have access to the LEASED PREMISES and the IMPROVEMENTS in company with an agent of TENANT at any and all reasonable times for

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the purpose of inspecting and maintaining, or for the purpose of carrying out the landlord's rights described in Section 12.4 subject to the security requirements of any tenant or subtenant in possession.

VI. Improvements

6.1 Construction. TENANT shall have the right at any time and from time to time, as often and frequently as TENANT wishes, during the TERM, to construct such buildings, structures or improvements as TENANT, in TENANT's sole discretion, shall deem appropriate, without the necessity of securing LANDLORD's permission or consent (which buildings, structures, or improvements are herein referred to as IMPROVEMENTS). Such IMPROVEMENTS may be constructed solely upon the LEASED PREMISES, or may be a single building partly upon the LEASED PREMISES and partly upon other real property or properties in which TENANT has an interest, and LANDLORD agrees to execute appropriate documents required by GOVERNMENTAL AUTHORITIES in respect thereof (including, but not limited to, a single lot designation, if required).

6.2 Demolition. Except during the last 13 years of the TERM, TENANT shall have the right at any time and from time to time, as often and frequently as TENANT wishes, during the TERM, to demolish, tear down, or otherwise remove, and to make such changes, repairs and alterations, structural or otherwise, to IMPROVEMENTS (including any improvements thereon on the LEASE COMMENCEMENT DATE) as TENANT, in TENANT's sole discretion, shall

deem appropriate, without the necessity of securing LANDLORD's permission or consent. Costs of razing any IMPROVEMENTS shall be borne by TENANT and TENANT shall be entitled to the salvage value, if any, therefrom.

6.3 Replacement Improvements. The aforesaid right of TENANT to construct IMPROVEMENTS upon the LEASED PREMISES set forth in Section 6.1 shall extend not only to INITIAL IMPROVEMENTS (the IMPROVEMENTS first constructed by TENANT after the LEASE COMMENCEMENT DATE), but also shall include the right, at any time and from time to time, to demolish INITIAL IMPROVEMENTS and REPLACEMENT IMPROVEMENTS (IMPROVEMENTS replacing prior IMPROVEMENTS constructed by TENANT) and to construct REPLACEMENT IMPROVEMENTS upon the LEASED PREMISES.

6.4 Alterations. TENANT shall have the right, at any time and from time to time, as often and frequently as TENANT wishes, to make such changes, repairs and alterations, structural or otherwise, to IMPROVEMENTS as TENANT in TENANT's sole discretion shall deem necessary or desirable, without the necessity of securing LANDLORD's permission or consent.

6.5 Tenant Ownership. Title to all IMPROVEMENTS erected by TENANT on the LEASED PREMISES shall be in and remain in TENANT for and during the entire TERM, but upon the termination of the TERM (except termination resulting from a TAKING), shall vest in LANDLORD.

6.6 Quality. Any IMPROVEMENTS and any maintenance and repair work, alterations, replacements and additions in connection therewith shall be of first class quality.

6.7 Lien. TENANT shall have no authority, express or implied (except as otherwise provided in Section 7.2) to create or place any lien or encumbrance, of any kind or nature whatsoever, upon, or in any manner to bind the interest of LANDLORD in the LEASED PREMISES. TENANT covenants and agrees promptly to pay all sums legally due and payable by TENANT on account of any labor performed or on account of any material supplied on the LEASED PREMISES as to which any lien is or legally can be asserted against TENANT's leasehold interest in the LEASED PREMISES or the IMPROVEMENTS.

VII. Encumbrances

7.1 Landlord Encumbrances

(1) Existing Encumbrances. LANDLORD warrants that the LEASED PREMISES are free of all encumbrances, except for current taxes, water rent and sewer service charges, and except that the LEASED PREMISES are leased subject to existing mortgages described in the Annex attached hereto and made a part hereof.

(2) Landlord Security Interest. Any security interest with respect to the fee of the LEASED PREMISES hereinafter created by LANDLORD (except a FEZ MORTGAGE placed pursuant to Section 7.2) shall be subject to TENANT's interest under this Lease, to any succeeding Lease made pursuant to Paragraph 7.3(6), and to any LEASEHOLD MORTGAGE.

7.2 Tenant Right to Require Lender to Mortgage

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(1) Tenant Loan. Provided that all of the conditions set forth in this Paragraph 7.2(1) are met, TENANT shall have the right, at any time or from time to time, at TENANT's own expense, to obtain a loan, or to extend or replace such loan or to obtain a new loan, which shall be secured by a FIRST MORTGAGE (either on the LEASED PREMISES alone or on the LEASED PREMISES together with any other real property or properties in which the TENANT has an interest) provided that all of the following conditions are met:

(a) LANDLORD shall have no personal liability with respect to any such note or MORTGAGE, the sole recourse of the MORTGAGEE being against the LEASED PREMISES and/or against the TENANT:

(b) Such loan shall be secured by a FIRST MORTGAGE:

(c) Such loan shall be in such sum as may be obtained from an INSTITUTIONAL LENDER (bank, savings bank, trust company, savings and loan association, insurance company, college, university, pension or profit sharing trust, retirement or welfare fund, real estate investment trust or similar institutional lender, including loans insured by or guaranteed by the Federal Housing Administration or other agency of the United States Government;

(d) The maturity date of any such loan will not extend beyond the TERM;

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(e) The interest rate payable upon such loan

will not exceed four (4) percentage points above the rediscount rate for member banks established by the Federal Reserve Bank of New York, prevailing at the time such loan is obtained, extended, renewed or modified;

(f) Payments of principal and interest on such loan will be in monthly, quarterly, semi-annual or annual installments, will be payable in such manner that the loan will be self-amortizing by the date of maturity of the loan, and each payment of principal and interest (including the last payment at maturity) will be a level payment.

The parties hereto desire to facilitate the obtaining by the TENANT of appropriate financing and replacements thereof. The rights contained in this Paragraph 7.2(1) are a major and material inducement to TENANT to enter into the Lease. The phrase FIRST MORTGAGE, as used in this Lease, means a first mortgage satisfying all of the requirements of Paragraph 7.2(1). The phrase MORTGAGE includes a deed of trust or other security instrument evidencing a security interest in real estate as security for a debt. The phrase MORTGAGEE means the holder of record of a MORTGAGE. The phrase FEE MORTGAGE means a MORTGAGE placed pursuant to this Section 7.2 and the phrase FEE MORTGAGEE means the MORTGAGEE thereof.

(2) LANDLORD to Join. At such time or times as the TENANT places a loan secured by a FIRST MORTGAGE as described in Section 7.2(1), and thereafter, when the TENANT is extending or replacing such loan, or placing a new loan, LANDLORD agrees properly to join in the manner required in each such FIRST MORTGAGE

and/or conversion agreement, solely for the purpose of mortgaging and subjecting the right, title and interest of LANDLORD in the fee of the LEASED PREMISES and any IMPROVEMENTS thereon to the lien, or the continuation or replacement of the lien of such FIRST MORTGAGE, or to the lien of a new FIRST MORTGAGE, provided, always, that all of the provisions of Paragraph 7.2(1) are met with respect thereto. LANDLORD further agrees to execute, acknowledge and deliver such instruments in the proper manner as are necessary to mortgage and subject the right, title and interest of the LANDLORD in the fee title to the LEASED PREMISES and all IMPROVEMENTS thereon to the lien of any such MORTGAGE and/or the continuation of any such lien or the lien of any new MORTGAGE, subject to the provisions hereof. LANDLORD hereby irrevocably appoints TENANT as attorney-in-fact to execute such papers on LANDLORD's behalf in the event that LANDLORD fails or refuses to execute such papers upon five (5) days' notice from TENANT.

(3) Proceeds of MORTGAGE. The proceeds of any such MORTGAGE loan referred to in this Section 7.2 shall be paid to and become the property of the TENANT.

(4) Expenses. TENANT agrees to pay all charges and expenses for securing and making any such loan, mortgages, extensions and/or renewals, including all brokerage, commission charges, fees for examination of title, or attorney's fees for drawing papers in connection therewith, recording fees, and such other costs and expenses as the MORTGAGEE may require to be paid with respect to any such FIRST MORTGAGE.

7.3. Leasehold Mortgage.

(1) Right of Tenant. TENANT shall have the right and privilege of mortgaging and otherwise encumbering TENANT's entire leasehold interest, in whole or in part, in the LEASED PREMISES, including the TENANT's interest in IMPROVEMENTS thereon, and/or any part thereof, as security for the performance of TENANT's obligations under such mortgage or other encumbrance, it being understood at all times that LANDLORD's fee ownership of the LEASED PREMISES may be encumbered by TENANT only pursuant to the provisions of Section 7.2, and may not be encumbered by TENANT pursuant to the provisions of this Section 7.3, the rights of TENANT under this Section 7.3 being solely to encumber or mortgage TENANT's interest in this LEASE. Any such MORTGAGE placed pursuant to this Section 7.3 is herein referred to as a LEASEHOLD MORTGAGE. The phrase LEASEHOLD MORTGAGE shall mean the holder of record of any LEASEHOLD MORTGAGE.

(2) Notice to Landlord. Upon the placing or assignment of a LEASEHOLD MORTGAGE, TENANT, or the LEASEHOLD MORTGAGE, shall notify LANDLORD thereof, in the manner herein provided for giving of notice to LANDLORD, and of the address of the LEASEHOLD MORTGAGE to which notices shall be sent. So long as a LEASEHOLD MORTGAGE is in effect as to which such notice has been given, no termination, alteration, amendment or modification of this Lease shall be made without the prior written consent of such LEASEHOLD MORTGAGE.

(3) Notice to Leasehold Mortgagees. When giving notice to TENANT with respect to any EVENT OF DEFAULT in accordance with Article XI, LANDLORD will also serve a copy of such notice upon each LEASEHOLD MORTGAGEE as to which TENANT has received notice from LANDLORD, and no such notice to TENANT shall be effective unless a copy of such notice is served upon the LEASEHOLD MORTGAGEE in the manner herein provided for the giving of notice to the LEASEHOLD MORTGAGEE. Each LEASEHOLD MORTGAGEE will have the same period after the giving of said notice to said LEASEHOLD MORTGAGEE for remedying the default, or causing the same to be remedied, as is given the TENANT after notice to the TENANT.

(4) Default by TENANT. Upon the occurrence of any EVENT OF DEFAULT, as defined in Article XI, each LEASEHOLD MORTGAGEE shall have the right to make good such default, whether the same consists of failure to pay ANNUAL BASIC RENTAL, additional rent, or failure to make any other payment or to perform any other matter or thing which TENANT is hereby required to do or perform, and LANDLORD shall accept such performance on the part of the LEASEHOLD MORTGAGEE as though the same had been done or performed by TENANT. In the case of any default by TENANT, other than in the payment of money hereunder, LANDLORD will take no action to effect a termination of the TERM pursuant to Article XI without first giving to the LEASEHOLD MORTGAGEE reasonable time within which either (1) to obtain possession of the LEASED PREMISES (including possession by a receiver) and cure such default, in the case of a default which is susceptible of being

cured when the LEASEHOLD MORTGAGEE has obtained possession, or (11) to institute foreclosure proceedings and complete such foreclosure, or otherwise acquire the TENANT's interest under this Lease, with diligence and continuity, in the case of a default which is not so susceptible of being cured by the LEASEHOLD MORTGAGEE; provided, however, that the LEASEHOLD MORTGAGEE shall not be required to continue such possession or continue such foreclosure proceedings if the default which would have been the reason for effecting a termination of the Lease shall be cured; and provided, further, that nothing herein shall preclude the LANDLORD from exercising any rights and remedies under this Lease with respect to any other default by TENANT during any period of such forbearance, subject to the provisions hereof.

(5) Foreclosure. Any LEASEHOLD MORTGAGEE may become the legal owner and holder of this Lease by foreclosure of its LEASEHOLD MORTGAGE, or as a result of the assignment of this Lease in lieu of foreclosure, whereupon such LEASEHOLD MORTGAGEE shall immediately become and remain liable under this Lease (subject to the provisions of Article XI) so long as (but no longer than) such LEASEHOLD MORTGAGEE is in or entitled to possession of the LEASED PREMISES.

(6) New Lease. In the event of termination of this Lease, or of any succeeding lease made pursuant to the provisions of this Paragraph (6) prior to its stated expiration date, LANDLORD will enter into a NEW LEASE of the LEASED PREMISES with the LEASEHOLD MORTGAGEE, or, at the request of such LEASEHOLD MORTGAGEE, to

a corporation formed by or on behalf of such LEASEHOLD MORTGAGEE, or by and on behalf of the holders of notes or bonds secured by the LEASEHOLD MORTGAGE held by such LEASEHOLD MORTGAGEE, or, at the request of such LEASEHOLD MORTGAGEE, to such other persons as such LEASEHOLD MORTGAGEE shall designate, for the remainder of the TERM, effective as at the date of such termination of such prior lease, at the ANNUAL BASIC RENTAL, additional rental, and upon the covenants, agreements, terms, conditions and limitations herein contained, provided that:

(a) Such LEASEHOLD MORTGAGEE makes written request upon LANDLORD for such NEW LEASE within forty (40) days from the date of such termination and such written request is accompanied by payment to LANDLORD of all amounts then due to LANDLORD.

(b) Such LEASEHOLD MORTGAGEE pays, or causes to be paid, to the LANDLORD at the time of execution and delivery of said NEW LEASE, any and all sums which would at the time of execution and delivery thereof be due under this Lease, but for such termination, and pays or causes to be paid, any and all expenses including reasonable counsel fees, court costs and disbursements incurred by LANDLORD in connection with any such default and termination, as well as in connection with the execution and delivery of such NEW LEASE, less the net income collected by LANDLORD subsequent to the date of termination of this Lease and prior to the execution and delivery of the NEW LEASE, any excess

of such net income over the aforesaid sums and expenses to be applied in payment of the rent thereafter becoming due under the NEW LEASE. Such NEW LEASE executed and delivered in accordance with the provisions of this Paragraph (6) shall provide that, with respect to each and every sublease which immediately prior to the termination of the TERM was superior to the lien of the LEASEHOLD MORTGAGE held by the LEASEHOLD MORTGAGES who obtained such NEW LEASE, by entering into such NEW LEASE, the tenant thereunder shall be deemed to have recognized the tenant under the sublease, pursuant to the terms of the sublease, as though the sublease had never terminated but had continued in full force and effect after the termination of the TERM of this LEASE, and to have assumed all of the obligations of the landlord under the sublease accruing from and after the termination of the TERM, except that the obligation of the TENANT under such NEW LEASE on any covenant of quiet enjoyment, expressed or implied, contained in the sublease, shall be limited to the acts of such TENANT and those claiming by, under or through such TENANT. Upon execution and delivery of a NEW LEASE, all subleases which may theretofore be assigned and transferred to LANDLORD, shall thereupon be assigned and transferred without recourse by LANDLORD to the LEASEHOLD MORTGAGES, as the new tenant.

(7) Institutional Lender. If, under the provisions of Paragraph (5), or if, under any such NEW LEASE made in accordance with the provisions of Paragraph (6), an INSTITUTIONAL LENDER shall

be the tenant as a trustee, each and every obligation of such trustee shall be binding upon it solely in its fiduciary capacity, but shall have no force and effect against the INSTITUTIONAL LENDER in its individual capacity.

(8) Surrender. Provided there is no default under this Lease of which notice has been given to any LEASEHOLD MORTGAGEE, as herein provided, and if there exists a LEASEHOLD MORTGAGE, LANDLORD expressly agrees that LANDLORD will not accept a surrender of the LEASED PREMISES or a cancellation of this Lease from the TENANT prior to the termination of this Lease, without the prior written consent of the LEASEHOLD MORTGAGEE.

VIII. Insurance

8.1 TENANT shall, at its own cost and expense, carry (or cause to be carried by subtenants or others) the following insurance in respect of the LEASED PREMISES and IMPROVEMENTS, which may be maintained under a policy or policies covering the LEASED PREMISES and other premises in which TENANT or TENANT's affiliates have an interest:

(1) Comprehensive public liability insurance with limits of not less than \$200,000/\$1,000,000 for bodily injury or death, and not less than \$25,000 for property damage, with respect to claims for injuries and/or death sustained by persons or property while on the LEASED PREMISES:

(2) With respect to IMPROVEMENTS, insurance against loss or damage by fire and other risks covered by fire insurance, with extended coverage endorsements, in an amount not

less than 80% of the full insurable replacement value of such IMPROVEMENTS (exclusive of cost of excavation, foundation, and footings below the ground floor, and less physical depreciation), and in amounts sufficient to prevent LANDLORD or TENANT from becoming a co-insurer under such policies of insurance.

8.2 Provisions applicable to all Insurance. With respect to all insurance required to be maintained hereunder by TENANT:

- (1) Each such policy shall name LANDLORD, TENANT and any MORTGAGEE as insured as their interest appear, and shall contain a Standard Mortgage Clause;
- (2) TENANT shall send to LANDLORD certificates of insurance or receipts or other evidence satisfactory to LANDLORD showing the payments of all premiums and other charges due thereon;
- (3) The provisions of any insurance policy shall be modified to the extent required by any MORTGAGEE;
- (4) TENANT shall, at TENANT's sole cost and expense, observe and comply with all policies of insurance in force with respect to the LEASED PREMISES and IMPROVEMENTS;
- (5) Each insurance policy shall, to the extent obtainable, contain an agreement by the insurer that such policy shall not be cancelled for any cause without at least ten (10) days prior written notice from the insurer to the LANDLORD and to any MORTGAGEE;

(c) Each insurance policy shall, to the extent obtainable, contain provisions that no act or negligence of TENANT, or any one acting for TENANT, or of any subcontract or occupant of the LEASED PREMISES which might otherwise result in a forfeiture of such insurance or any part thereof, shall in any way affect the validity or enforceability of such insurance insofar as LANDLORD or any MORTGAGEE is concerned.

8.3 Landlord's Right to Obtain Insurance. If

TENANT shall fail to maintain any such insurance required hereunder, the LANDLORD may, at LANDLORD's election, procure the same, adding the premium cost to the rental next due, it being hereby expressly covenanted and agreed that payment by LANDLORD of any such premium shall not be deemed to waive or release the obligation of TENANT to make payment thereof.

8.4 Use of Insurance Proceeds. Insurance proceeds

recovered by reason of destruction of IMPROVEMENTS on the LEASED PREMISES shall be paid to, and shall be the property of, TENANT, and may be used to repair and restore the IMPROVEMENTS so damaged, or may be applied first toward the payment of the outstanding principal balance of the FIRST MORTGAGE (if any), and thereafter toward the payment of the outstanding principal balance of the LEASEHOLD MORTGAGE (if any).

IX. Condemnation

9.1 Entire Premises. In the event the entire area

of the LEASED PREMISES shall be acquired by authority of any governmental agency in the legal and valid exercise of its power

of eminent domain or by private purchase in lieu thereof (hereinafter called the TAKING), and such TAKING relates to the entire fee simple title to the LEASED PREMISES, as well as to the right, title and interest of the TENANT, the rights and obligations of the parties hereunder (except rights and obligations arising prior to such TAKING and except rights and obligations provided in this Article IX) shall terminate as of the date of such TAKING and the parties hereby agree to look solely to the condemnation award for compensation in the proportions hereinafter provided for their respective interests in the LEASED PREMISES and there shall be an abatement in the payment of all rentals and other sums payable by TENANT under the provisions of this Lease occurring after the date of the TAKING.

9.2 Partial Taking. If there shall be a TAKING of any portion of the LEASED PREMISES less than the whole, and if Section 9.3 hereof does not apply, the ANNUAL BASIC RENTAL on the LEASED PREMISES and other payments shall be reduced, as of the date of TAKING, in the same proportion that the ground area of the LEASED PREMISES so taken compares to the total area of the LEASED PREMISES immediately prior to such TAKING, and there shall be an equitable apportionment of the condemnation award.

9.3 Substantial Taking. If there is a TAKING of such a substantial portion of the LEASED PREMISES (but less than all) such that it shall no longer be reasonably economical or practical because of such TAKING for the TENANT to continue its

When business on the LEASED PREMISES, TENANT shall have the right, at its option, of terminating this Lease by notice in writing to LANDLORD within 90 days after notice of said TAKING, and in such event the Lease shall be terminated except that there shall be an equitable apportionment of the condemnation award.

9.4 Use. If there is a TAKING of all or part of the right to possession and use of the LEASED PREMISES, TENANT shall be entitled to the entire award, to the extent that the award relates to a period within the TERM, and there shall be no reduction in rent.

9.5 Apportionment of Condemnation Award. In the event of a TAKING as described in Section 9.1, the net condemnation award (after deduction of all expenses, including fees of attorneys, appraisers, and expert witnesses), shall be paid as follows and in the following order of priority (and, in the event of a TAKING as described in Sections 9.2 or 9.3, the equitable apportionment of the condemnation award shall take into account these priorities to the extent appropriate):

(1) To any first or second MORTGAGEE of the fee interest in the LEASED PREMISES, the balance due on any loan secured by any such MORTGAGE;

(2) To the LANDLORD, a sum equal to the value of the portion of the LEASED PREMISES taken, valued exclusive of IMPROVEMENTS as unimproved ground, determined as if the actual IMPROVEMENTS then situated thereon were the highest and best use

to which the land could lawfully be put; and for purposes of determination of the value of the portion of the leased premises taken, if the parties shall not otherwise agree, the Appraisal Procedure set forth in Section 12.15 shall be used;

(3) To any LEASEHOLD MORTGAGEE, the balance due on such LEASEHOLD MORTGAGE;

(4) To the TENANT, a sum equal to the value of the IMPROVEMENTS (plus, in the event of a partial TAKING, any consequential damages to the IMPROVEMENTS), less the amount of items (1) and (3);

(5) Any remaining balance shall be divided between LANDLORD and TENANT in the ratio that the amount of item (2) bears to the sum of items (1), (3) and (4).

If, by reason of a FIRST MORTGAGE or otherwise, the portion of the net condemnation award paid to LANDLORD is less than the amount of item (2), TENANT agrees to pay to the LANDLORD an amount equal to the excess of the amount of item (2) over such portion of the net award paid to LANDLORD, provided, that the condemnation award has first been finally determined in a judicial trial by a court or jury. TENANT shall be entitled to any award in respect of moving expenses, or loss of good will or profit or in respect of fixtures owned by TENANT, or the cost or expense for the repair and removal of such fixtures.

9.6 Intervention in Condemnation Proceedings.

TENANT and any MORTGAGEE shall have the right to intervene in any condemnation proceedings.

9.7 Arbitration. In the event that LANDLORD and TENANT cannot agree as to what is an equitable apportionment pursuant to Section 9.2 or Section 9.3 or as to the proper allocation pursuant to Section 9.5 of an unallocated award of a court or jury, or are unable to agree upon the amount of rental from the date of TAKING in the event that only part of the LEASED PREMISES is taken, then said amount shall be promptly determined by a board of arbitrators to consist of one member to be appointed by LANDLORD and one member to be appointed by TENANT and a third member and impartial chairman to be chosen by the members selected by the LANDLORD and TENANT. Such determination shall be made in accordance with the Appraisal Procedure described in Section 12.13.

X. Assignment and Underletting.

10.1 Assignment by Landlord. LANDLORD may assign this Lease or LANDLORD's reversion hereunder without the necessity of obtaining TENANT's consent or permission, except that LANDLORD may not sell the LEASED PREMISES during the TERM without first offering to sell to TENANT upon the same terms and conditions as are contained in any offer to purchase. TENANT shall have sixty (60) days from written notice thereof in which to accept said offer by LANDLORD.

10.2 Assignment by Tenant. Provided that the assignee assumes the liability of TENANT hereunder as defined in Section 11.6, TENANT shall have the right to assign this Lease in whole or in part without the necessity of obtaining the consent

or permission of LANDLORD, but any such assignment shall be at all times subject to this Lease and the prior right, title and interest of the LANDLORD in and to the LEASED PREMISES.

10.3 Effect of Assignment. Effective on the date of an assignment described in Section 10.1 or Section 10.2,

(1) the assignee shall be substituted for the assignor in this Lease, (2) the phrases LANDLORD or TENANT, as the case may be, as used in this Lease, shall mean the assignee and not the assignor and (3) the assignor shall be relieved of any obligation or responsibility hereunder, relating to any period after the date of assignment, except that each LANDLORD shall remain responsible for the warranties of LANDLORD set forth in this Lease. The respective assignor shall not be relieved of any obligation or responsibility hereunder relating to any period before the date of assignment.

10.4 Underletting. TENANT shall have the right to sublet all or any part of the LEASED PREMISES, without the necessity of obtaining the consent or permission of the LANDLORD, and any such underletting shall be at all times subject to this Lease and to the prior right, title and interest of the LANDLORD in and to the LEASED PREMISES, but, so long as any subtenant under any sublease shall not be in default under its respective lease of space in the LEASED PREMISES so as to entitle the landlord under such sublease to terminate the sublease, such subtenant shall not be named as a party in any foreclosure action or proceeding which may be instigated

or taken by LANDLORD, nor shall such subtenant be evicted from the premises subleased, nor shall the leasehold estate of any such subtenant be terminated by reason of any default by TENANT.

LANDLORD further agrees that upon receipt of any request from any subtenant occupying the LEASED PREMISES pursuant to leases entered into with TENANT, that LANDLORD will grant such assurances to subtenants as may be requested, of their continued right to occupy the LEASED PREMISES pursuant to the terms of their subleases and of their rights under this Section 10.4.

10.5 Attornment. Any assignee of LANDLORD or TENANT thereby agrees to attorn to the TENANT or LANDLORD, respectively, as the case may be. Subleases entered into by TENANT shall provide, to the extent obtainable, that the subtenant agrees to attorn to the LANDLORD or any MORTGAGEES who has acquired the interest of LANDLORD or TENANT.

XI. Default and Remedies of Landlord.

11.1 Event of Default. Any one or more of the following events shall constitute an EVENT OF DEFAULT hereunder:

(1) If default shall be made in the due and punctual payment of any ANNUAL BASIC RENTAL or any part thereof payable under this Lease when and as the same shall become due and payable;

(2) If default shall be made in the due and punctual payment of any of the other amounts or any part thereof payable by TENANT under this Lease when and as the same shall become due and payable; or

(3) If default shall be made by TENANT in the performance of, or in compliance with, any of the other covenants, agreements or conditions contained in this Lease.

11.2 Notice of Default. Upon the occurrence of an EVENT OF DEFAULT, LANDLORD may serve upon TENANT, pursuant to the notice provisions hereof, a NOTICE OF DEFAULT, which NOTICE OF DEFAULT shall also be served upon any MORTGAGEE, and which shall provide in the case of an EVENT OF DEFAULT defined in Paragraph 11.1(1) or (2), that TENANT shall cure such default within fifteen (15) days from the date of such NOTICE OF DEFAULT and, which shall provide with respect to an EVENT OF DEFAULT described in Paragraph 11.1(3) that TENANT shall cure such default within a period of thirty (30) days from the date of such NOTICE OF DEFAULT.

11.3 Curing of Default.

(1) TENANT shall be entitled to the respective period of time set forth in Section 11.2 to cure any EVENT OF DEFAULT specified in Section 11.1;

(2) With respect to any EVENT OF DEFAULT (other than the payment of money) of such nature that it cannot, by due diligence, be cured within the period of time specified in

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Section 11.2, TENANT shall commence the curing of such default within the period specified in Section 11.2 and shall be entitled to as long a period to cure such default as may be required by TENANT in the exercise of due diligence in endeavoring to cure such default.

(3) Any LEASEHOLD MORTGAGEE shall have the same rights and periods of time within which to cure any EVENT OF DEFAULT as are available to TENANT.

11.4 Notice of Termination. In the event that (1) an EVENT OF DEFAULT occurs, (2) LANDLORD serves upon TENANT and any MORTGAGEE a NOTICE OF DEFAULT as defined in Section 11.2 and, (3) within the pertinent time period described in Section 11.3, TENANT or any LEASEHOLD MORTGAGEE fails to cure the specified default then LANDLORD may serve upon TENANT, pursuant to the notice provision hereof, a NOTICE OF TERMINATION, which shall also be sent to any MORTGAGEE, and which shall provide that, unless the default specified in the NOTICE OF DEFAULT and again specified in the NOTICE OF TERMINATION is cured within five (5) days of the date of the NOTICE OF TERMINATION, then, upon the expiration of such five (5) days, the TERM of this Lease shall expire and terminate. upon the occurrence of all of the foregoing events, including the expiration of such five (5) day period, without TENANT or any

LEASEHOLD MORTGAGEE having cured the specified default, then, upon such expiration of such five (5) day period, the TERM of this Lease shall expire and terminate with the same force and effect as though the date so specified were the date herein originally fixed as the expiration date of the TERM, and LANDLORD shall have the remedies with respect to the LEASED PREMISES set forth in Section 11.5, and the obligations of the TENANT shall be as set forth in Section 11.6.

11.5 Landlord's Remedies with Respect to Leased Premises. Upon the expiration or termination of this Lease as described in Section 11.4, TENANT shall quit and peaceably surrender the LEASED PREMISES, without any payment by LANDLORD, without further notice, any and all notice to quit, notice of intention to re-enter or any other notices and any institution of legal proceedings being hereby waived. No re-entry by LANDLORD shall be deemed an acceptance of a surrender of this Lease.

11.6 Obligation of Parties.

(1) Personal Liability of Tenant. TENANT shall be personally liable to the LANDLORD for the performance of each and every of the promises, covenants, and agreements and conditions contained herein, until the date of completion of construction of the initial improvements (which date shall be the date of issuance by the appropriate authority of the last permit which

authorizes legal occupancy, in its entirety, of the INITIAL IMPROVEMENTS). On and after the date of completion of construction of the INITIAL IMPROVEMENTS, the limitation of liability provisions of Paragraph 11.6(2) shall apply. It is further agreed that the personal liability hereunder of any individual who is TENANT shall terminate on the death of such individual.

(2) Limitation of Liability. Provided that TENANT is a partnership, joint venture, corporation, or other form of business entity, then on and after the date of completion of construction of the INITIAL IMPROVEMENTS, and notwithstanding any other provisions contained in this Lease, LANDLORD agrees that the obligations of TENANT hereunder shall not constitute personal obligations of the partners, joint venturers, officers, or other representatives of any business entity which at any time is TENANT, and LANDLORD expressly covenants and agrees that LANDLORD will not institute, prosecute, or attempt to enforce in any court or otherwise any action for specific performance or to recover or collect from TENANT or from an assignee of TENANT (including a LEASEHOLD MORTGAGEE or assignee of such LEASEHOLD MORTGAGEE) at any time succeeding to the interest of TENANT under this Lease, or at any time owning, or who had previously owned, the Leasehold estate of TENANT, any moneys claimed for damages for breach of any agreement or covenant herein, it being agreed by the LANDLORD that, on or after the date of completion of construction of the

INITIAL IMPROVEMENTS, if TENANT or any such successor in interest of TENANT shall default in such rental or other payment or other obligation, LANDLORD will limit and restrict LANDLORD's rights and remedies hereunder to the recovery of possession of the LEASED PREMISES pursuant to Section 11.5. The provisions of this Section 11.5 constitute an express covenant and agreement on the part of the LANDLORD, and constitute a material inducement to execution of this Lease by TENANT.

11.7 Mitigation of Damages. During any period in which TENANT is personally liable hereunder pursuant to Paragraph 11.6(1), LANDLORD agrees, in the event that a personal right of action by LANDLORD against TENANT arises under Paragraph 11.6(1), to mitigate such damages by using LANDLORD's best efforts to seek to relet the LEASED PREMISES to new lessees of at least equal quality and responsibility, irrespective of rent, to the lease and guarantors initially executing or guaranteeing this Lease.

11.8 Waiver of Distraint. LANDLORD hereby waives any and all rights the LANDLORD has or may have by reason of this LEASE (or by reason of statute or common law) to distrain for rent upon the LEASED PREMISES, or upon any property upon the LEASED PREMISES, whether such property is the property of the TENANT, or is the property of any other person.

11.9 Mortgages. In the event that there is in existence a FEE MORTGAGE and/or a LEASEHOLD MORTGAGE, the additional provisions in respect of default (if any) contained in Section 7.2

(relating to a FEE MORTGAGE) or in Section 7.3 (relating to a LEASEHOLD MORTGAGE), as the case may be, shall also apply, notwithstanding any other provision in this Article XI.

XII. Other Provisions.

12.1 Definitions. The following phrases when used herein shall have the meanings set forth in the following sections or paragraphs:

- (1) ANNUAL BASIC RENTAL Sections 1.5 and 4.1
- (2) EVENT OF DEFAULT Section 11.1
- (3) FEE MORTGAGE Section 7.3
- (4) FEE MORTGAGES Section 7.3
- (5) FIRST MORTGAGE Paragraph 7.2(1)
- (6) GOVERNMENTAL AUTHORITIES Section 5.1
- (7) IMPOSITION Section 4.2
- (8) IMPROVEMENTS Section 6.2
- (9) INITIAL IMPROVEMENTS Section 6.3
- (10) INSTITUTIONAL LENDER Paragraph 7.2(1)
- (11) LANDLORD Sections 1.1 and 10.3
- (12) LEASE COMMENCEMENT DATE Sections 1.4 and 3.1
- (13) LEASE YEAR Section 4.1
- (14) LEASED PREMISES Section 2.3
- (15) LEASEHOLD MORTGAGE Section 7.3
- (16) LEASEHOLD MORTGAGES Section 7.3
- (17) MORTGAGE Section 7.2
- (18) MORTGAGES Section 7.2

- (19) NEW LEASE Section 7.3
- (20) NOTICE OF DEFAULT Section 11.2
- (21) NOTICE OF TERMINATION Section 11.4
- (22) REPLACEMENT IMPROVEMENTS Section 6.3
- (23) TAKING Section 9.1
- (24) TENANT Sections 1.2 and 10.3
- (25) TERM Section 3.1

12.2 Notices. All notices, requests, demands or other communications which may be or are required or permitted to be served or given hereunder (in this Lease collectively called "notices") shall be in writing and shall be sent by registered mail, return receipt requested, postage prepaid, to LANDLORD or TENANT, at the respective address set forth in Article I. Either party may, by notice given as aforesaid, change its address for all subsequent notices. Notices shall be deemed given when mailed in accordance herewith.

12.3 Recording. LANDLORD agrees that if so requested by TENANT, LANDLORD will execute in recordable form for purposes of recordation at TENANT's expense a short form of lease containing the names of the parties, the description of the LEASED PREMISES, the TERM of the Lease, a statement regarding the use of the LEASED PREMISES, and such other provisions as either party may require.

12.4 Right to Perform. If TENANT defaults (as described in Article XI) in the making of any payment or in the doing of any act herein required to be made or done by TENANT and which is capable of being made or done by LANDLORD, then LANDLORD may, but shall not be required to, make such payment or do such act, and the amount of

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the expense thereof, if made or done by LANDLORD, with interest thereon at the rate of six percent (6%) per annum from the date paid by LANDLORD, shall be paid by TENANT to LANDLORD and shall constitute additional rent hereunder due and payable with the next monthly installment of rent; but the making of such payment or the doing of such act by LANDLORD shall not operate to cure such default or to estop LANDLORD from the pursuit of any remedy to which LANDLORD would otherwise be entitled. Neither delay on the part of the LANDLORD in invoking any remedy to which LANDLORD may be entitled because of any breach on the part of TENANT of any covenant or condition herein, nor the acceptance of rent herein by LANDLORD either from TENANT or any subtenant, whether or not such delay or acceptance be with knowledge on the part of LANDLORD of such breach, shall prejudice LANDLORD's privilege to invoke such remedy, which privilege shall continue until such breach is cured.

12.5 Estoppel Certificate

(1) TENANT agrees at any time and from time to time, upon not less than five (5) days' prior written notice by LANDLORD, to execute, acknowledge and deliver, without charge, to LANDLORD, or to any person designated by LANDLORD, a statement in writing certifying that this Lease is unmodified (or, if there have been modifications, identifying the same by the date thereof and specifying the nature thereof), that TENANT has not received any NOTICE OF DEFAULT or NOTICE OF TERMINATION of this Lease (or, if TENANT has received such notice that it has been revoked, if such

be the case), that, to the knowledge of TENANT no EVENT OF DEFAULT exists hereunder (or if any such EVENT OF DEFAULT does exist, specifying the same and stating that the same has been cured, if such be the case), that TENANT has no claims, defenses or offsets against LANDLORD hereunder (or if TENANT has any such claims, defenses or offsets, specifying the same), and the dates to which the ANNUAL BASIC RENTAL and other amounts payable by TENANT hereunder have been paid.

(2) LANDLORD agrees at any time and from time to time, upon not less than five (5) days' prior written notice by TENANT, to execute, acknowledge and deliver, without charge, to TENANT, or to any person designated by TENANT, a statement in writing certifying that this Lease is unmodified (or, if there have been modifications, identifying the same by the date thereof and specifying the nature thereof), that no NOTICE OF DEFAULT or NOTICE OF TERMINATION of this Lease has been served on TENANT (or if LANDLORD has served such notice, that the same has been revoked, if such be the case), that LANDLORD has no claims against TENANT hereunder (or, if LANDLORD has any such claims, specifying the same), and the date to which the ANNUAL BASIC RENTAL has been paid by TENANT.

12.6 Indemnification

(1) TENANT shall indemnify and save LANDLORD harmless against and from, and shall reimburse LANDLORD for, all liabilities, obligations, damages, fines, penalties, claims, demands,

costs, charges, judgments and expenses, including but not limited to reasonable attorneys' fees, which may be imposed upon or incurred or paid by or asserted against LANDLORD or LANDLORD's fee or reversionary or other interest in the LEASED PREMISES by reason of or in connection with any of the following occurring during the TERM:

(a) Any negligent or tortious act on the part of TENANT or any of its agents;

(b) Any damage to person or property occurring on the LEASED PREMISES;

(c) Any failure on the part of TENANT to perform or comply with any of the covenants, agreements, terms, provisions, conditions or limitations contained in this Lease on its part to be performed or complied with.

(2) In case any action or proceeding is brought against LANDLORD by reason of any claims described in Paragraph 12.6(1), TENANT, if LANDLORD gives TENANT prompt notice thereof, shall, at TENANT's expense, resist or defend such action or proceeding.

(3) LANDLORD shall indemnify and save TENANT harmless against and from, and shall reimburse TENANT for, all liabilities, obligations, damages, fines, penalties, claims, demands, costs, charge judgments and expenses, including but not limited to reasonable attorneys' fees, which may be imposed upon or incurred or paid by or asserted against TENANT by reason of the incorrectness of, or failure of LANDLORD to observe, any of the warranties or representations made by LANDLORD in this Lease.

12.7 No Broker. LANDLORD and TENANT each warrant to the other that no broker or agent has been employed with respect to this Lease and each agrees to indemnify and hold the other harmless from any claim by any broker or agent claiming compensation in respect of this Lease alleging an agreement by LANDLORD or TENANT, as the case may be.

12.8 Waiver of Jury Trial. LANDLORD and TENANT waive trial by jury in any action or proceeding brought by either of the parties hereto against the other or on any counterclaim in respect thereof on any matters whatsoever arising out of, or in any way connected with, the Lease, the relationship of LANDLORD and TENANT, TENANT's use or occupancy of the LEASED PREMISES, and/or any claim of injury or damage under this Lease.

12.9 No Partnership. LANDLORD shall not be construed or held to be a partner or associate of TENANT in the conduct of TENANT's business, it being expressly understood and agreed that the relationship between the parties hereto is and shall at all times remain, during the TERM, that of LANDLORD and TENANT.

12.10 Non-Waiver. No failure by LANDLORD to insist upon the performance of any covenant, agreement, provision or condition of this Lease or to exercise any right or remedy consequent upon a default hereunder, and no acceptance of full or partial rent during the continuance of any such default shall constitute a waiver of any such default or of such covenant, agreement, provision or condition. No waiver of any default shall affect or alter this Lease,

but each and every covenant, agreement, provision and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent default hereunder.

