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APR - 7 2006
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

DUQUESNE LIGHT HOLDINGS, INC. SUBSIDIARY
SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Sublease") made the 29th day of June, 2005, by and between DUQUESNE LIGHT COMPANY, a Pennsylvania corporation with an address of 1800 Seymour Street, Pittsburgh, PA 15233 ("DLC"), and DUQUESNE POWER, INC., a wholly owned subsidiary of Duquesne Light Company, a Pennsylvania corporation, with an address of 411 Seventh Avenue, Fifteenth Floor, Pittsburgh, PA 15219 ("DUQ POWER")

WITNESSETH:

WHEREAS, pursuant to a Lease Agreement dated March 1, 1994, as amended by letter agreements dated February 22, 1995, August 8, 1995, November 14, 1995, November 15, 1995, March 14, 1996, October 21, 1996, May 2, 1997, May 2, 1997, June 6, 1997, October 7, 1998, October 8, 1998, November 23, 1998, April 15, 1999, June 14, 1999, December 20, 2001 and December 8, 2004 (as amended, the "Master Lease"), a copy of which is attached hereto as Exhibit "A", Property Ventures, Ltd. (Landlord therein) agreed to lease to DLC (Tenant therein) certain premises as more fully described in the Master Lease (the "Premises"), located at 411 Seventh Avenue, Pittsburgh, Allegheny County, Pennsylvania, (the "Building"); and

WHEREAS, in 2001 the Building was sold and the Master Lease was assigned to 411 Seventh Avenue Associates, LP ("Landlord"), with an address at 3637 Washington Road, Suite 2, McMurray, PA 15317;

WHEREAS, DUQ POWER desires to sublease from DLC, and DLC desires to sublease to DUQ POWER, on the terms and conditions set forth in this Sublease, a portion of the Premises, which portion is more fully described in Section 8 below and in Exhibit "B" attached hereto and incorporated herein for all purposes (the "Subleased Premises"); and

WHEREAS, Landlord is joining in this Sublease for the purpose of consenting to the provisions of this Sublease, as required by Section 14 of the Master Lease.

NOW THEREFORE, in consideration of the rents herein reserved and the covenants and conditions contained in this Sublease, and intending to be legally bound, the parties agree as follows:

1. DEFINED TERMS. All capitalized terms used in this Sublease and not defined herein shall have the meaning set forth in the Master Lease.
2. SUBLEASE TERM; EARLY ACCESS. DLC hereby demises and sublets to DUQ POWER, which hereby subleases and takes from DLC, the Subleased Premises for an initial term (the "Sublease Term") commencing January 1, 2005 (the "Sublease Commencement Date"), and expiring December 31, 2011. For all purposes of the relationship between DLC and DUQ POWER, the Sublease Commencement Date shall constitute the Rent Commencement Date as used in the Master Lease.
3. RENT. During the Sublease Term, on or before the first day of each month, DUQ POWER shall pay to DLC at the address set forth in Section 6 below Annual Minimum Rent and Additional Rent, in the manner and in the amounts set forth in the Master Lease. Additional Rent shall be calculated in the manner set forth in the Master Lease and shall be payable within thirty (30) days after DLC's billing therefor.
4. BASE YEAR. The Base Year for purposes of calculating Additional Rent shall be the Base Year set forth in the Master Lease.
5. PAYMENT FOR EXTRA SERVICES. DUQ POWER shall be responsible to reimburse DLC, where applicable, for any extra services provided to DUQ POWER above and beyond the standard services provided to all tenants in the Building and included in the Operating Expenses. These extra services may include separate billings for services provided beyond the normal operating hours of the Building.
6. RENTAL PAYMENT ADDRESS. All payments for Minimum Rent, Additional Rent and any other amounts due to DLC hereunder shall be made payable to "Duquesne Light Company" and mailed to the following address or such other address as DLC shall designate from time to time:

Duquesne Light Company
2833 New Beaver Avenue
Pittsburgh, PA 15233
Attention: Robert W. Mayer
Building #5, Second Floor

7. NOTICE ADDRESSES. Except for the payment of rent, all notices and other correspondence to DLC shall be sent by hand delivery, intra-company mail, overnight courier or first class mail, return receipt requested, and shall be addressed to:

Duquesne Light Company
1800 Seymour Street

Pittsburgh, PA 15233
Attention: Real Estate Department.