12.11 Gender and Number. Words of any gender used in this Lease shall be held to include any other gender, and words in the singular number shall be held to include the plural and words in the plural shall be held to include the singular, when the sense requires.

12.12 Captions. The captions, titles and article, section or paragraph headings (including the table of contents) are inserted only for convenience, and they are in no way to be construed as a part of this Lease, or as a limitation on the scope of the particular provisions to which they refer.

12.13 Construction. This Lease is made pursuant to, and shall be construed and enforced in accordance with the laws in force in the jurisdiction referred to in the Annex. All provisions of this Lease shall be construed to be "conditions" and "covenants" as though language specifically expressing or importing covenants and conditions were used in each separate provision of this Lease.

12.14 Covenants to Run with the Land. The parties hereto covenant and agree that all of the conditions, covenants, agreements, rights, privileges, obligations, duties, specifications and recitals in this Lease contained, shall be construed as covenants running with the land, and as extending to, inuring to the benefit of, and of being binding upon the LANDLORD and TENANT and their successors.

and assigns, to the same extent as if the said successors and assigns were herein named as original parties hereto, all to the end that this lease shall always bind the owner and holder of any interest whatsoever in or to the LEASED PREMISES, and the IMPROVEMENTS thereon.

12.15 Appraisal Procedure. The value of the LEASED PREMISES or an interest therein shall be determined in the following manner: LANDLORD shall request appraisal by an appraiser designated by LANDLORD. TENANT may either accept such appraisal or reject such appraisal. In the event TENANT rejects such appraisal, TENANT shall designate a second appraiser and the two appraisers shall select a third appraiser. Each appraiser shall make an independent appraisal. In making the appraisal, each appraiser shall value the LEASED PREMISES exclusive of IMPROVEMENTS as unimproved ground, determined as if the actual IMPROVEMENT then situated thereon were the highest and best use to which the land could lawfully be put. The appraised value as determined by the third appraiser shall be the appraised value hereunder except that if the third appraisal is below the lower of the first two appraisals, the lower of the first two appraisals shall be the appraised value, and that if the third appraisal is higher than the higher of the first two appraisals, the higher of the first two appraisals shall be the appraised value. LANDLORD and TENANT shall each pay the cost of the appraiser designated by them and shall divide equally the cost of the third appraiser. In the event that either LANDLORD or TENANT refuses or fails to

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appoint an appraiser when required hereunder, the Washington Board of Realtors shall, at the request of the other party hereto, appoint such appraiser, whose fees shall be paid by the party required to designate him:

12.16 Entire Agreement. This Lease cannot be changed orally or terminated orally. This Lease contains the entire agreement between the parties and is intended by the parties to be an integration of all agreements between the parties in respect of the Leased Premises, and any agreement hereafter made shall be ineffective to change, modify or discharge this lease in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the change, modification or discharge is sought.

IN WITNESS WHEREOF, on the day and year first above written, LANDLORD and TENANT have duly executed this Lease as their free act and deed.

WITNESSES:

LANDLORDS:

[Signature]

[Signature] (SEAL)
Lynne Connor

[Signature]
Lara R. Kelly

[Signature] (SEAL)
Samuel Curtis
THE TAUBER FOUNDATION

[Signature]
Lara R. Kelly

[Signature] (SEAL)
by [Signature]

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WITNESS:

TENANT:

JEFFERSON MEMORIAL HOSPITAL, INC.

John P. Kelly

By *426.12.6.10* (S/L)

INDIVIDUAL ACKNOWLEDGEMENT

Richard V. ..., SS

I, a Notary Public in and for the jurisdiction above stated, do hereby certify that Leslie Gendor, Samuel Burtoff and László N. Tauber (on behalf of The Tauber Foundation) each personally known to me as a party to the foregoing instrument bearing date on the day of October 11, 1966, and hereto annexed, personally appeared before me in said jurisdiction and acknowledged the same to be their free act and deed.

Given under my hand and seal, this 31st day of October, 1966.

Richard V. ...
Notary Public
My Commission Expires June 4, 1970

CORPORATE ACKNOWLEDGMENT

IN WITNESS WHEREOF, on the day and year first hereinbefore written, the said Jefferson Memorial Hospital, Inc. has caused these presents to be signed in its corporate name by its _____, attested by _____, its _____ and its corporate seal to be hereunder affixed, and does hereby constitute and appoint Dr. Luzzo H. Tauber its true and lawful attorney in fact, for and in its name to acknowledge and deliver these presents as its free act and deed.

Attest:

(Corporate Seal)

By _____

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ANNEX

The Leased Premises referred to in the attached Lease Agreement are located at 4600 King Street, Alexandria, Virginia, and are described as follows:

All those certain lots or parcels of ground located in the City of Alexandria, Virginia, and more particularly described as follows, to-wit: -

PARCEL ONE:

BEGINNING at an iron pipe in the West side of Leesburg-Alexandria Turn Pike a corner to the lot of Mrs. Julia T. Klock; thence with the line of Mrs. Klock S. 36° 51' W. 74.4 feet to an iron pipe; thence with another line of Mrs. Klock and the same line continued with Dove N. 77° 43' W. 364.4 feet to an iron pipe set in the E. side of a 12 foot outlet road; a corner to Dove; thence crossing said 12 feet outlet road N. 77° 01' West 121 to an iron pipe in the line of the Green Tract; thence with the line of the Green Tract S. 12° 46' W. 171.12 feet to an iron pipe set in said line a corner to the land of Finissey; thence with the line of Finissey S. 58° 22' E. 425.9 feet to an iron pipe set in said line a corner to the lot of W. P. Daniels, Jr.; thence with the line of said Daniels N. 25° 15' E. 129.6 feet to an iron pipe in the west side of Leesburg-Alexandria Turn Pike, a corner to W. O. Daniels, Sr.; thence with the west side of said Turn Pike N. 30° 23' W. 44.3 feet to beginning, the said land being hereby conveyed being more particularly described in accordance with a survey made by Edward S. Holland, C.L.S., dated August 6, 1902, as follows:

BEGINNING at an iron pipe in the West side of Leesburg-Alexandria Turn Pike, a corner to the land of the Grange-Imperial Cream School, Inc.; thence with the line of Grange-Imperial Cream School, Inc., S. 17° 25' 00" W. 322.62 feet to a point in the northerly line of Eva Higgins; thence with the line of Eva Higgins N. 66° 12' 00" W. 424.61 feet to a point in the easterly line of property of the City of Alexandria, identified as Parcel 2849-61-61-63; thence with the line of property of the City of Alexandria and the same line continued with the Alexandria Land Corporation N. 4° 51' 50" E. 171.86 feet to a point on the easterly line of the Alexandria Land Corporation; thence through the land of Gerard T. Hopkins and Helen C. Hopkins, his wife, S. 83° 08' 10" E. 12 feet to a point; thence continuing through the land of the said Gerard T. Hopkins and Helen C. Hopkins S. 85° 42' 10" E. 384.40 feet to a point; thence continuing through the land of Hopkins N. 21° 43' 00" E. 72.26 feet to a point in the West side line of the Leesburg-Alexandria Turn Pike; thence with the West side of said Turn Pike S. 37° 38' 20" E. 84.30 feet to the point of beginning, containing 2.5619 acres;

AND

PARCEL TWO:

BEGINNING at a stake or pipe on the Southwest side of the Leesburg-Alexandria Turn Pike; thence leaving the Pike S. 67° 20' W. 271.75 feet to a pipe in the line of William O. Daniels; thence with his line N. 78° 35' W. 104.2 feet to easterly side of William O. Daniels 12 feet outlet Road; thence with the said side of the road N. 12° 20' E. 50 feet; thence still with the side of the road N. 75° 20' E. 325.3 feet to the said side of the Pike; thence with the side of the Pike S. 30° 43' E. 55 feet to the beginning. .568 acres, the said land being hereby conveyed being more particularly described in accordance with a survey made by Edward S. Holland, C.L.S., dated August 6, 1962, as follows:

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BEGINNING at a point on the West side of the Leesburg-Alexandria Turn Pike, said point being N. 37° 38' 26" W. 84.30 feet from a pipe marking the corner to the land of Gerard T. Hopkins and Helen C. Hopkins, his wife, the land of Grasshopper Green School, Inc., to the West side of the Leesburg-Alexandria Turn Pike; thence through the land of Gerard T. Hopkins and Helen C. Hopkins, S. 21° 45' 65" W. 72.20 feet to a point; thence through the land of Hopkins N. 55° 42' 16" W. 279.60 feet to a point; thence through the land of Hopkins N. 60° 11' 50" E. 271.33 feet to a point in the West side of the Leesburg-Alexandria Turn Pike; thence with the West side of said Turn Pike S. 35° 27' 46" E. 94.78 feet to a point; thence continuing with the West side of said Turn Pike S. 37° 38' 26" E. 18.38 feet to the point of beginning, containing 0.5698 Acres.

LESS AND EXCEPTING all improvements situate on the hereinabove described parcels of land.

THIS LEASE, made as of this 1st day of July 1975, by and between LASZLO W. TAUBER, TRUSTEE, hereinafter referred to as the "Lessor", and JEFFERSON MEMORIAL HOSPITAL CORPORATION, a Delaware corporation hereinafter referred to as the "Lessee".

WITNESSETH:

That in consideration of the mutual covenants, promises and agreements herein contained, the said parties hereto do hereby agree as follows:

FIRST: (a) The Lessor hereby leases to the Lessee and the Lessee hereby hires from the Lessor, the hospital building located at 4600 King Street, Alexandria, Virginia, and land more specifically described on Schedule A which is attached hereto and made a part hereof. Said hospital building and land is hereinafter referred to as the "Leased Premises".

(b) The Lessor hereby leases to the Lessee not only the premises just described, but also all rights appurtenant thereto, including all right and interest, if any, of the Lessor, in and to the land lying in the streets and sidewalks adjoining said premises, to the center line of such streets and including easements and rights in respect of all adjoining public space, including vault space, it being intended hereby that all rights of the Lessor in respect of the Leased Premises or rights relating to the Leased Premises are hereby granted to

the Lessee during the Lease Term, but subject to all requirements and limitations, from time to time, of governmental authorities, it being understood that if governmental authorities terminate or restrict any rights to use areas described in paragraph (a) above which extend beyond the premises described in said paragraph (a), the Lessor shall have no liability to the Lessee by reason thereof and that the Lessee will pay all charges with respect thereto.

(c) This Lease shall be at the rental and upon the terms and conditions herein stated. The Original Lease Term shall be for a period of twenty (20) years and shall commence as of July 1, 1975. If the Lessee duly remains the lessee of the Leased Premises for the duration of the Original Lease Term, the Lessee shall have the option to renew this Lease for an additional period of twenty (20) years upon termination of the Original Lease Term. The aforesaid option of the Lessee shall be on the same terms and conditions as are contained in the Lease, except as otherwise expressly provided herein, and the aforesaid option may be exercised by the Lessee only by giving written notice thereof to the Lessor at least eighteen (18) months prior to the expiration of the Lease Term. All references herein to the Lease Term shall include the Original Lease Term plus any additional term for an option duly exercised hereunder.

SECOND: (a) The Lessee does hereby agree to operate the Leased Premises only as a hospital center and to pay the Lessor an Annual Rental for the first ten (10) years of the term, the sum of One Hundred Twelve Thousand Dollars (\$112,000.00) per year and for the second ten (10) years of the term, the sum of Sixty Thousand Dollars (\$60,000.00) per year.

(b) If Lessor expands the physical plant at the request of the Lessee, as provided in paragraph "Eighth (c)", Lessor shall inform Lessee of Lessor's total cost of such expansion (of any kind or nature), and Lessee shall, as of the first of the succeeding month, commence to pay to Lessor, as "additional annual rental" an annual sum equal to twelve percent (12%) of Lessor's total cost in monthly installments.

-(c) The parties understand and agree that this is a net net lease, and as part of the consideration for this Lease and as additional rent and subject to all of the provisions hereof, the Lessee covenants and agrees, commencing as of July 1, 1975, and at all times during the Lease Term, at the Lessee's own cost and expense to pay, as the same become due and payable and before any fine, penalty, interest or other charge which may be added thereto for the nonpayment thereof, all taxes, license and permit fees, charges for public utilities of any kind, and obligations for any and all other governmental charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever, including, but not limited to, assessments for sidewalks, streets, sewers, water, or any other public improvements, and any other improvements or benefits which shall, during the Lease Term, be made, assessed, levied, or imposed upon, or become due and payable in connection with, or a lien upon, the Leased Premises, or any part thereof, or improvements thereon, or upon this Lease (all of such items being herein referred to as an "imposition"), except that any such amounts properly allocable to periods before or after the Lease Term shall not be payable by the Lessee and shall be equitably apportioned between the Lessor and the

Lessee. The Lessor agrees promptly to send to the Lessee copies of any notices in respect of any such imposition. The Lessee covenants to furnish to the Lessor, upon specific request in each instance, official receipts of the proper taxing of other governmental authorities or other proof satisfactory to the Lessor, evidencing the full payment of any and all such imposition. If, by law, any imposition may be paid, at the option of the taxpayer, in installments (whether or not interest accrues thereon) the Lessee may pay the same in installments.

(d) The provisions of this lease shall not be deemed to require the Lessee to pay any tax on the rental paid to the Lessor, or any inheritance, estate, succession or transfer taxes under any existing or future laws of the United States of America, or of any other country, or of any jurisdiction therein, that may be payable by reason of the devolution by descent or testamentary provision of the Lessor's estate in the Leased Premises, and the Lessee shall not be required to pay any income, gift or capital levy or excess profits tax that may be payable by the Lessor under any existing or future tax law of the United States or of any jurisdiction therein.

(e) The Lessee shall have the right, if the Lessee disputes the amount or validity of any imposition upon the Leased Premises and improvements thereon (whether in respect of the amount of tax assessment or otherwise) to contest and defend against the same, and in good faith diligently conduct any necessary proceedings to prevent and avoid the same; provided, however, that such contest shall be prosecuted to a final conclusion as speedily as is reasonably possible. Any rebate made on account of any imposition paid by the Lessee, shall belong and be paid to the Lessee. The Lessor agrees to render to the Lessee all reasonable assistance, at no expense to the Lessor, in

contesting the validity or amount of any Imposition, including joining in the execution of any documents, or the signing of any protests or pleadings, which the Lessee may file. During any such contest, the Lessee shall (by payment of such disputed Imposition, if necessary) prevent any foreclosure of, or any divesting thereby of the Lessor's interest in or to the Leased Premises, and will further (by the payment of such disputed Imposition, if necessary) prevent the public sale or enforcement of any lien for any such Imposition.

THIRD: The Lessee agrees that during the Lease Term and as part of its obligations under Article SECOND hereof, it will pay all charges for electricity, water, sewer, gas and telephone service used on the Leased Premises.

FOURTH: (a) The Lessee shall keep all property, real and personal, belonging to Lessor in good maintenance and repair, and further, shall replace any of such property which may become obsolete or unusable.

(b) In addition, the Lessee shall have the privilege of installing any air conditioning, furniture, fixtures and machinery and equipment necessary to the conduct of its business and the same shall remain the property of the Lessee, provided that Lessee maintains and replaces any such property as provided for in paragraph (a) above, and further provided such property is removed by the Lessee before the expiration of the Lease Term, and further provided that in the event any damage is done to the Leased Premises in the removal of said air conditioning, furniture, fixtures or machinery and equipment, the Lessee will promptly reimburse the Lessor for the cost of such repairs as are necessary to restore the Leased Premises to their condition at the commencement of this Lease. In the event of failure of the Lessee

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to remove said air conditioning, furniture, fixtures, or machinery and equipment from the Leased Premises before expiration of this Lease (or any extension thereof) as provided for above, it is agreed that the Lessee is abandoning said air conditioning, furniture, fixtures, or machinery and equipment and such property shall become the property of the Lessor, who shall have the right to use, remove or dispose of said air conditioning, furniture, fixtures and machinery and equipment, all at the expense, if any, to the Lessee.

FURTHER: (a) During the Lease Term the Lessee will, at its own expense, make all repairs and replacements necessary to keep the Leased Premises and the plumbing, heating, electrical and other equipment thereof, in good repair and in proper sanitary condition, including repairs to the roof and exterior walls of the Leased Premises. At the expiration or termination of the Lease (or any extension thereof) the Lessee shall leave the Leased Premises in good condition, allowance being made for ordinary wear and tear and damage by fire, or by the elements, or by tornado, or by act of God or by public enemy being excepted.

(b) The Lessor reserves the right to enter upon the Leased Premises at any time during reasonable and usual business hours to inspect the same; and, in the case of emergency, the Lessor may enter upon the Leased Premises at any time to protect and preserve the Leased Premises or people thereon. The Lessee agrees that it will indemnify and save the Lessor harmless from any and all liability, damage expense, cause of action, suits, claims or judgments arising from injury to person or property on the Leased Premises, or upon the adjoining sidewalks, or

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parking lot, which arise out of the act, failure to act, or negligence of the Lessee, its agents or employees. In order to assure such indemnity, the Lessee agrees to carry and keep in full force and effect at all times during the Lease Term, for the protection of the Lessor and Lessee hotels, public liability insurance with limits of \$500,000/1,000,000 and fire and extended coverage on the Leased Premises, with a good and responsible insurance company, and to deliver to the Lessor a copy of said policies or certificates showing the same to be in force and effect. The Lessee covenants and agrees to carry adequate insurance on all place glass in the Leased Premises and to cause said place glass to be replaced if broken. In the event the Lessee shall fail to keep in force and maintain any of such policies of public liability, fire and extended coverage on the Leased Premises, and place glass insurance, the Lessor shall have the privilege, at its option, to obtain such policies of insurance and to pay the premiums thereon, and the amount so paid, with interest thereon at the highest legal rate, shall, at the option of the Lessor, be added to the next installment of the Annual Rental payable under the provisions of this Lease.

SIXTH: The Lessee may not sublet the Leased Premises, or any portion thereof, without the written consent of the Lessor.

SEVENTH: The Lessee covenants and agrees to use the Leased Premises for the conduct and operation of a hospital center and will use said premises for no other purpose whatsoever without the prior written consent of the Lessor.

EIGHTH: (a) The Lessee covenants and agrees not to make any structural alterations or changes to any part of the Leased Premises without first having obtained the written consent of the Lessor.

(b) Any request for consent, other than provided for in section (c) hereof, to make any structural alterations or changes addressed to the Lessor shall be accompanied by plans and a letter from the Lessee stating in detail precisely what is to be done. The Lessee agrees that in making any such additions, improvements, alterations and/or installations in or to said premises, which shall be made at Lessee's sole cost and expense, it will comply with the building codes, regulations and laws now or hereafter to be made or enforced in the municipality in which the Leased Premises are located and which pertain to such work; it being further agreed that any additions, improvements, alterations and/or installations made by the Lessee (except only movable store and office furniture and fixtures) shall become and remain a part of the Leased Premises and be and remain the property of the Lessor upon the termination of this Lease (or any extension thereof) or the Lessee's occupancy of the Leased Premises; provided, however, that if the Lessor gives written notice to the Lessee at the expiration or prior termination of this Lease to such effect, he may require the Lessee to restore the Leased Premises to its condition at the commencement of this Lease. The Lessee agrees that it will save harmless the Lessor from and against all expenses, including additional real estate taxes, liens, claims or damages to either property or person which may or might arise by reason of the making of any such additions, improvements, alterations and/or installations.

(c) If Lessee desires to expand the physical plant, Lessee shall submit its proposal to Lessor, and if, in Lessor's sole and absolute discretion, such proposal is economically feasible, Lessor will do such expansion at Lessor's cost and expense.

NINTH: The Lessee covenants that it will, at its own cost, promptly comply with and carry out all orders, requirements or conditions now or hereafter imposed upon it by the ordinances, laws and/or regulations of the government of the City of Alexandria and the Commonwealth of Virginia in which the Leased Premises are located, or of any of its various departments during the Lease Term, whether such orders, requirements or conditions are required of the Lessor or otherwise, to be done or performed during the Lease Term insofar as they are occasioned by or required in the conduct of the business of the Lessee, and the Lessee will indemnify and save harmless the Lessor from all penalties, claims and demands resulting from Lessee's failure or negligence in this respect.

TENTH: The Lessee agrees that this Lease shall be subject and subordinate to the lien of any bona fide mortgages or deeds of trust that may now or at any time hereafter be placed against the Leased Premises by the Lessor to secure money borrowed from any insurance company or recognized financial institution. The Lessee further agrees, at any time hereafter, on demand, to execute any instrument, releases or other documents that may be required by the Lessor for the purpose of subjecting and subordinating this Lease to the lien of any first mortgage or deed of trust, whether original or substituted.

ELEVENTH: The Lessee agrees that it will keep the Leased Premises free of trash and dirt accumulations and shall furnish adequate and proper receptacles for trash and garbage, and shall remove trash, snow and ice.

TWELFTH: In the event the Lessee shall be adjudicated a bankrupt and a receiver or trustee shall be appointed by an appropriate court of the property and assets after the Lessee has exhausted its legal remedies in opposing such receivership, or if the Lessee shall make an assignment or other conveyance in trust for the benefit of its creditors, or if the Lessee shall suffer or permit a final judgment or decree for the payment of money to be entered against it and execution to issue thereon and be levied upon its interest in this Lease, and such execution and levy be not dismissed within ten (10) days after the date of such execution and levy, then, upon the happening of any such event, this Lease shall, at the option of the Lessor, cease and terminate.

THIRTEENTH: In the case of fire, the Lessee shall give immediate notice thereof to the Lessor. If the Leased Premises shall be partially damaged by fire or other casualty, and the Lessee can reasonably carry on its business in the Leased Premises, the same shall be repaired or restored by the Lessee as its was immediately prior to such fire or other casualty, at the Lessor's expense, as speedily as practicable, due allowance being made for the time taken for the settlement of insurance claims, and until the repairs shall be made the annual rent shall be reduced in proportion to the portion of the Leased Premises that are unusable. In the event, during the Original Lease Term, and while ten (10) or more years of such term remain, that any portion of the Leased Premises is rendered unusable by fire or other cause covered by insurance, the Lessor agrees to restore the same promptly in accordance with the provisions hereof; but in the event the Leased Premises are so damaged to the extent that seventy-five percent (75%) thereof, (or more) is rendered unusable, and such damage occurs after the expiration of the Original Lease Term or during the final ten (10) years of such term, the Lessor, at its option

may cancel and terminate this Lease upon notice to the Lessee at any time within sixty (60) days after the date of such damage, unless within thirty (30) days of the giving of such notice by the Lessor, the Lessee shall agree to a new lease of all terms hereof for a term of forty (40) years beginning on the date of the restoration of the Leased Premises. In the event of damage to the Leased Premises by fire or other cause, the question of whether or not seventy-five percent (75%) of the remaining portion of the premises can reasonably be used shall be determined by agreement between the Lessor and the Lessee.

FOURTEENTH: (a) If the Lessee shall fail timely to pay the rent called for herein as aforesaid, or breaks or violates any of the within covenants, conditions or agreements, and if such breach be not corrected within ten (10) days after notice by the Lessor to the Lessee of the existence of such breach, then and in any of the said events, this Lease and all things herein contained shall, at the option of the Lessor, cease and determine and shall operate as a notice to quit, the thirty (30) days' written notice to quit being hereby expressly waived; and the Lessor may proceed to recover possession of the Leased Premises under and by virtue of the provisions of the Code of the City of Alexandria and the Commonwealth of Virginia, or by such legal process as may at the time be in operation and force in like cases relating to proceedings between lessors and lessees, and when such possession is obtained, Lessor may re-rent the Leased Premises at the risk and cost of the defaulting Lessee, whose default in no instance shall relieve it of liability for the difference between the rent herein reserved and the rent actually received by Lessor during the term remaining after such default occurs.

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(b) If a summons or other notice shall at any time be served upon the Lessee by the Lessor as aforesaid, and compromise or settlement shall be effected either before or after judgment or decree whereby the Lessee shall be allowed or permitted to retain possession of the Leased Premises, then said proceeding shall not constitute a waiver of any covenant or agreement herein contained, or this Lease itself, or of any subsequent breach or violation of any of its conditions, covenants or agreements.

FIFTEENTH: It is understood and agreed that all personal property, goods, wares, and merchandise in the Leased Premises shall be and remain at the Lessee's sole risk and the Lessor shall not be liable for any damage to or loss of such personal property, goods and merchandise arising from the bursting, overflowing or leaking of the roof or of water, sewer or steam pipes, or from heating or plumbing fixtures or from the handling of electric wire or fixtures or from any other cause whatsoever, unless said damages are caused through the negligence of the Lessor.

SIXTEENTH: Any notices required or given hereunder by the Lessor to the Lessee shall be deemed to have been given if mailed, postage prepaid, to Lessee addressed to the Leased Premises; and any notices required or given hereunder by the Lessee to the Lessor, shall be deemed to have been given if mailed, postage prepaid, to Leslie M. Tauber, Trustee, 3300 Westbard Avenue, Bethesda, Maryland.

SEVENTEENTH: The terms, conditions and agreements herein contained shall be kept and performed by the respective parties

hereto and will be binding upon them and each of their successors and assigns, and no waiver of any breach of any agreement, condition or covenant herein contained shall be construed to be a waiver of the said condition, covenant or agreement itself or of any subsequent breach thereof or of this agreement.

EIGHTEENTH: Lessor agrees that if Lessor should desire to sell the Leased Property owned by Lessor during the term of this Lease, and provided that the Lessee is not in default of any of the terms and conditions of the Lease, Lessor will first offer that part of the Leased Property owned by Lessor to the Lessee at the same price and terms as Lessor would be willing to sell such property to any third party. Said offer shall be in writing and shall be mailed by Certified or Registered Mail to the Lessee at the address of the Property. The Lessee shall have thirty (30) days from the date of the offer to accept the offer, said acceptance to be in writing and mailed to the Lessor by Certified or Registered Mail, postmarked within said thirty day period, addressed to the Lessor at the Hospital Premises or such other address as the Lessor may from time to time give to the Lessee as an address for the sending of notices to the Lessor.

NINETEENTH: Either party to the Lease shall have the right of cancellation of the Lease upon six (6) months written notice of said termination and cancellation. In the event of such termination and cancellation by the Lessor, the Lessor shall be obligated to purchase all equipment on the Leased Property belonging to the Lessee at its book value, the payment of which purchase price shall be as full liquidated damages for such cancellation and termination. If the Lessee should cancel and terminate the Lease, Lessee shall be obligated to sell and Lessor shall have the right and option to buy any or all of the equipment

on the Leased Property belonging to the Lessee at book value, the sale of such equipment being as full liquidated damages for such cancellation and termination. The book value of any or all of the equipment as aforesaid shall be as of the date of termination.

TWENTIETH: In the event that Lessee exercises the renewal option granted to it in paragraph "FIRST (c)", Lessor and Lessee shall each appoint an appraiser, and the two appraisers shall appoint a third appraiser and the three appraisers will appraise all of the property, both real and personal, which is the subject of the Lease. The appraised fair market value of the property arrived at by a majority of the appraisers shall be the appraised value of the property on which the new rental shall be determined, and the annual rental shall be twelve percent (12%) of such fair market value for the first ten (10) years of the renewal period. At the end of the first ten year renewal period, the Lessor and Lessee shall have all property again appraised as aforesaid and the annual rental shall be twelve percent (12%) of the new appraised fair market value of all of the property for the second ten year renewal period.

TWENTY-FIRST: Lessee understands and agrees that Lessor shall have the right to put additional buildings on the Leased Property and/or to add to the existing building for the Landlord's own purposes or for lease to third parties, provided however, that such additional use or uses shall not impede or conflict with the operation of the Hospital, and further, that there will be no additional expense or cost to the Lessee, including specifically, but not in limitation, the provision that if such use or uses in any way increases the real estate taxes which the Lessee is obligated to pay, then, and in that event,

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the Lessor shall be obligated to pay such increase in real estate taxes as are attributable to the Lessor's use or uses and any such new building or additions to the existing building as are not used by the Lessee.

TWENTY-SECOND: If the Leased Premises or any part thereof shall be taken by any governmental or quasi-governmental authority pursuant to the power of eminent domain, the Lessee agrees to make no claim for compensation in the proceedings, and hereby assigns to the Lessor any rights which the Lessee may have to any portion of any award made as a result of such taking, and this Lease shall terminate as to the portion of the Leased Premises taken when title to that portion of the Leased Premises is taken by the condemning authority.

TWENTY-THIRD: The Lessor covenants and agrees that the Lessee, upon paying the rental herein reserved and performing the covenants on its part herein required to be performed shall and may peaceably and quietly have, hold and enjoy the Leased Premises for the Lease Term.

IN WITNESS WHEREOF, LASILO W. TAUBER, TRUSTEE, as Lessor, has hereunto set his hand and seal, and JEFFERSON MEMORIAL HOSPITAL CORPORATION, as Lessee, has caused its corporate name to be signed by its President and duly attested by its Secretary, and its corporate seal hereunto affixed.

X Lasilo W. Tauber, Trustee (SEAL)
Lasilo W. Tauber, Trustee
LESSOR

ATTEST:
Charles E. Butler, Jr.
Secretary

CORPORATE SEAL

JEFFERSON MEMORIAL HOSPITAL CORPORATION
By: Marie H. Peters
President
LESSEE

2-26-62 copy of law

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SCHEDULE A

The Leased Premises referred to in the attached Lease Agreement are located at 4600 King Street, Alexandria, Virginia, and are described as follows:

All those certain lots or parcels of ground located in the City of Alexandria, Virginia, and more particularly described as follows, to-wit:-

PARCEL ONE:
BEGINNING at an iron pipe in the West side of Leesburg-Alexandria Turn Pike a corner to the lot of Mrs. Julia T. Klock; thence with the line of Mrs. Klock S. 26° 51' W. 76.4 feet to an iron pipe; thence with another line of Mrs. Klock and the same line continued with Dove N. 77° 46' W. 364.4 feet to an iron pipe set in the E. side of a 12 foot outlet road; a corner to Dove; thence crossing said 12 foot outlet road N. 77° 01' West 12' to an iron pipe in the line of the Green Tract; thence with the line of the Green Tract S. 12° 46' W. 171.18 feet to an iron pipe set in said line a corner to the land of Finisecy; thence with the line of Finisecy S. 58° 22' E. 425.9 feet to an iron pipe set in said line a corner to the lot of W. P. Daniels, Jr.; thence with the line of said Daniels N. 25° 19' E. 329.5 feet to an iron pipe in the west side of Leesburg-Alexandria Turn Pike, a corner to W. O. Daniels, Sr.; thence with the west side of said Turn Pike N. 30° 22' W. 84.3 feet to beginning, the said land being hereby conveyed being more particularly described in accordance with a survey made by Edward S. Holland, C.L.S., dated August 6, 1962, as follows:

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BEGINNING at an iron pipe in the West side of Leesburg-Alexandria Turn Pike, a corner to the land of the Grasshopper Green School, Inc.; thence with the line of Grasshopper Green School, Inc., S. 17° 25' 00" W. 328.62 feet to a point in the northerly line of Eva Figgins; thence with the line of Eva Figgins N. 66° 12' 00" W. 426.01 feet to a point in the easterly line of property of the City of Alexandria, identified as Parcel 3849-01-61-03; thence with the line of property of the City of Alexandria and the same line continued with the Alexandria Land Corporation N. 4° 51' 50" E. 171.80 feet to a point on the easterly line of the Alexandria Land Corporation; thence through the land of Gerard T. Hopkins and Helen C. Hopkins, his wife, S. 85° 08' 10" E. 12 feet to a point; thence continuing through the land of the said Gerard T. Hopkins and Helen C. Hopkins S. 85° 42' 10" E. 384.40 feet to a point; thence continuing through the land of Hopkins N. 21° 43' 00" E. 72.20 feet to a point in the West side line of the Leesburg-Alexandria Turn Pike; thence with the West side of said Turn Pike S. 37° 38' 20" E. 34.30 feet to the point of beginning, containing 2.5639 acres;

AND

PARCEL TWO:

BEGINNING at a stake or pipe on the Southwesterly side of the Leesburg-Alexandria Turn Pike; thence leaving the Pike S. 67° 20' W. 271.75 feet to a pipe in the line of William O. Daniels; thence with his line N. 78° 34' W. 104.8 feet to easterly side of William O. Daniels 12 feet outlet Road; thence with the said side of the road N. 12° 20' E. 50 feet; thence still with the side of the road N. 75° 20' E. 325.3 feet to the said side of the Pike; thence with the side of the Pike S. 30° 43' E. 55 feet to the beginning, .568 acres, the said land being hereby conveyed being more particularly described in accordance with a survey made by Edward S. Holland, C.L.S., dated August 6, 1962, as follows:

AND

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PARCEL THREE:

BEGINNING at a point on the West side of the Leesburg-Alexandria Turn Pike, said point being N. $37^{\circ} 35' 20''$ W. 84.30 feet from a pipe marking the corner of the land of Gerard T. Hopkins and Helen C. Hopkins, his wife, the land of Grandfather Green School, Inc., on the West side of the Leesburg-Alexandria Turn Pike; thence through the land of Gerard T. Hopkins and Helen C. Hopkins, S. $21^{\circ} 46' 00''$ W. 72.20 feet to a point; thence through the land of Hopkins N. $25^{\circ} 42' 10''$ W. 279.60 feet to a point; thence through the land of Hopkins N. $60^{\circ} 11' 50''$ E. 271.33 feet to a point in the West side of the Leesburg-Alexandria Turn Pike; thence with the West side of said Turn Pike S. $35^{\circ} 27' 40''$ E. 94.78 feet to a point; thence continuing with the West side of said Turn Pike S. $37^{\circ} 35' 20''$ E. 18.38 feet to the point of beginning, containing 0.5628 Acres.

AND

PARCEL FOUR:

BEGINNING at a point lying on the southeasterly side of Beauregard Street, a corner common to the Hopkins Property and the hereindescribed parcel; thence running with a line of the said Hopkins Property S. $12^{\circ} 16' 00''$ W. 358.08 feet to a corner of Washington Forest; thence departing said Hopkins Property and running with a line of Washington Forest, N. $76^{\circ} 05' 50''$ W. 233.40 feet to a point in the said southeasterly side of Beauregard Street, as indexed; thence departing said Washington Forest and running with the new southeasterly side of Beauregard Street, N. $33^{\circ} 39' 14''$ E. 167.09 feet to a point of curvature; thence 266.23 feet measured along the arc of a curve to the right having a radius of 382.00 feet, chord N. $53^{\circ} 37' 15''$ E. 260.89 feet to the point and place of beginning, containing 1.2218 acres of land, more or less.

AMENDMENT TO LEASE
DATED JULY 1, 1975

THIS AMENDMENT OF LEASE made as of this 1st day of March, 1980, by and between Lazlo N. Tauber, Trustee, hereinafter referred to as the "Lessor", and Jefferson Memorial Hospital Corporation, a Delaware Corporation, hereinafter referred to as the "Lessee".

WHEREAS, the parties entered into an Agreement made as of the 1st day of July, 1975 for the lease of the hospital building located at 4600 King Street and the lands described on Schedule A attached to said lease; and

WHEREAS, the Lessee has desired to expand its physical plant by, among other things, expanding, renovating and updating its Intensive Care facilities and certain hospital rooms, and creating certain rooms for new purposes; and

WHEREAS, the cost of such expansion, renovation and updating have increased inordinately, and further the cost of financing the changes has (increased) likewise; and

WHEREAS, Lessor in his sole and absolute discretion would only agree to the changes if the rental called for in Paragraph Second(a) and (b) is changed and updated; and

WHEREAS, Lessee considers it mandatory to make the changes in order to stay abreast of changes in hospital care and administration and is agreeable to the amending of Paragraph Second (a) and (b) of the Lease Agreement dated July 1, 1975; now therefore,

WITNESSETH:

That for and in consideration of the mutual covenants, promises and agreements herein contained and of the covenants and agreements contained in the Deed of Lease dated July 1, 1975 the parties hereto do hereby agree as follows:

(1) Paragraph "SECOND" sub-paragraphs (a) and (b) of the Lease are deleted in their entirety, and the following is inserted in their place and stead:

"SECOND: (a) The Lessee does hereby agree to operate the leased premises only as a hospital center and to pay the Lessor an annual rental for the term of this lease computed as follows: Lessee shall pay an annual sum in equal monthly installments which is 1% of the appraised value of the hospital building for each such year, as determined by the City of Alexandria for real estate tax purposes.

(b) The parties understand that each such real estate tax appraisal figure may be made known in the middle of each year, and prior to such figure being known, the Lessee shall pay a monthly rental computed on the real estate tax appraisal figure for the prior year, and Lessee shall pay an additional sum or receive credit for an overpayment when the actual figure is made known by the City of Alexandria; provided, further that if the real estate tax appraisal is changed because of an appeal by the Lessee, as provided in Sub-section (e) of this paragraph then such rental shall be adjusted either upward or downward depending on the change made, if any, in the real estate tax appraisal for that particular year. Lessee shall pay such annual rental in equal monthly payments, in advance.

(2) Except as otherwise changed by this Amendment Agreement, the parties do hereby confirm and ratify all of the terms and conditions of the Lease Agreement dated July 1, 1975.

IN WITNESS WHEREOF the parties have set their hand and seal this day, month and year first above written.

Charles E. Paulsen
Charles E. Paulsen (SEAL)
 Lessor

Jefferson Memorial Hospital Corporation
 By: *James A. Quinn* (SEAL)
James A. Quinn
 President
 Lessee

WITNESSES:

R. F. Francis
R. F. Francis
 Secretary/Executive Vice President for Medical Affairs

Case 1081-110

LEASE

THIS LEASE, made as of this 1st day of July 1977, by and between LASSLO W. TAUBER, TRUSTEE, hereinafter referred to as the "Lessor", and JEFFERSON MEMORIAL HOSPITAL CORPORATION, a Delaware corporation, hereinafter referred to as the "Lessee".

WITNESSETH: That in consideration of the mutual covenants, promises and agreements herein contained, the said parties hereto do hereby agree as follows:

FIRST: (a) The Lessor hereby leases to the Lessee and the Lessee hereby hires from the Lessor that part of the new building located at 4600 King Street, Alexandria, Virginia, as more specifically described on Schedule A which is attached hereto and made a part hereof. Said part of the building is hereinafter referred to as the "Leased Premises".

(b) The Lessor hereby leases to the Lessee not only the premises just described, but also all rights appurtenant thereto, including, but not limited to, all rights in the areas of the building used in common with any and all other tenants of the building such as parking areas, storage spaces, hallways, elevators, stairwells and the like.

(c) This Lease shall be at the rental and upon the terms and conditions herein stated. The Original Lease Term shall be for a period of twenty (20) years and shall commence as of the date that the leased premises become ready for Lessee to install Lessee's equipment. If the Lessee duly remains the lessee of the Leased Premises for the duration of the Original Lease Term, the Lessee shall have the option to renew this Lease for an additional period of twenty (20) years upon termination of the Original Lease Term. The aforesaid option of the Lessee shall

be on the same terms and conditions as are contained in the Lease, except as otherwise expressly provided herein, and the aforesaid option may be exercised by the Lessee only by giving written notice thereof to the Lessor at least eighteen (18) months prior to the expiration of the Lease Term. All references herein to the Lease Term shall include the Original Lease Term plus any additional term for an option duly exercised hereunder.

SECOND: (a) The Lessee does hereby agree to operate the Leased Premises only as a part of Jefferson Memorial Hospital and to pay the Lessor an Annual Rental for the twenty (20) years of the term, the sum of Eleven Thousand Seven Hundred Sixty Dollars (\$11,760.00), payable in advance in monthly installments of Nine Hundred Eighty Dollars (\$980.00) per month.

THIRD: The Lessee agrees that during the Lease Term and as part of its obligations under Article SECOND hereof, it will pay all charges for electricity, water, sewer, gas and telephone service used on the Leased Premises.

FOURTH: (a) The Lessee shall keep all property, real and personal, belonging to Lessor in good maintenance and repair, and further, shall replace any of such property which may become obsolete or unusable.

(b) In addition, the Lessee shall have the privilege of installing any air conditioning, furniture, fixtures and machinery and equipment necessary to the conduct of its business and the same shall remain the property of the Lessee, provided that Lessee maintains and replaces any such property as provided for in paragraph (a) above, and further provided such property is removed by the Lessee before the expiration of the Lease Term, and further provided that in the event any damage is

done to the Leased Premises in the removal of said air conditioning, furniture, fixtures or machinery and equipment, the Lessee will promptly reimburse the Lessor for the cost of such repairs as are necessary to restore the Leased Premises to their condition at the commencement of this Lease. In the event of failure of the Lessee to remove said air conditioning, furniture, fixtures or machinery and equipment from the Leased Premises before expiration of this Lease (or any extension thereof) as provided for above, it is agreed that the Lessee is abandoning said air conditioning, furniture, fixtures or machinery and equipment and such property shall become the property of the Lessor, who shall have the right to use, remove or dispose of said air conditioning, furniture, fixtures and machinery and equipment, all at the expense, if any, to the Lessee.

FIFTH: (a) During the Lease Term the Lessee will, at its own expense, make all repairs and replacements necessary to keep the Leased Premises and the plumbing, heating, electrical and other equipment thereof, in good repair and in proper sanitary condition. At the expiration or termination of the Lease (or any extension thereof) the Lessee shall leave the Leased Premises in good condition, allowance being made for ordinary wear and tear and damage by fire, or by the elements, or by tornado, or by act of God or by public enemy being excepted.

(b) The Lessor reserves the right to enter upon the Leased Premises at any time during reasonable and usual business hours to inspect the same; and, in the case of emergency, the Lessor may enter upon the Leased Premises at any time to protect and preserve the Leased Premises or people thereon. The Lessee agrees that it will indemnify and save the Lessor harmless

from any and all liability, damage expense, cause of action, suits, claims or judgments arising from injury to person or property on the Leased Premises, or upon the adjoining sidewalks, or parking lot, which arise out of the act, failure to act, or negligence of the Lessee, its agents or employees. In order to assure such indemnity, the Lessee agrees to carry and keep in full force and effect at all times during the Lease Term, for the protection of the Lessor and Lessee herein, public liability insurance with limits of \$500,000/1,000,000 and fire and extended coverage on the Leased Premises, with a good and responsible insurance company, and to deliver to the Lessor a copy of said policies or certificates showing the same to be in force and effect. The Lessee covenants and agrees to carry adequate insurance on all plate glass in the Leased Premises and to cause said plate glass to be replaced if broken. In the event the Lessee shall fail to keep in force and maintain any of such policies of public liability, fire and extended coverage on the Leased Premises, and plate glass insurance, the Lessor shall have the privilege, at its option, to obtain such policies of insurance and to pay the premiums thereon, and the amount so paid, with interest thereon at the highest legal rate, shall, at the option of the Lessor, be added to the next installment of the Annual Rental payable under the provisions of this Lease.

SIXTH: The Lessee may not sublet the Leased Premises or any portion thereof.

SEVENTH: The Lessee covenants and agrees to use the Leased Premises for the conduct and operation of a hospital center and will use said premises for no other purpose whatsoever without the prior written consent of the Lessor.

EIGHTH: The Lessee covenants and agrees not to make any structural alterations or changes to any part of the Leased Premises.

NINTH: Lessee shall, at Lessee's sole cost and expense, comply with all of the requirements of all municipal, state, federal and other applicable governmental authorities, now in force, or which may hereafter be in force, pertaining to the said premises, and shall faithfully observe in the use of the premises all municipal ordinances and state and federal statutes now in force or which may hereafter be in force.

TENTH: The Lessee agrees that this Lease shall be subject and subordinate to the lien of any bona fide mortgages or deeds of trust that may now or at any time hereafter be placed against the Leased Premises by the Lessor to secure money borrowed from any insurance company or recognized financial institution. The Lessee further agrees, at any time hereafter, on demand, to execute any instrument, releases or other documents that may be required by the Lessor for the purpose of subjecting and subordinating this Lease to the lien of any first mortgage or deed of trust, whether original or substituted.

ELEVENTH: The Lessee agrees that it will keep the Leased Premises free of trash and dirt accumulations and shall furnish adequate and proper receptacles for trash and garbage, and shall remove trash, snow and ice.

TWELFTH: (a) If the Leased Premises shall be damaged by fire, the elements, unavoidable accident or other casualty, but are not thereby rendered untenable in whole or in part, Lessor shall, at his own expense, cause such damage to be repaired, and the rent shall not be abated. If by reason of such occurrence, the premises shall be rendered untenable only in part, Lessor

shall at his own expense cause the damage to be repaired, and the rent meanwhile shall be abated proportionately as to the portion of the premises rendered untenable. If the premises shall be rendered wholly untenable by reason of such occurrence, the Lessor shall at his own expense cause such damage to be repaired, and the base rent meanwhile shall abate until the Leased Premises have been restored and rendered tenable; or Lessor may at his election, terminate this Lease and the tenancy hereby created by giving to Lessee within the sixty (60) days following the date of said occurrence, written notice of Lessor's election so to do and in the event of such termination, rent shall be adjusted as of such date. Nothing in this Section shall be construed to permit the abatement in whole or in part of the additional rent.

(b) In the event that fifty percent (50%) or more of the rentable area of the building shall be damaged or destroyed by fire or other cause, notwithstanding that the Leased Premises may be unaffected by such fire or other cause, Lessor may terminate this Lease and the tenancy hereby created by giving to Lessee five (5) days prior written notice of Lessor's election so to do, which notice shall be given, if at all, within the sixty (60) days following the date of said occurrence. Rent shall be adjusted as of the date of such termination.

(c) If the whole of the Leased Premises shall be acquired or condemned by eminent domain for any public or quasi-public use or purpose, the term of this lease shall cease and terminate as of the date of title vesting in such proceeding and all rentals shall be paid up to that date and Lessee shall have no claim against Lessor or the condemning authority for the value of any unexpired term of this Lease.

(d) If any part of the Leased Premises shall be acquired or condemned as aforesaid, and in the event that such partial taking or condemnation shall render the Leased Premises unsuitable for the business of the Lessee, then the term of this Lease shall cease and terminate as of the date of title vesting in such proceeding. Lessee shall have no claim against Lessor or the condemning authority for the value of any unexpired term of this Lease, and rent shall be adjusted to the date of such termination. In the event of a partial taking or condemnation which is not extensive enough to render the premises unsuitable for the business of the Lessee, then Lessor shall promptly restore the Leased Premises to a condition comparable to its condition at the time of such condemnation, less the portion lost in the taking, and this Lease shall continue in full force and effect without any reduction or abatement of rent.

(e) If the whole of the common areas in the building shall be acquired or condemned as aforesaid, then the term of this Lease shall cease and terminate as of the date of title vesting in such proceeding. If any part of the common area in the building shall be acquired or condemned as aforesaid, and if, as the result thereof, the Leased Premises are rendered untenable, then the term of this Lease shall cease and terminate upon the vesting of title in such proceeding, unless the Lessor shall take immediate steps toward providing necessary common areas which would make the Leased Premises tenable. In the event of termination of this Lease as aforesaid, Lessee shall have no claim against Lessor or the condemning authority for the value of any unexpired term of this Lease, and rent shall be adjusted to the date of said termination.

(f) In the event of any condemnation or taking as aforesaid, whether whole or partial, the Lessee shall not be entitled to any part of the award paid for such condemnation, and Lessor is to receive the full amount of such award, the Lessee hereby expressly waiving any right or claim to any part thereof.

(g) Although all damages in the event of any condemnation are to belong to the Lessor, whether such damages are awarded as compensation for diminution in value of the leasehold or to the fee of the Leased Premises, Lessee shall have the right to claim and recover from the condemning authority, but not from Lessor, such compensation as may be separately awarded or recoverable by Lessee in Lessee's own right on account of any and all damage to Lessee's business by reason of the condemnation, and for or on account of any cost or loss to which Lessee might be put in removing its furniture, fixtures, leasehold improvements and equipment.

THIRTEENTH: (a) In the event of any failure of Lessee to pay any rental due hereunder within five (5) days after the same shall be due, or any failure to perform any other of the terms, conditions or covenants of this Lease to be observed or performed by Lessee for more than ten (10) days after written notice of such default shall have been given to Lessee, or if Lessee shall become bankrupt or insolvent, or file any debtor proceedings or take or have taken against Lessee in any court pursuant to any statute either of the United States or of any State a petition in bankruptcy or insolvency or for reorganization, or for the appointment of a receiver or trustee of all or a portion of Lessee's property, or if Lessee makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement, or if Lessee shall abandon said premises, or suffer

this Lease to be taken under any writ of execution, then Lessor, besides other rights or remedies he may have, shall have the immediate right of re-entry, and may remove all persons and property from the Leased Premises and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Lessee, all without service of notice, or resort to legal process and without being deemed guilty of trespass, or becoming liable for any loss or damage which may be occasioned thereby.

(b) Should Lessor elect to re-enter, as herein provided, or should he take possession pursuant to legal proceedings or pursuant to any notice provided for by law, he may either terminate this Lease or he may from time to time, without terminating this Lease, make such alterations and repairs as may be necessary in order to relet the premises, and relet said premises or any part thereof for such term or terms (which may be for a term extending beyond the term of this Lease) and at such rental or rentals and upon such other terms and conditions as Lessor in his sole discretion may deem advisable; upon each such reletting, all rentals received by the Lessor from such reletting, shall be applied first to the payment of any indebtedness other than rent due hereunder from Lessee to Lessor; second, to the payment of any costs and expenses of such reletting, including brokerage fees and attorney's fees and of costs of such alterations and repairs; third, to the payment of rent due and unpaid hereunder, and the residue, if any, shall be held by Lessor and applied in payment of future rent as the same may become due and payable hereunder. If such rentals received from such reletting during any month be less than that to be paid during that month by Lessee hereunder, Lessee shall pay any such deficiency to Lessor. Such deficiency shall be

calculated and paid monthly. No such re-entry or taking possession of said premises by Lessor shall be construed as an election on its part to terminate this Lease, unless a written notice of such intention be given to Lessee or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such letting without termination, Lessor may at any time thereafter elect to terminate this Lease for such previous breach. Should Lessor at any time terminate this Lease for any breach, in addition to any other remedies he may have, he may recover from Lessee all damages he may incur by reason of such breach, including the cost of recovering the Leased Premises, reasonable attorney's fees, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this Lease for the remainder of the stated term, all of which amounts shall be immediately due and payable from Lessee to Lessor.

(c) In case suit shall be brought for recovery of possession of the Leased Premises, for the recovery of rent or any other amount due under the provisions of this Lease, or because of the breach of any other covenant herein contained on the part of Lessee to be kept or performed, and a breach shall be established, Lessee shall pay to Lessor all expenses incurred therefor, including a reasonable attorney's fee.

FOURTEENTH: Lessor or Lessor's agents shall have the right to enter the Leased Premises at all times to examine the same, and to show them to prospective purchasers or lessees of the building, and to make such repairs, alterations, improvements or additions as Lessor may deem necessary or desirable, and Lessor shall be allowed to take all material into and upon said premises that may be required therefor without the same constituting an

eviction of Lessee in whole or in part, and the rent reserved shall in no wise abate while said repairs, alterations, improvements or additions are being made, by reason of loss or interruption of business of Lessee, or otherwise. If Lessee 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, Lessor or his agents may forcibly enter the same, without rendering Lessor or such agents liable therefor, and without in any manner affecting the obligations and covenants of this Lease. Nothing herein contained, however, shall be deemed or construed to impose upon Lessor any obligation, responsibility or liability whatsoever, for the care, maintenance or repair of the Leased Premises.

FIFTEENTH: Lessee shall be responsible for and shall pay before delinquency all municipal, county or state taxes assessed during the term of this Lease against any leasehold interest or personal property of any kind, owned by or placed in, upon or about the Leased Premises by the Lessee.

SIXTEENTH: Lessor shall not be liable for any damage to property of Lessee or of others located on the Leased Premises, nor for the loss of or damage to any property of Lessee or of others by theft or otherwise. Lessor shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas electricity, water, rain or snow or leaks from any part of the Leased Premises and/or the building, or from the pipes, appliances or plumbing works or from the roof, street or sub-surface or from any other place or by dampness or by any other cause of whatsoever nature. Lessor shall not be liable for any such damage caused by other tenants or

persons in the Leased Premises and/or the building, or the public, or caused by operations in construction of any private, public or quasi-public work. Lessor shall not be liable for any latent defect in the Leased Premises or in the building of which they form a part, except for a period of one (1) year from the date Lessee takes possession of the Leased Premises. All property of Lessee kept or stored on the Leased Premises shall be so kept or stored at the risk of Lessee only and Lessee shall hold Lessor harmless from any claims arising out of damage to the same, including subrogation claims by Lessee's insurance carrier, unless such damage shall be caused by the willful act or gross neglect of Lessor.

SEVENTEENTH: Lessee shall give immediate notice to Lessor in case of fire or accidents in the Leased Premises or in the building of which the premises are a part, of defects therein or in any fixtures or equipment.

EIGHTEENTH: All rights and liabilities herein given to or imposed upon the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors and assigns of the said parties. No rights, however, shall inure to the benefit of any assignee of Lessee.

NINETEENTH: Upon payment by the Lessee of the rents herein provided, and upon the observance and performance of all the covenants, terms and conditions on Lessee's part to be observed and performed, Lessee shall peaceably and quietly hold and enjoy the Leased Premises for the term hereby demised without hindrance or interruption by Lessor or any other person or persons lawfully or equitably claiming by, through or under the Lessor, subject, nevertheless, to the terms and conditions of this Lease.

TWENTIETH: Lessee understands and agrees that Lessee and all other tenants in the building shall share the cost of maintenance of the common areas and taxes. When called upon so to do, Lessee shall pay that portion of the sum set forth by Lessor to all tenants, equal to the product obtained by multiplying said sum by a fraction, the numerator of which shall be the square foot area of the Leased Premises and the denominator of which shall be the total square footage of rentable space in the building. Payment shall be made by Lessee to Lessor within ten (10) days from the date Lessor notifies Lessee of the sum due. A bill submitted by Lessor to Lessee shall be sufficient evidence of the amount of payment called upon to be made by Lessor.

TWENTY-FIRST: The waiver by Lessor of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant or condition of this Lease, other than the failure of Lessee to pay the particular rental so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent. No covenant, term or conditions of this Lease shall be deemed to have been waived by Lessor, unless such waiver be in writing by Lessor.

TWENTY-SECOND: This Lease and the Exhibits attached hereto and forming a part hereof, set forth all the covenants, promises, agreements, conditions and understandings between Lessor and Lessee concerning the Leased Premises and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than are herein set

forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Lessor or Lessee unless reduced to writing and signed by them.

TWENTY-THIRD: Lessor does not, in any way or for any purpose, become a partner of Lessee in the conduct of its business, or otherwise, or joint adventurer or a member of a joint enterprise with Lessee.

IN WITNESS WHEREOF, LASZLO N. TAUBER, TRUSTEE, as Lessor, has hereunto set his hand and seal, and JEFFERSON MEMORIAL HOSPITAL CORPORATION, as Lessee, has caused its corporate name to be signed by its President and duly attested by its Secretary, and its corporate seal hereunto affixed.

Laszlo N. Tauber, Trustee (SEAL)
Laszlo N. Tauber, Trustee

LESSOR

JEFFERSON MEMORIAL HOSPITAL CORPORATION

By: Laurel S. Carter
President

LESSEE

ATTEST:

Secretary
Secretary

CORPORATE SEAL

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LEASE AGREEMENT

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THIS AGREEMENT made this 1st day of June 1979 by and between
Lassie M. Tauber, M.D., hereinafter called "Landlord", and
Jefferson Memorial Hospital Corporation, hereinafter called
"Tenant."

WITNESSETH:

That the Landlord for and in consideration of the covenants and agreements hereinafter set forth and the rent hereinafter specifically reserved, has leased, and does hereby lease unto Tenant, that portion of the 2nd Floor designated as Suite 2C, containing 1,146 net square feet of floor space and 1,466 gross square feet located in the building located at 4600 King Street, Alexandria, Virginia for a term of ten (10) years, commencing on the 1st day of June 1979, and ending on the last day of May, 1989. The base rental shall be Ten Thousand Three Hundred Fourteen dollars (\$10,314.00) annually payable monthly on the first day of each and every month. The first month installment payable on the execution of this lease, at the office of Lassie M. Tauber, M.D., Suite 2C, 4600 King Street, Alexandria, Virginia, 22302. Rent checks are to be made payable to Lassie M. Tauber, M.D., or such other person or agent as the Landlord may designate in writing.

2. Use of Premises. Tenant shall use the premises for a Hospital Physical Therapy Service or such other hospital activity as may be necessitated in the future. The Tenant will not sublet said premises without the consent of the Landlord.

3. Housekeeping and Cleaning Service. The Landlord agrees to provide appropriate cleaning service for the leased premises at no additional rent to Tenant.

4. Utilities. The Landlord agrees to furnish all utilities required for the premises at no additional rent to the Tenant.

5. Parking. The Tenant understands and agrees that the Landlord may erect a parking structure in the future and that when such structure is available for tenant use, the tenant will be assessed a fee tentatively set at \$1.00 per square foot of rented space. If the cost of such parking structure requires more than the \$1.00 assessed fee, then tenant will be assessed more than the \$1.00 fee. However, the Tenant fee will not be more than that assessed other tenants in the building.

6. Termination. This Agreement may be terminated upon 60 days written notice by the Landlord if the Tenant fails to pay the rent as required in this lease or if the Tenant violates any of the conditions of this lease. Further, the Tenant may likewise terminate upon 60 days written notice, if the building becomes damaged to such an extent it is not acceptable for Tenant's use and the landlord does not make repairs within the 60 day period.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals this day, month, and year first above written.

LESLIE L. PETERS, M.D.
Hospital President

October 3, 1979
DATE

Lassie M. Tauber, M.D.
Landlord

Sept 30 1979
DATE

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LAND LEASE AGREEMENT

THIS AGREEMENT made this 17th day of February, 1978, by and between JEFFERSON MEMORIAL HOSPITAL CORPORATION, Lessee, and G. TYSON HOPKINS ASSOCIATES, a Partnership, as Lessor.

WHEREAS, G. Tyson Hopkins Associates, a Partnership, is the owner of that land located at the southeast juncture of King and Beauregard Streets, Alexandria, Virginia, which comprises the plot of land generally known as Claremont Shopping Center, and Jefferson Memorial Hospital Corporation desires to lease a part of the land approximately eighty (80) feet by forty-five (45) feet being the southeast corner of Lessor's land as it borders the land on which the hospital building is located on the south and east; now, therefore,

WITNESSETH: That in consideration of the mutual covenants hereinafter set forth, the parties hereto do covenant and agree as follows:

1. The Hospital Corporation, Lessee, shall pay the sum of Two Hundred Dollars (\$200.00) per month, payable in advance, as rent for said parcel.

2. G. Tyson Hopkins Associates, a Partnership, Lessor, agrees to lease to Jefferson Memorial Hospital Corporation a plot of ground at the southeast corner of the Claremont Shopping Center approximately eighty (80) feet by forty-five (45) feet for and during a term of four (4) years from the date of this Lease Agreement.

3. If the Hospital should default in the payment of any monthly rental payment, and such default shall continue for five (5) days after notice, the Lessor shall have the right to forthwith terminate this Lease.

Any notices required to be sent shall be sent to the Lessor at 9716 Beach Road, Great Falls, Virginia 22066 and to the Lessee at 4600 King Street, Alexandria, Virginia 22302.

IN WITNESS WHEREOF, the parties hereto have hereunto set

their hands and seals this day; month and year first above written.

JEFFERSON MEMORIAL HOSPITAL CORPORATION

BY: James A. Smith
President

(CORPORATE SEAL)

ATTEST:

Lois L. Smith, Jr.
Secretary

G. TYSON HOPKINS ASSOCIATES,
a General Partnership

BY: H. P. ...
General Partner

THIS AGREEMENT made this 1st day of July 1979 by and between Lazlo N. Tauber, M.D., Trustee, Jefferson Memorial Hospital Joint Venture, hereinafter called "Landlord", and Jefferson Memorial Hospital Corporation, hereinafter called "Tenant."

WITNESSETH:

That the Landlord for and in consideration of the covenants and agreements hereinafter set forth and the rent hereinafter specially reserved, has leased, and does hereby lease unto Tenant, that portion of the ground floor designated as the Telephone Room, (140 square feet), Bulk Medical Supply Room, (280 square feet), and General Equipment Storage Rooms (776 square feet) consisting in total of 1,200 square feet located in the building located at 4600 King Street, Alexandria, Virginia for a term of ten (10) years, commencing on the 1st day of July, 1979, and ending on the 133rd day of June 1989. The base rental shall be Four Thousand, One Hundred Eighty Seven and four cents (\$4,187.04) annually, payable monthly on the first day of each and every month. The first month installment payable on the execution of this lease, at the office of Lazlo N. Tauber, M.D., Trustee, Jefferson Memorial Hospital Joint Venture, Suite 2C, 4600 King Street, Alexandria, Virginia, 22302. Rent checks are to be made payable to Lazlo N. Tauber, M.D., Trustee.

2. Any modifications, improvements or repairs to the premises shall be at the expense of the Tenant. The Tenant agrees to hold the Landlord harmless for any damage, loss or destruction of its supplies and equipment which may occur on said premises. Tenant will carry adequate insurance to cover all such property above mentioned, so as to cover Tenant's loss.

3. Termination. This Agreement may be terminated upon 60 days written notice by the Landlord if the Tenant violates any of the conditions of this lease. Further, the Tenant may likewise terminate upon 60 days written notice, if the building becomes damaged to such an extent it is not acceptable for Tenant's use and the Landlord does not make repairs within the 60 day period.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals this day, month, and year first above written.

Leslie L. Peters, M.D.
Hospital President
(Tenant)

Lazlo N. Tauber, M.D., Trustee
Jefferson Memorial Hospital Joint
Venture
(Landlord)

October 19, 1979
DATE

October 8, 1979
DATE

ASSIGNMENT OF LEASE

KNOW ALL MEN BY THESE PRESENTS: That JEFFERSON MEMORIAL HOSPITAL, INC., a Maryland corporation, JEFFERSON MEMORIAL HOSPITAL CORPORATION, a Delaware corporation, and LASSLO M. TAUBER, TRUSTEE, hereinafter called "Assignor", for \$10.00 and other valuable consideration, the receipt of which is hereby acknowledged, hereby sells, assigns, transfers and sets over unto LASSLO M. TAUBER, TRUSTEE, his successors and assigns, hereinafter called "Assignee" in trust to use, occupy, rent, sell, encumber and otherwise deal with the same as if his own; with full power to convey, mortgage, lease and execute any and all instruments in connection therewith, without the necessity of any written authorization from any beneficial owner; and hereby expressly relieving any purchaser, lessee, mortgagee or other person dealing with said Trustee from necessity of seeing to the application of the proceeds, all right, title and interest of the Assignor in and to a certain Lease dated the 1st day of January, 1966, and amended as of the 1st day of January, 1966, on certain property in the City of Alexandria, Virginia situated at King Street and North Beauregard Street, executed by Leslie P. Gonder, Samuel Burtoff and The Tauber Foundation, as Landlord, to Jefferson Memorial Hospital, Inc., as Tenant, for a term of 99 years, together with all benefits and advantages to be derived therefrom.

1. The premises to which this Assignment relates are in all respects the same as set out and described in the Annex to the Lease dated January 1, 1966 between Leslie P. Gonder, Samuel Burtoff and The Tauber Foundation, as Landlord, and Jefferson Memorial Hospital, Inc., as Tenant, a copy of which Annex is attached hereto and made a part hereof as fully and effectually as though set out herein.

2. The Assignee hereunder shall comply with all of the terms, covenants and conditions of said Lease Agreement as fully and largely as the original Tenant is required to do under the terms of said Lease Agreement dated January 1, 1966, as amended as of January 1, 1966.

3. The Assignor warrants that there have been no modifications of said Lease except as above set forth, and that the same remains in full force and effect as of the date hereof; that it has committed no act in jeopardy of said Lease Agreement; that it has full right and authority to assign all of its right, title and interest in and to said Lease to the Assignee; and that Assignor will fully protect, indemnify and save harmless Assignee with respect to said premises and Lease Agreement as fully and largely as Assignor's rights and privileges exist under said Lease.

IN WITNESS WHEREOF, the Assignor, Jefferson Memorial Hospital, Inc., a Maryland Corporation, has hereunto set its hand and seal and caused this Assignment to be duly executed pursuant to its corporate authority by its duly authorized officers and its corporate seal to be hereto affixed, and the Assignor, Jefferson Memorial Hospital Corporation, a Delaware corporation, has hereunto set its hand and seal and caused this Assignment to be duly executed pursuant to its corporate authority by its duly authorized officers and its corporate seal to be hereto affixed, and the Assignor, Lasso M. Tauber, Trustee, has hereunto set his hand and seal all as of the 1st day of June, 1973.

JEFFERSON MEMORIAL HOSPITAL, INC.

By: Wayne C. Paulsen, Jr.
President

ATTEST:

Alfred H. [Signature]
Secretary

CORPORATE SEAL

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JEFFERSON MEMORIAL HOSPITAL CORPORATION

By: James L. Fisher
President

ATTEST:

Charles E. Paulsen, Jr.
Secretary

CORPORATE SEAL.

Charles E. Paulsen, Jr.
Lasslo W. Tauber, Trustee

STATE OF VIRGINIA,

CITY OF ALEXANDRIA, to-wit:

The foregoing Assignment of Lease was acknowledged before me this 27th day of October, 1976, by Lasslo W. Tauber, M.D., the President of Jefferson Memorial Hospital, Inc., a Maryland corporation, on behalf of the Corporation.

My commission expires: April 7, 1979

Margaret L. Cross
Notary Public

STATE OF VIRGINIA,

CITY OF ALEXANDRIA, to-wit:

The foregoing Assignment of Lease was acknowledged before me this 26th day of October, 1976, by Lasslo W. Tauber, M.D., the President of Jefferson Memorial Hospital Corporation, a Delaware corporation, on behalf of the Corporation.

My commission expires: April 7, 1979

Margaret L. Cross
Notary Public

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STATE OF VIRGINIA,

CITY OF ALEXANDRIA, to-wit:

The foregoing Assignment of Lease was acknowledged
before me this 27th day of October, 1976, by Leslie M.
Tauber, Trustee.

My commission expires: April 7, 1977

Margaret L. Grant
Notary Public

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BOOK 1081 PAGE 132

AMENDMENT TO ORIGINAL LEASE DATED JULY 1, 1975
INCLUDING ALL AMENDMENTS SUBSEQUENT FROM THE DATE JULY 1, 1975

This Amendment of Lease is made as of this February 10, 1982, by and between Laszlo M. Tauber, M.D., Trustee for the Jefferson Memorial Hospital Joint Venture, here in after referred to as the Lessor; and Jefferson Memorial Hospital Corporation, a Delaware Corporation, here in after referred to as the Lessee

Whereas, the parties refer to all previous documents relating to the Lease between the Lessor and Lessee. Lessor was informed by the Lessee that the Lessee is in the process of negotiating a sublease with Health Group of Virginia Inc., and in order to consummate this transaction, certain amendments are required by both parties.

Paragraph 19 of the original lease agreement stipulates that both parties have the right to cancel the lease after six months' written notice. Furthermore, the amendment dated December 31, 1978 stipulates that the new permanent mortgage in the amount of \$1,400,000 is the sole obligation of the Jefferson Memorial Hospital Corporation, that is the Lessee.

In consideration that the Lessor and Lessee waive the right to cancel the lease for a period of 10 years and one month, that is until April 15, 1992, Lessee will assign the proceeds of the Sublessee to Lessor except for the first \$100,000 annually which the Lessee will retain. All the money above will be paid as additional rent to Lessor. In consideration of this additional rent payment, Lessor will take full responsibility for the payment of the first mortgage secured on the building which was in the original amount of \$1,400,000. Furthermore, all rent payments, including ground rent, and rent for the additional space in the new building will be waived.

Lessor has the full right to review the documents signed by Lessee and Sublessee. Written approval of Lessor is required to consummate the transaction.

In case of termination of the agreement between Lessee and Sublessee, both parties agree that they will reinstate the original lease and amendments, except that on which was signed on December 31, 1978 indicating that the Jefferson Memorial Hospital Corporation has the sole obligation of the repayment of the first mortgage in the amount of \$1,400,000, less principal payment by the date of such termination. It is understood that the Lessor retains its right to terminate this lease between Lessor and Lessee at any time after written notice given within thirty days.

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(2)

All the other agreements of the original lease between Lessor and Lessee and subsequent executed amendments will be enforced subject to the above Paragraph.

In Witness whereof, Laszlo M. Tauber, M.D., Trustee, as Lessor has hereunto set his hand and seal, and Jefferson Memorial Hospital Corporation, as Lessee, caused its corporate name to be signed by its President and duly attested by its assistant secretary and its corporate seal hereunto affixed.

Laszlo M. Tauber, M.D. Trustee (SEAL)

Laszlo M. Tauber, M.D., Trustee

LESSOR

BY: Leslie L. Peters, M.D. President (SEAL)

Leslie L. Peters, M.D., President,

LESSEE

Attest:

Harold J. Gould, M.D.

Harold J. Gould, M.D.

Assistant Secretary

CORPORATE SEAL

PARKING METER AGREEMENT

Jefferson Memorial Hospital Corporation of 4600 King Street, Alexandria, Virginia 22302, hereinafter referred to as HOSPITAL, and the Van Horn Corporation of 6331 Teakwood Court, Burke, Virginia, 22015, hereinafter referred to as CONTRACTOR agree as follows:

1. EQUIPMENT: Contractor will furnish Hospital two hour meters which accept coins of 5c, 10c, and 25c value. Contractor will install and maintain parking meters in working condition through the term of this Agreement. Hospital will furnish the poles on which the parking meters are mounted and designate the location on which each meter is to be installed. Further, the Contractor will furnish at no cost to the Hospital, coin collection container, collection boxes and other equipment needed in operation.

2. RENTAL TERMS AND CONDITIONS: Contractor and Hospital hereby mutually agree that Contractor will receive one-half of all monies received from each of the parking meters installed by Contractor at 4600 King Street, Alexandria, Virginia on its total rental charge. Hospital will render payment the Contractor at least once monthly or each time the coins are removed from the parking meters, whichever the Contractor desires.

3. TERM OF AGREEMENT: This Agreement becomes effective on the date said parking meters are placed in operation at Hospital and shall continue in effect for 12 months thereafter.

4. TERMINATION OF AGREEMENT: This Agreement may be terminated for cause by either party. Cause shall be considered to exist if either party fails to meet any of the

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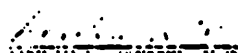
obligations, terms or conditions specified in this Agreement. Further, this Agreement may be terminated by Hospital if the Contractor fails to make installation of parking meters so that they are usable as intended, within 60 days after the date this Agreement is signed.

3. SPECIAL CONSIDERATION: Upon the expiration date of this Agreement that being 12 months after the parking meters are installed and in operation, the Hospital will have the right to purchase all meters and other items furnished by Contractor to Hospital for a sum not to exceed \$100.00.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and their seals affixed hereto on this 1st day of February, 1981.

MATTHEW HOSPITAL, HOSPITAL CORP.

VAN HORN CORPORATION


JOSEPH L. PETERS, M.D.
President

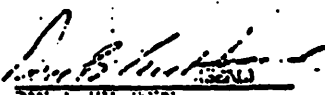

J. VAN HORN
President

EXHIBIT E - As of 4/1/82

The following is a complete list provided by Lessor of all consents required to be obtained in order for Lessor to enter into this Lease, to execute and deliver all documents contemplated hereby and to perform all its obligations hereunder. The respective agreements are identified by Exhibit and Item No. as shown on the Exhibit Identification Lists.

<u>Name of Whose Consent is Required</u>	<u>Agreement Pursuant to Which such Consent is Required</u>
1. Bolling Brook Towers Condominium	D-1
2. Emanuel Maniatis	D-2
3. Melvin Small, M.D.	D-4
4. Richard F. Sappington, Jr., M.D.	D-5
5. Leslie Gonder, Samuel Burtoff and the Tauber Foundation	D-6
6. Lazzlo M. Tauber, Trustee	D-7
7. Lazzlo M. Tauber, Trustee	D-8
8. Lazzlo M. Tauber, M.D.	D-9
9. Gerard T. Hopkins and Helen C. Hopkins	D-11, D-12 & D-14
10. Lazzlo M. Tauber, M.D., Trustee	D-13
11. First Federal Savings & Loan Association and First Arlington Service Corporation	G-3, G-4 & G-5
12. First Virginia Bank	G-6 & G-6(a) - (p)
13. Coulter Leasing Corporation	G-9
14. RCA Service Company	G-10
15. Grove Lease	G-11 & G-12
16. General Electric Company Medical Systems Division	G-13(a) - G-13(c)
17. Kenneth R. Fox, M.D.	G-14
18. EQUICO Lessors, Inc.	G-15
19. T-J-K-G, Inc.	G-16
20. John C. Metz & Associates, Inc.	G-17
21. Shared Medical Systems Corporation	G-18
22. Northern Security Patrol	G-19
23. Group Hospitalization, Inc.	G-20
24. National Service Industries, Inc.	G-21
25. P.R.M.E.	G-22
26. Chesapeake & Potomac Telephone Company	G-23
27. Arlington County, City of Alexandria, Fairfax County, City of Falls Church, Loudoun County and Prince William County	G-24
28. Van Horn Corporation	G-25

EXHIBIT E - Continued (As of 4/1/82)

<u>Name of Whose Consent is Required</u>	<u>Agreement Pursuant to Which such Consent is Required</u>
29. Raymundo Alfonso, M.D.	J-1 & J-2
30. Truong Son Van, M.D.	J-3
31. Edmundo G. Morales, M.D.	J-4
32. Daniel Jimenez, M.D.	J-5
33. George J. Quincoces, M.D.	J-6
34. Doctors Prominski, Sheely, Banning, Cornell, & Garcia, Ltd., a Virginia Professional Corporation	J-7 & J-7(a)
35. Nils Antezana, M.D.	J-8
36. Richard F. Sappington, Jr., M.D.	J-9
37. Tzu Min Kao, M.D.	J-10
38. Lewis Mangus, M.D. and Ramon Garcia, M.D.	J-11
39. Michael E. Davidov, M.D.	J-12
40. William T. Spence, M.D.	J-13
41. Raphael Osheroff, M.D.	J-14

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AS OF 4/1/82

EXHIBIT F

The following is a complete list provided by Lessee of its liabilities referenced in paragraph 17(h) of the Lease and not reflected in the Financial Statements

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AS OF 4/1/83

EXHIBIT G

The following is a complete list provided by Lessor of the contracts, leases and agreements (and all amendments and supplements thereto) referenced in paragraph 17(U) of the Lease:

In addition to the items identified as 1 through 26 which were provided to Lessee as of February 11, 1983, attached hereto are photocopies of items 27 and 28.

1. License - Alexandria City Personal Services, expiring 12/31/81.
2. Health Permit, Virginia Department of Health, expiring 12/31/81.
3. Hospital License, Virginia Department of Health, expiring 12/31/81.
4. Medicare recertification survey summary statement dated 8/10/81, Form HCFA-2567.
5. Letter from Virginia Department of Health, dated 8/11/81, re: recommendation for approval for continued participation in the Medicare Medicaid programs.
6. Letter from Virginia Department of Health, dated 8/14/81 re: Licensure and Title VI surveys.
7. Letter from Joint Commission on Accreditation of Hospitals dated 8/18/81 with Explanation of JCAH Survey Findings dated July, 1981.
8. Master Equipment Lease Agreement 000568 with individual equipment leases as follows with First Virginia Bank:
 - a) Cover letter dated May 25, 1978 with Equipment Lease 01-01 and seven (7) pages of related attachments.
 - b) Cover letter dated August 9, 1978 with Equipment Lease 02 and seven (7) pages of related attachments.
 - c) Cover letter dated February 28, 1979 with Equipment Lease 04-01 and 12 pages of related attachments.
 - d) Cover letter dated March 16, 1979 with Equipment Lease 03 and seven (7) pages of related attachments.
 - e) Cover letter dated August 24, 1979 with Equipment Lease 06-01 and six (6) pages of related attachments.
 - f) Cover letter dated September 26, 1979 with Equipment Lease 07-01 and five (5) pages of related attachments.
 - g) Cover letter dated October 4, 1979 with Equipment Lease 08-01 and five (5) pages of related attachments.
 - h) Cover letter dated October 4, 1979 with Equipment Lease 09-01 and seven (7) pages of related attachments.
 - i) Cover letter dated October 22, 1979 with Equipment Lease 10-01 and seven (7) pages of related attachments.
 - j) Cover letter dated November 15, 1979 with Equipment Lease 11-01 and seven (7) pages of related attachments.

EXHIBIT C (Con't) - As of 4/1/82

- k) Cover letter dated February 8, 1980 with Equipment Lease 12-01 and five (5) pages of related attachments.
 - l) Cover letter dated August 21, 1980 with Equipment Lease 13-01 with seven (7) pages of related attachments.
 - m) Cover letter dated October 20, 1980 with Equipment Lease 14-01 and seven (7) pages of related attachments.
 - n) Cover letter dated December 2, 1980 with Equipment Lease 15-01 and seven (7) pages of related attachments.
 - o) Cover letter dated February 13, 1981 with Equipment Lease 16-01 and five (5) pages of related attachments.
 - p) Cover letter dated December 8, 1981 with Equipment Lease 17-01 and seven (7) pages of related attachments.
9. Coulter Leasing Corp. Equipment lease for one each:
Coulter Coulter Model S-plus Analyzer, Diluter, Printer,
Power Supply, XY-4 plus supplies and Reagents Rider with
Service Agreement. Total Amount of Contract \$161,360.32.
10. RCA Service Company Equipment Lease dated 11/27/78 and
financing statement.
11. Grove Equipment Lease # JTM 78-002 Supplier - Abbott Laboratories
12. Grove Equipment Lease #78-001. Supplier - Olympus Corp.
of America.
13. General Electric Co. Maxiservice Agreements:
- a) dated 2/18/81 #MB-5-81
 - b) dated 7/9/80 #80-MB-21
 - c) dated 4/30/80 #LM-131
14. Kenneth R. Fox, MD Equipment Lease dated 4/10/78
a) Memorandum of Understanding dated 3/28/78.
15. Equico Lessors Equipment Lease Account #8186427301 - Cover 1
plus eleven pages - includes option to buy.
16. Pharmacy Services - First page identified as Agreement with
S&T, Inc. dated 5/10/83 assigned to TDS, Inc.
17. Food
- a) March 25, 1982 Addendum to Agreement.
 - a) Custom Food Management Systems, Inc. dated 3/11/76
 - b) Undated Addendum to agreement originally with Custom
Food Management Systems, Inc. (name changed to Custom
Management Corporation)

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EXHIBIT G (Con't) - As of 4/1/82

- c) Undated Equipment Agreement re Termination and Reimbursement
- d) Addendum to agreement - [addendum] with John C. Metz & Associates, Inc. a subsidiary of Custom Management Corp. dated 4/15/81
- e) Addendum to agreement [addendum] with John C. Metz & Associates, Inc. dated 6/10/81
- 18. Data Processing - Shared Medical Systems Corporation dated 6/1/79
- 19. Northern Security Patrol dated 5/16/81
- 20. Blue Cross - Group Hospitalization, Inc. effective 6/1/77
- 21. Linen Service - National Service Industries, Inc. dated 3/19/80
 - a) March 25, 1982 Addendum to Agreement.
- 22. Housekeeping
 - a) P.E.M.E. 9/15/80
 - b) Addendum effective 9/15/81
 - c) March 25, 1982 Addendum to Agreement.
- 23. Telephone - C&P Telephone Co. 4/21/80
- 24. State - Local Hospitalization Plan - Virginia Agreement to Provide Hospitalization and Treatment of Indigent or Medically Indigent Persons for the period 7/1/81 - 6/30/82 - between Hospital and Arlington, Fairfax, Loudoun and Prince William Counties, and Hospital and Cities of Alexandria and Falls Church
- 25. Medical Care Facilities Certificate of Public Need, Virginia Department of Health dated March 3, 1977, Certificate No. VA-0339
- 26. Parking Meter Agreement dated 2/1/81 with Van Horn Corporation, Meters installed 4/30/81.
- 27. License - Alexandria City Personal Services, expiring 12/31/82.
- 28. Hospital License, Virginia Department of Health, expiring 12/31/82.
- 29. Virginia Department of Health Institutional Kitchen Operator Permit expiring 12/31/82.
- 30. Parking Agreement with Fairlington United Methodist Church dated 1/11/82.
- 31. U. S. Nuclear Regulatory Commission Materials License expiring 4/30/83.
- 32. Special Use Permit granted by City of Alexandria.