All notices and other correspondence to DUQ POWER shall be sent by hand delivery, intra-company mail, overnight courier or first class mail, return receipt requested, and shall be addressed to:

James E. Wilson, President
Mail Drop 15-4
411 Seventh Avenue
Pittsburgh, PA 15219

8. SUBLEASED PREMISES. The Subleased Premises shall consist of 2629 square feet of rentable space comprised of 2118 usable space and 511 square feet of common space ("Sublease Rentable Area"), on the southwest section of the Fifteenth Floor of the Building. For all purposes of the relationship between DLC and DUQ POWER, the Sublease Rentable Area shall constitute the Rentable Area as used in the Master Lease. DUQ POWER shall have the same rights as DLC has under the Master Lease to use common spaces on the Fifteenth Floor and in the Building, including the restrooms, corridors and freight elevator (in accordance with Building rules and regulations).
9. PERMITTED USES. DUQ POWER shall use the Subleased Premises solely for general office purposes.
10. APPLICABILITY OF MASTER LEASE. This Sublease is subject and subordinate to all of the terms and conditions of the Master Lease, each of which is incorporated herein and made a part hereof by reference. DUQ POWER, during the term of the Sublease, assumes all obligations and responsibilities of the Tenant under the Master Lease except (i) where such obligations and responsibilities are inconsistent with this Sublease and (ii) as hereinafter provided in this Section 10. Where such inconsistencies may exist, the covenants and provisions of this Sublease shall prevail. All terms and conditions of the Master Lease not inconsistent with this Sublease shall be binding on DUQ POWER, except for the following:
 - a. Section 1;
 - b. Section 2(k), 2(aj), 2(al), 2(am), 2(an), 2(ao), 2(ap), 2(aq), 2(ar) and 2(as);
 - c. Section 3 (as amended by the letter agreement dated December 20, 2001 (the "15th Letter Agreement"));
 - d. Section 4(a) and those provisions of Section 4(b) relating to the First Floor Office Premises, Tenant Improvement Allowance and Landlord's Work;
 - e. Section 8(c);
 - f. Section 45;
 - g. Section 46;
 - h. Section 47;
 - i. Section 48;

- j. Section 50;
 - k. Section 55 (added per the 15th Letter Agreement); and
 - l. All definitions in Section 2 used only in one or more of the foregoing sections of the Master Lease.
-
- 11. ASSIGNMENT. DUQ POWER shall not assign, demise or sublease all or any portion of the Subleased Premises without the prior written consent of Landlord and DLC in each instance, and any such assignment, demise or sublease without Landlord's and DLC's prior written consent shall be null and void.
 - 12. INSURANCE. In addition to the insurance requirements set forth in Sections 19 and 20 of the Master Lease, DUQ POWER shall name both Landlord and DLC, as their interests may appear, as additional insureds on all insurance policies required to be maintained by DUQ POWER and shall deliver to each of Landlord and DLC a certificate of insurance or other evidence thereof.
 - 13. SIGNS. DUQ POWER will be identified on the elevator corridor directional sign.
 - 14. DEFAULT BY SUBTENANT. In the event of a default by DUQ POWER, DLC shall be entitled to exercise all the rights and remedies of Landlord under the Master Lease, including those set forth in Section 24(b) of the Master Lease, and all other rights and remedies available to DLC at law or in equity.
 - 15. DEFAULT BY LANDLORD. In the event any Landlord Default under the Master Lease materially interferes with or materially impairs DUQ POWER's quiet enjoyment of the Subleased Premises, DUQ POWER may request that DLC exercise its rights and remedies as set forth in Section 25(b) of the Master Lease.
 - 16. CONDITION PRECEDENT. The effectiveness of this Sublease is expressly conditioned upon the parties' obtaining the written consent of Landlord, and this Sublease shall not be binding upon the parties until such written consent is obtained.
 - 17. GOVERNING LAW. This Sublease shall be governed by, construed, interpreted and applied in accordance with the laws of the Commonwealth of Pennsylvania (without giving effect to conflict of law principles).
 - 18. COUNTERPARTS. This Sublease may be executed in two or more counterparts and by the different parties on separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute and deliver this Sublease Agreement as of the date first above written.

ATTEST:

SUBLANDLORD:

DUQUESNE LIGHT COMPANY

Marylou Olenski
Secretary/Assistant Secretary

By: Joseph W. Smetanka
Joseph W. Smetanka,
Vice President, Customer Service

ATTEST:

SUBTENANT:

DUQUESNE POWER, INC.

D L Rabizzi
Douglas L. Rabizzi, Secretary

By: James E. Wilson
James E. Wilson, President

The undersigned Landlord hereby executes this Sublease Agreement for the purpose of consenting thereto.