VERIFIED
in the Clerk's Office of the Court
City of Alexandria this date
was reviewed and the same appeared
by the 10-24-82 in the amount of \$
have been paid & with the amount
certified to record as

4/30/82
[Signature]

CLK

2761

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**ASSIGNMENT OF LESSOR'S INTEREST IN
HOSPITAL LEASE AGREEMENT**

THIS ASSIGNMENT, made this 16th day of April, 1982, by JEFFERSON MEMORIAL HOSPITAL CORPORATION, now known as JEFFERSON CORPORATION OF ALEXANDRIA, by Amendment of its Charter, a Delaware corporation (hereinafter called the "Assignor"), to First Arlington Service Corporation, a Virginia corporation, Trustee, and FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF ARLINGTON, now known as CONTINENTAL FEDERAL SAVINGS AND LOAN ASSOCIATION, by Amendment of its Charter, a corporation organized and existing under the laws of the United States, with its principal place of business in Fairfax County, Virginia (hereinafter called "Assignee").

W I T N E S S E T H:

FOR VALUE RECEIVED, Assignor hereby grants, transfers and assigns to Assignee, its successors and assigns, for the benefit of the holder of the promissory note secured by the Deed of Trust hereinafter referred to and/or the purchaser at a Trustee's sale under the terms of said Deed of Trust, all the right, title and interest of Assignor in and to that certain Lease, and amendments thereto, if any, described as follows:

Hospital Lease Agreement dated February 11, 1982, by and between Jefferson Memorial Hospital Corporation, as Lessor, and Health Group of Virginia, Inc., as Lessee.

Which Lease covers part of that real property located at 4600 King Street, Alexandria, Virginia, and part of which property is more specifically described in those instruments entitled "Deed of Trust, Assignment of Rents, and Security Agreement" dated April 23, 1979, in Deed Book 941, at Page 271, and in two instruments entitled "Assignment of Lessor's Interest in Lease", both dated April 23, 1979, in Deed Book 941, at Page 280 and in Deed Book 941, at Page 287, all recorded among the land records of the City of Alexandria, Virginia (which real property is hereinafter called the "Premises").

TOGETHER WITH any extension thereof and any guarantee of Lessee's obligations thereof and any rental security deposits provided for therein (said Lease, together with any such guarantee, modifications and extensions being hereinafter referred to as the "Lease").

**THIS ASSIGNMENT IS MADE AS ADDITIONAL SECURITY
FOR THE PURPOSES OF FURTHER SECURING:**

ONE: Payment of all sums now or at any time hereafter due to the holder of the note secured by a certain Deed of Trust made by the Assignor to Assignee, dated the 23rd day of April, 1979, and recorded among the land records of the City of Alexandria, Virginia in Deed Book 941, at Page 271. Said note provides for the payment of the principal sum of ONE MILLION FOUR HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,400,000.00) and interest thereon; and made by said Laszlo N. Tauber, Trustee and the Jefferson Memorial Hospital Joint Venture to secure one note payable to the order of First Federal Savings and Loan Association of Arlington.

Malcolm M. Mitchell, Jr., Esquire
117 South Fairfax Street
Alexandria, Virginia 22314

Return to:

Trial Exhibit
No. 328.

TWO: Performance and discharge of each and every obligation, covenant and agreement of the Assignor contained herein or in the said Deed of Trust or note(s) secured thereby.

THE ASSIGNEE AGREES THAT:

A. So long as there shall exist no default by the Assignor in the payment of any indebtedness secured hereby or breach in the performance of any obligation, covenant or agreement contained herein or in said Deed of Trust or any other instrument securing said indebtedness, the Assignor shall have the right to collect but not more than 30 days prior to the due date thereof, all rents, issues and profits from the premises and to retain use and enjoy the same.

B. Upon the payment in full of all indebtedness secured hereby, as evidenced by the recording or filing of any instrument of satisfaction or full release of the said Deed of Trust absent the recording of another Deed of Trust in favor of the Assignee affecting the premises, this Assignment shall become and be void and of no effect.

THE ASSIGNOR AGREES WITH RESPECT TO SUCH LEASE THAT:

1. The Assignor will: fulfill or perform each and every condition and covenant of the Lease by Lessor to be fulfilled or performed; give prompt notice to the Assignee of any notice of default by the Assignor under the Lease received by the Assignor together with a complete copy of any such notice; at the sole cost and expense of the Assignor, enforce short of termination of the Lease, the performance or observance of each and every covenant and condition of the Lease by the Lessee to be performed or observed; not modify or in any way alter the terms of the Lease; not terminate the term of the Lease nor accept a surrender thereof unless required to do so by the terms of the Lease; not anticipate the rents for more than 30 days prior to the due date of said rents; not waive or release the Lessee from any obligations or conditions by the Lessee to be performed; not permit any structural alteration or structural improvement to be made to the Premises without first obtaining the written consent of Assignee.

2. The rights assigned hereunder include all the Assignor's right and power to modify the Lease or to terminate the term or to accept a surrender thereof or to waive, or release the Lessee from, the performance or observance by the Lessee of any obligation or condition thereof or to anticipate rents thereunder for more than 30 days prior to the due date of said rents.

3. At the Assignor's sole cost and expense, the Assignor will appear in and defend any action growing out of or in any manner connected with the Lease or the obligations or liabilities of the Lessor, Lessee or any guarantor thereunder.

4. Should the Assignor fail to make any payment or to do any act as herein provided, then the Assignee, but without releasing the Assignor from any obligation herein, may make or do the same including specifically, without limiting its general powers, appearing in and defending any action purporting to affect the security hereof or the rights or powers of the Assignee and performing any obligation of the Lessor in the Lease contained, and in exercising any such powers paying necessary costs and expenses, employing counsel and incurring and paying reasonable attorney's fees; and the Assignor will pay immediately upon demand all sums expended by the Assignee under the authority hereof; together with interest thereon at 6% per annum, and the same shall be added to said indebtedness and shall be secured hereby and by the Deed of Trust.

5. The whole of said indebtedness shall become due: (a) upon the election by the note holder to accelerate the maturity of the indebtedness pursuant to the provisions of the note(s) or Deed of Trust or any other instrument which may be held by the said holder as security for the indebtedness, or (b) at the option of the note holder after any attempt by the Assignor to exercise any of the rights described in Paragraph 2 hereof or after any default by the Assignor hereunder and the continuance of such default for 10 days after notice and demand.

6. After any attempt by the Assignor to exercise any of the rights described in said Paragraph 2 or after any default by the Assignor in the payment of said indebtedness or in the performance of any obligation of the Assignor herein or in the said Deed of Trust or any other instrument securing said indebtedness, the Assignee, at the option of the note holder, without notice, irrespective of whether a declaration of default under any deed of trust has been delivered to the trustee thereunder, and without regard to the adequacy of security for the indebtedness hereby secured, either in person or by agent with or without bringing any action or proceeding, or by a receiver to be appointed by a court, may enter upon, take possession of, and operate the premises, make, enforce, modify and accept the surrender of leases, obtain and evict tenants, fix or modify rents, and do any acts which the Assignee deems proper to protect the security thereof until all indebtedness secured hereby is paid in full, and either with or without taking possession of the premises, in its own name sue for or otherwise collect and receive all rents, issues and profits, including those past due and unpaid and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fee upon any indebtedness secured hereby in such order as the Assignee may determine. Any income received from the premises by the Assignee in excess of the amount necessary to meet all obligations of the Assignor hereunder and to pay all indebtedness due, including any accelerated indebtedness, and secured by the said Deed of Trust and of the amount estimated by the Assignee to be necessary to meet such obligations and make such payments for the subsequent 6 months period, shall be paid over by the Assignee to the Assignor promptly after the expiration of each 6 months period following the date of such entry. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or waive, modify or affect any notice of default under the Deed of Trust or invalidate any act done pursuant to such notice.

7. The Assignee shall not be obligated to perform or discharge any obligation under the Lease, or under or by reason of this Assignment; and the Assignor hereby agrees to indemnify the Assignee against and hold it harmless from any and all liability, loss or damage which it may or might incur under the Lease or under or by reason of this Assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligation or undertaking on its part to perform or discharge any of the terms of the Lease; should the Assignee incur any such liability, loss or damage under the Lease or by reason of this Assignment, or in defense against any such claims or demands, the amount thereof, including costs, expenses and reasonable attorney's fees together with interest thereon at 6% per annum, shall be secured hereby and by the said Deed of Trust, and the Assignor shall reimburse the Assignee therefor immediately upon demand.

8. This Assignment shall inure to the benefit of the successors and assigns of the Assignee and shall bind the Assignor's legal representative, successors and assigns.

9. (a) The Assignor has not executed any prior assignment of any of its rights under the Lease; (b) The Assignor has not done anything which might prevent the Assignee from, or limit the Assignee in, operating under any of the provisions hereof; (c) The Assignor has not accepted rent under the Lease more than 30 days in advance of its due date; (d) so far as the Assignor knows, there is no present default by the Lessee under the Lease; and (e) the Lease is in full force and effect and has not been amended or modified except as hereinbefore stated.

10. The irrevocable power to appoint a substitute trustee(s) is hereby expressly granted to the holder of the note, its successors and assigns, to be exercised at any time hereafter without notice and without specifying any reason therefor, by filing for record in the office where this instrument is recorded a deed of appointment. The Assignor for their heirs, executors, administrators and assigns, and the Trustee or Trustees herein named, or that hereafter may be substituted hereunder expressly waive notice of the exercise of this power and the giving of bond by any

trustee, as well as any requirement for application to any court for the removal, appointment, or substitution of any trustee hereunder.

THE PARTIES AGREE that all notices, demands or documents which are required or permitted to be given or served hereunder shall be in writing and shall be deemed given when sent by registered mail addressed to the Assignor at the address furnished below, and to the Assignee at 4020 University Drive, Fairfax, Virginia 22030, and that such addresses may be changed from time to time by either party by serving notice as above provided.

IN WITNESS WHEREOF, the Assignor has duly executed this Assignment the day and year first above written.

Address of Assignor:
c/o John Thorpe Richards
Registered Agent
117 South Fairfax Street
Alexandria, Virginia 22314

JEFFERSON MEMORIAL HOSPITAL
CORPORATION (now known as JEFFERSON
CORPORATION OF ALEXANDRIA)

By: Leslie L. Peters
Leslie L. Peters, President

STATE OF VIRGINIA,

CITY OF ALEXANDRIA, to-wit:

I, Margaret L. Crow, a Notary Public in and for the City and State aforesaid, do hereby certify that Leslie L. Peters, President, whose name is signed to the foregoing Assignment, bearing date on the 16 day of April, 1982, has acknowledged the same before me in my City and State aforesaid.

Given under my hand and seal this 16 day of April, 1982.

NOTARIAL
is the Clerk's Office of the Circuit
Court-City of Alexandria. This document
was received and the fees required
by Sec. 58-64.1 in the amount of \$
have been paid to the Clerk's Office
and the document is now on file.

Edmund L. Lamm
Clerk

Margaret L. Crow
Notary Public

My commission expires: 5/7/83



ASSIGNMENT OF LEASE

July 3, 1985

FOR VALUE RECEIVED, Jefferson Corporation of Alexandria formerly known as Jefferson Memorial Hospital Corporation, a Delaware Corporation, hereby assigns unto Lazzlo N. Tauber, Trustee for Jefferson Memorial Hospital Joint Venture all of its right, title and interest in and to that certain hospital Lease Agreement dated July 3, 1985 (the "Agreement") between Jefferson Corporation of Alexandria as Lessor and Fairfax Hospital Association as Lessee.

This Assignment is pursuant to Paragraph 8(b) of the Agreement between the Association and Jefferson Corporation of Alexandria.

Lazzlo N. Tauber, Trustee and Jefferson Memorial Hospital Joint Venture hereby accept this Assignment and agrees to discharge all the obligations of the Lessor under the agreement and to hold Jefferson Corporation of Alexandria harmless of and from all claims of any kind or nature whatsoever, arising out of the Agreement.

As further consideration for the Assignment, ~~Lazzlo N. Tauber, Trustee~~ for Jefferson Memorial Hospital Joint Ventures does by this document ~~cancel~~ the Lease dated July 1, 1975 as amended on March 3, 1980 and February 10, 1982 by and between Lazzlo N. Tauber, M.D. Trustee for the Jefferson Memorial Joint Venture as Lessor and Jefferson Memorial Hospital Corporation as Lessee and does hereby release Jefferson Corporation of Alexandria of and from any further liability under that Lease as amended.

Trial Exhibit
No. 337.

J.APP. 3901

As further consideration for the Assignment, Laszlo N. Tauber, Trustee for Jefferson Memorial Hospital Joint Venture does by this document cancel the Lease dated July 31, 1977 between Laszlo N. Tauber as Trustee for the Jefferson Memorial Hospital Joint Venture as Lessor and Jefferson Memorial Hospital Corporation as Lessee and releases Jefferson Corporation of Alexandria of and from any further liability under that lease.

IN WITNESS WHEREOF the parties have hereunto set their hands and seals this day, month and year, first above written.

Jefferson Corporation of Alexandria

BY: Leslie L. Peters, M.D.
Leslie L. Peters, M.D., President

Jefferson Memorial Hospital Joint Venture

BY: Laszlo N. Tauber, M.D.
Laszlo N. Tauber, M.D., Trustee

HOSPITAL LEASE AGREEMENT

THIS LEASE AGREEMENT is entered into at Alexandria, Virg. this 3rd day of July, 1985 between JEFFERSON CORPORATION ALEXANDRIA, a Delaware corporation ("Lessor"), and FAIRF HOSPITAL ASSOCIATION, a Virginia corporation ("Lessee").

1. **Premises.** For and in consideration of the sum hereinafter payable and also in consideration of the mutual promises and covenants of the parties hereinafter set forth, Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the real estate located in the City of Alexandria, Virginia, which is described in Exhibit A, and the related equipment, furniture and fixtures which are described in Exhibit B and nonclinical replacements. The real estate and equipment, furniture and fixtures and nonclinical replacements leased hereunder shall be referred to as the "Premises", and shall include the land, the main hospital building, the entire fourth floor of the main hospital building, also known as the nursing wing addition, and the space leased in the Medical Office Building which includes the third floor and suites _____, all of which are currently utilized in the operation of Jefferson Memorial Hospital ("Hospital"). Lessee acknowledges that the fourth floor of the main hospital building ("Fourth Floor") is a shell and accepts said Fourth Floor in its present "as is" condition without any warranty from Lessor as to its condition or fitness for a particular use. Lessee shall have the right at its sole expense to make improvements within the Fourth Floor. Furthermore, Lessee agrees to take the entire Premises in their "as is"

condition and Lessee shall indemnify and hold harmless the Lessor from and against any and all claims arising from the condition of the Premises.

2. Warranty of Title. Lessor warrants that it has authority to enter into and perform this Lease. All mortgages, liens and encumbrances applicable to the Premises are set forth on Exhibit C. Lessor assures quiet and peaceful enjoyment of the Premises to Lessee. Lessor has obtained, where necessary, the consent of the respective landlords of the leased portions of the Premises to sublease those portions to Lessee. Lessee may at its election and at its cost obtain leasehold title insurance from a reputable company in an amount to be determined by Lessee and insuring the leasehold interest free of encumbrances, except as described in Exhibit C.

3. Term. Lessor leases the Premises to Lessee for a term of twenty (20) years and three (3) months, commencing on July 3, 1985. As of the date of settlement of the buy-out of Health Group of Virginia, Inc. stock or August 31, 1985, whichever is earlier, Lessor shall update the representations and warranties of Paragraph 17, which update shall not include any material adverse changes. If there are material adverse changes from the date hereof to the Effective Date, the Lessor may cure within three (3) months from the date hereof or elect to terminate the Lease. If Lessor elects to terminate rather than cure, it shall do so only by giving at least ten (10) days written notice to the Lessee prior to the Effective Date; provided, however, Lessee shall have the option to accept the Lease without the material adverse changes being cured, and thereafter Lessor shall not be liable for the

particular deficiencies disclosed by it in writing to Lessee prior to the Effective Date.

4. Effective Date. The Effective Date as to the Fourth Floor shall be July 1, 1985 and the Effective Date as to the remainder of the Premises shall be the date of termination of the Prior Lease, or the date of closing of the Stock Purchase Agreement whereby PHA purchases all of the capital stock of Health Group of Virginia, Inc. ("HGOV"), whichever first occurs.

5. Rent. For each month of the term hereof, Lessee shall pay Lessor beginning the Effective Date as follows:

(A) For the Fourth Floor, \$31,250.00 per month from October 1, 1985 through June 30, 2002.

(B) For the remainder of the Premises:

(1) If the Effective Date occurs between July 3, 1985 and June 30, 1987, then the monthly rent shall be \$83,333.33 through June 30, 1987;

(2) If the Effective Date occurs between July 1, 1987 and April 30, 1992, then the monthly rent shall be \$104,166.67 through June 30, 1992;

(3) For the period July 1, 1992 through June 30, 2002, the monthly rent shall be \$145,833.33.

(C) For the entire leased Premises (including the Fourth Floor): For the period July 1, 2002 through September 30, 2005, the monthly rent shall be determined by dividing the following by twelve: \$2,000,000.00 plus an amount equal to \$2,000,000.00 multiplied by one-half of the percentage increase in the "cost of living" as measured by the Consumer Price Index,

1967=100 of the U. S. Department of Labor, from July 1985 to March of the year of the rent adjustment plus \$125,000.00;

(D) In the event the Lessee places acute care beds in the Fourth Floor, or because of the use made of the Fourth Floor, Lessee is able to increase the number of acute care beds on the Premises, then the annual rent as determined under each of the subparagraphs above shall be increased by \$8,000.00 per year for each acute care bed on the Premises in excess of 166.

(E) Monthly rent hereunder shall be paid in advance on the first of each month.

(F) In the event publication of the Consumer Price Index of the United States Department of Labor, Bureau of Labor Statistics, is discontinued, the parties shall thereafter accept comparable statistics published by any successor federal government agency. If there is no such successor, then the parties shall thereafter accept comparable statistics published by a responsible financial periodical of recognized authority then chosen by the parties, or in the event they cannot agree, the matter shall be determined by arbitration before the American Arbitration Association, in accordance with the rules and regulations of the Association at that time.

Does the premises have an "obligation" to be the first under the lease?

6. Additional Rent. Except as otherwise provided in this Lease and in addition to the annual rental described in Paragraph 5 hereof, Lessee shall pay as additional rent the costs, expenses, and obligations of the Premises beginning the Effective Date including:

(a) All repairs: external or internal, structural or

non-structural, ordinary or extraordinary;

(b) All costs of replacement and/or leasing of all fixtures and equipment, machinery and items of personalty as provided in Paragraph 24 hereof;

(c) All utilities, which accounts are to be in the name of Lessee;

(d) All physician's service contracts;

(e) All taxes;

(f) All insurance;

(g) All license fees;

(h) All maintenance costs;

*Due to the
non-availability
MCS*

(i) All equipment leases and other contracts identified in Exhibit G and as provided in Paragraph 24 hereof, as the same have been duly modified and except as they have been terminated.

6A. Upon the Effective Date of the Lease of the Premises other than the Fourth Floor and the purchase of the HGOV stock by FHA, FHA may assign the entire Lease to HGOV, provided FHA guaranties all of HGOV's obligations pursuant to Guaranty Agreement attached hereto and made a part hereof.

7. Use. The portion of the Premises presently used as the acute care hospital shall be used primarily for an acute care hospital including inpatient and outpatient diagnostic and treatment facilities, emergency treatment facilities, related educational activities and such other functions as are from time to time customary in an acute care hospital, and administrative functions related to operations of the hospital. Lessee will never take action either direct or indirect which shall result in

the reduction of the number of licensed medical and surgical acute care beds permitted as of July 3, 1985 under any licensure and Certificate of Need laws at the Premises. Furthermore, at the termination hereof the number of licensed beds at the Premises will not be below the highest number of beds ever licensed at any one time at the Premises during the term of the Lease. Lessee shall never take any action (including increasing the number of beds) in any other institution or medical care facility which it operates or controls which shall result in any private or public body requiring that the number of beds used at the Hospital be reduced. Lessee shall comply with all governmental requirements and regulations, including health, police and fire regulations respecting the Premises.

8. Sublet or Assignment.

(a) Lessee shall not assign its leasehold interest or sublet the leased premises in whole or in part without the prior written approval of the Lessor, which approval shall not be unreasonably withheld, provided that the Lessee may assign or sublease the Premises to a corporation which it controls or which controls it. In such event the Lessee will remain liable on this Lease.

(b) Lessor shall have the right in its sole discretion to assign this Lease to anyone or any entity.

9. Insurance and Condemnation. At all times during the term hereof, the Lessee at its own cost and expense and as additional rent shall:

(a) Keep all buildings and improvements, equipment,

furniture and fixtures on, in and appurtenant to the Premises including all alterations, additions and improvements to the Premises fully insured against loss or damage by fire, and other casualties, and shall maintain all standard extended coverages with such companies as the Lessee may select for the full replacement value.

The policies for such insurance shall be secured in the name of the Lessor and Lessee with loss thereunder payable to the Lessor. Lessor shall promptly replace to the extent possible any of the Premises which are partially or totally destroyed by fire or other casualty, or are taken in any condemnation proceeding, to the extent of insurance proceeds or condemnation awards;

(b) Provide and keep in force in such form as Lessor shall reasonably require public liability, elevator and boiler insurance coverage protecting the Lessor against any and all liability in the amount of not less than \$3,000,000.00 for any one accident or disaster and in the amount of not less than \$1,000,000.00 for injuries to any one person. The foregoing liability limits shall be increased at least every five years to keep pace with inflation; and

(c) Provide and keep in force malpractice insurance covering both Lessor and Lessee as insureds (but not individuals) in an amount not less than the average of the coverage amounts according to the Virginia Hospital Insurance Reciprocal then being maintained by hospitals in the Northern Virginia area. The Lessee shall maintain malpractice insurance through the Virginia Hospital Insurance Reciprocal or such other insurance carrier of

at least the same financial standing on a "claims made" basis throughout the term of the Lease. Furthermore, said insurance shall effectively cover the Lessor and Lessee against risk of loss for claims made after the Effective Date arising from occurrences prior to the Effective Date. At termination of the Lease and as long as Lessee is not in default under this Lease, Lessor shall either continue the above insurance or the Lessor shall in insurance parlance "buy out the tail" so that the Lessee and Lessor will be fully protected from any risk or loss for claims made after the termination date arising from occurrences prior to the termination date. If either party should terminate the present coverage, it shall "buy out the tail" sufficiently to fully protect each from all prior occurrences. The Lessee shall obtain an endorsement to the malpractice insurance policy to be delivered to the Lessor on or before the Effective Date and annually during the term of this Lease in which the insurer states that it is aware of the provisions of this paragraph, and agrees that both the Lessor and Lessee are protected as insureds from all claims referred to in this subparagraph. After termination, Lessor shall obtain the endorsements and deliver them to Lessee as provided in the preceding sentence so long as Lessee is at risk for any claims and not in default under this Lease.

On the Effective Date and on each anniversary thereof during the term of this Lease, the Lessee shall cause the aforesaid malpractice insurance coverage to be increased, if necessary, so that the coverage amounts for the next succeeding

year are not less than the average of those coverage amounts according to the Virginia Hospital Insurance Reciprocal then being maintained by hospitals in the Northern Virginia area.

(d) Lessee shall furnish Lessor with duplicate originals or copies certified by the insurance companies of all policies of insurance for all insurance coverage referred to in Subparagraphs 9(a), 9(b) and 9(c). All insurance referred to in the aforesaid subparagraphs must be approved by the Lessor, but such approval shall not be unreasonably withheld; provided, the insurance to be obtained by Lessor at termination shall be subject to the approval of Lessee which approval shall not be unreasonably withheld.

10. Purchase By Lessor Upon Termination. At termination of this Lease, Lessee shall sell to Lessor and provided all defaults of Lessee, if any, have been cured and provided that the Premises are still being operated as a hospital, then Lessor shall purchase from Lessee all of Lessee's total patient accounts receivable which are not more than 180 days old, each of the Lessee's movable items of equipment (except as set forth in Paragraph 24 hereof) all inventory and all prepaid expenses existing as of the date of termination. The purchase price shall be calculated as of the termination date as follows:

(a) Eighty percent (80%) of Lessee's total patient accounts receivable which are no more than 180 days old. (A patient account receivable is one day old at the end of the first day immediately following the date of the final bill);

(b) Plus one hundred percent (100%) of the book value of the equipment purchased:

(c) Plus one hundred percent (100%) of the cost of inventory of usable expendable supplies on hand for Hospital operations purchased by Lessee;

(d) Plus one hundred percent (100%) of prepaid expenses;

(e) Less one hundred percent (100%) of trade accounts payable which are no more than 45 days old (a trade account payable is one day old at the end of the first day immediately following the date of the final bill). Lessor shall assume and pay those trade accounts payable of Lessee which are no more than 45 days old. Lessee shall be responsible for and shall pay forthwith all trade accounts payable which Lessor is not given credit for under this formula and which Lessor does not assume.

(f) Less one hundred percent (100%) of accrued expenses.

Lessee shall maintain its finances so that at all times during the term hereof the sum of one hundred percent (100%) of all items (a) through (f) described above shall not be a negative number. For the purpose of this Paragraph 10, the book value of equipment and methods of booking prepaid and accrued expenses will be derived from the use of valuation and accounting procedures used by Lessor during the year immediately preceding the effective date of the Lease dated February 11, 1982 between Lessee and Lessor ("Prior Lease"). Lessee agrees to maintain records necessary to the computation of the purchase price. Lessor shall pay Lessee the purchase price within thirty (30)

days of resumption of operation of the Hospital by Lessor. Upon termination of the Lease, Lessee shall execute and deliver all documents necessary to convey fee simple title to the above assets free and clear of all encumbrances.

11. Indemnification.

(a) Lessor. Lessor hereby agrees to indemnify and hold harmless Lessee, its stockholders, officers, agents and employees, against any and all claims, damages or liabilities including malpractice, and those arising out of Medicare, Medicaid, Blue Cross, taxes of all kinds, EEOC and ERISA, and including reasonable attorney's fees, expenses and costs of litigation, incurred in connection with the operation of the Hospital by Lessor prior to the Effective Date of the Prior Lease, and for Lessor's, its agents', and employees' actions, omissions and responsibilities which cause such liability after the Effective Date and which is not covered by Lessee's malpractice policy.

(b) Lessee. Lessee hereby agrees to indemnify and hold harmless Lessor, its stockholders, officers, agents and employees, against any and all claims, damages or liabilities including malpractice, and those arising out of Medicare, Medicaid, Blue Cross, taxes of all kinds, EEOC and ERISA, and including reasonable attorney's fees, expenses and costs of litigation, incurred in connection with the operation of the Hospital and Premises by Lessee after the Effective Date of this Lease, and for Lessee's, its agents', and employees' actions, omissions and responsibilities which cause such liability after the Effective Date and which is not covered by Lessor's

malpractice policy.

12. Right to Use Of Name. During the term of this Lease, Lessee shall have the right, power, authority and permission to use the name "Jefferson Memorial Hospital" and the related "logo" in connection with the operation of the leased Premises. Lessee may change the name and "logo" of the Hospital as long as "Jefferson" is always used as a part of the name and "logo". At the termination of this Lease, Lessee shall execute any documents necessary to release the name and logo and transfer the use of same to the Lessor.

13. Termination. This Lease may be terminated:

(a) By Lessor:

(1) To the extent permitted by applicable bankruptcy law, if Lessee shall apply for or consent to the appointment of a receiver, trustee or liquidator of all or a substantial part of Lessee's assets, file a voluntary petition in bankruptcy, make a general assignment for the benefit of creditors or take advantage of any insolvency law, or if an order, judgment or decree shall be entered by a court of competent jurisdiction, on the application of a creditor, adjudicating Lessee a bankrupt or insolvent, or approving a petition seeking reorganization of Lessee, or appointing a receiver, trustee or liquidator of all or a substantial part of Lessee's assets; or

(2) If Lessee shall default in the performance of any covenant, agreement, term or provision of this Lease and such default shall continue for a period of thirty (30) days after

written notice (ten days after written notice in the case of rental payments) to Lessee from Lessor stating in detail the default.

(b) By Lessee:

If Lessor shall default in the performance of any covenant, agreement, term or provision of this Lease and such default shall continue for a period of thirty (30) days after written notice to Lessor from Lessee stating in detail the default; or in the event of a material misrepresentation in any of Lessor's warranties and representations.

14. Good Faith. Lessor and Lessee agree that they will each exercise due diligence and good faith in performing their respective obligations under this Lease.

15. Return of Premises and Transfer of Licenses and Permits to Lessor at Termination of Lease.

At the termination of this Lease, Lessee shall give possession of the Premises to Lessor free and clear of all liens except those which may be placed thereon by Lessor, in good condition, ordinary wear and tear excepted. At termination of the Lease, Lessee shall transfer to Lessor all licenses, certificates and permits for the operation of the Hospital and for any and all types of medical care offered at the Premises and for any and all businesses carried on at the Premises by the Lessee. If any of the foregoing licenses, certificates or permits cannot be transferred, Lessee shall transfer to the Lessor the entity having the license, certificate or permit at no additional cost to Lessor required over that paid pursuant to Paragraph 10 hereof in order that Lessor shall then effectively

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control the license, certificate or permit so that Lessor may immediately continue operation of the Premises without interruption.

16. Rights and Remedies on Default. Either party shall be in default hereunder if such party has defaulted in the performance of any covenant, agreement, term or provision of this Lease and fails to cure such breach within thirty (30) days of written notice (within ten days of written notice in the case of rental payments). The parties shall have the following rights and remedies on default of the other whether or not there is a termination of this Lease as a result thereof, which shall be cumulative and shall not exclude any other right or remedy allowed by this Lease or by law:

(a) Lessor shall be entitled to recover possession of the Premises and all damages which Lessor may have suffered or may in the future suffer as a result of the Lessee's default; and Lessee shall pay all of Lessor's reasonable expenses, including without limitation, all costs and reasonable attorney's fees which are incurred by Lessor.

(b) In the event of default by Lessor, Lessee shall be entitled to recover all damages which Lessee may have suffered or may in the future suffer, as a result of the Lessor's default and Lessor shall pay all of Lessee's reasonable expenses, including without limitation, all costs and reasonable attorney's fees which are incurred by Lessee.

17. Representations and Warranties of Lessor.

(a) Organization. Lessor is a corporation duly organized and validly existing and is in good standing under the

laws of the State of Delaware and is authorized by the Virginia State Corporation Commission to do business in Virginia. Lessor has the corporate power and authority to enter into and perform the terms of this Lease. The execution, delivery and performance of this Lease have been duly authorized by all necessary corporate actions including, without limitation, approval of the directors and shareholders of Lessor.

(b) Absence of Conflict. Execution and delivery of this Lease and the performance and compliance with the terms hereof by Lessor will not conflict with, or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation of any lien, charge or encumbrance upon the Premises, pursuant to its certificate of incorporation or bylaws, or any trust agreement, indenture, mortgage, lease, agreement, or any other instrument or any order, law, rule, regulation, judgment or decree to which it is a party or by which it, or any of its affiliates, or any of its properties are bound.

(c) No Hill-Burton Lien. No funds were received to construct, improve or acquire the Premises under the "Hill-Burton" Act.

(d) Accreditations and Approvals. During the period in which Lessor operated Jefferson Memorial Hospital, the Premises were accredited by the Department of Health & Human Services, Division of Survey and Certification; and the Hospital was a provider of health care services eligible for reimbursement under Medicare (USC Title 18), Blue Cross and similar contractual

programs and under Medicaid (USC Title 19) and under similar contractual programs. True and correct copies of all reports and correspondence concerning the Medicare and Medicaid reviews applicable to such period have been furnished to Lessee of the Prior Lease. Lessor and Lessee shall cooperate in maintaining JCAH accreditation, at no cost to Lessor.

(e) Zoning and Land Use. As of July 3, 1985, Lessor and the Premises were not in violation of any City of Alexandria zoning or land use law applicable to the Premises.

(f) Contracts and Commitments. Each contract, lease, and agreement relating in any way to the Premises, the related assets and the operation and use thereof as a hospital, including, without limitation, approvals, accreditations and licenses from governmental authorities, Blue Cross and equivalent insurance programs, Medicaid and Medicare and other contractual programs and all agreements with or relating to employees, staff members and medical specialists, all as of the Effective Date of the Prior Lease have been delivered to Lessee of the Prior Lease. During the period of operation of the Hospital by Lessor there was no breach or default of any provision of any contract, agreement, lease or license listed in Exhibit G of the Prior Lease by Lessor which has not been previously cured, or to the knowledge of Lessor, by any other party thereto, and nothing has occurred which with lapse of time or the giving of notice or both would constitute a breach or default by Lessor, or to the knowledge of Lessor, by any other party thereto, with respect to any such contract, license, agreement or lease.

(g) Litigation. Except as may be described in Exhibit

g, on the Effective Date of the Prior Lease there was no administrative, judicial, private or other action, suit, proceeding, inquiry or investigation at law, or in equity, before or by any public board or body or otherwise pending (or, to the knowledge of Lessor, threatened) against or affecting Lessor or the Hospital operation, or to the knowledge of Lessor, any meritorious basis thereof, wherein any unfavorable decision, ruling or finding would have a material adverse affect on (i) the operation of the Premises, (ii) the status of any accreditations and approvals referred to in Paragraph 17(d), or (iii) this Lease, and there existed no threatened or pending disciplinary actions or other actions against or relating to any member of the Hospital staff. As of the date of execution hereof, there is no administrative, judicial, private or other action, suit, proceeding, inquiry or investigation at law or in "equity" before or by any public board or body or otherwise pending or (to the knowledge of the Lessor, threatened) affecting the Lessor's title to the Leased Premises or its right to lease the same.

(h) No Violations of Law. To the best of Lessor's knowledge, Lessor did not conduct the operation of the Hospital in violation of any federal, state or local laws, rules, regulations or ordinances then in effect to which it was subject including, without limitation, laws and regulations relating to health care providers, land use, environmental protection, occupational safety or health, prices, wages, hours, taxes and employment practices.

(i) Consents. As of the date of settlement of the

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buy-out of Health Group of Virginia, Inc. stock on August 31, 1985, whichever is earlier, the Lessor shall have obtained consents from all entities with which it has contracts necessary for it to enter into this Lease. Lessor shall not be responsible for obtaining any Certificate of Public Need or any other consent or approval which may be required from any state or federal body for Lessee to operate the Premises.

(j) Conformity with Omnibus Reconciliation Act. All contracts assumed by Lessee of the Prior Lease from Lessor under the Prior Lease hereunder were in conformity with Section 952 of the Omnibus Reconciliation Act of 1980, PL96-499, providing for the access to the books and records of subcontractors of Medicare providers, by the Secretary of the Department of Health and Human Services.

(k) Primary Leases. The real estate included in the Premises is comprised of certain primary leases, under all of which Lessor is either the lessee or sublessee. Lessor warrants and represents that it is current in the performance of all its obligations under each of the leases and has or shall have by the Effective Date, the authority and power to enter into this Lease and fully perform each of its obligations hereunder.

18. Representations and Warranties of Lessee.

(a) Organization. Fairfax Hospital Association is a corporation duly organized and validly existing in good standing under the laws of the State of Virginia with full corporate power to carry on its business as now conducted. Health Group of Virginia, Inc. is a corporation duly organized and validly existing in good standing under the laws of the State of Tennessee with full corporate power to carry on its business as now conducted. True and correct copies of the Articles of

Incorporation for the Lessee will be delivered to the Lessor prior to the Effective Date.

(b) Authority. The Lessee is authorized to perform its obligations hereunder.

(c) Consents. The execution and performance of this Lease will not violate any provision of, result in the breach of, or constitute a default under any order, writ, injunction, decree of court, governmental agency, or arbitration tribunal, or any contract, agreement or instrument by which the Lessee or its assets and properties may be bound nor is any consent not obtained by Effective Date for the actions herein required under or by any of the above.

(d) Confidentiality. Lessee and its representatives shall hold in strict confidence all data and information obtained with respect to the Lessor's activities or businesses, and shall not use such data or information or disclose the same to others except such data or information as is published as a matter of public record or is required to be disclosed to governmental or health care agencies.

(e) Licenses and Permits. Lessee has or shall obtain all necessary licenses and permits to occupy and operate the Premises, including, without limitation, licenses, Certificate of Public Need and permits issued by the Virginia Department of Health, the Virginia Health and Planning Commission, and all local governmental authorities, as required under applicable laws, rules and regulations.

19. Survey. Lessor has furnished to Lessee of the Prior

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Lease before the Effective Date of the Prior Lease a survey of all the Premises showing the boundaries of each of the leases and the improvements thereon. Except as otherwise disclosed, no change has occurred in the matters shown by such survey.

20. Subordination and Attornment. Lessee agrees to subordinate its rights hereunder to the lien resulting from any future mortgage or mortgages on the Premises. This subordination is upon the express condition that the instrument creating such lien of mortgage or mortgages or other liens shall contain a clause agreeing that in the event of foreclosure or deed in lieu thereof, to Lessee's quiet enjoyment of the Premises, so long as Lessee is not in default of the terms and conditions of this Lease. Lessee shall promptly execute any documents submitted by Lessor as further evidence of this subordination, provided such documents do not impair Lessee's quiet enjoyment of the Premises, so long as it is not in default of the Lease.

Lessee shall, in the event of foreclosure or deed in lieu thereof under any mortgage made by the Lessor covering the Premises, attorn to the purchaser at any foreclosure sale or grantee of any deed in lieu thereof and recognize such purchaser or grantee as the Lessor under this Lease. Lessee shall promptly execute any documents submitted by Lessor to effect this provision.

21. Repairs, Alterations and Additions. Lessee will maintain all improvements and buildings on the Premises (and all later alterations and additions) in a good state of repair. Lessee shall make all repairs, external and internal, structural or nonstructural, ordinary or extraordinary and be responsible

for all replacements of any broken or worn out equipment, machinery and personal property. Lessee shall permit Lessor to inspect (but Lessor shall not be required to inspect) the Premises at all reasonable times for the purpose of monitoring the maintenance of plant, equipment, machinery and personal property, alterations and additions.

With respect to capital additions to the Premises, either Lessor or Lessee may propose, in written documents delivered to the other party, such additions to the Premises as the proposing party may deem necessary or appropriate. Every reasonable effort shall be made to make such proposal at least ninety (90) days prior to the fiscal year end of the Lessee, for inclusion in an annual capital budget. In the event that there are additions to the Premises which are not covered by the Lease as presently drawn, any additional rental due therefor shall be negotiated in good faith between the parties. At termination of this Lease all additions and improvements made to the Premises shall become the property of the Lessor.

22. Parking Garage. Lessee shall have the right to build at its expense an income producing parking garage building on the Premises provided that the same is compatible with the Hospital from architectural and use standpoints and complies with all applicable laws. Lessee shall not mortgage more than 75% of the cost of the parking garage and said mortgage shall be amortized in twenty years or less. The parties agree that they shall share equally in the revenue from the parking garage in one of the two methods set forth below. Prior to the time revenue is generated,

Lessee shall decide which of the methods shall be used:

(a) Lessee shall be entitled to all Net Operating Income from the parking garage until Lessee has recovered an amount sufficient to cover its Construction Costs and thereafter Lessor and Lessee shall share equally on a monthly basis the Net Operating Income.

(b) After determining Net Operating Income, Lessee shall be entitled to subtract the interest on the amortized mortgage and then the balance of income shall be split equally between Lessor and Lessee on a monthly basis.

For the purposes of this Paragraph 22, Net Operating Income shall be gross revenues less operating expenses such as parking attendant compensation, utilities and maintenance. Construction Costs shall include only Lessee's hard costs and shall not be comprised of soft costs including but not limited to any points, interest, title insurance premiums, architectural fees and legal fees. At no time shall Lessee's soft costs be considered as operating expenses when determining Net Operating Income.

23. Employee's Fringe Benefits. Lessee shall be responsible for normal and reasonable fringe benefits due Lessor's employees accrued and unpaid prior to the Effective Date of the Prior Lease except that all payroll expenses due prior to such date shall be the responsibility of Lessor. Lessee shall be responsible for all sick leave and vacation time accrued and unused by Lessor's employees prior to Effective Date. Lessor shall be responsible for normal and reasonable fringe benefits due Lessee's employees at Hospital accrued and unpaid as of the

termination date of the Lease , but only if the Premises are still operated as a hospital as of that date, except that Lessee shall be responsible for all payroll expenses due prior to the termination date. Lessor shall be responsible for all sick leave and vacation time accrued and unused by Lessee's Hospital employees as of the termination date of the Lease.

24. Furniture, Fixtures and Equipment. All furniture, fixtures, machinery, equipment and items of personalty (referred to herein as "FP&E") shall be dealt with as follows:

(a) FP&E Owned by Lessor and Purchased by Lessee.

FP&E owned by Lessor which was purchased by the Lessee of the Prior Lease pursuant to the Prior Lease which requires replacement during the term hereof, shall be replaced by Lessee and at termination of the Lease, all such original FP&E and replacements thereof shall be purchased by Lessor at book value as of the termination of this Lease.

(b) FP&E Owned by Lessor but not Purchased by Lessee.

All FP&E owned by Lessor but not purchased on the Effective Date of the Prior Lease by Lessee shall remain the property of the Lessor and may be used by the Lessee during the term of this Lease. Any such FP&E which requires replacement during the term hereof, shall be replaced by Lessee and purchased by Lessor at book value as of termination of this Lease and all such FP&E shall become the property of the Lessor.

(c) FP&E Leased by Lessor as of the Effective Date.

As of the Effective Date of the Prior Lease, Lessor assigned to Lessee of the Prior Lease all rights under the equipment leases

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(including the right to purchase) and Lessee assumed the obligations accruing after the Effective Date of the Prior Lease with respect to those leases. All leased FF&E which requires replacement during the term of this Lease shall be replaced by Lessee. If Lessee leases the replacements, and said replacements are still being leased as of the termination of this Lease, Lessor shall assume any or all of such leases which are not in default, and Lessee shall assign to Lessor all equipment leases (including the right to purchase). Lessee shall make all equipment lease payments when due. Lessee shall obtain all necessary consents required for such assignments. If Lessee purchases such replacements, Lessor shall purchase any or all of this FF&E at its book value as of the termination of this Lease.

(d) New FF&E. It shall be Lessee's responsibility to obtain new FF&E for use in the Hospital, as Lessee may determine. Lessee shall consult appropriate medical staff chiefs of the Hospital in determining equipment needs of the Hospital, from time to time. If Lessee purchases additional FF&E, it shall be the property of Lessee at termination provided Lessor shall have the right to purchase any or all such FF&E at book value at the termination of this Lease. If the aforesaid new FF&E is leased, all such leases shall remain the responsibility of the Lessee, provided Lessor at termination shall have the right to assume any or all of the leases and Lessee shall assign to Lessor all rights under such leases (including right to purchase) and Lessor shall assume the obligations accruing after termination of this Lease with respect to those FF&E leases. Lessee shall obtain all necessary consents required for such assignments. If Lessor does

not elect to purchase any or all of such FF&E or assume any or all of the leases for such FF&E, that FF&E shall be removed by Lessee at the termination of this Lease.

25. No Subordination of the Fee. At no time shall the fee to the land which is part of the Premises be subordinated to any lien or encumbrance, including mortgage, deed of trust or otherwise, which arises because of action or inaction by the Lessee.

26. Offset. The obligations of Lessee hereunder may be offset to cover any loss suffered by Lessee by virtue of default in any of the provisions hereof by Lessor. In the event of a dispute concerning the validity of any such offset, the dispute shall be submitted for resolution by the Circuit Court for the City of Alexandria. In the event that a determination is made that the offset was improper, then Lessee shall pay to Lessor the sums improperly offset and Lessor shall be entitled to a judgment for the sum improperly offset plus interest thereon at the judgment rate from the date improperly offset plus a penalty of ten percent (10%) of the sums improperly offset, plus reasonable attorney's fees.

27. Successors. All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective successors and assigns of the said parties; and Lessee shall be bound jointly and severally by the terms, covenants and agreements herein. No rights, however, shall inure to the benefit of any assignee of Lessee unless the assignment to such assignee has been approved by Lessor in

writing as Provided herein.

28. No Partnership. Lessor does not by this Lease, in any way or for any purpose, become a partner of Lessee in the conduct of its business or otherwise, or a joint venturer or a member of a joint enterprise with Lessee.

29. Indemnification of Lessor. Lessee will at all times during the term of this Lease and thereafter indemnify and hold harmless Lessor, its stockholders, officers, agents and employees, from and against any and all claims, actions, damages, liability and expense, including attorney's fees, arising from or out of (1) any occurrence in, upon or at the leased Premises, or (2) the occupancy or use by Lessee of the leased Premises or any part thereof, or (3) occasioned wholly or in part by any act or omission of Lessee, its agents, contractors, employees, servants, invitees, lessees, or concessionaires, provided that such occurrence was not caused by the fault or negligence of Lessor or its agents, employees, or representatives.

30. Office Buildings Not Under Lease. During the term of this Lease, the parties agree that all persons using (1) the medical office building contiguous to and part of the Hospital ("Medical Office Building"), (2) the new medical office building containing a parking garage at 3450 North Beauregard Street ("Beauregard Building"), and/or (3) the parking garage to be constructed by Lessee ("Lessee Parking Garage"), shall have unlimited rights to ingress and egress to such buildings. Furthermore, all persons using the Medical Office Building and Beauregard Building shall have equal access to all surface parking located on the Premises in the same manner and at the

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same costs, if any, as persons using the Hospital. Lessee agrees that the Medical Office Building and the Beauregard Building may be used by doctors and others as offices, but shall not be used for uses not ordinarily carried out in a physician's office for the care of his own patients. The buildings may be added to at the sole option of the Lessor.

31. Lessor's Access to Information. Lessee shall make available to Lessor such of its records as shall be necessary to assure Lessor that Lessee is fully performing its duties under this Lease and is current in discharging its obligations under the Lease and with respect to the payment of its creditors. Lessor shall notify Lessee in writing of any nonconformity or irregularity and specify to Lessee what actions Lessee should take to correct the situation. Lessee shall keep its records concerning the patient accounts receivable and all other accounts of the Lessee, including but not limited to accounts payable, at the business office of the Premises at all time during the term of the Lease, and will permit representatives of the Lessor at any time during normal business hours to inspect and make abstracts from such records. The Lessee will furnish to the Lessor such information and reports regarding all of its accounts and obligations of every kind to the Lessor as the Lessor may from time to time reasonably request.

32. Property Loss, Damage, Reimbursement. Lessor shall not be liable for any damage to property of Lessee or of others on the leased Premises, nor for the loss or damage to any property of Lessee or others by theft or otherwise. Lessor shall not be

liable for any injury or damages to persons or property resulting from fire, explosion, falling plaster, steam, glass, electricity, water, rain or snow leaks from any part of said Premises, 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 fault of Lessor, its agents, servants or employees.

33. Lessor's Rights to Perform Lessee's Covenants. If Lessee shall at any time fail to pay any taxes, or fail to secure or pay for, or to maintain and deliver any of the insurance policies provided for herein, or shall fail to make any other payment or perform any other act required or to be performed in accordance with any terms or provisions of this Lease, then Lessor, after fifteen (15) days written notice to Lessee (or without notice in case of a bona fide emergency) and without waiving, or releasing Lessee from any obligations to make any of such payments or perform any other act on Lessee's part required or to be performed in this Lease, may enter upon the leased Premises for any such purpose, and take all such action thereon, as may be reasonably necessary.

All sums to be paid by Lessor and all costs and expenses, including reasonable attorney's fees, incurred by Lessor in connection with the performance of any such act, together with interest thereon at the rate of sixteen percent (16%) per annum from the respective dates of Lessor's obligation to pay and/or payment shall be paid by Lessee to Lessor on demand, and Lessor shall not be limited in the proof of any damages which Lessor may claim against Lessee arising out of or

by reason of Lessee's failure to provide and keep in force insurance as aforesaid, to the amount of the insurance premium or premiums not paid or incurred by Lessee, but Lessor shall also be entitled to recover damages for such breach including the uninsured amount of any loss to the extent of any deficiency in the insurance required by the provisions of this Lease, damages, costs and expenses of suit, including attorney's fees, suffered or incurred by reason of damage to, or destruction of, the leased Premises, or any part thereof, occurring during any period when Lessee shall have failed or neglected to provide insurance as aforesaid.

Under no circumstances shall either the exercise by Lessor of the right granted in this section to enter upon the demised Premises for any purposes specified herein and take all such action thereon as may be necessary therefor, or the exercise of any other right or remedy granted to Lessor under any other provision of this Lease to cure, prevent or take any other action with respect to any default by Lessee, constitute an eviction of Lessee, result in a termination of this Lease, or in any manner whatsoever relieve Lessee from liability to pay net rent and additional rent as provided herein or from the keeping, observance and performance of any other covenant, condition and agreement on the part of Lessee to be kept, observed and performed under this Lease.

The provisions of this section shall have no application to the Lessor's right to terminate this Lease or to Lessor's right to enter, re-enter or to obtain possession of the

demised Premises following termination of this Lease in accordance with the provisions hereof.

In taking action under this Paragraph 33, Lessor shall act with diligence, in good faith, and with a view toward mitigation of Lessee's liability hereunder.

34. Notices. Any notice or other communication by either party to the other shall be in writing, and shall be given, and be deemed to have been given, either when delivered personally or as of the date mailed, if mailed postage prepaid, registered or certified mail addressed as follows:

To Lessor: Jefferson Corporation of Alexandria
 4600 King Street
 Alexandria, Virginia 22302
 Attention: Chairman of the Board
 and President

With copy to:

Ross, Marsh & Foster
117 South Fairfax Street
Alexandria, Virginia 22314

To Lessee: Fairfax Hospital Association
 and
 Health Group of Virginia, Inc.
 c/o Fairfax Hospital Association
 8001 Braddock Road
 Springfield, Virginia 22151
 Attention: President

With copy to:

Miles & Stockbridge
114 North West Street
Easton, Maryland 21601

35. Governing Law. This Lease shall be governed by Virginia law.

36. Severability. If any provision hereof is deemed by a court to be invalid, then it shall be stricken and the remaining portions hereof shall continue to be operative.

37. Effect of Waiver. No waiver by either party of any default or breach of any covenant, condition or stipulation herein contained shall be treated as a waiver of any subsequent default or breach of the same or any other covenant, condition or stipulation hereof.

38. Book Value Defined. As used in this Agreement, "book value" shall be the original historic cost less depreciation according to IRS guidelines.

38A. Termination of Prior Lease. Upon the purchase of the HGOV stock by FHA, the Prior Lease and all other agreements related thereto, shall be terminated.

39. Holding Over. Any holding over after the expiration of the term hereof, with the consent of the Lessor, shall be construed to be a tenancy from month-to-month and the rent specified in Paragraph 5(e) shall be tripled and prorated on a monthly basis and such month-to-month tenancy shall be governed by all of the other terms and conditions of the Lease. If Lessee holds over with Lessor's consent and pays the rent as aforesaid, Lessee shall vacate the Premises on receipt of thirty (30) days notice in writing from Lessor. Any holding over without the consent of Lessor shall constitute Lessee a tenant by sufferance and liable to summary eviction without notice.

40. Exhibits. Lessor shall fully complete and provide Lessee the Exhibits hereto as described in the forms attached hereto plus the survey and description of real property by July 15, 1985 and if they are not provided within such time period or if they contain material adverse information of which Lessee has

not been previously advised then Lessee may terminate this Lease if it so notifies Lessor within five (5) days of Lessee's receipt of the Exhibits or on non-receipt of the Exhibits.

IN WITNESS WHEREOF, the parties have executed this Lease on this 11th day of July, 1985.

"LESSOR"

JEFFERSON CORPORATION OF ALEXANDRIA

By: Leslie L. Peters (SEAL)

"LESSEE"

FAIRFAX HOSPITAL ASSOCIATION

By: [Signature] (SEAL)

STATE OF VIRGINIA,
CITY OF ALEXANDRIA, to-wit:

Before me, the undersigned Notary Public in and for said City and State, personally appeared Leslie L. Peters, who acknowledged himself to be the President of the Jefferson Corporation of Alexandria and who, as such officer, being duly authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes contained therein.

WITNESS my hand and official seal at Alexandria, Virginia this 2nd day of July, 1985.

[Signature]
Notary Public

My Commission Expires:

7/28/87

L. H. Canfield
STATE OF VIRGINIA,
CITY OF ALEXANDRIA, to-wit:

Before me, the undersigned Notary Public in and for said City and State, personally appeared V. KNEE SINGLETEN, who acknowledged himself to be the PRESIDENT of the Fairfax Hospital Association and who, as such officer, being duly authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes contained therein.

WITNESS my hand and official seal at Alexandria, Virginia this 11 day of July, 1955.

John E. Brown
Notary Public

My Commission Expires:

6-19-89

AGREEMENT TO LEASE

THIS AGREEMENT made the 1st day of July, 1985 between JEFFERSON CORPORATION OF ALEXANDRIA, a Delaware corporation ("Jefferson") and FAIRFAX HOSPITAL ASSOCIATION, a Virginia corporation ("FHA").

FOR AND IN CONSIDERATION of the sum of Ten Dollars (\$10.00) paid each to the other, receipt of which is hereby acknowledged, and in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Jefferson shall lease to FHA and FHA shall lease from Jefferson the Premises described in the Hospital Lease Agreement which is attached hereto and made a part hereof (the "Lease") as the Fourth Floor on the terms and conditions set forth therein.

2. This Agreement is contingent upon completion of all of the matters listed below on or before July 18, 1985:

(a) Approval of this transaction including the Lease and certain Side Letter Agreements by FHA's Board of Trustees as attached hereto and made a part hereof;

(b) Approval of this transaction including the Lease and certain Side Letter Agreements as attached hereto and made a part hereof by Jefferson's Board of Directors and by Jefferson's Stockholders;

3. FHA and Jefferson agree to commence immediately and expeditiously to take all steps necessary to obtain all such approvals and accomplish all actions contemplated herein.

IN WITNESS WHEREOF, the parties have executed this

Agreement by their respective authorized officers as of the date first above written.

JEFFERSON CORPORATION OF ALEXANDRIA

By: Laszlo N. Tauber (SEAL)

Laszlo N. Tauber, Secretary

By: Leslie L. Peters (SEAL)

Leslie L. Peters, President

FAIRFAX HOSPITAL ASSOCIATION

By: J. Knox Singleton (SEAL)

J. Knox Singleton, President

STATE OF VIRGINIA,

CITY/COUNTY OF _____, to-wit:

Before me, the undersigned Notary Public in and for the said City/County and State, personally appeared Laszlo N. Tauber, who acknowledged himself to be the Secretary of Jefferson Corporation of Alexandria and who, as such officer, being duly authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes contained therein.

WITNESS my hand and official seal at _____, Virginia this _____ day of _____, 19____.

Notary Public

My commission expires: _____

STATE OF North Carolina,

CITY/COUNTY OF MURPHY, to-wit:

Before me, the undersigned Notary Public in and for the said City/County and State, personally appeared J. Knox Singleton, who acknowledged himself to be the President of Fairfax Hospital Association who, as such officer, being duly authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes contained therein.

WITNESS my hand and official seal at Murphy, Virginia this _____ day of _____, 1985
North Carolina

Notary Public

My commission expires: 6/15/89

AGREEMENT TO LEASE

THIS AGREEMENT made the 3rd day of July, 1985 between JEFFERSON CORPORATION OF ALEXANDRIA, a Delaware corporation ("Jefferson") and FAIRFAX HOSPITAL ASSOCIATION, a Virginia corporation ("FHA").

FOR AND IN CONSIDERATION of the sum of Ten Dollars (\$10.00) paid each to the other, receipt of which is hereby acknowledged, and in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Jefferson shall lease to FHA and FHA shall lease from Jefferson the Premises described in the Hospital Lease Agreement which is attached hereto and made a part hereof (the "Lease") except the ~~Fourth~~ ^{Fourth} Floor on the terms and conditions set forth therein, effective upon the Effective Date provided in the Lease.

2. This Agreement is contingent upon completion of all of the matters listed below on or before July 18, 1985:

(a) Approval of this transaction including the Lease and certain Side Letter Agreements by FHA's Board of Trustees as attached hereto and made a part hereof;

(b) Approval of this transaction including the Lease ~~and~~ certain Side Letter Agreements as attached hereto and made a ~~part~~ hereof by Jefferson's Board of Directors and by Jefferson's Stockholders;

3. Upon the Effective Date of the Lease of the Premises described above, FHA shall be obligated to obtain forthwith:

(a) A written statement from Citibank N.A. releasing Jefferson Corporation of Alexandria (formerly known as Jefferson Memorial Hospital Corporation) from any and all obligations set forth in Lessor's Estoppel Certificate executed by Lazzlo N. Tauber, M.D. as Secretary of the corporation on October 12, 1982 and Lessor's Estoppel Certificate executed by Leslie L. Peters as President of the corporation on December 16, 1982, and

(b) The release by Citibank N.A. of any and all liens and encumbrances which it presently has on any property of HGOV or of Jefferson Corporation of Alexandria.

4. PHA and Jefferson agree to commence immediately and expeditiously to take all steps necessary to obtain all such approvals and accomplish all actions contemplated herein.

IN WITNESS WHEREOF, the parties have executed this Agreement by their respective authorized officers as of the date first above written.

JEFFERSON CORPORATION OF ALEXANDRIA

By: Lazzlo N. Tauber (SEAL)
Lazzlo N. Tauber, Secretary

By: Leslie L. Peters (SEAL)
Leslie L. Peters, President

FAIRFAX HOSPITAL ASSOCIATION

By: J. Knox Singleton (SEAL)
J. Knox Singleton, President

STATE OF VIRGINIA,
CITY/COUNTY OF Stafford, to-wit:

Before me, the undersigned Notary Public in and for the said City/County and State, personally appeared Lazzlo N. Tauber, who acknowledged himself to be the Secretary of Jefferson Corporation of Alexandria and who, as such officer, being duly authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes contained therein.

WITNESS my hand and official seal at Stafford,
Virginia this 23rd day of July, 1955.

[Signature]
Notary Public

My commission expires: 7/24/57

STATE OF North Carolina,
CITY/COUNTY OF Murfreesboro, to-wit:

Before me, the undersigned Notary Public in and for the said City/County and State, personally appeared J. Knox Singleton, who acknowledged himself to be the President of Fairfax Hospital Association who, as such officer, being duly authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes contained therein.

WITNESS my hand and official seal at North Carolina,
Virginia this 14 day of July, 1955.
North Carolina

[Signature]
Notary Public

My commission expires: 8-10-55

Side Letter Agreement #2

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

(See attached sheet which is made a part hereof)

Active members of the Medical Staff of Jefferson Memorial Hospital to be continued year-to-year and changed only by due process in accordance with medical staff bylaws; L.R.T.

Humberto Albuerne, M.D.
 Raymundo Alfonso, M.D.
 Rida Azer, M.D.
 Samir Azer, M.D.
 Mauricio Bas, M.D.
 Ali Bastani, M.D.
 Gerald Bell, M.D.
 Inder Bhat, M.D.
 Bruce Burtoff, M.D.
 Samuel Burtoff, M.D.
 Raymond Cosentino, M.D.
 David Curfman, M.D.
 John Curry, M.D.
 Martin Delaney, M.D.
 W. Morgan Delaney, M.D.
 Narendra Desai, M.D.
 Remesh Desai, M.D.
 Ludovic DeVocht, M.D.
 Nicholas Ellyn, M.D.
 David Ferguson, M.D.
 Joseph Flis, M.D.
 Irwin S. Freedman, M.D.
 Stephen X. Giunta, M.D.
 Leslie P. Gondor, M.D.
 Kenneth Grant, M.D.
 Manohar Gulati, M.D.
 Arcadius Hakim, M.D.
 Carlos Hecker, M.D.
 Roy Heron, M.D.
 Rodrigo Hurtado, M.D.
 Magdolna Iranyi, M.D.
 Yale Kadesky, M.D.
 Tzu-Min Kao, M.D.
 Stephen Kauffman, M.D.
 Isreal Kogan, M.D.
 Kyung Lee, M.D.
 Won Ro Lee, M.D.
 Sidney L. Lerner, M.D.
 Henry L. Lerner, M.D.
 Mehred L. Lerner, M.D.
 Andrew L. Lerner, M.D.
 Young L. Lerner, M.D.
 William Mroczek, M.D.
 Sava Nedelcovych, M.D.
 Roy Nicholson, M.D.
 Rapheal Osheroff, M.D.
 Leslie L. Peters, M.D.
 Merrill Prugh, M.D.
 John Pulizzi, M.D.

Michael Redlich, M.D.
 Richard Robbins, D.P.M.
 Oscar Rodriguez, M.D.
 Andrew Rudnai, M.D.
 Robert Santangelo, M.D.
 R. F. Sappington, Jr., M.D.
 David Schwartz, M.D.
 Shree Subhash, M.D.
 Theodore Tamariz, M.D.
 Ivy Thint, M.D.
 Michael Trahos, D.O.
 Nikita Tregubov, M.D.
 Oscar Tuazon, M.D.
 Truong Van, M.D.
 Michael Vlahos, M.D.
 Boris Vlalukin, M.D.
 Robert E. Ware, M.D.
 Michael Davidov, M.D.

JEFFERSON CORPORATION OF ALEXANDRIA

By: Leslie L. Peters
 Leslie L. Peters, President

By: Leslie L. Peters P.D.

[Handwritten signature]

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

The Lessee shall exercise good faith and will use its best efforts to negotiate contracts with each of the following named physicians to provide services at Jefferson Memorial Hospital for the period beginning on the closing of the purchase by Fairfax Hospital Association of all of the capital stock of Health Group of Virginia, Inc. and ending December 31, 1990. The financial and service arrangements between the Lessee and each of the physicians shall be the concern only of the Lessee and the physician. If mutually satisfactory agreements cannot be obtained after good faith efforts, Lessee shall not be obligated to contract with such physicians. Each physician with whom the Lessee contracts who is not listed below must have equal or better qualifications than the physician who is being replaced.

1. Louis P. Kirschner, M. D.
2. Richard P. Sappington, Jr., M. D.
3. Michael Davidov, M. D. and Associates
4. Tzu-Min Kao, M. D.
5. Nils Antezana, M. D.

LESSEE

FAIRFAX HOSPITAL ASSOCIATION

By: [Signature]

LESSOR

JEFFERSON CORPORATION OF ALEXANDRIA

By: [Signature]

By: [Signature]

Leslie L. Peters, President

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

All Medical Staff appointments and other actions affecting the Medical Staff will be pursuant to the Medical Staff Bylaws. The Medical Staff Bylaws will always conform to all legal requirements and to the Standards of the Joint Commission on Accreditation of Hospitals or any successor organization exercising the same accreditation functions.

LESSEE

FAIRFAX HOSPITAL ASSOCIATION

By: [Signature]

LESSOR

JEFFERSON CORPORATION OF ALEXANDRIA

By: Charles E. Peters, Jr.

By: [Signature]

Leslie L. Peters, President

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

The Lessee shall continue the current program for training of medical students at the hospital and to the extent practicable, including such students in further medical education programs.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

By: 

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: 

By: 

Leslie L. Peters, President

Side Letter Agreement #7

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Laszlo N. Tauber, M. D. and his appointed successor agent for the Lessor shall appoint one (1) person to serve on the Board of Directors of the Health Group of Virginia, Inc during the term of this Lease. Such person shall not be Dr. Tauber.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

By: *[Signature]*

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: *George E. Paulsen*

By: *Leslie L. Peters*

Leslie L. Peters, President

Side Letter Agreement #8

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Lessee shall continue the employment of the below named employees for a period of five (5) years from the date Fairfax Hospital Association closes upon the purchase of all of the stock of Health Group of Virginia, Inc. with the same salary and benefits currently being paid them and with annual increases similar to those each has received over the past two (2) years. The employment of such employees shall be terminated only if they do not perform the duties of their position in a manner reasonably expected of persons in their positions. If such an employee is discharged without cause, the employee will be paid six (6) months' severance pay by the Lessee.

Richard Levy
Robert Venable
Beverly Cox
Ronald Ewald
Glenda Creveling
Margaret Cross
Karen Bostick
Sheila Keys
Reba Gill
Mary Jane Parrish
Gluddy Joiner
Mary G. English

Gula Turker] with salary
Lucy Torrance] of R.N.'s

Elizabeth Carlson
Rebecca Gordon and present
O.R. staff

LESSEE

FAIRFAX HOSPITAL ASSOCIATION

By: 

LESSOR

JEFFERSON CORPORATION OF ALEXANDRIA

By: 

By: 

Leslie L. Peters, President

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between ~~us~~ dated July 1, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Laszlo N. Tauber, M. D. shall continue as Medical Director of the Hospital until December 31, 1990.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

By: [Signature]

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: [Signature]

By: [Signature]

Leslie L. Peters, President

Side Letter Agreement #10

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Patient referrals are a matter between physicians. Lessee will not attempt in any way to interfere with the physician's prerogative to refer patients to other physicians of his choice for any clinical service including but not limited to, cardiac surgery and neurosurgery.

If the patient is referred through the E.R. and requires transfer, the transfer location will be determined by the Medical Director.

LESSEE

FAIRFAX HOSPITAL ASSOCIATION

By: *[Signature]*

LESSOR

JEFFERSON CORPORATION OF ALEXANDRIA

By: *Wayne E. Paulsen*

By: *Leslie L. Peters*

Leslie L. Peters, President

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Lessee acknowledges that it is now aware that the corridors on the fourth (4th) floor (also known as the nursing wing addition) are not eight (8) feet wide as required by the Virginia Health Department.

FAIRPAX HOSPITAL ASSOCIATION

LESSEE

By: [Signature]

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: [Signature]

By: [Signature]

Leslie L. Peters, President

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 1, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

All side letters between Jefferson Memorial Hospital Corporation, now Jefferson Corporation of Alexandria and Health Group of Virginia, Inc. and Health Group, Inc. which arose because of the Prior Lease between Jefferson Corporation of Alexandria and Health Group of Virginia, Inc. dated February 11, 1982 and were executed during 1982 shall become null and void as of the closing of the purchase by Fairfax Hospital Association of all of the stock of Health Group of Virginia, Inc.

LESSEE

FAIRFAX HOSPITAL ASSOCIATION

By: *J. Th. Light*

LESSOR

JEFFERSON CORPORATION OF ALEXANDRIA

By: *Leslie L. Peters*By: *Leslie L. Peters*

Leslie L. Peters, President

Side Letter Agreement #13

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Lessee hereby acknowledges that it has received all documents and things referred to in the February 11, 1982 Lease between Lessor and Health Group of Virginia, Inc.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

By: *J. H. Smith*

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: *Walter E. Parker*

By: *Leslie L. Peters*

Leslie L. Peters, President

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

If PHA or its successors or assigns shall reach an agreement with Hopkins Partnership, owners of the shopping center property at the corner of King Street and Beauregard Street next to the Hospital, to purchase or acquire an interest in all or any part of the Hopkins property, then Lessor or its successors or assigns shall have the option of participating in such acquisition. Even if Lessor does not elect to participate, it will have the right to purchase the fee underlying the 99 year lease with Lazzlo N. Tauber, Trustee, presently existing on a part of the property at PHA's cost.

LESSEE

FAIRFAX HOSPITAL ASSOCIATION

By: *[Signature]*

LESSOR

JEFFERSON CORPORATION OF ALEXANDRIA

By: *Charles E. Tauber*

By: *Leslie L. Peters*

Leslie L. Peters, President

Side Letter Agreement #15

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

All Side Letter Agreements which relate to and are in addition to the Hospital Lease Agreement dated July 3, 1985 between the parties may be freely assigned by the Lessor.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

By: 

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: 

By: 

Leslie L. Peters, President

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

The below named Department Chiefs shall be continued in their present positions until at least December 31, 1990, subject to an annual review of their physical and mental condition and medical competency.

Laszlo N. Tauber, M. D.

Medical Director and
Chief of Surgery

Robert Ware, M. D.

Urology

Harold J. Goald, M. D.

Neurosurgery

Michael Redlich, M. D.

Neurology

Samuel Burtoff, M. D.

Ear, Nose & Throat

Yale M. Kadesky, M. D.

Plastic Surgery

Samir Azer, M. D.

Orthopedics

Tzu-Min Kao, M. D.

Physiotherapy

Michael Davidov, M. D.

Cardiology

Richard P. Sappington, Jr., M. D.

Pulmonary & Chief of Medicine

Magdolna A. Iranyi, M. D.

Pediatrics

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

By: 

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: 

By: 

Leslie L. Peters, President

Side Letter Agreement #16

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985, and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Side Letter Agreement #1 is hereby cancelled and rendered null and void.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

7/25/85
Date:

By: [Signature]
J. Knox Singleton, President

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

July 22 '85
Date

By: [Signature]
Lazlo N. Tauber, Secretary

July 22 '85
Date

By: [Signature]
Leslie L. Peters, President

Side Letter Agreement #17

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985, and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Upon termination of the Lease Agreement between Jefferson Memorial Hospital Corporation, now Jefferson Corporation of Alexandria, and Health Group of Virginia, Inc., dated February 11, 1982 (the "Prior Lease"), Jefferson Corporation of Alexandria shall not be obligated or bound under Paragraphs 10 and 23 of the Prior Lease and those paragraphs shall be void as they relate to Jefferson Corporation of Alexandria.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

7/25/85
Date

By: /s/
J. Knox Singleton, President

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

July 22, 1985
Date

By: Lasslo N. Tauber
Lasslo N. Tauber, Secretary

July 22, '85
Date

By: Leslie L. Peters
Leslie L. Peters, President

Side Letter Agreement #18

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985, and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

The following language was inadvertently omitted from Paragraph 5(C) of the Lease and is hereby added to the bottom of Page 3: "...All Urban Consumers (CPI-U) Washington, D.C.-Md.-Va., all items...."

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

7/25/85
Date

By: [Signature]
J. Knox Singleton, President

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

Jul 22 15
Date

By: [Signature]
Lazlo N. Tauber, Secretary

July 22 '85
Date

By: [Signature]
Leslie L. Peters, President

Side Letter Agreement #19

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985, and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Fairfax Hospital Association ("FHA") shall have the right to assign the Lease and Side Letter Agreements to Health Group of Virginia, Inc. or any other subsidiary controlled by FHA as long as FHA shall remain liable on the Lease. Except as aforesaid, and based on the recommendation of the stockholders committee of Jefferson Corporation of Alexandria ("Jefferson Corporation") which was approved by the Jefferson Corporation Board of Directors and by the FHA Board of Trustees, the Lessee shall not assign the Lease and Side Letter Agreements without first obtaining the written approval of the Lessor which shall be in the sole discretion of the Lessor and may be granted or denied for cause or no cause.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

7/25/85
Date

By: /s/
J. Knox Singleton, President

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

Jul 22 '85
Date

By: L. N. Tauber
Lazlo N. Tauber, Secretary

July 22 '85
Date

By: Leslie L. Peters
Leslie L. Peters, President

Side Letter Agreement #20

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985, and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

All of the Side Letter Agreements numbered 2 through 20, inclusive, are made a part of the Hospital Lease Agreement between us dated July 3, 1985 (the "Lease"), and are incorporated therein by reference. Any breach of any of the foregoing Side Letter Agreements shall be a breach of the Lease, and the rights and remedies of the parties shall be governed thereby. Any assignment of the Lease shall automatically be an assignment of the Side Letter Agreements to the same assignee as that of the Lease.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

7/25/85
Date

By: JS
J. Knox Singleton, President

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

July 22nd 1985
Date

By: L. N. Tauber
Lazlo N. Tauber, Secretary

July 22 '85
Date

By: Leslie L. Peters
Leslie L. Peters, President

AGREEMENT TO LEASE

THIS AGREEMENT made the 3rd day of July, 1985 between JEFFERSON CORPORATION OF ALEXANDRIA, a Delaware corporation ("Jefferson") and FAIRFAX HOSPITAL ASSOCIATION, a Virginia corporation ("FHA").

FOR AND IN CONSIDERATION of the sum of Ten Dollars (\$10.00) paid each to the other, receipt of which is hereby acknowledged, and in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Jefferson shall lease to FHA and FHA shall lease from Jefferson the Premises described in the Hospital Lease Agreement which is attached hereto and made a part hereof (the "Lease") except the Fourth Floor on the terms and conditions set forth therein, effective upon the Effective Date provided in the Lease.

2. This Agreement is contingent upon completion of all of the matters listed below on or before July 18, 1985:

(a) Approval of this transaction including the Lease and certain Side Letter Agreements by FHA's Board of Trustees as attached hereto and made a part hereof;

(b) Approval of this transaction including the Lease and certain Side Letter Agreements as attached hereto and made a part hereof by Jefferson's Board of Directors and by Jefferson's Stockholders;

3. Upon the Effective Date of the Lease of the Premises described above, FHA shall be obligated to obtain forthwith:

INOV-00668

(a) A written statement from Citibank N.A. releasing Jefferson Corporation of Alexandria (formerly known as Jefferson Memorial Hospital Corporation) from any and all obligations set forth in Lessor's Estoppel Certificate executed by Lazzlo N. Tauber, M.D. as Secretary of the corporation on October 12, 1982 and Lessor's Estoppel Certificate executed by Leslie L. Peters as President of the corporation on December 16, 1982, and

(b) The release by Citibank N.A. of any and all liens and encumbrances which it presently has on any property of EGOV or of Jefferson Corporation of Alexandria.

4. FHA and Jefferson agree to commence immediately and expeditiously to take all steps necessary to obtain all such approvals and accomplish all actions contemplated herein.

IN WITNESS WHEREOF, the parties have executed this Agreement by their respective authorized officers as of the date first above written.

JEFFERSON CORPORATION OF ALEXANDRIA

By: Lazzlo N. Tauber (SEAL)
Lazzlo N. Tauber, Secretary

By: Leslie L. Peters (SEAL)
Leslie L. Peters, President

FAIRFAX HOSPITAL ASSOCIATION

By: J. Knox Singleton (SEAL)
J. Knox Singleton, President

STATE OF VIRGINIA,
CITY/COUNTY OF Alexandria, to-wit:

Before me, the undersigned Notary Public in and for the
said City/County and State, personally appeared Lazzlo N. Tauber,
who acknowledged himself to be the Secretary of Jefferson
Corporation of Alexandria and who, as such officer, being duly
authorized to do so, executed the foregoing instrument on behalf
of the corporation for the purposes contained therein.

WITNESS my hand and official seal at Alexandria,
Virginia this 22nd day of July, 1945.

[Signature]
Notary Public

My commission expires: 7/1/47

STATE OF North Carolina,
CITY/COUNTY OF Murphy, to-wit:

Before me, the undersigned Notary Public in and for the
said City/County and State, personally appeared J. Knox
Singleton, who acknowledged himself to be the President of
Fairfax Hospital Association who, as such officer, being duly
authorized to do so, executed the foregoing instrument on behalf
of the corporation for the purposes contained therein.

WITNESS my hand and official seal at Murphy,
Virginia this 11 day of July, 1945.
North Carolina

[Signature]
Notary Public

My commission expires: 6-10-47

Side Letter Agreement #2

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

(See attached sheet which is made a part hereof)

INOVA-00571

J.APP. 3964

Active members of the Medical Staff of Jefferson Memorial Hospital
to be continued year-to-year and changed only by due process in accordance
with medical staff bylaws: L.E.T.

Humberto Albuerne, M.D.
Raymundo Alfonso, M.D.
Rida Azer, M.D.
Samir Azer, M.D.
Mauricio Bas, M.D.
Ali Bastani, M.D.
Gerald Bell, M.D.
Inder Bhat, M.D.
Bruce Burtoff, M.D.
Samuel Burtoff, M.D.
Raymond Cosentino, M.D.
David Curfman, M.D.
John Curry, M.D.
Martin Delaney, M.D.
W. Morgan Delaney, M.D.
Narendra Desai, M.D.
Remesh Desai, M.D.
Ludovic DeVocht, M.D.
Nicholas Ellyn, M.D.
David Ferguson, M.D.
Joseph Flis, M.D.
Irvin S. Freedman, M.D.
Stephen X. Giunta, M.D.
Leslie P. Gondor, M.D.
Kenneth Grant, M.D.
Manohar Gulati, M.D.
Arcadius Hakim, M.D.
Carlos Hecker, M.D.
Roy Heron, M.D.
Rodrigo Hurtado, M.D.
Magdalena Iranyi, M.D.
Yale Kadesky, M.D.
Tzu-Min Kao, M.D.
Stephen Kauffman, M.D.
Isreal Kogan, M.D.
Kyung Lee, M.D.
Won Ro Lee, M.D.
Sidney Lebowitz, M.D.
Henry Lebowitz, M.D.
Mehred Matic, M.D.
Andrew Metchon, M.D.
Young Moon, M.D.
William Mroczek, M.D.
Sava Nedelcovych, M.D.
Roy Nicholson, M.D.
Raphael Osheroff, M.D.
Leslie L. Peters, M.D.
Merrill Prugh, M.D.
John Pulizzi, M.D.

Michael Redlich, M.D.
Richard Robbins, D.P.M.
Oscar Rodriguez, M.D.
Andrew Rudnai, M.D.
Robert Santangelo, M.D.
R. F. Sappington, Jr., M.D.
David Schwartz, M.D.
Shree Subhash, M.D.
Theodore Tamariz, M.D.
Ivy Thint, M.D.
Michael Trahos, D.O.
Nikita Tregubov, M.D.
Oscar Tuazon, M.D.
Truong Van, M.D.
Michael Vlahos, M.D.
Boris Vlalukin, M.D.
Robert E. Ware, M.D.
Michael Davidov, M.D.

JEFFERSON CORPORATION OF ALEXANDRIA

By: Leslie L. Peters
Leslie L. Peters, President

By: Leslie L. Peters, D.D.

[Handwritten signature]

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 1, 1985, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

The below named Department Chiefs shall be continued in their present positions until at least December 31, 1990, subject to an annual review of their physical and mental condition and medical competency.

Lassio M. Tauber, M. D.

Robert Ware, M. D.

Harold J. Gould, M. D.

Michael Redlich, M. D.

Samuel Burtoff, M. D.

Yale M. Kadesky, M. D.

Samir Azer, M. D.

Tzu-Min Kao, M. D.

Michael Davidov, M. D.

Richard F. Sappington, Jr., M. D.

Magdolna A. Irsanyi, M. D.