ACCEPTED AND AGREED:

WITNESS:

LANDLORD:

411 SEVENTH AVENUE ASSOCIATES,
L.P.

By: _____

Its: _____

EXHIBIT A
MASTER LEASE

411 Seventh Avenue Associates, LP
701 Technology Drive, Suite 210
Canonsburg, PA 15317

July 27, 2005

Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15233
Attn: Real Estate Department

Re: Lease Agreement dated March 1, 1994, as amended (Prime Lease) between
411 Seventh Avenue Associates, LP and Duquesne Light Company / Proposed
Sublease to ~~Duquesne Power, Inc.~~ (Sublessee)

Gentlemen:

Reference is made to the captioned Prime Lease, under which you are the Tenant, and to the captioned Sublease. You have requested the consent of 411 Seventh Avenue Associates, LP, as Landlord under the Prime Lease, to the captioned Sublease.

Landlord hereby consents to the subletting on the following terms and conditions:

1. That the said subletting shall in no way modify, amend or affect the Prime Lease or, except as herein expressly set forth, affect Tenant's obligations hereunder.
2. That this Consent shall not be construed so as to increase any of Landlord's obligations under the Prime Lease.
3. That you do not permit any assignment of the Sublease or further subletting of all or a portion of the subleased premises without the prior written consent of Landlord.
4. That this Consent shall not be construed to permit any greater use of services provided to the subleased premises than is provided for in the Prime Lease including, but not limited to, Landlord's obligation to supply electrical service.
5. That this Consent shall not be construed to release Sublessor from its obligations under the Prime Lease.

6. That, except as provided in Paragraph 9, notwithstanding anything herein contained, the Sublease shall in all respects be subject and subordinate to the Prime Lease and to all of the terms and conditions thereof.

7. That, except as provided in Paragraph 9, this Consent is to the act of subletting only and not to any of representations in, or agreements between the parties to, the Sublease.

8. That this Consent is not assignable.

Very truly yours,

411 SEVENTH AVENUE ASSOCIATES, L.P.,
By: 411 Seventh Avenue Properties, L.L.C.,
general partner

By: 
Name: Richard Ewerby
Title: _____

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

DUQUESNE LIGHT HOLDINGS, INC. SUBSIDIARY
SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Sublease") made the 29th day of June, 2005, by and between DUQUESNE LIGHT COMPANY, a Pennsylvania corporation with an address of 1800 Seymour Street, Pittsburgh, PA 15233 ("DLC"), and DUQUESNE LIGHT ENERGY, LLC, a wholly owned subsidiary of Duquesne Light Holdings, Inc., with an address of 411 Seventh Avenue, Fifteenth Floor, Pittsburgh, PA 15219 ("DL ENERGY")

WITNESSETH:

WHEREAS, pursuant to a Lease Agreement dated March 1, 1994, as amended by letter agreements dated February 22, 1995, August 8, 1995, November 14, 1995, November 15, 1995, March 14, 1996, October 21, 1996, May 2, 1997, May 2, 1997, June 6, 1997, October 7, 1998, October 8, 1998, November 23, 1998, April 15, 1999, June 14, 1999, December 20, 2001 and December 8, 2004 (as amended, the "Master Lease"), a copy of which is attached hereto as Exhibit "A", Property Ventures, Ltd. (Landlord therein) agreed to lease to DLC (Tenant therein) certain premises as more fully described in the Master Lease (the "Premises"), located at 411 Seventh Avenue, Pittsburgh, Allegheny County, Pennsylvania, , (the "Building"); and

WHEREAS, in 2001 the Building was sold and the Master Lease was assigned to 411 Seventh Avenue Associates, LP ("Landlord"), with an address at 3637 Washington Road, Suite 2, McMurray, PA 15317;

WHEREAS, DL ENERGY desires to sublease from DLC, and DLC desires to sublease to DL ENERGY, on the terms and conditions set forth in this Sublease, a portion of the Premises, which portion is more fully described in Section 8 below and in Exhibit "B" attached hereto and incorporated herein for all purposes (the "Subleased Premises"); and

WHEREAS, Landlord is joining in this Sublease for the purpose of consenting to the provisions of this Sublease, as required by Section 14 of the Master Lease.