Medical Director and
Chief of Surgery

Urology

Neurosurgery

Neurology

Ear, Nose & Throat

Plastic Surgery

Orthopedics

Physiotherapy

Cardiology

Pulmonary & Chief of Medicine

Pediatrics

LESSEE

FAIRFAX HOSPITAL ASSOCIATION

By: [Signature]

LESSOR

JEFFERSON CORPORATION OF ALEXANDRIA

By: [Signature]

By: [Signature]

Leslie L. Peters, President

Side Letter Agreement # 4

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

The Lessee shall exercise good faith and will use its best efforts to negotiate contracts with each of the following named physicians to provide services at Jefferson Memorial Hospital for the period beginning on the closing of the purchase by Fairfax Hospital Association of all of the capital stock of Health Group of Virginia, Inc. and ending December 31, 1990. The financial and service arrangements between the Lessee and each of the physicians shall be the concern only of the Lessee and the physician. If mutually satisfactory agreements cannot be obtained after good faith efforts, Lessee shall not be obligated to contract with such physicians. Each physician with whom the Lessee contracts who is not listed below must have equal or better qualifications than the physician who is being replaced.

1. Louis P. Kirschner, M. D.
2. Richard P. Sappington, Jr., M. D.
3. Michael Davidov, M. D. and Associates
4. Tzu-Min Kao, M. D.
5. Nils Antezana, M. D.

LESSEE

FAIRFAX HOSPITAL ASSOCIATION

By: [Signature]

LESSOR

JEFFERSON CORPORATION OF ALEXANDRIA

By: [Signature]

By: [Signature]

Leslie L. Peters, President

INOVA-00574

Side Letter Agreement # 5

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

All Medical Staff appointments and other actions affecting the Medical Staff will be pursuant to the Medical Staff Bylaws. The Medical Staff Bylaws will always conform to all legal requirements and to the Standards of the Joint Commission on Accreditation of Hospitals or any successor organization exercising the same accreditation functions.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

By: [Signature]

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: Charles E. Peters, Jr.

By: [Signature]

Leslie L. Peters, President

INOA-00675

J.APP. 3968

Side Letter Agreement # 6

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

The Lessee shall continue the current program for training of medical students at the hospital and to the extent practicable, including such students in further medical education programs.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

By: [Signature]

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: Carl E. [Signature]

By: [Signature]

Leslie L. Peters, President

INOVA-00676

J.APP. 3969

Side Letter Agreement #7

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Lasslo N. Tauber, M. D. and his appointed successor agent for the Lessor shall appoint one (1) person to serve on the Board of Directors of the Health Group of Virginia, Inc during the term of this Lease. Such person shall not be Dr. Tauber.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

By: *J. H. [Signature]*

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: *Leslie L. Peters*

By: *Leslie L. Peters*

Leslie L. Peters, President

INOVA-CC677

J.APP. 3970

Side Letter Agreement #8

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Lessee shall continue the employment of the below named employees for a period of five (5) years from the date Fairfax Hospital Association closes upon the purchase of all of the stock of Health Group of Virginia, Inc. with the same salary and benefits currently being paid them and with annual increases similar to those each has received over the past two (2) years. The employment of such employees shall be terminated only if they do not perform the duties of their position in a manner reasonably expected of persons in their positions. If such an employee is discharged without cause, the employee will be paid six (6) months' severance pay by the Lessee.

Richard Levy
Robert Venable
Beverly Cox
Ronald Ewald
Glenda Creveling
Margaret Cross
Karen Bostick
Sheila Keys
Reba Gill
Mary Jane Parrish
Gluddy Joiner
Mary G. English

Gula Turker] with salary
Lucy Torrance] of R.N.'s

Elizabeth Carlson
Rebecca Gordon and present
O.R. staff

LESSEE

FAIRFAX HOSPITAL ASSOCIATION

By: 

LESSOR

JEFFERSON CORPORATION OF ALEXANDRIA

By: 

By: 

Leslie L. Peters, President

INOVA-00678

J.APP. 3971

Side Letter Agreement # 9

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Leslie M. Tauber, M. D. shall continue as Medical Director of the Hospital until December 31, 1990.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

By: [Signature]

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: [Signature]

By: [Signature]
Leslie L. Peters, President

INOV-CC679

J.APP. 3972

Side Letter Agreement #10

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1983 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Patient referrals are a matter between physicians. Lessee will not attempt in any way to interfere with the physician's prerogative to refer patients to other physicians of his choice for any clinical service including but not limited to, cardiac surgery and neurosurgery.

If the patient is referred through the E.R. and requires transfer, the transfer location will be determined by the Medical Director.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

By: *J. H. Light*

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: *Walter E. Parker*

By: *Leslie L. Peters*

Leslie L. Peters, President

INOA-00680

J.APP. 3973

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Lessee acknowledges that it is now aware that the corridors on the fourth (4th) floor (also known as the nursing wing addition) are not eight (8) feet wide as required by the Virginia Health Department.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

By: [Signature]

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: [Signature]

By: [Signature]

Leslie L. Peters, President

Side Letter Agreement # 12

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 1, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

All side letters between Jefferson Memorial Hospital Corporation, now Jefferson Corporation of Alexandria and Health Group of Virginia, Inc. and Health Group, Inc. which arose because of the Prior Lease between Jefferson Corporation of Alexandria and Health Group of Virginia, Inc. dated February 11, 1982 and were executed during 1982 shall become null and void as of the closing of the purchase by Fairfax Hospital Association of all of the stock of Health Group of Virginia, Inc.

LESSEE

FAIRFAX HOSPITAL ASSOCIATION

By: 

LESSOR

JEFFERSON CORPORATION OF ALEXANDRIA

By: 

By: 

Leslie L. Peters, President

INOVA-00682

J.APP. 3975

Side Letter Agreement #13

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Lessee hereby acknowledges that it has received all documents and things referred to in the February 11, 1982 Lease between Lessor and Health Group of Virginia, Inc.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

By: 

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: 

By: 

Leslie L. Peters, President

INOV-00683

J.APP. 3976

Side Letter Agreement #14

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1983 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

If FEA or its successors or assigns shall reach an agreement with Hopkins Partnership, owners of the shopping center property at the corner of King Street and Beauregard Street next to the Hospital, to purchase or acquire an interest in all or any part of the Hopkins property, then Lessor or its successors or assigns shall have the option of participating in such acquisition. Even if Lessor does not elect to participate, it will have the right to purchase the fee underlying the 99 year lease with Lazzlo N. Tauber, Trustee, presently existing on a part of the property at FEA's cost.

LESSEE

FAIRFAX HOSPITAL ASSOCIATION

By: 

LESSOR

JEFFERSON CORPORATION OF ALEXANDRIA

By: 

By: 

Leslie L. Peters, President

INOA-00634

J.APP. 3977

Side Letter Agreement #15

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985 and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

All Side Letter Agreements which relate to and are in addition to the Hospital Lease Agreement dated July 3, 1985 between the parties may be freely assigned by the Lessor.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

By: 

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

By: 

By: 

Leslie L. Peters, President

INOVA-00685

J.APP. 3978

Side Letter Agreement #16

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985, and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Side Letter Agreement #1 is hereby cancelled and rendered null and void.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

7/25/85
Date

By: JS

J. Knox Singleton, President

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

July 22, 85
Date

By: Lazlo N. Tauber

Lazlo N. Tauber, Secretary

July 22, 85
Date

By: Leslie L. Peters

Leslie L. Peters, President

INOVA-00686

J.APP. 3979

Side Letter Agreement #17

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985, and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Upon termination of the Lease Agreement between Jefferson Memorial Hospital Corporation, now Jefferson Corporation of Alexandria, and Health Group of Virginia, Inc., dated February 11, 1982 (the "Prior Lease"), Jefferson Corporation of Alexandria shall not be obligated or bound under Paragraphs 10 and 23 of the Prior Lease and those paragraphs shall be void as they relate to Jefferson Corporation of Alexandria.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

7/25/85
Date

By: /s/
J. Knox Singleton, President

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

July 22, 1985
Date

By: Lazlo N. Tauber
Lazlo N. Tauber, Secretary

July 22 '85
Date

By: Deslie L. Peters
Deslie L. Peters, President

INOV-CC687

J.APP. 3980

Side Letter Agreement #18

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985, and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

The following language was inadvertently omitted from Paragraph 5(C) of the Lease and is hereby added to the bottom of Page 3: "...All Urban Consumers (CPI-U) Washington, D.C.-Md.-Va., all items:...."

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

7/25/85
Date

By: JS

J. Knox Singleton, President

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

July 22 15
Date

By: Leslie L. Peters

Leslie M. Tauber, Secretary

July 22 '85
Date

By: Leslie L. Peters

Leslie L. Peters, President

INOVA-00688

Side Letter Agreement #19

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985, and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

Fairfax Hospital Association ("FHA") shall have the right to assign the Lease and Side Letter Agreements to Health Group of Virginia, Inc. or any other subsidiary controlled by FHA as long as FHA shall remain liable on the Lease. Except as aforesaid, and based on the recommendation of the stockholders committee of Jefferson Corporation of Alexandria ("Jefferson Corporation") which was approved by the Jefferson Corporation Board of Directors and by the FHA Board of Trustees, the Lessee shall not assign the Lease and Side Letter Agreements without first obtaining the written approval of the Lessor which shall be in the sole discretion of the Lessor and may be granted or denied for cause or no cause.

FAIRFAX HOSPITAL ASSOCIATION

LESSEE

7/25/85
Date

By: JS

J. Knox Singleton, President

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

July 22 '85
Date

By: L. N. Tauber

Lazlo N. Tauber, Secretary

July 22 '85
Date

By: Leslie L. Peters

Leslie L. Peters, President

INOVA-00689

J.APP. 3982

Side Letter Agreement #20

This letter is written to confirm our agreement which relates to and is in addition to the Hospital Lease Agreement between us dated July 3, 1985, and shall not be merged therein.

THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) paid each to the other and the promises and covenants contained herein and in all other agreements between the parties related to and including the Hospital Lease Agreement the parties agree as follows:

All of the Side Letter Agreements numbered 2 through 20, inclusive, are made a part of the Hospital Lease Agreement between us dated July 3, 1985 (the "Lease"), and are incorporated therein by reference. Any breach of any of the foregoing Side Letter Agreements shall be a breach of the Lease, and the rights and remedies of the parties shall be governed thereby. Any assignment of the Lease shall automatically be an assignment of the Side Letter Agreements to the same assignee as that of the Lease.

FAIRFAX HOSPITAL ASSOCIATION

LESSOR

7/25/85
Date

By: JS

J. Knox Singleton, President

JEFFERSON CORPORATION OF ALEXANDRIA

LESSOR

July 22 1985
Date

By: Lazlo M. Tauber

Lazlo M. Tauber, Secretary

July 22 '85
Date

By: Leslie L. Peters

Leslie L. Peters, President

INOV-00690

J.APP. 3983

ASSIGNMENT OF LEASE

August 1, 1985

For value received, Fairfax Hospital Association (the "Association") hereby assigns unto Jefferson Memorial Hospital, Inc. ("JMH") all of its right title and interest in and to that certain Hospital Lease Agreement dated July 3, 1985 (the "Agreement") between Jefferson Corporation of Alexandria as Lessor and the Association as Lessee.

This assignment is pursuant to Paragraph 8(a) of the Agreement as amended by Side Letter Agreement #19 between the Association and Jefferson Corporation of Alexandria. FHA hereby certifies that it wholly controls JMH.

Jefferson Memorial Hospital, Inc. hereby accepts this assignment and agrees to discharge all of the obligations of the Lessee under the Agreement.

FAIRFAX HOSPITAL ASSOCIATION

ATTEST:

Betty Lou Shoemaker
Assistant Secretary

By: John R. Smith (SEAL)

JEFFERSON MEMORIAL HOSPITAL, INC.

By: John P. Brown (SEAL)

Trial Exhibit
No. 340.

MMRW 014720

J.APP. 3984

HOSPITAL LEASE AGREEMENT

THIS LEASE AGREEMENT is entered into at Alexandria, Virginia this 3rd day of July, 1985 between JEFFERSON CORPORATION OF ALEXANDRIA, a Delaware corporation ("Lessor"), and FAIRFAX HOSPITAL ASSOCIATION, a Virginia corporation ("Lessee").

1. Premises. For and in consideration of the sums hereinafter payable and also in consideration of the mutual promises and covenants of the parties hereinafter set forth, Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the real estate located in the City of Alexandria, Virginia, which is described in Exhibit A, and the related equipment, furniture and fixtures which are described in Exhibit B and nonclinical replacements. The real estate and equipment, furniture and fixtures and nonclinical replacements leased hereunder shall be referred to as the "Premises", and shall include the land, the main hospital building, the entire fourth floor of the main hospital building, also known as the nursing wing addition, and the space leased in the Medical Office Building which includes the third floor and suites _____, all of which are currently utilized in the operation of Jefferson Memorial Hospital ("Hospital"). Lessee acknowledges that the fourth floor of the main hospital building ("Fourth Floor") is a shell and accepts said Fourth Floor in its present "as is" condition without any warranty from Lessor as to its condition or fitness for a particular use. Lessee shall have the right at its sole expense to make improvements within the Fourth Floor. Furthermore, Lessee agrees to take the entire Premises in their "as is"

MMRW 014721

condition and Lessee shall indemnify and hold harmless the Lessor from and against any and all claims arising from the condition of the Premises.

2. Warranty of Title. Lessor warrants that it has authority to enter into and perform this Lease. All mortgages, liens and encumbrances applicable to the Premises are set forth on Exhibit C. Lessor assures quiet and peaceful enjoyment of the Premises to Lessee. Lessor has obtained, where necessary, the consent of the respective landlords of the leased portions of the Premises to sublease those portions to Lessee. Lessee may at its election and at its cost obtain leasehold title insurance from a reputable company in an amount to be determined by Lessee and insuring the leasehold interest free of encumbrances, except as described in Exhibit C.

3. Term. Lessor leases the Premises to Lessee for a term of twenty (20) years and three (3) months, commencing on July 3, 1985. As of the date of settlement of the buy-out of Health Group of Virginia, Inc. stock or August 31, 1985, whichever is earlier, Lessor shall update the representations and warranties of Paragraph 17, which update shall not include any material adverse changes. If there are material adverse changes from the date hereof to the Effective Date, the Lessor may cure within three (3) months from the date hereof or elect to terminate the Lease. If Lessor elects to terminate rather than cure, it shall do so only by giving at least ten (10) days written notice to the Lessee prior to the Effective Date; provided, however, Lessee shall have the option to accept the Lease without the material adverse changes being cured, and thereafter Lessor shall not be liable for the

particular deficiencies disclosed by it in writing to Lessee prior to the Effective Date.

4. Effective Date. The Effective Date as to the Fourth Floor shall be July 1, 1985 and the Effective Date as to the remainder of the Premises shall be the date of termination of the Prior Lease, or the date of closing of the Stock Purchase Agreement whereby FHA purchases all of the capital stock of Health Group of Virginia, Inc. ("HGOV"), whichever first occurs.

5. Rent. For each month of the term hereof, Lessee shall pay Lessor beginning the Effective Date as follows:

(A) For the Fourth Floor, \$31,250.00 per month from October 1, 1985 through June 30, 2002.

(B) For the remainder of the Premises:

(1) If the Effective Date occurs between July 3, 1985 and June 30, 1987, then the monthly rent shall be \$83,333.33 though June 30, 1987;

(2) If the Effective Date occurs between July 1, 1987 and April 30, 1992, then the monthly rent shall be \$104,166.67 through June 30, 1992;

(3) For the period July 1, 1992 through June 30, 2002, the monthly rent shall be \$145,833.33.

(C) For the entire leased Premises (including the Fourth Floor): For the period July 1, 2002 through September 30, 2005, the monthly rent shall be determined by dividing the following by twelve: \$2,000,000.00 plus an amount equal to \$2,000,000.00 multiplied by one-half of the percentage increase in the "cost of living" as measured by the Consumer Price Index,

1967=100 of the U. S. Department of Labor, from July 1985 to March of the year of the rent adjustment plus \$125,000.00;

(D) In the event the Lessee places acute care beds in the Fourth Floor, or because of the use made of the Fourth Floor, Lessee is able to increase the number of acute care beds on the Premises, then the annual rent as determined under each of the subparagraphs above shall be increased by \$8,000.00 per year for each acute care bed on the Premises in excess of 166.

(E) Monthly rent hereunder shall be paid in advance on the first of each month.

(F) In the event publication of the Consumer Price Index of the United States Department of Labor, Bureau of Labor Statistics, is discontinued, the parties shall thereafter accept comparable statistics published by any successor federal government agency. If there is no such successor, then the parties shall thereafter accept comparable statistics published by a responsible financial periodical of recognized authority then chosen by the parties, or in the event they cannot agree, the matter shall be determined by arbitration before the American Arbitration Association, in accordance with the rules and regulations of the Association at that time.

6. Additional Rent. Except as otherwise provided in this Lease and in addition to the annual rental described in Paragraph 5 hereof, Lessee shall pay as additional rent the costs, expenses, and obligations of the Premises beginning the Effective Date including:

(a) All repairs: external or internal, structural or

non-structural, ordinary or extraordinary;

(b) All costs of replacement and/or leasing of all fixtures and equipment, machinery and items of personalty as provided in Paragraph 24 hereof;

(c) All utilities, which accounts are to be in the name of Lessee;

(d) All physician's service contracts;

(e) All taxes;

(f) All insurance;

(g) All license fees;

(h) All maintenance costs;

(i) All equipment leases and other contracts identified in Exhibit G and as provided in Paragraph 24 hereof, as the same have been duly modified and except as they have been terminated.

6A. Upon the Effective Date of the Lease of the Premises other than the Fourth Floor and the purchase of the HGOV stock by FHA, FHA may assign the entire Lease to HGOV, provided FHA guaranties all of HGOV's obligations pursuant to Guaranty Agreement attached hereto and made a part hereof.

7. Use. The portion of the Premises presently used as the acute care hospital shall be used primarily for an acute care hospital including inpatient and outpatient diagnostic and treatment facilities, emergency treatment facilities, related educational activities and such other functions as are from time to time customary in an acute care hospital, and administrative functions related to operations of the hospital. Lessee will never take action either direct or indirect which shall result in

the reduction of the number of licensed medical and surgical acute care beds permitted as of July 3, 1985 under any licensure and Certificate of Need laws at the Premises. Furthermore, at the termination hereof the number of licensed beds at the Premises will not be below the highest number of beds ever licensed at any one time at the Premises during the term of the Lease. Lessee shall never take any action (including increasing the number of beds) in any other institution or medical care facility which it operates or controls which shall result in any private or public body requiring that the number of beds used at the Hospital be reduced. Lessee shall comply with all governmental requirements and regulations, including health, police and fire regulations respecting the Premises.

8. Sublet or Assignment.

(a) Lessee shall not assign its leasehold interest or sublet the leased premises in whole or in part without the prior written approval of the Lessor, which approval shall not be unreasonably withheld, provided that the Lessee may assign or sublease the Premises to a corporation which it controls or which controls it. In such event the Lessee will remain liable on this Lease.

(b) Lessor shall have the right in its sole discretion to assign this Lease to anyone or any entity.

9. Insurance and Condemnation. At all times during the term hereof, the Lessee at its own cost and expense and as additional rent shall:

(a) Keep all buildings and improvements, equipment,

furniture and fixtures on, in and appurtenant to the Premises including all alterations, additions and improvements to the Premises fully insured against loss or damage by fire, and other casualties, and shall maintain all standard extended coverages with such companies as the Lessee may select for the full replacement value.

The policies for such insurance shall be secured in the name of the Lessor and Lessee with loss thereunder payable to the Lessor. Lessor shall promptly replace to the extent possible any of the Premises which are partially or totally destroyed by fire or other casualty, or are taken in any condemnation proceeding, to the extent of insurance proceeds or condemnation awards;

(b) Provide and keep in force in such form as Lessor shall reasonably require public liability, elevator and boiler insurance coverage protecting the Lessor against any and all liability in the amount of not less than \$3,000,000.00 for any one accident or disaster and in the amount of not less than \$1,000,000.00 for injuries to any one person. The foregoing liability limits shall be increased at least every five years to keep pace with inflation; and

(c) Provide and keep in force malpractice insurance covering both Lessor and Lessee as insureds (but not individuals) in an amount not less than the average of the coverage amounts according to the Virginia Hospital Insurance Reciprocal then being maintained by hospitals in the Northern Virginia area. The Lessee shall maintain malpractice insurance through the Virginia Hospital Insurance Reciprocal or such other insurance carrier of

at least the same financial standing on a "claims made" basis throughout the term of the Lease. Furthermore, said insurance shall effectively cover the Lessor and Lessee against risk of loss for claims made after the Effective Date arising from occurrences prior to the Effective Date. At termination of the Lease and as long as Lessee is not in default under this Lease, Lessor shall either continue the above insurance or the Lessor shall in insurance parlance "buy out the tail" so that the Lessee and Lessor will be fully protected from any risk or loss for claims made after the termination date arising from occurrences prior to the termination date. If either party should terminate the present coverage, it shall "buy out the tail" sufficiently to fully protect each from all prior occurrences. The Lessee shall obtain an endorsement to the malpractice insurance policy to be delivered to the Lessor on or before the Effective Date and annually during the term of this Lease in which the insurer states that it is aware of the provisions of this paragraph, and agrees that both the Lessor and Lessee are protected as insureds from all claims referred to in this subparagraph. After termination, Lessor shall obtain the endorsements and deliver them to Lessee as provided in the preceding sentence so long as Lessee is at risk for any claims and not in default under this Lease.

On the Effective Date and on each anniversary thereof during the term of this Lease, the Lessee shall cause the aforesaid malpractice insurance coverage to be increased, if necessary, so that the coverage amounts for the next succeeding

year are not less than the average of those coverage amounts according to the Virginia Hospital Insurance Reciprocal then being maintained by hospitals in the Northern Virginia area.

(d) Lessee shall furnish Lessor with duplicate originals or copies certified by the insurance companies of all policies of insurance for all insurance coverage referred to in Subparagraphs 9(a), 9(b) and 9(c). All insurance referred to in the aforesaid subparagraphs must be approved by the Lessor, but such approval shall not be unreasonably withheld; provided, the insurance to be obtained by Lessor at termination shall be subject to the approval of Lessee which approval shall not be unreasonably withheld.

10. Purchase By Lessor Upon Termination. At termination of this Lease, Lessee shall sell to Lessor and provided all defaults of Lessee, if any, have been cured and provided that the Premises are still being operated as a hospital, then Lessor shall purchase from Lessee all of Lessee's total patient accounts receivable which are not more than 180 days old, each of the Lessee's movable items of equipment (except as set forth in Paragraph 24 hereof) all inventory and all prepaid expenses existing as of the date of termination. The purchase price shall be calculated as of the termination date as follows:

(a) Eighty percent (80%) of Lessee's total patient accounts receivable which are no more than 180 days old. (A patient account receivable is one day old at the end of the first day immediately following the date of the final bill);

(b) Plus one hundred percent (100%) of the book value of the equipment purchased;

(c) Plus one hundred percent (100%) of the cost of inventory of usable expendable supplies on hand for Hospital operations purchased by Lessee;

(d) Plus one hundred percent (100%) of prepaid expenses;

(e) Less one hundred percent (100%) of trade accounts payable which are no more than 45 days old (a trade account payable is one day old at the end of the first day immediately following the date of the final bill). Lessor shall assume and pay those trade accounts payable of Lessee which are no more than 45 days old. Lessee shall be responsible for and shall pay forthwith all trade accounts payable which Lessor is not given credit for under this formula and which Lessor does not assume.

(f) Less one hundred percent (100%) of accrued expenses.

Lessee shall maintain its finances so that at all times during the term hereof the sum of one hundred percent (100%) of all items (a) through (f) described above shall not be a negative number. For the purpose of this Paragraph 10, the book value of equipment and methods of booking prepaid and accrued expenses will be derived from the use of valuation and accounting procedures used by Lessor during the year immediately preceding the effective date of the Lease dated February 11, 1982 between Lessee and Lessor ("Prior Lease"). Lessee agrees to maintain records necessary to the computation of the purchase price. Lessor shall pay Lessee the purchase price within thirty (30)

days of resumption of operation of the Hospital by Lessor. Upon termination of the Lease, Lessee shall execute and deliver all documents necessary to convey fee simple title to the above assets free and clear of all encumbrances.

11. Indemnification.

(a) Lessor. Lessor hereby agrees to indemnify and hold harmless Lessee, its stockholders, officers, agents and employees, against any and all claims, damages or liabilities including malpractice, and those arising out of Medicare, Medicaid, Blue Cross, taxes of all kinds, EEOC and ERISA, and including reasonable attorney's fees, expenses and costs of litigation, incurred in connection with the operation of the Hospital by Lessor prior to the Effective Date of the Prior Lease, and for Lessor's, its agents', and employees' actions, omissions and responsibilities which cause such liability after the Effective Date and which is not covered by Lessee's malpractice policy.

(b) Lessee. Lessee hereby agrees to indemnify and hold harmless Lessor, its stockholders, officers, agents and employees, against any and all claims, damages or liabilities including malpractice, and those arising out of Medicare, Medicaid, Blue Cross, taxes of all kinds, EEOC and ERISA, and including reasonable attorney's fees, expenses and costs of litigation, incurred in connection with the operation of the Hospital and Premises by Lessee after the Effective Date of this Lease, and for Lessee's, its agents', and employees' actions, omissions and responsibilities which cause such liability after the Effective Date and which is not covered by Lessor's

malpractice policy.

12. Right to Use Of Name. During the term of this Lease, Lessee shall have the right, power, authority and permission to use the name "Jefferson Memorial Hospital" and the related "logo" in connection with the operation of the leased Premises. Lessee may change the name and "logo" of the Hospital as long as "Jefferson" is always used as a part of the name and "logo". At the termination of this Lease, Lessee shall execute any documents necessary to release the name and logo and transfer the use of same to the Lessor.

13. Termination. This Lease may be terminated:

(a) By Lessor:

(1) To the extent permitted by applicable bankruptcy law, if Lessee shall apply for or consent to the appointment of a receiver, trustee or liquidator of all or a substantial part of Lessee's assets, file a voluntary petition in bankruptcy, make a general assignment for the benefit of creditors or take advantage of any insolvency law, or if an order, judgment or decree shall be entered by a court of competent jurisdiction, on the application of a creditor, adjudicating Lessee a bankrupt or insolvent, or approving a petition seeking reorganization of Lessee, or appointing a receiver, trustee or liquidator of all or a substantial part of Lessee's assets; or

(2) If Lessee shall default in the performance of any covenant, agreement, term or provision of this Lease and such default shall continue for a period of thirty (30) days after

written notice (ten days after written notice in the case of rental payments) to Lessee from Lessor stating in detail the default.

(b) By Lessee:

If Lessor shall default in the performance of any covenant, agreement, term or provision of this Lease and such default shall continue for a period of thirty (30) days after written notice to Lessor from Lessee stating in detail the default; or in the event of a material misrepresentation in any of Lessor's warranties and representations.

14. Good Faith. Lessor and Lessee agree that they will each exercise due diligence and good faith in performing their respective obligations under this Lease.

15. Return of Premises and Transfer of Licenses and Permits to Lessor at Termination of Lease.

At the termination of this Lease, Lessee shall give possession of the Premises to Lessor free and clear of all liens except those which may be placed thereon by Lessor, in good condition, ordinary wear and tear excepted. At termination of the Lease, Lessee shall transfer to Lessor all licenses, certificates and permits for the operation of the Hospital and for any and all types of medical care offered at the Premises and for any and all businesses carried on at the Premises by the Lessee. If any of the foregoing licenses, certificates or permits cannot be transferred, Lessee shall transfer to the Lessor the entity having the license, certificate or permit at no additional cost to Lessor required over that paid pursuant to Paragraph 10 hereof in order that Lessor shall then effectively

control the license, certificate or permit so that Lessor may immediately continue operation of the Premises without interruption.

16. Rights and Remedies on Default. Either party shall be in default hereunder if such party has defaulted in the performance of any covenant, agreement, term or provision of this Lease and fails to cure such breach within thirty (30) days of written notice (within ten days of written notice in the case of rental payments). The parties shall have the following rights and remedies on default of the other whether or not there is a termination of this Lease as a result thereof, which shall be cumulative and shall not exclude any other right or remedy allowed by this Lease or by law:

(a) Lessor shall be entitled to recover possession of the Premises and all damages which Lessor may have suffered or may in the future suffer as a result of the Lessee's default; and Lessee shall pay all of Lessor's reasonable expenses, including without limitation, all costs and reasonable attorney's fees which are incurred by Lessor.

(b) In the event of default by Lessor, Lessee shall be entitled to recover all damages which Lessee may have suffered or may in the future suffer, as a result of the Lessor's default and Lessor shall pay all of Lessee's reasonable expenses, including without limitation, all costs and reasonable attorney's fees which are incurred by Lessee.

17. Representations and Warranties of Lessor.

(a) Organization. Lessor is a corporation duly organized and validly existing and is in good standing under the

laws of the State of Delaware and is authorized by the Virginia State Corporation Commission to do business in Virginia. Lessor has the corporate power and authority to enter into and perform the terms of this Lease. The execution, delivery and performance of this Lease have been duly authorized by all necessary corporate actions including, without limitation, approval of the directors and shareholders of Lessor.

(b) Absence of Conflict. Execution and delivery of this Lease and the performance and compliance with the terms hereof by Lessor will not conflict with, or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation of any lien, charge or encumbrance upon the Premises, pursuant to its certificate of incorporation or bylaws, or any trust agreement, indenture, mortgage, lease, agreement, or any other instrument or any order, law, rule, regulation, judgment or decree to which it is a party or by which it, or any of its affiliates, or any of its properties are bound.

(c) No Hill-Burton Lien. No funds were received to construct, improve or acquire the Premises under the "Hill-Burton" Act.

(d) Accreditations and Approvals. During the period in which Lessor operated Jefferson Memorial Hospital, the Premises were accredited by the Department of Health & Human Services, Division of Survey and Certification; and the Hospital was a provider of health care services eligible for reimbursement under Medicare (USC Title 18), Blue Cross and similar contractual

programs and under Medicaid (USC Title 19) and under similar contractual programs. True and correct copies of all reports and correspondence concerning the Medicare and Medicaid reviews applicable to such period have been furnished to Lessee of the Prior Lease. Lessor and Lessee shall cooperate in maintaining JCAH accreditation, at no cost to Lessor.

(e) Zoning and Land Use. As of July 3, 1985, Lessor and the Premises were not in violation of any City of Alexandria zoning or land use law applicable to the Premises.

(f) Contracts and Commitments. Each contract, lease, and agreement relating in any way to the Premises, the related assets and the operation and use thereof as a hospital, including, without limitation, approvals, accreditations and licenses from governmental authorities, Blue Cross and equivalent insurance programs, Medicaid and Medicare and other contractual programs and all agreements with or relating to employees, staff members and medical specialists, all as of the Effective Date of the Prior Lease have been delivered to Lessee of the Prior Lease. During the period of operation of the Hospital by Lessor there was no breach or default of any provision of any contract, agreement, lease or license listed in Exhibit G of the Prior Lease by Lessor which has not been previously cured, or to the knowledge of Lessor, by any other party thereto, and nothing has occurred which with lapse of time or the giving of notice or both would constitute a breach or default by Lessor, or to the knowledge of Lessor, by any other party thereto, with respect to any such contract, license, agreement or lease.

(g) Litigation. Except as may be described in Exhibit

H, on the Effective Date of the Prior Lease there was no administrative, judicial, private or other action, suit, proceeding, inquiry or investigation at law, or in equity, before or by any public board or body or otherwise pending (or, to the knowledge of Lessor, threatened) against or affecting Lessor or the Hospital operation, or to the knowledge of Lessor, any meritorious basis thereof, wherein any unfavorable decision, ruling or finding would have a material adverse affect on (i) the operation of the Premises, (ii) the status of any accreditations and approvals referred to in Paragraph 17(d), or (iii) this Lease, and there existed no threatened or pending disciplinary actions or other actions against or relating to any member of the Hospital staff. As of the date of execution hereof, there is no administrative, judicial, private or other action, suit, proceeding, inquiry or investigation at law or in "equity" before or by any public board or body or otherwise pending or (to the knowledge of the Lessor, threatened) affecting the Lessor's title to the Leased Premises or its right to lease the same.

(h) No Violations of Law. To the best of Lessor's knowledge, Lessor did not conduct the operation of the Hospital in violation of any federal, state or local laws, rules, regulations or ordinances then in effect to which it was subject including, without limitation, laws and regulations relating to health care providers, land use, environmental protection, occupational safety or health, prices, wages, hours, taxes and employment practices.

(i) Consents. As of the date of settlement of the

buy-out of Health Group of Virginia, Inc. stock or August 31, 1985, whichever is earlier, the Lessor shall have obtained consents from all entities with which it has contracts necessary for it to enter into this Lease. Lessor shall not be responsible for obtaining any Certificate of Public Need or any other consent or approval which may be required from any state or federal body for Lessee to operate the Premises.

(j) Conformity with Omnibus Reconciliation Act. All contracts assumed by Lessee of the Prior Lease from Lessor under the Prior Lease hereunder were in conformity with Section 952 of the Omnibus Reconciliation Act of 1980, PL96-499, providing for the access to the books and records of subcontractors of Medicare providers, by the Secretary of the Department of Health and Human Services.

(k) Primary Leases. The real estate included in the Premises is comprised of certain primary leases, under all of which Lessor is either the lessee or sublessee. Lessor warrants and represents that it is current in the performance of all its obligations under each of the leases and has or shall have by the Effective Date, the authority and power to enter into this Lease and fully perform each of its obligations hereunder.

18. Representations and Warranties of Lessee.

(a) Organization. Fairfax Hospital Association is a corporation duly organized and validly existing in good standing under the laws of the State of Virginia with full corporate power to carry on its business as now conducted. Health Group of Virginia, Inc. is a corporation duly organized and validly existing in good standing under the laws of the State of Tennessee with full corporate power to carry on its business as now conducted. True and correct copies of the Articles of

Incorporation for the Lessee will be delivered to the Lessor prior to the Effective Date.

(b) Authority. The Lessee is authorized to perform its obligations hereunder.

(c) Consents. The execution and performance of this Lease will not violate any provision of, result in the breach of, or constitute a default under any order, writ, injunction, decree of court, governmental agency, or arbitration tribunal, or any contract, agreement or instrument by which the Lessee or its assets and properties may be bound nor is any consent not obtained by Effective Date for the actions herein required under or by any of the above.

(d) Confidentiality. Lessee and its representatives shall hold in strict confidence all data and information obtained with respect to the Lessor's activities or businesses, and shall not use such data or information or disclose the same to others except such data or information as is published as a matter of public record or is required to be disclosed to governmental or health care agencies.

(e) Licenses and Permits. Lessee has or shall obtain all necessary licenses and permits to occupy and operate the Premises, including, without limitation, licenses, Certificate of Public Need and permits issued by the Virginia Department of Health, the Virginia Health and Planning Commission, and all local governmental authorities, as required under applicable laws, rules and regulations.

19. Survey. Lessor has furnished to Lessee of the Prior

Lease before the Effective Date of the Prior Lease a survey of all the Premises showing the boundaries of each of the leases and the improvements thereon. Except as otherwise disclosed, no change has occurred in the matters shown by such survey.

20. Subordination and Attornment. Lessee agrees to subordinate its rights hereunder to the lien resulting from any future mortgage or mortgages on the Premises. This subordination is upon the express condition that the instrument creating such lien of mortgage or mortgages or other liens shall contain a clause agreeing that in the event of foreclosure or deed in lieu thereof, to Lessee's quiet enjoyment of the Premises, so long as Lessee is not in default of the terms and conditions of this Lease. Lessee shall promptly execute any documents submitted by Lessor as further evidence of this subordination, provided such documents do not impair Lessee's quiet enjoyment of the Premises, so long as it is not in default of the Lease.

Lessee shall, in the event of foreclosure or deed in lieu thereof under any mortgage made by the Lessor covering the Premises, attorn to the purchaser at any foreclosure sale or grantee of any deed in lieu thereof and recognize such purchaser or grantee as the Lessor under this Lease. Lessee shall promptly execute any documents submitted by Lessor to effect this provision.

21. Repairs, Alterations and Additions. Lessee will maintain all improvements and buildings on the Premises (and all later alterations and additions) in a good state of repair. Lessee shall make all repairs, external and internal, structural or nonstructural, ordinary or extraordinary and be responsible

for all replacements of any broken or worn out equipment, machinery and personal property. Lessee shall permit Lessor to inspect (but Lessor shall not be required to inspect) the Premises at all reasonable times for the purpose of monitoring the maintenance of plant, equipment, machinery and personal property, alterations and additions.

With respect to capital additions to the Premises, either Lessor or Lessee may propose, in written documents delivered to the other party, such additions to the Premises as the proposing party may deem necessary or appropriate. Every reasonable effort shall be made to make such proposal at least ninety (90) days prior to the fiscal year end of the Lessee, for inclusion in an annual capital budget. In the event that there are additions to the Premises which are not covered by the Lease as presently drawn, any additional rental due therefor shall be negotiated in good faith between the parties. At termination of this Lease all additions and improvements made to the Premises shall become the property of the Lessor.

22. Parking Garage. Lessee shall have the right to build at its expense an income producing parking garage building on the Premises provided that the same is compatible with the Hospital from architectural and use standpoints and complies with all applicable laws. Lessee shall not mortgage more than 75% of the cost of the parking garage and said mortgage shall be amortized in twenty years or less. The parties agree that they shall share equally in the revenue from the parking garage in one of the two methods set forth below. Prior to the time revenue is generated,

Lessee shall decide which of the methods shall be used:

(a) Lessee shall be entitled to all Net Operating Income from the parking garage until Lessee has recovered an amount sufficient to cover its Construction Costs and thereafter Lessor and Lessee shall share equally on a monthly basis the Net Operating Income.

(b) After determining Net Operating Income, Lessee shall be entitled to subtract the interest on the amortized mortgage and then the balance of income shall be split equally between Lessor and Lessee on a monthly basis.

For the purposes of this Paragraph 22, Net Operating Income shall be gross revenues less operating expenses such as parking attendant compensation, utilities and maintenance. Construction Costs shall include only Lessee's hard costs and shall not be comprised of soft costs including but not limited to any points, interest, title insurance premiums, architectural fees and legal fees. At no time shall Lessee's soft costs be considered as operating expenses when determining Net Operating Income.

23. Employee's Fringe Benefits. Lessee shall be responsible for normal and reasonable fringe benefits due Lessor's employees accrued and unpaid prior to the Effective Date of the Prior Lease except that all payroll expenses due prior to such date shall be the responsibility of Lessor. Lessee shall be responsible for all sick leave and vacation time accrued and unused by Lessor's employees prior to Effective Date. Lessor shall be responsible for normal and reasonable fringe benefits due Lessee's employees at Hospital accrued and unpaid as of the

termination date of the Lease , but only if the Premises are still operated as a hospital as of that date, except that Lessee shall be responsible for all payroll expenses due prior to the termination date. Lessor shall be responsible for all sick leave and vacation time accrued and unused by Lessee's Hospital employees as of the termination date of the Lease.

24. Furniture, Fixtures and Equipment. All furniture, fixtures, machinery, equipment and items of personalty (referred to herein as "FF&E") shall be dealt with as follows:

(a) FF&E Owned by Lessor and Purchased by Lessee.

FF&E owned by Lessor which was purchased by the Lessee of the Prior Lease pursuant to the Prior Lease which requires replacement during the term hereof, shall be replaced by Lessee and at termination of the Lease, all such original FF&E and replacements thereof shall be purchased by Lessor at book value as of the termination of this Lease.

(b) FF&E Owned by Lessor but not Purchased by Lessee.

All FF&E owned by Lessor but not purchased on the Effective Date of the Prior Lease by Lessee shall remain the property of the Lessor and may be used by the Lessee during the term of this Lease. Any such FF&E which requires replacement during the term hereof, shall be replaced by Lessee and purchased by Lessor at book value as of termination of this Lease and all such FF&E shall become the property of the Lessor.

(c) FF&E Leased by Lessor as of the Effective Date.

As of the Effective Date of the Prior Lease, Lessor assigned to Lessee of the Prior Lease all rights under the equipment leases

(including the right to purchase) and Lessee assumed the obligations accruing after the Effective Date of the Prior Lease with respect to those leases. All leased FF&E which requires replacement during the term of this Lease shall be replaced by Lessee. If Lessee leases the replacements, and said replacements are still being leased as of the termination of this Lease, Lessor shall assume any or all of such leases which are not in default, and Lessee shall assign to Lessor all equipment leases (including the right to purchase). Lessee shall make all equipment lease payments when due. Lessee shall obtain all necessary consents required for such assignments. If Lessee purchases such replacements, Lessor shall purchase any or all of this FF&E at its book value as of the termination of this Lease.

(d) New FF&E. It shall be Lessee's responsibility to obtain new FF&E for use in the Hospital, as Lessee may determine. Lessee shall consult appropriate medical staff chiefs of the Hospital in determining equipment needs of the Hospital, from time to time. If Lessee purchases additional FF&E, it shall be the property of Lessee at termination provided Lessor shall have the right to purchase any or all such FF&E at book value at the termination of this Lease. If the aforesaid new FF&E is leased, all such leases shall remain the responsibility of the Lessee, provided Lessor at termination shall have the right to assume any or all of the leases and Lessee shall assign to Lessor all rights under such leases (including right to purchase) and Lessor shall assume the obligations accruing after termination of this Lease with respect to those FF&E leases. Lessee shall obtain all necessary consents required for such assignments. If Lessor does

not elect to purchase any or all of such FF&E or assume any or all of the leases for such FF&E, that FF&E shall be removed by Lessee at the termination of this Lease.

25. No Subordination of the Fee. At no time shall the fee to the land which is part of the Premises be subordinated to any lien or encumbrance, including mortgage, deed of trust or otherwise, which arises because of action or inaction by the Lessee.

26. Offset. The obligations of Lessee hereunder may be offset to cover any loss suffered by Lessee by virtue of default in any of the provisions hereof by Lessor. In the event of a dispute concerning the validity of any such offset, the dispute shall be submitted for resolution by the Circuit Court for the City of Alexandria. In the event that a determination is made that the offset was improper, then Lessee shall pay to Lessor the sums improperly offset and Lessor shall be entitled to a judgment for the sum improperly offset plus interest thereon at the judgment rate from the date improperly offset plus a penalty of ten percent (10%) of the sums improperly offset, plus reasonable attorney's fees.

27. Successors. All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective successors and assigns of the said parties; and Lessee shall be bound jointly and severally by the terms, covenants and agreements herein. No rights, however, shall inure to the benefit of any assignee of Lessee unless the assignment to such assignee has been approved by Lessor in

writing as provided herein.

28. No Partnership. Lessor does not by this Lease, in any way or for any purpose, become a partner of Lessee in the conduct of its business or otherwise, or a joint venturer or a member of a joint enterprise with Lessee.

29. Indemnification of Lessor. Lessee will at all times during the term of this Lease and thereafter indemnify and hold harmless Lessor, its stockholders, officers, agents and employees, from and against any and all claims, actions, damages, liability and expense, including attorney's fees, arising from or out of (1) any occurrence in, upon or at the leased Premises, or (2) the occupancy or use by Lessee of the leased Premises or any part thereof, or (3) occasioned wholly or in part by any act or omission of Lessee, its agents, contractors, employees, servants, invitees, lessees, or concessionaires, provided that such occurrence was not caused by the fault or negligence of Lessor or its agents, employees, or representatives.

30. Office Buildings Not Under Lease. During the term of this Lease, the parties agree that all persons using (1) the medical office building contiguous to and part of the Hospital ("Medical Office Building"), (2) the new medical office building containing a parking garage at 3450 North Beauregard Street ("Beauregard Building"), and/or (3) the parking garage to be constructed by Lessee ("Lessee Parking Garage"), shall have unlimited rights to ingress and egress to such buildings. Furthermore, all persons using the Medical Office Building and Beauregard Building shall have equal access to all surface parking located on the Premises in the same manner and at the

same costs, if any, as persons using the Hospital. Lessee agrees that the Medical Office Building and the Beauregard Building may be used by doctors and others as offices, but shall not be used for uses not ordinarily carried out in a physician's office for the care of his own patients. The buildings may be added to at the sole option of the Lessor.

31. Lessor's Access to Information. Lessee shall make available to Lessor such of its records as shall be necessary to assure Lessor that Lessee is fully performing its duties under this Lease and is current in discharging its obligations under the Lease and with respect to the payment of its creditors. Lessor shall notify Lessee in writing of any nonconformity or irregularity and specify to Lessee what actions Lessee should take to correct the situation. Lessee shall keep its records concerning the patient accounts receivable and all other accounts of the Lessee, including but not limited to accounts payable, at the business office of the Premises at all time during the term of the Lease, and will permit representatives of the Lessor at any time during normal business hours to inspect and make abstracts from such records. The Lessee will furnish to the Lessor such information and reports regarding all of its accounts and obligations of every kind to the Lessor as the Lessor may from time to time reasonably request.

32. Property Loss, Damage, Reimbursement. Lessor shall not be liable for any damage to property of Lessee or of others on the leased Premises, nor for the loss or damage to any property of Lessee or others by theft or otherwise. Lessor shall not be

liable for any injury or damages to persons or property resulting from fire, explosion, falling plaster, steam, glass, electricity, water, rain or snow leaks from any part of said Premises, 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 fault of Lessor, its agents, servants or employees.

33. Lessor's Rights to Perform Lessee's Covenants. If Lessee shall at any time fail to pay any taxes, or fail to secure or pay for, or to maintain and deliver any of the insurance policies provided for herein, or shall fail to make any other payment or perform any other act required or to be performed in accordance with any terms or provisions of this Lease, then Lessor, after fifteen (15) days written notice to Lessee (or without notice in case of a bona fide emergency) and without waiving, or releasing Lessee from any obligations to make any of such payments or perform any other act on Lessee's part required or to be performed in this Lease, may enter upon the leased Premises for any such purpose, and take all such action thereon, as may be reasonably necessary.

All sums to be paid by Lessor and all costs and expenses, including reasonable attorney's fees, incurred by Lessor in connection with the performance of any such act, together with interest thereon at the rate of sixteen percent (16%) per annum from the respective dates of Lessor's obligation to pay and/or payment shall be paid by Lessee to Lessor on demand, and Lessor shall not be limited in the proof of any damages which Lessor may claim against Lessee arising out of or

by reason of Lessee's failure to provide and keep in force insurance as aforesaid, to the amount of the insurance premium or premiums not paid or incurred by Lessee, but Lessor shall also be entitled to recover damages for such breach including the uninsured amount of any loss to the extent of any deficiency in the insurance required by the provisions of this Lease, damages, costs and expenses of suit, including attorney's fees, suffered or incurred by reason of damage to, or destruction of, the leased Premises, or any part thereof, occurring during any period when Lessee shall have failed or neglected to provide insurance as aforesaid.

Under no circumstances shall either the exercise by Lessor of the right granted in this section to enter upon the demised Premises for any purposes specified herein and take all such action thereon as may be necessary therefor, or the exercise of any other right or remedy granted to Lessor under any other provision of this Lease to cure, prevent or take any other action with respect to any default by Lessee, constitute an eviction of Lessee, result in a termination of this Lease, or in any manner whatsoever relieve Lessee from liability to pay net rent and additional rent as provided herein or from the keeping, observance and performance of any other covenant, condition and agreement on the part of Lessee to be kept, observed and performed under this Lease.

The provisions of this section shall have no application to the Lessor's right to terminate this Lease or to Lessor's right to enter, re-enter or to obtain possession of the

demised Premises following termination of this Lease in accordance with the provisions hereof.

In taking action under this Paragraph 33, Lessor shall act with diligence, in good faith, and with a view toward mitigation of Lessee's liability hereunder.

34. Notices. Any notice or other communication by either party to the other shall be in writing, and shall be given, and be deemed to have been given, either when delivered personally or as of the date mailed, if mailed postage prepaid, registered or certified mail addressed as follows:

To Lessor: Jefferson Corporation of Alexandria
4600 King Street
Alexandria, Virginia 22302
Attention: Chairman of the Board
and President

With copy to:

Ross, Marsh & Foster
117 South Fairfax Street
Alexandria, Virginia 22314

To Lessee: Fairfax Hospital Association
and
Health Group of Virginia, Inc.
c/o Fairfax Hospital Association
8001 Braddock Road
Springfield, Virginia 22151
Attention: President

With copy to:

Miles & Stockbridge
114 North West Street
Easton, Maryland 21601

35. Governing Law. This Lease shall be governed by Virginia law.

36. Severability. If any provision hereof is deemed by a court to be invalid, then it shall be stricken and the remaining portions hereof shall continue to be operative.

37. Effect of Waiver. No waiver by either party of any default or breach of any covenant, condition or stipulation herein contained shall be treated as a waiver of any subsequent default or breach of the same or any other covenant, condition or stipulation hereof.

38. Book Value Defined. As used in this Agreement, "book value" shall be the original historic cost less depreciation according to IRS guidelines.

38A. Termination of Prior Lease. Upon the purchase of the HGOV stock by FHA, the Prior Lease and all other agreements related thereto, shall be terminated.

39. Holding Over. Any holding over after the expiration of the term hereof, with the consent of the Lessor, shall be construed to be a tenancy from month-to-month and the rent specified in Paragraph 5(e) shall be tripled and prorated on a monthly basis and such month-to-month tenancy shall be governed by all of the other terms and conditions of the Lease. If Lessee holds over with Lessor's consent and pays the rent as aforesaid, Lessee shall vacate the Premises on receipt of thirty (30) days notice in writing from Lessor. Any holding over without the consent of Lessor shall constitute Lessee a tenant by sufferance and liable to summary eviction without notice.

40. Exhibits. Lessor shall fully complete and provide Lessee the Exhibits hereto as described in the forms attached hereto plus the survey and description of real property by July 15, 1985 and if they are not provided within such time period or if they contain material adverse information of which Lessee has

IN WITNESS WHEREOF, the parties have executed this Lease on
this 11th day of July, 1985.

By: James A. Feltner (SEAL)

By: [Signature] (SEAL)

WITNESS my hand and official seal at Alexandria, Virginia
this _____ day of _____, 19____.

My Commission Expires:

L. C. H. C. Arch...
STATE OF VIRGINIA,
CITY OF ALEXANDRIA, to-wit:

Before me, the undersigned Notary Public in and for said City and State, personally appeared *V. K. SINGH*, who acknowledged himself to be the *PRESIDENT* of the Fairfax Hospital Association and who, as such officer, being duly authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes contained therein.

WITNESS my hand and official seal at Alexandria, Virginia this *11* day of *April*, 19*55*.

[Signature]
Notary Public

My Commission Expires:

1 1 55

*Tauber
File*

July 26, 1962

The Honorable Frank E. Mann
211 Cameron Street
Alexandria, Virginia

In Re: Proposed new hospital in
vicinity of King and North
Beauregard Streets, in the
City of Alexandria, Va.

Dear Mayor Mann:

In accordance with our recent conversation, I am writing this letter to acquaint you with certain of the background facts surrounding the proposed new hospital in Alexandria.

The property is presently owned of record by Mr. and Mrs. G. T. Hopkins, and is under contract to the L & L Corporation. The L & L Corporation is a Maryland corporation chartered in 1955. The initials L & L stand for the first names of the principals Dr. Lazlo N. Tauber and his wife Lilly. Dr. Tauber owns one hundred percent of the stock in this corporation and he and his wife are the officers in the same. The directors of the corporation are Dr. Tauber, his wife and Bernard Krakow, a tax attorney in the District of Columbia.

Now that the special use permit has been granted, it is the intention of Dr. Tauber to form a new corporation. This new corporation would build and own the hospital. It is Dr. Tauber's further intention to make available stock in the corporation to any physician who is interested in practicing and further, who is interested in utilizing the services of the hospital for his patients. In addition, Dr. Tauber intends to set aside a part of the stock under a trust agreement so that nurses, who are permanently employed at the hospital, will have a stock participation whereby they also may acquire ownership in the hospital. There are various surgeons in the District of Columbia who have many patients from the Northern Virginia Area, and these surgeons have expressed an interest in participating in this hospital so that they might bring their patients to a hospital closer to the patient's home. All of these physicians would, of course, have

Trial Exhibit
No. 350.

MMRW 004506

to be licensed in the State of Virginia in order to practice at this hospital. There are also many physicians in the Northern Virginia Area who have expressed interest in participating in this hospital. Among these is Dr. Leslie Gonder, who early expressed an active interest in participating in the corporation and in practicing at the hospital, and his name was early publicized as one of the physicians interested in the project. Because of the many vicious rumors which were circulated about Dr. Gonder and his ability as a physician, other physicians in this area asked that their names not be used during that period when the controversy existed.

I further wish to state, that it is the intention of Dr. Tauber to ask for a meeting with the Alexandria Medical Society in order that all Alexandria physicians may be acquainted with the plans for the new hospital, the participation in the hospital corporation and the method of organization of the hospital staff. Dr. Tauber has assured me that he will certainly be influenced and guided by any suggestions made by the Alexandria Medical Society.

Again, I wish to iterate that neither Dr. Gonder nor any of the other interested physicians would have any preference in stock participation of the new hospital corporation, since it is Dr. Tauber's intention to make such participation available to any and all interested physicians.

If you wish any further information with regard to the hospital corporation, please do not hesitate to contact me.

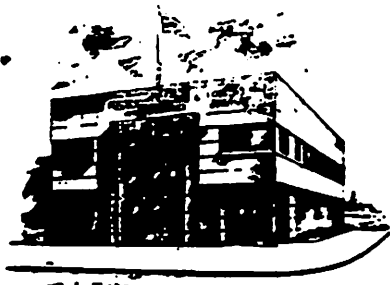
With kind regards, I am

Very truly yours,

John Thorpe Richards

JTR:hh

MMRW 004507



FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF ARLINGTON

MAIN OFFICE
2050 WILSON BOULEVARD • ARLINGTON 1, VIRGINIA

JACKSON 4-2100

April 15, 1963

Dr. Laszlo N. Tauber, Trustee
L & L Corporation
1503 Goodhope Road, S. E.
Washington, D. C.

Dear Dr. Tauber:

We are pleased to advise that our Board of Directors has approved a construction-permanent loan to be made to the L & L Corporation in the amount of \$800,000.00. This loan is to be secured by property as shown on the preliminary survey furnished with the application containing approximately 164,000 square feet situated on King Street near Beauregard Street, Alexandria, Virginia.

The improvements are to consist of a hospital and medical office building in accordance with preliminary plans submitted, prepared by Saunders & Pearson, Architects, dated January 28, 1963.

This commitment is subject to the following terms and conditions:

- (1) Approval of final plans and specifications of the improvements and site plan and satisfactory evidence of zoning for hospital use.
- (2) A performance bond satisfactory to this Association for the completion of the improvements, free of mechanics' liens, written by an acceptable casualty company.
- (3) Satisfactory financial statements from all stockholders.
- (4) Satisfactory evidence of corporate authority and authorization to execute loan documents.
- (5) Approval of ground lease on approximately .6327 acres and subordination of said lease to our deed of trust.

TAUBER 02127

THRIFT AND HOME OWNERSHIP
The Inherent Strength of America

SOUTH ARLINGTON OFFICE - 3100 COLUMBIA PIKE, ARLINGTON 4, VA.
GLEBE-WILSON OFFICE - 4250 WILSON BOULEVARD, ARLINGTON 3, VA.
LEE HIGHWAY OFFICE - 4624 LEE HIGHWAY, ARLINGTON 7, VA.

Trial Exhibit
No. 350(a)

J.APP. 4020

- (6) Approval of lease from the Jefferson Memorial Hospital (the Hospital operating corporation) and assignment of said lease as additional collateral, this lease to be endorsed by the stockholders of this corporation as their interests may appear for the life of the loan.
- (7) Approval and assignment of all other leases entered into by the L & L Corporation.
- (8) Personal endorsement of the deed of trust note by the ~~X~~ stockholders as their interest may appear for a period of three years from the date of said deed of trust note.

The loan is to be payable \$5,900.00 per month including interest of 6% per annum plus monthly proration of annual real estate taxes and monthly proration of fire and extended coverage insurance policy premium, beginning thirty days after final disbursement on the loan but in no event later than twelve months from the date of the first disbursement. The entire loan is to be fully amortized within twenty years from the date of the note.

Fire and extended coverage insurance protection in an amount and company satisfactory to the Association will be required for the life of the loan. A public liability and workmen's compensation insurance policy in a company satisfactory to this Association shall be obtained.

A survey prepared by a registered land surveyor showing the building to be under construction will be required prior to the first disbursement, showing property lines, setbacks, and building measurements. A final survey will be required prior to the last disbursement.

Prior to the first disbursement, we are to be furnished with a full coverage title insurance binder from a title company approved by us. A full coverage title insurance policy shall be furnished to us within thirty days after the final disbursement is made.

Disbursements during construction will be based upon requisitions submitted by the contractor covering on-site labor and materials. The requisition is to be approved by the architect and the owner and sent to us for final approval. Approval will be based upon the on-site inspection of the progress by a representative of this Association. Disbursements shall not exceed 90% of two-thirds of the on-site site labor and materials, the remaining 10% to be disbursed after completion and final acceptance. Upon approval of all requisitions, checks will be made payable to the contractor and the borrower unless otherwise directed. Check for the final payment will be disbursed through our Attorneys, who shall obtain a full and complete release of liens for all labor and material furnished.

TAUBER 02128

J.APP. 4021

Page 3
April 15, 1963

We will require that all work be 100% complete, including all grading and landscaping, prior to final disbursement. No material deviations from the plans and specifications are to be made unless approved by our Association. A builder's risk insurance policy satisfactory to this Association will be required during construction and must be delivered to us prior to the first disbursement. Interest will be charged on all disbursements during construction from the date of disbursement and will be paid semi-annually.

There will be a service charge of 2% of the amount of the loan for appraising and inspections during construction, one-half of this amount \$8,000.00 will be paid upon acceptance of this commitment and will be considered a good-faith stand-by deposit to be forfeited if the loan is not settled. The balance will be deducted \$2,000.00 from each of the first four disbursements. All legal fees and title company charges are to be paid by the borrower.

The deed of trust securing the loan will provide that the maker of the loan shall have the right to prepay 20% of the original amount of the loan per calendar year without penalty. Prepayment in excess of this amount is subject to a penalty of ninety days interest on the amount prepaid.

This commitment expires April 19, 1963 unless accepted by that time. One hundred and twenty days from the date of acceptance will be allowed for recording the trust and thirty days from the date of recording will be granted to start construction. Please signify acceptance of this commitment by signing and returning a copy of this letter to us before the expiration date set forth herein. Upon receipt of your acceptance we will instruct our Attorneys, Adams, Porter, Radigan & Mays, regarding examination of title, preparation of loan papers and other conditions of the loan.

Very truly yours,


John P. Balster
Exec. Vice President

JPB/b

TAUBER 02129

J.APP. 4022

JEFFERSON MEMORIAL HOSPITAL, INC.
ALEXANDRIA, VIRGINIA

December 21, 1964

Dr. Leslie P. Gondor
3541 West Braddock Road
Alexandria, Virginia

Dear Dr. Gondor:

Confirming our understanding, you have agreed to buy a 50% ownership in the land described as follows:

This land is subject to an original mortgage of \$153,570.00, with a balance due at this time of \$122,856.00. Our ownership of the land is a beneficial one, the legal title being held by Dr. L. N. Tauber, Trustee.

As previously discussed with you, the purchase price for land is \$150,000 less 50% of the present land mortgage of \$122,856.00, your share \$61,428.00 representing a balance due to us in the sum of \$88,572.00. You agree to lease the land back to our corporation for a period of 99 years at a rental of \$9,750.00 per year, but subject to rental increases each 10 years based upon the U. S. Department of Labor "Cost of Living Index". We agree to pay all expenses such as taxes and insurance during the term of the lease, including special assessments.

Please indicate your approval below and return two of the copies of this letter that are enclosed and this will represent our agreement. We will then proceed to draw the necessary documents transferring the land to you and drawing the 99 year lease.

Thank you for your attention,

Yours truly,

JEFFERSON MEMORIAL HOSPITAL, INC.

By Harry William Wane
Vice-president

Accepted and Approved

By Leslie P. Gondor Ingelshon R. Gondor
Dr. Leslie P. Gondor

Witness: Robert B. Gould

Dated: December 22, 1964

Trial Exhibit
No. 354.

GON - 000532

The Jefferson Hospital of Alexandria, Virginia will begin operations shortly after the turn of the year. It is a private, non-profit organization. The Jefferson Hospital will offer general services, including an emergency room, and will be open for practice to all accredited doctors in the area. The hospital has a planned capacity of 150 beds; the first phase of construction, which has been completed, includes 97 beds.

We believe that it can be amply demonstrated that this hospital will help to alleviate a clear and present need for new hospital beds in the Alexandria hospital service area, a need which the Alexandria Community Hospital cannot now or in the foreseeable future alleviate. We believe that the hospital's location at Beauregard Street and King Street (Leesburg Pike, U.S. Route #7) in Alexandria is ideal from a planning standpoint, since it is on the Leesburg Pike and close to Shirley Highway, the main transportation arteries serving the fastest growing neighborhoods in the City of Alexandria and in adjoining Fairfax County (all of which neighborhoods are in the Alexandria hospital service area as defined in the May, 1964 study of short-term hospital bed needs, issued by your Council.) Finally, we believe that the services which will be provided by The Jefferson Hospital compliments existing services supplied by the Alexandria Community Hospital, and, in the case of the emergency room, will provide much needed relief for the Alexandria Community Hospital.

Since, as your Council has so often pointed out, good health facilities planning demands the establishing of both a need for new beds and a complementarity with existing services, we would like to elaborate these two points.

1. The need for new beds in the Alexandria Hospital Service Area:

TAUBER 02097

Trial Exhibit
No. 356.

J.APP. 4024

The rapid rate of population growth in Northern Virginia has played havoc with all recent projections of the need for short-term hospital beds. For example, the Report of the District of Columbia Hospital Advisory Council in June, 1961, projected the population of the City of Alexandria in the year 1980 at 115,000. The actual population of the City of Alexandria on July 1, 1963, (only two years later), was 114,180. As of today, we can say with confidence, that the City of Alexandria houses as many people as were predicted for the year 1980 in that Report compiled in 1961.

The May, 1964 Report of the Metropolitan Washington Health Facilities Planning Council projects a 3.2% annual rate of population growth in the Alexandria hospital service area between 1960 and 1980. While population figures are not available for that portion of the Alexandria hospital service area, which lies in Fairfax County, it can be said that within the City of Alexandria the population has in fact increased 6.3% per annum between the years 1960 and 1964. The most recent Report of the Alexandria Department of Planning projects a minimum rate of population growth between 1964 and 1969 at 5.2%. The maximum rate in the projection exceeded 10% per annum. It is unlikely that the relevant sections of Fairfax County have increased at a slower rate, or will do so in the future, since Fairfax County is one of the two fastest growing counties in our nation today. (770 v 12, 1964)

These burgeoning population figures quite naturally lead to conclusions about the need for short-term hospital beds quite different from those indicated in the two reports cited above. For example, taking the Hill-Burton standard of four beds per 1000 of population, the Alexandria service area today should have at least 456 beds, based on the population of the City of Alexandria alone. Yet, the present capacity of the Alexandria Community Hospital's two units is but 304 beds. The only other hospital within the service area is Circle Terrace Hospital, a small private hospital with no emergency room and a capacity of but 62 beds.

It should be pointed out, that these calculations do not take into account the population of the neighboring communities in Fairfax County which are included in the Alexandria hospital service area.

The Report of the Metropolitan Washington Health Facilities Planning Council projects the need for short-term hospital beds on the more realistic base of patient days. In the past twelve months the two

TAUBER 02098

J.APP. 4025

units of the Alexandria Community Hospital provided 107,295 patient days of service, exclusive of infant care. By the method of projection used by the Health Facilities Planning Council, this number of patient days suggests a minimum of 350 beds, against the 304 now provided by the two units of the hospital. However, the actual shortfall is considerably greater. The downtown unit of the Alexandria Community Hospital, which provides about half the existing bed capacity, is "obsolete" in the words of Dr. James Mills, Chairman of the Alexandria Community Hospital's subcommittee on master planning. Dr. Mills told a recent meeting of the Alexandria Hospital Corporation, that the downtown building is "beyond repair except at costs exceeding new construction." He further said, that the building "continues to exist as a stop-gap measure with the forbearance of the City and State inspectors-----on the understanding that its use as a hospital is to be terminated."

One of the principles of good hospital planning laid down by this Council specifies that "new general hospitals should not be established in an area so long as a reasonable expansion of existing hospitals can meet the community needs satisfactorily." Certainly this makes good sense. Equally certainly there is no reasonable possibility that the Alexandria Community Hospital can expand fast enough to catch up with the present need for short-term beds, to meet the future needs which will come with continued rapid population growth and to replace nearly half of its present capacity which, according to its own medical officials, is seriously obsolete.

It would seem quite conclusive that there is a clear and present need for more short-term hospital beds in the Alexandria hospital service area. In fact, the evidence suggests that great efforts are going to be needed to keep hospital services in this area within hailing distance of the growth in population. Even to meet the needs projected in the Council's May 1964 Report, the people of the Alexandria hospital area will have to donate nearly \$11-million at today's prices just to add new capacity, to say nothing of replacing obsolete capacity. Evidence of the difficulty which the Alexandria Hospital Corporation will face in raising this sum was given at the same planning committee meeting referred to above when officers of the Corporation stated that they were hard pressed to meet the monthly payments on the present \$1.5-million mortgage on the new unit of the

TAUBER 02099

Alexandria Community Hospital which was completed only in 1962. In these circumstances, surely prudent financial planning should recognize the advantages of private, non-profit hospitals, such as The Jefferson Hospital, whose construction is financed privately, without recourse to public subscriptions.

II. The Complementarity of The Jefferson Hospital's Services:

The services to be provided by The Jefferson Hospital complement the services of the two units of the Alexandria Community Hospital in two important ways:

First, and most important, The Jefferson Hospital will provide a much needed second emergency room in the Alexandria hospital service area, and one located appropriately. The emergency room of the Alexandria Community Hospital is located in the downtown unit, with easy access to Route #1. The emergency room of The Jefferson Hospital will be located close by Shirley Highway on the Leesburg Pike. The importance of a second emergency room is illustrated by the tremendous load now being carried by the Alexandria Community Hospital's emergency room.

In the past twelve months, visits to the emergency room of the Alexandria Community Hospital numbered 32,300, an increase of nearly 19% over the previous twelve months. The annual increase in emergency room visits at the Alexandria Community Hospital between 1960 and 1963 was about 10% according to the May, 1964 Report of your Council. While it is dangerous to draw conclusions from one year's figures, the abrupt increase in visits in 1964 on an already heavily loaded facility suggests a serious problem in the future. The availability of an emergency room at The Jefferson Hospital, on and close by two heavily traveled major transportation arteries, can only help this situation.

There is one important service of the Alexandria Community Hospital which we will not provide at The Jefferson Hospital. The Alexandria Community Hospital's obstetric service, which, according to your Council's Report, accounted for 13.1% of existing beds in 1963, has been increasing in pace with population growth. In the past twelve months, there have been 3,965 new births at the Alexandria Community Hospital, or an increase of just under 7% over the comparable 1963 period. We believe that obstetric services should be concentrated in one

TAUBER 02100

hospital unit in a given planning area both in the interests of good planning and of good service. This is a case where we believe that a duplication is not justified.

At the same time, The Jefferson Hospital will provide three x-ray diagnostic units. At the present time that Alexandria Community Hospital has only one such unit, the only one in the Alexandria hospital area.

Of course, complementarity cannot be solely in terms of services and equipment. The open staff policy, which The Jefferson Hospital will follow, allows accredited doctors to make the most convenient and efficient arrangements among the various units open to them. At the same time, The Jefferson Hospital will establish special relationships with larger, teaching hospitals both in the Washington area and beyond.

The staff of The Jefferson Hospital was chosen from the faculty of Georgetown University and the attending staff of the Sibley Memorial Hospital. Leading Alexandria doctors will be associated with this staff, one of whom will head the Department of Pathology and another, the X-Ray Department. A fellowship program is being established under which our resident doctors will spend six to twelve weeks studying at important medical centers. One of these centers will be the Montefiore Hospital in New York City which has agreed to lend to The Jefferson Hospital as an advisor to the staff Dr. Francis F. Foldes, the internationally renowned Professor of Anesthesiology at the Albert Einstein Medical School and Director of Anesthesiology at Montefiore. We have been fortunate to secure the services of Dr. Charles A. Hufnagel, Professor of Surgery at Georgetown University and Chief of Cardiovascular Surgery at The Jefferson Memorial Hospital, to act as chairman of our Research and Education Committee.

In these ways, The Jefferson Hospital will bring to the Alexandria hospital area for the first time a high level training program buttressed by close connections with scientifically prominent teaching hospitals and universities. At present, the Alexandria Community Hospital has no training program for doctors. Furthermore, if its downtown unit is to be replaced, the existing nursing school will also have to be replaced. It would not seem likely in the foreseeable future that the Alexandria Community Hospital will be in a position to provide the medical training program which the area clearly needs to meet the planning standards established by this Council.

TAUBER 02101

J.APP. 4028

Conclusion: The tremendous rate of population growth in the Alexandria hospital service area gives quite sufficient warning that great efforts are needed both now and in the future to make sure that the minimum needs for short-term beds are met. The Planning Department of the City of Alexandria calculates that if all the land in the City, currently zoned for apartment development is in fact so developed, an additional 100,000 people will be brought into the City over the next twenty years. All signs indicate that the present 6.3% rate of population growth each year is likely to be a minimum mark in the future.

In these circumstances, the replacement of the obsolete facility of the Alexandria Community Hospital will have to be pushed ahead as fast as finances will allow. Unfortunately, the prospects that the financial support for the replacement and future expansion will be forthcoming is not good, even in the opinion of the Alexandria Hospital Corporation itself. The appearance of The Jefferson Hospital at this time, far from competing with the modernization needs of the Community Hospital will in fact ease the shortage of short-term beds during a critical period.

We regard The Jefferson Hospital as an integral part of the Alexandria hospital service area, and, of course, we will stand ready to cooperate with the Alexandria Community Hospital authorities on any and all occasions. A new emergency room serving the major arteries in the western end of the City should result in co-operative benefits immediately.

It is our hope that your Council will review these facts carefully and call on us for any further information you may desire. We believe that The Jefferson Hospital lives up to the high standards of health facilities planning which your Council has established.

TAUBER 02102

J.APP. 4029

LASZLO N. TAUBER, M. D.
JEFFERSON MEMORIAL HOSPITAL
4600 KING STREET
ALEXANDRIA, VIRGINIA 22302

DEPARTMENT OF SURGERY

June 10, 1965

Mr. Allen Baer, C.P.A.
1343 H Street, Northwest
Washington, D. C.

Re: King Street
Joint Venture

Dear Sir:

This is to advise you that as of December 31, 1964 Doctor Samuel Burtoff had rescinded his donation of land owned in the King Street Joint Venture, said land donation having been made to Jefferson Memorial Hospital in Alexandria, Virginia.

In lieu of the above, my personal donation of this land was increased from 15% to 20%. This land is now owned 65% by the hospital and 35% in my name. The 35% of land held in my name is held 30% for me personally and 5% for Doctor Samuel Burtoff.

Yours very truly,

Lazlo N. Tauber, M.D.

Lazlo N. Tauber, M. D.
LNT:eb

Trial Exhibit
No. 358.

MMRW 003041

J.APP. 4030

BERNARD KRAKOW
ATTORNEY AT LAW
837 WARNER BUILDING
WASHINGTON 4, D. C.
METROPOLITAN 6-1867

December 10, 1965

Internal Revenue Service
Washington, D. C.

Re: ~~STANDARD~~ R. 4
Jefferson Memorial Hospital, Inc.

Gentlemen:

In response to your recent letter concerning the above subject matter, please be advised as follows:

(1) The land was donated at a market value of \$300,000.00 which at that time was subject to a mortgage of \$122,856.00. Fifty percent of the land was sold for \$150,000.00 which reduced the mortgage to one half of the above amount and gave to the hospital \$68,572.00 in working capital.

(2) A copy of the lease between Jefferson Memorial Hospital and King Street Joint Venture is attached. The rent was determined well under the fair market value because the building contains approximately 48,000 square feet of which the X-Ray Department, Laboratory and Doctors' Offices take approximately 10,000 square feet. The remaining 38,000 square feet was charged at approximately \$1.50 per square foot which is well under the market value for an all air conditioned building.

(3) ~~Improvements~~ Improvements are caused by Jefferson Memorial Hospital. This includes expenditures for carpentry, installation of equipment, wooden doors, and acoustical tile, and other miscellaneous items.

(4) The principal persons in the King Street Joint Venture are as follows: Mrs. Lucille R. Tauber, Samuel Petroff, Lucille Gander, Charles A. Bingham, Lucille Peters, Andrew Rudnik, James R. Smully, George William Ware, Mr. Bernard Krakow, Mr. Andrew Rudnik, and Mrs. Andrew Rudnik. No one has control over the Jefferson Memorial Hospital, Inc. The hospital is run by a board of directors.

TAUBER 02218

Trial Exhibit
No. 362.

J.A.P. 4031

December 10, 1963

(5) This lease for equipment was cancelled and all of the equipment was purchased at the invoice cost of the vendors.

(6) There was no financial transaction involved in the change to convert the corporation from profit to non-profit organization. The only reason was that the sponsors were persuaded that in the ever rising cost of hospitalization it would create a lot of good will if we had a non-profit organization. The fact that we could get contributions for the hospital that would be tax deductible was also a factor.

(7) The subleases were determined at the usual rate which is practiced in this area.

(8) Due to the shortage of beds, the Board of Directors and individual tenants decided that the leases should be cancelled for the private offices except those of Dr. D'Aquila who is separate from the hospital and Dr. Tauber who is working full time as Director of the Department of Surgery in the hospital. Dr. Tauber is paying for his nurse's salary and pays rent as agreed upon.

The certified copy of The Articles of Amendment will be forwarded to you as soon as they are received from the Corporation Commission of the State of Maryland.

Thank you for your attention.

Yours truly,

Bernard Krakow

BK:nb
Attachment

TAUBER 02219

JEFFERSON MEMORIAL HOSPITAL, INC.
4600 KING STREET
ALEXANDRIA VIRGINIA 22302

**Steps Taken In The Acquisition Of
The Land And The Construction Of The
Building For Jefferson Memorial Hospital**

1. L and L Corporation, a straw corporation, was originally used to take title and to sign mortgage instruments in order to avoid the personal liability of the sponsors. L and L Corporation became contract owner of the land in the Spring of 1962.
2. L and L Corporation transferred title at settlement on September 30, 1962 to Lasse N. Tauber, M. D., Trustee for the King Street Joint Venture. (Members of the King Street Joint Venture are listed in our original presentation.
3. The Jefferson Memorial Hospital, Inc. was created in order to avoid the personal liability of the sponsors from malpractice suits.
4. It was decided and accepted unanimously, that the Hospital Corporation's rent would be computed on the following basis - mortgage payment of Seventy thousand eight hundred Dollars (\$70,800.00) plus ten per cent (10%) of the money invested. Under no circumstances will King Street Joint Venture realize more income. All the leases which were made with the King Street Joint Venture have been assigned to the Jefferson Memorial Hospital, Inc.
5. No capital stock was offered before or during construction because we did not want to create any disputes about the eventual increased cost of construction. We originally planned to offer shares after the completion of the building, when a final accounting of the assets and liabilities could be made available. Later the corporate charter was amended to eliminate the sale of stock entirely.
6. The following is an analysis of the final determination of the rent the Jefferson Memorial Hospital has to pay the King Street Joint Venture.
 - a. Original agreement (original contract with Doctor Bartoff is attached):
 - 1) Sponsors contributed note and \$3,600.00 cash per 1%. They were guaranteed a 10% return of \$360.00 on the cash invested.

Mortgage Payment	\$70,800.00
10% return to Investors	36,000.00
Total Rent	<u>\$106,800.00</u>

• See attached documents.

REAL 005577

Trial Exhibit
 No. 364.

JEFFERSON MEMORIAL HOSPITAL, INC.
4600 KING STREET
ALEXANDRIA, VIRGINIA 22302

-2-

- 2) The sponsors then had to make an additional capital contribution of \$150,000.00. Thus their cash invested per IS became \$5,100.00.

Mortgage Payment	\$70,800.00
10% return to Investors	51,000.00
Total Rent	<u>\$121,800.00</u>

7. In order to reduce the yearly rent the land was donated (subject to existing mortgage of \$122,856.00) to Jefferson Memorial Hospital, a non profit organization. Thus the sponsors' contribution became:

	\$5,100.00
	1,228.56
Sponsors net contribution	<u>\$3,871.44</u>

In compensation the sponsors took \$1,771.44 per IS as a shareable contribution. Thus the rent was reduced from \$51,000.00 above the mortgage to \$39,000.00 in round figures.

Mortgage Payment	\$70,800.00
10% return to Investors	39,000.00
Present rent	<u>\$109,800.00</u>

8. The Jefferson Memorial Hospital, Inc. subsequently sold 50% of the land and leased it back for ninety-nine (99) years for 6.5% interest per year. This enabled the Hospital to gain \$66,572.00 in cash and the present land owner assumed the proportionate mortgage payment of \$51,428.00.

Leslie H. Tucker, M. D.
Trustee, King Street Joint Venture



Bernard Epstein
Attorney, King Street Joint Venture

REAL 005578

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302

TELEPHONE: 703/931-2600

May 17, 1966

Mr. Frank P. Rawlings, Jr.
President
Group Hospitalization, Inc.
1021 14th Street, N.W.
Washington, D.C.

Dear Mr. Rawlings:

The reorganization of the financial structure of Jefferson Memorial Hospital was initiated on 1 January, 1966. At this time, King Street Joint Venture was dissolved and Jefferson Memorial Hospital Associates was instituted.

This partnership of Jefferson Memorial Hospital Associates consists of the following persons:

Dr. Peters	5.0 %
Dr. Sibay	2.5
Dr. Feriozi	4.0
Dr. McManus	1.5
Dr. Corrado	7.5
Dr. Luccioli	5.0
Dr. Small	7.5
Dr. Ware	7.5
Dr. Hufnagel	1.0
Dr. Burtoff	2.5
Dr. Scully	5.5
Dr. Gondor	12.5
Dr. Tauber	25.5
Mr. Krakow	1.0
Mr. Madas	1.0
Dr. Nicholson	2.5
Mrs. Rudnai	.5
	92.5 %

NOTE: The remaining 7.5 % is held by Dr. Tauber as trustee for future investors.

1. Baile
2. Friedman
3. Kline -

Trial Exhibit
No. 367.

J.APP. 4035

Mr. Frank P. Rawlings, Jr.
Page Two
May 17, 1966

Under the present financial structure, the subject properties breakdown is as follows:

LAND

A. Original Land

a. Leased: The parcel of ground leased for 99 years from Mr. and Mrs. Hopkins, obligation - \$2406.80 per year. (They are the original owners of the land).

b. The parcel which was purchased from the Hopkins, and presently leased to the hospital.

Owners: Dr. Gondor 50 %
Dr. Burtoff 5 %
Tauber Foundation, Inc. 25 %
Jefferson Memorial Hospital, Inc. 20 %

The total payment on leased ground not owned by Jefferson Memorial Hospital, Inc., is \$15,600.00.

B. Recently acquired land (55,000 sq. ft.), owned 100 % by Jefferson Memorial Hospital, Inc., therefore obligation is none.

BUILDING

Owner: Jefferson Memorial Hospital Associates
Tenant: Jefferson Memorial Hospital, Inc.