NOW THEREFORE, in consideration of the rents herein reserved and the covenants and conditions contained in this Sublease, and intending to be legally bound, the parties agree as follows:

1. DEFINED TERMS. All capitalized terms used in this Sublease and not defined herein shall have the meaning set forth in the Master Lease.
2. SUBLEASE TERM; EARLY ACCESS. DLC hereby demises and sublets to DL ENERGY, which hereby subleases and takes from DLC, the Subleased Premises for an initial term (the "Sublease Term") commencing January 1, 2005 (the "Sublease Commencement Date"), and expiring December 31, 2011. For all purposes of the relationship between DLC and DL ENERGY, the Sublease Commencement Date shall constitute the Rent Commencement Date as used in the Master Lease.
3. RENT. During the Sublease Term, on or before the first day of each month, DL ENERGY shall pay to DLC at the address set forth in Section 6 below Annual Minimum Rent and Additional Rent, in the manner and in the amounts set forth in the Master Lease. Additional Rent shall be calculated in the manner set forth in the Master Lease and shall be payable within thirty (30) days after DLC's billing therefor.
4. BASE YEAR. The Base Year for purposes of calculating Additional Rent shall be the Base Year set forth in the Master Lease.
5. PAYMENT FOR EXTRA SERVICES. DL ENERGY shall be responsible to reimburse DLC, where applicable, for any extra services provided to DL ENERGY above and beyond the standard services provided to all tenants in the Building and included in the Operating Expenses. These extra services may include separate billings for services provided beyond the normal operating hours of the Building.
6. RENTAL PAYMENT ADDRESS. All payments for Minimum Rent, Additional Rent and any other amounts due to DLC hereunder shall be made payable to "Duquesne Light Company" and mailed to the following address or such other address as DLC shall designate from time to time:

Duquesne Light Company
2833 New Beaver Avenue
Pittsburgh, PA 15233
Attention: Robert W. Mayer
Building #5, Second Floor
7. NOTICE ADDRESSES. Except for the payment of rent, all notices and other correspondence to DLC shall be sent by hand delivery, intra-company mail, overnight courier or first class mail, return receipt requested, and shall be addressed to:

Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15233
Attention: Real Estate Department.

All notices and other correspondence to DL ENERGY shall be sent by hand delivery, intra-company mail, overnight courier or first class mail, return receipt requested, and shall be addressed to:

James E. Wilson, President
Mail Drop 15-4
411 Seventh Avenue
Pittsburgh, PA 15219

8. SUBLEASED PREMISES. The Subleased Premises shall consist of 3136 square feet of rentable space comprised of 2540 usable space and 596 square feet of common space ("Sublease Rentable Area"), on the southwest section of the Fifteenth Floor of the Building. For all purposes of the relationship between DLC and DL ENERGY, the Sublease Rentable Area shall constitute the Rentable Area as used in the Master Lease. DL ENERGY shall have the same rights as DLC has under the Master Lease to use common spaces on the Fifteenth Floor and in the Building, including the restrooms, corridors and freight elevator (in accordance with Building rules and regulations).
9. PERMITTED USES. DL ENERGY shall use the Subleased Premises solely for general office purposes.
10. APPLICABILITY OF MASTER LEASE. This Sublease is subject and subordinate to all of the terms and conditions of the Master Lease, each of which is incorporated herein and made a part hereof by reference. DL ENERGY, during the term of the Sublease, assumes all obligations and responsibilities of the Tenant under the Master Lease except (i) where such obligations and responsibilities are inconsistent with this Sublease and (ii) as hereinafter provided in this Section 10. Where such inconsistencies may exist, the covenants and provisions of this Sublease shall prevail. All terms and conditions of the Master Lease not inconsistent with this Sublease shall be binding on DL ENERGY, except for the following:
 - a. Section 1;
 - b. Section 2(k), 2(aj), 2(al), 2(am), 2(an), 2(ao), 2(ap), 2(aq), 2(ar) and 2(as);
 - c. Section 3 (as amended by the letter agreement dated December 20, 2001 (the "15th Letter Agreement"));
 - d. Section 4(a) and those provisions of Section 4(b) relating to the First Floor Office Premises, Tenant Improvement Allowance and Landlord's Work;
 - e. Section 8(c);
 - f. Section 45;
 - g. Section 46;
 - h. Section 47;
 - i. Section 48;
 - j. Section 50;
 - k. Section 55 (added per the 15th Letter Agreement); and