Rent: \$80,940.00 a year which represents the mortgage payment less rental income.

X-Ray	\$20,000.00
Pathology	30,000.00
Dr. Tauber	3,600.00
Dr. D'Aquila	3,750.00
Bradlee Florist	1,000.00
Dr. Casolaro	6,000.00
	<u>\$64,350.00</u>

This makes the present obligation \$16,590.00 per year.

Explanation: Since the Diagnostic Clinic did not functionate, rerental of the offices started, and it is hoped that additional rent will reduce the hospital obligation to zero.

Mr. Frank P. Rawlings, Jr.
Page Three
May 17, 1966

EQUIPMENT

Owner: Jefferson Memorial Hospital Associates

The equipment is leased to Jefferson Memorial Hospital, Inc.,
no obligation from the part of the hospital.

The Jefferson Memorial Hospital Associates takes the depreciation
on the building and equipment as the only income and waive all
other future compensation.

May it also be added here that Jefferson Memorial Hospital is
a non-profit organization and the approval of the tax exempt
status is presently under consideration with the Internal
Revenue Service.

I hope this information will be of assistance in the evaluation
of Jefferson Memorial Hospital, Inc.

With kindest regards, I remain,

Sincerely,

Lazlo N. Tauber, M.D.
Lazlo N. Tauber, M.D.

September 22, 1966

U. S. Treasury Department
Internal Revenue Service
Washington, D.C.

Attention: T:EP:EO:R:4
SP

Re: Jefferson Memorial
Hospital, Inc.

In response to your letter of 11 July 1966 concerning the
above named corporation, please note the following:

1. The corporation was formed on 5 March 1963 as
a profit making corporation, but did no business
and made no transactions as a profit making
corporation.

On September 8, 1964, the corporation amended its
Charter and became a non-profit corporation, and
from that date to the present, the corporation has
been operating as a non-profit corporation.

The hospital was opened on 15 March 1965.

Trial Exhibit
No. 368.

The land donated to the corporation was donated on

TAUBER 02153

J.APP. 4038

30 December, 1964, by the following persons and
represents 70% ownership.

Dr. Leslie H. Stauber 5300 Westbard Ave. Bethesda, Md.	25%
Dr. G. W. Ware 1411 Highland Dr. Silver Spring, Md.	5%
Mr. Bernard Krakow 2416 Harmon Road Silver Spring, Md.	2%
Mr. Andrew Nadas 5300 Westbard Ave. Bethesda, Md.	2%
Dr. James H. Scully 5001 38th St., N.W. Washington, D.C.	5%
Dr. Leslie L. Gonder 1431 Juliana Place Alexandria, Va.	25%
Mr. & Mrs. Andrew Rudnai 10867 Spring Knoll Dr. Potomac, Md.	2%
Dr. Charles A. Hufnagel Georgetown University Hospital Washington, D.C.	2%
Leslie L. Peters, M.D. Arlington Towers Arlington, Va.	2%

The hospital corporation sold 50% of their 70%
ownership in the land to Doctor Leslie L. Gonder
for \$150,000. payable \$88,572. cash and the
assumption of a share of 2nd trust in the sum of
\$61,428.

TAUBER 02154

The land owners as they exist today are as follows:

Leslie L. Gondor, M.D.	50%
Samuel Burtoff, M.D.	5%
Jefferson Memorial Hospital, Inc.	20%
The Tauber Foundation	25%
	100%

The hospital equipment originally was leased from the Westwood Finance Company composed of the following persons:

Leslie N. Tauber, M.D.
George William Ware, M.D.
Mr. Bernard Krakow
Mr. Andrew Nadas
Mr. Philip Gould
James H. Scully, M.D.
Leslie L. Gondor, M.D.
Samuel Burtoff, M.D.
Mr. Benjamin Dinnerstein
Mr. Aaron Gilbert

The Westwood Finance Company extended a 13 year lease to the corporation in December 1964.

Subsequently, the hospital corporation made application to Blue Cross for insurance coverage, and Blue Cross demanded that the hospital own the equipment and not lease the equipment. At the request of Blue Cross, the equipment was purchased from the Westwood Finance Company on 15 August 1965 for the exact cost that the Westwood Finance Company paid for the equipment. No profit was made by the Westwood

TAUBER 02155

Finance Company except interest at 6% per annum for cash advanced. The amount of capital the Westwood Finance Company has is:

<u>Name</u>	<u>Cash</u>	<u>Note</u>
Lassie H. Tauber, M.D.	\$15,000.	\$20,000.
G. W. Ware, M.D.		35,000.
Bernard Krakow	15,000.	20,000.
Andrew Kadas	10,000.	25,000.
Philip Gould	15,000.	20,000.
James H. Scully, M.D.	15,000.	20,000.
Leslie L. Gendor, M.D.	35,000.	
Samuel Burtoff, M.D.	15,000.	20,000.
Benjamin Dinnerstein	15,000.	20,000.
Aaron Gilbert	15,000.	20,000.
	\$150,000.	\$200,000.

Westwood Finance Company borrowed \$200,000. from the

First National Bank of Maryland by putting up as

collateral the above notes amounting to \$200,000.

The hospital corporation in buying the equipment

from Westwood Finance Company paid \$125,000. in cash

and \$45,000. in Jefferson Memorial Hospital, Inc. bonds

and interest at 6% per annum and assumed the \$200,000.

bank loan.

Leases with doctors were cancelled on 1 September 1965

with the exception of Lassie H. Tauber, M.D., who pays

\$3,600. per year, and Frank D'Aquila, D.D.S., who pays

\$3,750. per year, and both are still leasing space

Page Five

currently and paying the aforesaid rent.

The transactions themselves are self-evident of arms length transactions at fair market values.

2. 2. Enclosed please find a copy of the current lease with the King Street Joint Venture on the building.

Also please find enclosed the current lease between the owners of the land and Jefferson Memorial Hospital, Inc

3. Enclosed please find copies of the lease between the hospital and Lazzlo N. Tauber, M.D. who is the only doctor who bought land and is a lessee of the corporation.

4. Enclosed please find a copy of the lease between the corporation and Gregory Pappas of Bradlee Florists.

5. At the present time, Gregory Pappas is still leasing space from the corporation.

I hope that the above information and the enclosures will give you a complete picture of our operation, and that you can now promptly rule on the application for exemption from Federal Income Tax.

Very truly yours,

TAUBER 02157

J.APP. 4042

May 17, 1966

1. Profit and Loss sheet will be mailed today.

2. Dr. Gondor 50%; Dr. Burtoff, 25%, Jefferson Memorial Hospital 15%, Tauber Foundation 10%.

Payments by hospital are 6% devaluation on \$300,000; lease is for 99 years.

3. Land described in Question 2 will answer Question 3.

4. Present rent hospital pays to King Street Joint Venture: \$6,745.00 per month, broken down into principal and interest.

Hospital would pay real estate tax (if non-profit) of \$6,767.90 per annum.

Insurance on building (only) \$3,229.00.

information from Mr. Forthman 931-2800, ext. 421

TAUBER 02152

J.APP. 4043

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET. ALEXANDRIA. VIRGINIA 22302
TELEPHONE 703/931-2800

September 22, 1966

U. S. Treasury Department
Internal Revenue Service
Washington, D.C.

Attention: T:EP:EO:R:4
SP

Re: Jefferson Memorial
Hospital, Inc.

In response to your letter of 11 July 1966 concerning the
above named corporation, please note the following:

1. The corporation was formed on 5 March 1963 as
a profit making corporation, but did no business
and made no transactions as a profit making
corporation.

On September 8, 1964, the corporation amended its
Charter and became a non-profit corporation, and
from that date to the present, the corporation has
been operating as a non-profit corporation.

The hospital was opened on 15 March 1965.

The land donated to the corporation was donated on

TAUBER 02353

J.APP.4044

30 December, 1964, by the following persons and
represents 70% ownership.

Dr. Laszlo N. Tauber 25%
5300 Westbard Ave.
Bethesda, Md.

Dr. G. W. Ware 5%
1411 Highland Dr.
Silver Spring, Md.

Mr. Bernard Krakow 2%
2416 Harmon Road
Silver Spring, Md.

Mr. Andrew Nadas 2%
5300 Westbard Ave.
Bethesda, Md.

Dr. James H. Scully 5%
5001 38th St., N.W.
Washington, D.C.

Dr. Leslie L. Gondor 25%
1431 Juliano Place
Alexandria, Va.

Mr. & Mrs. Andrew Rudnai 2%
10867 Spring Knoll Dr.
Potomac, Md.

Dr. Charles A. Hufnagel 2%
Georgetown University Hospital
Washington, D.C.

Leslie L. Peters, M.D. 2%
Arlington Towers
Arlington, Va.

~~Washington~~ corporation sold 50% of their 70%.

ownership in the land to Doctor Leslie L. Gondor,

for \$150,000. payable \$88,572. cash and the

assumption of a share of 2nd trust in the sum of

\$61,428.

TAUBER 02354

J.APP. 4045

The land owners as they exist today are as follows:

Leslie L. Gondor, M.D.	50%
Samuel Burtoff, M.D.	5%
Jefferson Memorial Hospital, Inc.	20%
The Tauber Foundation	<u>25%</u>
	100%

The hospital equipment originally was leased from
the Westwood Finance Company composed of the
following persons:

Laszlo N. Tauber, M.D.
George William Ware, M.D.
Mr. Bernard Krakow
Mr. Andrew Nadas
Mr. Philip Gould
James H. Scully, M.D.
Leslie L. Gondor, M.D.
Samuel Burtoff, M.D.
Mr. Benjamin Dinnerstein
Mr. Aaron Gilbert

The Westwood Finance Company extended a 10 year
lease to the corporation in December 1964.

Subsequently, the hospital corporation made
application to Blue Cross for insurance coverage,
and Blue Cross demanded that the hospital own the
equipment and not lease the equipment. At the
request of Blue Cross, the equipment was purchased from
the Westwood Finance Company on 15 August 1965 for the
exact cost that the Westwood Finance Company paid for
the equipment. No profit was made by the Westwood

Finance Company except interest at 6% per annum for cash advanced. The amount of capital the Westwood Finance Company ~~has~~ ^{has} ~~been~~ ^{been} ~~paid~~ ^{paid} ~~for~~ ^{for} ~~the~~ ^{the} ~~same~~ ^{same} ~~purpose~~ ^{purpose} ~~as~~ ^{as} ~~the~~ ^{the} ~~above~~ ^{above} ~~notes~~ ^{notes} ~~amounting~~ ^{amounting} ~~to~~ ^{to} ~~\$200,000.~~ ^{\$200,000.}

<u>Name</u>	<u>Cash</u>	<u>Note</u>
Laszlo N. Tauber, M.D.	\$15,000.	\$20,000.
G. W. Ware, M.D.		35,000.
Bernard Krakow	15,000.	20,000.
Andrew Nadas	10,000.	25,000.
Philip Gould	15,000.	20,000.
James H. Scully, M.D.	15,000.	20,000.
Leslie L. Gondor, M.D.	35,000.	
Samuel Burtoff, M.D.	15,000.	20,000.
Benjamin Dinnerstein	15,000.	20,000.
Aaron Gilbert	15,000.	20,000.
	\$150,000.	\$200,000.

Westwood Finance Company borrowed \$200,000. from the

First National Bank of Maryland by putting up as

collateral the above notes amounting to \$200,000.

The hospital corporation in buying the equipment

from Westwood Finance Company paid \$105,000. in cash

and \$45,000. in Jefferson Memorial Hospital, Inc. bonds

~~and interest at 6% per annum~~ and assumed the \$200,000.

bank loan.

Leases with doctors were cancelled on 1 September 1965

with the exception of Laszlo N. Tauber, M.D., who pays

\$3,600. per year, and Frank D'Aquila, D.D.S., who pays

\$3,750. per year, and both are still leasing space

currently and paying the aforesaid rent.

all of the same

~~The~~ transactions ~~themselves~~ are self-evident of arms

length transactions at fair market values.

2. Enclosed please find a copy of the current lease with the King Street Joint Venture on the building. Also please find enclosed the current lease between the owners of the land and Jefferson Memorial Hospital, Inc
3. Enclosed please find copies of the lease between the hospital and Laszlo N. Tauber, M.D. *being* ~~who is~~ the only doctor who ~~bought land~~ and is a lessee of the corporation, *and who is the only one who is a lessee of the land.*
4. Enclosed please find a copy of the lease between the corporation and Gregory Pappas, *owner* of Bradlee Florists.
5. At the present time, Gregory Pappas is still leasing space from the corporation.

I hope that the above information and the enclosures will give

you a complete picture of our operation, and that you can now

promptly rule on the application for exemption from Federal Income Tax.

Very truly yours,

TAUBER 02357

[illegible]

Disaster 7-9300

Dr. Lasso N. Tauber
Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia

I am enclosing all of the documents which you have requested for establishing the present ownership of, and interests in, certain land, building and equipment used by Jefferson Memorial Hospital, Inc. ("JMH, Inc."). In order that the documents be understood in context, I have set forth below a record of all the transactions to which these documents relate.

A. Reference in this letter will be made to Parcel I and a 99-year lease on Parcel II. At the beginning of 1964, Parcel I was owned, in fee, by the King Street Joint Venture ("KSJV"). Title to Parcel I was in the name of Lasslo N. Tauber, Trustee. All but a small portion of Jefferson Memorial Hospital rests on Parcel I. The Hospital also rests on Parcel II, which was owned in 1964 (and continues to be owned) by Mr. and Mrs. Tyson Hopkins. In 1964, Parcel II was under lease by KSJV for a term of 99 years. The lease was recorded in the name of Tauber, Trustee.

DOCUMENTS: You have advised that the fee and leasehold interests as stated above are fully documented.

B. In 1964, KSJV donated to JMH, Inc. a 65% fee interest in Parcel I and a 65% interest in the 99-year lease on Parcel II.

October 19, 1966

DOCUMENTS: You have advised that this conveyance is fully documented.

II. 1965.

A. January 1, 1965. On this date, JMH, Inc. sold to Dr. Leslie Gonder a 50% interest in Parcel I, and a 50% interest in the 99-year lease on Parcel II.

DOCUMENTS: You have advised that this conveyance is fully documented.

B. December 31, 1965. On this date, KSJV was dissolved. Immediately prior to dissolution, the fee ownership of Parcel I and the 99-year lease on Parcel II was held as follows: Dr. Gonder (50%), KSJV, through Tauber, Trustee (35%), and JMH, Inc. (15%).

1. Conveyances By KSJV. Upon dissolution on December 31, 1965, KSJV, through Tauber, Trustee, made the following conveyances:

(a) By two separate deeds, a 5% fee interest in Parcel I and a 5% interest in the lease on Parcel II were conveyed to Dr. Samuel Burtoff.

(b) By two separate deeds, KSJV's remaining 30% fee interest in Parcel I and 30% interest in the lease on Parcel II were conveyed to Dr. Tauber, in his individual capacity.

(c) By Declaration of Trust, Dr. Tauber declared that he held the hospital building for the benefit of Jefferson Memorial Hospital Associates ("Associates").

DOCUMENTS: Two copies of each of the above four deeds and the Declaration of Trust are enclosed herewith.

2. Conveyances By Tauber. Immediately upon receiving his 30% fee interest in Parcel I and his 30% interest in the lease on Parcel II, Dr. Tauber did as follows:

October 17, 1966

(a) By two separate deeds, Dr. Tauber donated to the Tauber Foundation a 10% fee interest in Parcel I and a 10% interest in the lease on Parcel II.

(b) By two separate deeds, Dr. Tauber donated to JMH, Inc., a 5% fee interest in Parcel I and a 5% interest in the lease on Parcel II.

DOCUMENTS: Two copies of each of the above four deeds are enclosed herewith.

At this point, the fee interest in Parcel I and the lease on Parcel II were owned as follows: Dr. Gondor (50%), Dr. Burtoff (5%), Dr. Tauber (15%), The Tauber Foundation (10%) and JMH, Inc. (20%).

III. 1966.

A. January 1, 1966.

1. Conveyance By Tauber. On January 1, 1966, and by two separate deeds, Dr. Tauber donated to The Tauber Foundation, his remaining 15% fee interest in Parcel I and his 15% interest in the lease on Parcel II.

2. Lease Of Parcel I. On January 1, 1966, Dr. Gondor, Dr. Burtoff and The Tauber Foundation, leased their 80% interest in Parcel I to JMH, Inc. The lease was for 99 years at an annual rental of Fifteen Thousand Six Hundred Dollars (\$15,600).

3. Assignment Of Interests In Lease On Parcel II. On January 1, 1966, Dr. Gondor, Dr. Burtoff and The Tauber Foundation assigned to JMH, Inc., their 80% interest in the lease on Parcel II.

4. Lease Of Hospital. On January 1, 1966, the Associates leased the hospital to JMH, Inc. for 40 years (plus renewal options) at an annual rental of Eighty Thousand Nine Hundred Forty Dollars (\$80,940).

B. January 2, 1966. On this date, the Associates leased certain hospital equipment to JMH, Inc. The lease was for 10 years at a rental of One Dollar (\$1.00).

DOCUMENTS: Two copies of deeds, lease and assignment referred to above are enclosed herewith.

Dr. Tauber

- 4 -

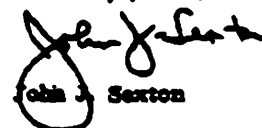
October 19, 1966

To summarize, at the present time, Parcel I is owned by Dr. Gondor (50%), Dr. Burtoff (5%), The Tauber Foundation (25%) and JMH, Inc. (20%). JMH, Inc. also has a 99-year lease on the 80% of Parcel I which it does not own. Parcel II is owned by Mr. and Mrs. Tyson Hopkins. JMH, Inc. also has a lease on Parcel II which originated in 1962 and which, at that time, was for a period of 99 years. Lastly, the Associates own the hospital and certain hospital equipment. The hospital is leased to JMH, Inc. for 40 years (with options to renew) and the equipment is leased to JMH, Inc. for 10 years.

Before concluding, it seems appropriate for me once again to stress our concern about the order and form of several transactions which you have required. First of all, as you know, the record nowhere indicates that at any time, the owner of the hospital also simultaneously owned Parcel I or a lease on Parcel I or Parcel II. This leads us to question whether the Associates (or anyone) will be permitted to claim depreciation on the hospital for Federal and State income tax purposes. Additionally, such an extraordinary situation invites extraordinary challenges of Federal and local authorities which we cannot anticipate at this time, but which you must be willing to risk. Title itself to the hospital building may be challenged by a lending institution or some other party. Lastly, it is quite likely that the Associates will not be permitted to claim depreciation on the equipment leased to JMH, Inc. Since the lease is for only One Dollar (\$1.00), it would appear that the Associates made a present gift of the equipment to JMH, Inc. on January 2, 1966, and that JMH, Inc. is entitled to the depreciation.

If you have any questions or need additional copies of the enclosed documents, please let me know. Also, we will want to be informed in writing, of the dates on which each of the enclosed documents is executed.

Sincerely yours,


John J. Sexton

Enclosures

TOTAL P.25

US Treasury Department
CONFIDENTIAL

District Director
Internal Revenue Service

Date: April 1, 1969 In reply refer to: /us7:2-10 BUL



Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia

Gentlemen:

I have completed my examination of the exempt organization returns of the hospital for years ended October 31, 1966 and 1967. In connection with the examination the following issues are raised which, if sustained, will result in revocation of the exempt status of the hospital:

1. The original lease with King Street Joint Venture dated 12/28/64 and amended 11/30/64 provided that the hospital would reimburse the partnership for all building costs in excess of \$950,000. In accordance with the terms of the lease the hospital paid \$39,415.02 in cash on the building cost and issued \$39,000 in Series A and Series B 8% bonds to individual members of the partnership. An additional \$15,528.11 was accrued on the books of the hospital as payable to the joint venture for building costs. This amount was later written off as a charitable contribution to the hospital. Later the King Street Joint Venture reorganized and was renamed Jefferson Memorial Hospital Associates and a new lease was entered into on January 1, 1966. This new lease did not take into account building costs paid for by the hospital. Therefore, the hospital has paid out sums of money on a building it is leasing from a partnership that is related to it. The hospital has therefore caused its net earnings to inure to the benefit of private individuals which is in conflict with the statutory language of Section 511(c)(3) of the Internal Revenue Code.

2. The hospital entered into an arrangement with Dr. Leslie Peters whereby Dr. Peters would purchase \$122,000 of the hospital's 8% bonds with Dr. Peters giving the hospital a note providing for interest at 6%. In calendar year 1966 Dr. Peters paid the hospital \$5,129.43 in interest on the note and the hospital paid Dr. Peters \$11,426.17 in interest on the bonds. For 1967 Dr. Peters paid \$1,719.89 in interest and received \$7,688.00 in interest from the hospital. Accordingly income of the hospital has inured to the benefit of Dr. Peters in both 1966 and 1967. This is in conflict with the statutory language of Section 511(c)(3).

3. The hospital entered into an arrangement with Dr. Abbas Bashir to sell \$40,000 of the hospital's bonds to Dr. Bashir, taking back a 6% note. Dr. Bashir paid neither principal nor interest on the note yet

TAUBER 45178

Trial Exhibit
No. 372.

J.APP. 4053

Jefferson Memorial Hospital
1966

CONFIDENTIAL

On the 11th day of May, 1966, the Board of Directors of the Jefferson Memorial Hospital, Inc. (the "Hospital") adopted a resolution to the benefit of Dr. Rashid in both 1966 and 1967. This is in conflict with the statutory language of Section 501(c)(3).

1. The hospital entered into an arrangement with certain individuals and with a partnership known as Jefferson Memorial Hospital Associates to sell its equipment to the mentioned individuals who had pre-arranged to contribute said equipment to Jefferson Memorial Hospital Associates for an interest in the partnership. The hospital then arranged to lease this equipment from the partnership for ten years for a rental equal to the sales price after which the equipment is to be contributed to the hospital. The hospital pays the rental for the equipment in the form of its 8% bonds. The individuals who purchased the equipment gave cash and notes in exchange for the equipment. Some of the notes were placed with the First National Bank of Maryland for collection and the balance of the notes are held by the hospital. Some of the individuals assumed the hospital's liability on the equipment, namely a liability to the Public National Bank for \$127,000 and a liability to the First National Bank of Maryland for \$100,000. The substance of this arrangement is a device for getting depreciation on the equipment to benefit the Jefferson Memorial Hospital Associates partnership. The hospital has at all times been the legal owner of the equipment in question. The only result of the transaction is that the hospital is selling its 8% bonds to the partnership on the installment plan. Accordingly, the above described arrangement was designed to benefit the private interest of the Jefferson Memorial Hospital Associates partnership and as such the hospital is not being operated exclusively for the purposes intended in Section 501(c)(3) of the Internal Revenue Code and Section 1.501(c)(3)-1(d) of the U. S. Treasury Regulations.

2. The hospital and one-hundred eleven (111) of its employees of the hospital were and are filed during January, 1966 Forms T-15 and T-16, Certificate Waiving Deduction from Taxes under the Federal Taxation Contributions Act. The effective date of the waiver was designated as March 15, 1965. The hospital filed employment tax returns, Form 941, for all quarters beginning with the quarter ended March 31, 1965. This constitutes a determination letter from Internal Revenue Service granting credit status to the hospital under Section 501(c)(3) of the Code, and claims were filed for refunds of all F.T.C. taxes paid for all quarters from 3/31/65 through 3/31/66. Refunds of these taxes totaling \$7,773.18 were made on September 3, 1966. Since there was no file Form 941 and since at the time the refund applications were filed, the refund of F.T.C. taxes was not administratively and accordingly it is necessary that these F.T.C. taxes be reported to Internal Revenue Service.

I would like to meet with you or with authorized representatives of the hospital at your convenience to discuss the issues I have raised above and to receive the contentions of the hospital in regard to the issues.

Very truly yours,

Philip U. Tauber
Philip U. Tauber
Internal Revenue Agent

TAUBER 45179

J.APP. 4054

**TEXT OF LETTER TO JEFFERSON MEMORIAL HOSPITAL FROM IRS DATED
APRIL 4, 1969**

Gentlemen:

I have completed my examination of the exempt organization returns of the hospital for years ended October 31, 1966 and 1967. In connection with the examination the following issues are raised which, if sustained, will result in revocation of the exempt status of the hospital.

1. The original lease with King Street Joint Venture dated 10/28/64 and amended 11/30/64 provided that the hospital would reimburse the partnership for all building costs in excess of \$950,000.00. In accordance with the terms of the lease the hospital paid \$39,416.02 in cash on the building cost and issued \$39,000 in Series A and Series B 8% bonds to individual members of the partnership. An additional \$16,528.11 was accrued on the books of the hospital as payable to the joint venture for building costs. This amount was later written off as a charitable contribution to the hospital. Later the King Street Joint Venture reorganized and was renamed Jefferson Memorial Hospital Associates and a new lease was entered into on January 1, 1966. This new lease did not take into account building costs paid for by the hospital. Therefore, the hospital has paid out sums of money on a building it is leasing from a partnership that is related to it. The hospital has therefore caused its net earnings to inure to the benefit of private individuals which is in conflict with the statutory language of Section 501(c)(3) of the Internal Revenue Code.

2. The hospital entered into an arrangement with Dr. Leslie Peters whereby Dr. Peters would purchase \$122,000 of the hospital's 8% bonds with Dr. Peters giving the hospital a note providing for interest at 6%. In calendar year 1966 Dr. Peters paid the hospital \$5,049.43 in interest on the note and the hospital paid Dr. Peters \$11,426.67 in interest on the bonds. For 1967 Dr. Peters paid \$4,919.89 in interest and received \$9,680.00 in interest from the hospital. Accordingly income of the hospital has inured to the benefit of Dr. Peters in both 1966 and 1967. This is in conflict with the statutory language of Section 501(c)(3).

3. The hospital entered into an arrangement with Dr. Abbis Bashir to sell \$40,000 of the hospital's bonds to Dr. Bashir, taking back a 6% note. Dr. Bashir paid neither principal nor interest on the note yet the hospital paid to Dr. Bashir 8% interest on the bonds. Income has inured to the benefit of Dr. Bashir in both 1966 and 1967. This is in conflict with the statutory language of Section 501(c)(3).

4. The hospital entered into an arrangement with certain individuals and with a partnership known as Jefferson Memorial Hospital Associates to sell its equipment to the mentioned individuals who had pre-arranged to contribute said equipment to

Jefferson Memorial Hospital Associates for an interest in the partnership. The hospital then arranged to lease this equipment from the partnership for ten years for a rental equal to the sales price after which the equipment is to be contributed to the hospital. The hospital pays the rental for the equipment in the form of its 8% bonds. The individuals who purchased the equipment gave cash and notes in exchange for the equipment. Some of the notes were placed with the First National Bank of Maryland for collection and the balance of the notes are held by the hospital. None of the individuals assumed the hospital's liability of the equipment, namely a liability to the Public National Bank for \$127,000 and a liability to the First National Bank of Maryland for \$190,000. The substance of this arrangement is a device for getting depreciation on the equipment to benefit the Jefferson Memorial Hospital Association partnership. The hospital has at all times been the legal owner of the equipment in question. The only result of the transaction is that the hospital is selling its 8% bonds to the partnership on the installment plan. Accordingly, the above described arrangement was designed to benefit the private interest of the Jefferson Memorial Hospital Associates partnership and as such the hospital is not being operating exclusively for the purposes intended in Section 501(c)(3) of the Internal Revenue Code and Section 1.501(c)(3)-1(d) of the U.S. Treasury Regulations.

5. The hospital and one hundred eleven (111) of the employees of the hospital executed and filed during January 1966 Forms SC-15 and SC-15a, Certificate Waiving Exemption from Taxes under the Federal Insurance Contributions Act. The effective date of the waiver was designated as March 15, 1965. The hospital filed employment tax returns, Forms 941, for all quarters beginning with the quarter ended March 31, 1965. Upon receiving a determination letter from Internal Revenue Service granting exempt status to the hospital under Section 501(c)(3) of the Code, the were filed for refunds of all F.I.C.A. taxes paid for all quarters from 3/31/65 through 9/30/66. Refunds of these taxes totaling \$66,958.48 were made on September 8, 1967. Since there were on file Forms SC-15 and SC-15a at the time the refund application were filed, the refund of F.I.C.A. taxes were made erroneously and accordingly it is necessary that these F.I.C.A. taxes be recovered by the Internal Revenue Service.

I would like to meet with you or with authorized representatives of the hospital at your convenience to discuss the issues I have raised here and to receive the contentions of the hospital in regard to the issues.

Very truly yours,

/s/
Billy U. Lindrith
Internal Revenue Agent

LAW OFFICE
REEVES & HARRISON
SUITE 500

1701 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D. C. 20006

TELEPHONE 202 296-9030

TELEX 440378 CROR

CABLE "REEVLAW"

MARION EDITH HARRISON
ERNEST GENE REEVES
ROBERT F. BAGLE
MYRON S. LEE
JUDY R. POTTER

OF RECORD
PATR. CA. 1-1-155
WM. MONTGOMERY SMITH

November 20, 1970

The Board of Directors
Jefferson Memorial Hospital, Inc.
4600 King Street
Alexandria, Virginia

Gentlemen:

At the request of several of the members of the Board, I have reviewed the current corporate status of the hospital to determine whether or not to recommend a reorganization as a profit corporation.

Based on the latest communications to the hospital from the Internal Revenue Service, it appears that the decision whether to operate as a profit or non-profit corporation may already have been forced upon you by the decision of the Internal Revenue Service to revoke your exemption from Federal income tax for years beginning after December 31, 1965. Although you have a right to appeal the proposed action by the Internal Revenue Service, it is my opinion, based on the history of transactions among the parties involved, that the Internal Revenue Service will prevail in this matter.

As a consequence of the loss of your tax exempt status you will henceforth be operating as a profit corporation within the framework of the present corporate structure and its affiliations, none of which were designed to accommodate the requirements of a profit corporation. It appears to me that you have a very unwieldy corporate structure to operate as a profit corporation. The tax treatment of the various items of income, deductions for interest expenses and so forth which have already been challenged by the Internal Revenue Service would continue to be confused and uncertain in each of your future tax years. Perhaps more important, the present corporate structure, and the relationship with the partnership as well as with the individual members of the partnership and the members of the hospital's Board of Directors makes it quite uncertain, in my opinion, that the members of Jefferson Memorial Hospital, Inc., its directors and officers are really protected from

Trial Exhibit
No. 374.

TAG 003357

J.APP. 4057

Board of Directors - 2 -
Jefferson Memorial Hospital, Inc.

November 20, 1970

individual, personal liability in the operations of the hospital. In my opinion, there is a very real danger that an individual suing the hospital on a malpractice or other tort action might persuade the Court to disregard the alleged corporation and treat the organization as a whole as a partnership. In such a case, each of the members, officers and directors would be individually and collectively liable as general partners of the organization.

It is my recommendation, therefore, that you undertake a complete reorganization of the hospital and its affiliates. I recommend that you establish a new profit corporation with the same name, that the old non-profit corporation be merged into it, and that all of the property and equipment, which is now being treated by the Internal Revenue Service as though it were owned outright by a profit corporation be acquired by the new corporation. The basis for depreciation of equipment would then be clearly established, and the availability for deductions for interest expenses and so forth would be clearly established. You could then plan your operations for future years with much more certainty than you have not only as to the taxation of the hospital operation and the individuals involved, but also with the assurance that you legally have the limitations on personal liability which a corporate structure is supposed to provide you.

Our fee for the reorganization, including the formation of the new corporation, the merger of the old corporation into it and the documentation required to complete the transfers of property and equipment to the new corporation, would be \$3,000. We would bill you separately and currently for out-of-pocket expenses and disbursements involved in connection with the filing and recording of the documents required to effect the reorganization.

Sincerely yours,



ERNEST GENE REEVES

EGR:cms

TAG 003358

J.APP. 4058

JEFFERSON MEMORIAL HOSPITAL

4600 KING STREET, ALEXANDRIA, VIRGINIA 22302
TELEPHONE: 703/931-2800

December 11, 1970

Mr. Ernest Gene Reeves, Esq.
Reeves & Harrison
Suite 500
1701 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Dear Mr. Reeves:

This letter will acknowledge your recent letter dated November 20, 1970, addressed to the Board of Directors in connection with changing the corporate set-up of Jefferson Memorial Hospital, Inc. At the Board of Directors Meeting on December 9, 1970, it was approved that the Hospital Corporation accepted your offer as Legal Counsel for advice with the understanding that you consult with 2 former attorneys, namely Mr. Bernard Krakow (Me 8-1987), and Mr. Thorpe Richards, (836-2771). I would like to put on record that I personally oppose changing the Charter of Jefferson Memorial Hospital from a non-profit corporation to a profit corporation, however, I am willing to cooperate 100% with the wish of the majority of the Board of Directors. I oppose it principally because I do not agree that any profit-making should be achieved by a hospital. Furthermore, the time for the change is not appropriate. By changing the Charter, we will certainly lose very important benefits which will be an additional burden on the Hospital. Since I have never had the pleasure of talking to you to express my opinion, this statement is just a matter of record rather than a proposal to change future plans.

I have talked to the Administrator of the Hospital, Mr. L. Craig Forchman, who was highly impressed by you and the concept of how to conduct the transfer. I especially welcome your strong suggestions that members of this venture should pay up their current obligations before any change in the Charter is made.

Trial Exhibit
No. 375.

TAG 003359
J.APP. 4059

Mr. Ernest Gene Reeves, Esq.
December 11, 1970
Page Two

For being 18 years in real estate investment, without lack of modesty, I can state that these ventures were successful, so I definitely wish to adhere to the method used by me previously, that is to keep my ownership in the building as an individual rather than in corporate form. As you might know, I am trustee for the whole venture, however, I am speaking only for my part, because if any member desires to put his share of the partnership into the future corporation, I will cooperate 100%, and I will release that part of the partnership.

In order to summarize my letter:

1. Your offer is accepted. The retainer fee will be paid by the Hospital Corporation and not by the partnership.
2. Before any change of the Corporation can be made, all obligations of the individual partners must be met; except one note due on December 31, 1970. All the rest are long overdue. I would suggest that these partners put up the money before changing the Corporation or request in writing to adjust their share in the partnership appropriately up to the amount of what they paid for it.
3. The approximate \$150,000. notes obligation of the Hospital Corporation is endorsed only by me at the present time. Therefore, the notes have to be paid in full before any change of the Corporation can be made. However, I am willing to pay or endorse a new note up to my percentage of interest in the new Corporation - 25%. Under no condition would I agree to endorse the full note, and accept notes from other partners. If they feel that due to the high interest rate that banks are now charging they would rather loan that sum of money then naturally I am willing to loan 25% of the amount at the same interest rate and for the same length of time as the rest of the partners are willing to do.

Mr. Ernest Gene Reeves, Esq.

December 11, 1970

Pace Three

4. As far as the land is concerned, I inform you that the land was appraised for \$300,000. The ownership of the land is as follows: Dr. Leslie Gondor and his wife 50%, Tauber Foundation 25%, Jefferson Memorial Hospital 20%, and Dr. Samuel Burtoff 5%. As far as the Tauber Foundation's holdings, I am willing to propose a sale to the new Corporation for \$75,000. if it is desired. In order to clean out the records and make it more simple, I would like to state that this transaction is based on an all cash basis.
5. I recommend that all the Hospital equipment be transferred to the new Corporation.
6. Our appointed Committee, Drs. Vlahos, Corrado, Small and Peters are hereby authorized to work out the details with the cooperation of the Administrator, Mr. L. Craig Forthman, and Attorneys Mr. Krakow and Mr. Richards.
7. Any dilution of the stocks is opposed by each of us. That is, the option to purchase the stocks have to be based on the percentage of ownership of the Hospital building, as agreed on by the Board of Directors unanimously.

With best wishes,

Sincerely yours,

LASZLO N. TAUBER, M.D.
Chairman, Board of Directors

LNT:ata

J.APP. 4061

TAG 003361

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REEVES & HARRISON
SUITE 500

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OF COUNSEL
MURRAY M. CHOTINER
PATRICK J. HILLINGS

July 14, 1971

Jacob A. Stein, Esq.
Stein & Mitchell
1200 18th Street, N.W.
Washington, D.C. 20036

Dear Mr. Stein:

I refer to your letter dated July 13, 1971, addressed to Dr. Laszlo N. Tauber containing an offer on behalf of your client, Dr. Melvin Small, to purchase Dr. Tauber's interest in Jefferson Memorial Hospital at a purchase price of \$8,000 for each 1% of his interest, or, in the alternative, an offer by Dr. Small to sell his 7 1/2% interest in the hospital at the same price of \$8,000 for each 1% thereof.

Our client, Dr. Laszlo N. Tauber, accepts the offer of Dr. Small to sell his 7 1/2% interest in Jefferson Memorial Hospital at a price of \$8,000 for each 1% thereof. I am advised that Dr. Small still owes a portion of his original purchase price of his 7 1/2% interest. Dr. Tauber will forward his check payable to Dr. Small to you under separate cover for the amount due to purchase Dr. Small's interest.

Sincerely yours,

ERNEST GENE REEVES

EGR:dms

cc: Dr. Laszlo N. Tauber

TAUBER 24206

Trial Exhibit
No. 378.

J.APP. 4062

CONFIDENTIAL

Address any reply to: 31 Hopkins Plaza, Baltimore, Md. 21201

US Treasury Department

Director, Internal Revenue Service

Date: JAN 8 1972 in reply refer to:

AIR 3020:MK



REGISTERED MAIL

> Jefferson Memorial Hospital
4600 King Street
Alexandria, Virginia 22302

Gentlemen:

We have reconsidered the ruling dated January 27, 1967, in which you were held exempt from Federal income tax under the provisions of section 501(a) of the Internal Revenue Code of 1954 as an organization described in section 501(c)(3) of that statute.

The available information shows that you were incorporated on March 13, 1963, under the laws of the State of Maryland as a profit making corporation. On September 8, 1964, you amended your articles of incorporation and became a non-profit corporation. Your purposes as briefly stated in the third article of your amended articles are as follows:

"To establish and maintain a non-profit charitable hospital center and adjuncts convenient and necessary for its proper administration; to receive and administer funds for scientific, educational, charitable purposes, all for the public welfare, and for no other purposes."

The hospital's primary activity has been the operation of a community hospital which was opened March, 1965. Additional income is derived from leasing space to doctors for offices and from other miscellaneous sources.

Expenditures have been made primarily for operating expenses of the hospital including rental of the building and equipment and payment of interest on bonds sold by the hospital to raise capital for operations.

The hospital sold 8% bonds to various doctors and individuals in exchange for their 6% demand notes and did not enforce collection of such demand notes. Other hospital bonds were sold to the general public at 8% for cash. Some of the doctors receiving the 8% bonds in exchange for their 6% demand notes were officers,

TAUBER 45017

Trial Exhibit
No. 379.

J.APP. 4063

CONFIDENTIAL

-2-

Jefferson Memorial Hospital

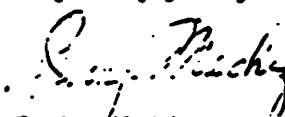
directors, and staff members of the hospital. Issuance of 8% bonds to these doctors and failure to enforce collection of the demand notes received in exchange resulted in inurement of income to private individuals.

Section 501(c)(3) of the 1954 Internal Revenue Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Based upon the foregoing, it is our conclusion that you have violated the provisions of section 501(c)(3) of the Code. Accordingly, it is held that you are not exempt from taxation under section 501(a) of the Code, and the ruling dated January 27, 1967 is revoked. The revocation of the ruling shall have retroactive effect to the year beginning November 1, 1965. To the extent it proposes revocation effective "for years beginning after December 31, 1965," our letter of July 30, 1969, is hereby modified.

Inasmuch as the periods of limitation for the assessment of deficiencies in Federal income tax for your taxable years ending October 31, 1966, and October 31, 1967, do not expire before October 15, 1972, you are required to file Federal income tax returns, forms 1120, for those years and for all subsequent years.

Very truly yours,



Irving Machis
District Director

TAUBER 45018