1. All definitions in Section 2 used only in one or more of the foregoing sections of the Master Lease.
11. ASSIGNMENT. DL ENERGY shall not assign, demise or sublease all or any portion of the Subleased Premises without the prior written consent of Landlord and DLC in each instance, and any such assignment, demise or sublease without Landlord's and DLC's prior written consent shall be null and void.
12. INSURANCE. In addition to the insurance requirements set forth in Sections 19 and 20 of the Master Lease, DL ENERGY shall name both Landlord and DLC, as their interests may appear, as additional insureds on all insurance policies required to be maintained by DL ENERGY and shall deliver to each of Landlord and DLC a certificate of insurance or other evidence thereof.
13. SIGNS. DL ENERGY will be identified on the elevator corridor directional sign.
14. DEFAULT BY SUBTENANT. In the event of a default by DL ENERGY, DLC shall be entitled to exercise all the rights and remedies of Landlord under the Master Lease, including those set forth in Section 24(b) of the Master Lease, and all other rights and remedies available to DLC at law or in equity.
15. DEFAULT BY LANDLORD. In the event any Landlord Default under the Master Lease materially interferes with or materially impairs DL ENERGY's quiet enjoyment of the Subleased Premises, DL ENERGY may request that DLC exercise its rights and remedies as set forth in Section 25(b) of the Master Lease.
16. CONDITION PRECEDENT. The effectiveness of this Sublease is expressly conditioned upon the parties' obtaining the written consent of Landlord, and this Sublease shall not be binding upon the parties until such written consent is obtained.
17. GOVERNING LAW. This Sublease shall be governed by, construed, interpreted and applied in accordance with the laws of the Commonwealth of Pennsylvania (without giving effect to conflict of law principles).
18. COUNTERPARTS. This Sublease may be executed in two or more counterparts and by the different parties on separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute and deliver this Sublease Agreement as of the date first above written.

ATTEST:

SUBLANDLORD:

DUQUESNE LIGHT COMPANY

Mary Lou Olinski
Secretary/Assistant Secretary

By: Joseph W. Smetanka
Joseph W. Smetanka,
Vice President, Customer Service

ATTEST:

SUBTENANT:

DUQUESNE LIGHT ENERGY

Mary Lou Olinski
Mary Lou Olinski, Secretary

By: James E. Wilson
James E. Wilson, President

The undersigned Landlord hereby executes this Sublease Agreement for the purpose of consenting thereto.

ACCEPTED AND AGREED:

WITNESS:

LANDLORD:

411 SEVENTH AVENUE ASSOCIATES,
L.P.

By: _____

Its: _____

**411 Seventh Avenue Associates, LP
701 Technology Drive, Suite 210
Canonsburg, PA 15317**

July 27, 2005

Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15233
Attn: Real Estate Department

Re: Lease Agreement dated March 1, 1994, as amended (Prime Lease) between
411 Seventh Avenue Associates, LP and Duquesne Light Company / Proposed
Sublease to Duquesne Light Energy, LLC (Sublessee)

Gentlemen:

Reference is made to the captioned Prime Lease, under which you are the Tenant, and to the captioned Sublease. You have requested the consent of 411 Seventh Avenue Associates, LP, as Landlord under the Prime Lease, to the captioned Sublease.

Landlord hereby consents to the subletting on the following terms and conditions:

1. That the said subletting shall in no way modify, amend or affect the Prime Lease or, except as herein expressly set forth, affect Tenant's obligations hereunder.
2. That this Consent shall not be construed so as to increase any of Landlord's obligations under the Prime Lease.
3. That you do not permit any assignment of the Sublease or further subletting of all or a portion of the subleased premises without the prior written consent of Landlord.
4. That this Consent shall not be construed to permit any greater use of services provided to the subleased premises than is provided for in the Prime Lease including, but not limited to, Landlord's obligation to supply electrical service.
5. That this Consent shall not be construed to release Sublessor from its obligations under the Prime Lease.

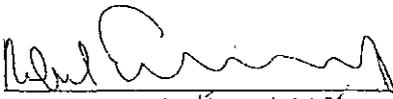
6. That, except as provided in Paragraph 9, notwithstanding anything herein contained, the Sublease shall in all respects be subject and subordinate to the Prime Lease and to all of the terms and conditions thereof.

7. That, except as provided in Paragraph 9, this Consent is to the act of subletting only and not to any of representations in, or agreements between the parties to, the Sublease.

8. That this Consent is not assignable.

Very truly yours,

411 SEVENTH AVENUE ASSOCIATES, L.P.,
By: 411 Seventh Avenue Properties, L.L.C.,
general partner

By: 
Name: Richard Eisenberg
Title: Manager

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

DUQUESNE LIGHT HOLDINGS, INC. SUBSIDIARY
SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Sublease") made the 3rd day of April, 2005, by and between DUQUESNE LIGHT COMPANY, a Pennsylvania corporation with an address of 1800 Seymour Street, Pittsburgh, PA 15233 ("DLC"), and DUQUESNE ENERGY SOLUTIONS, LLC, a wholly owned subsidiary of Duquesne Light Holdings, Inc., a Pennsylvania corporation, with an address of 411 Seventh Avenue, Fifteenth Floor, Pittsburgh, PA 15219 ("DES")

WITNESSETH:

WHEREAS, pursuant to a Lease Agreement dated March 1, 1994, as amended by letter agreements dated February 22, 1995, August 8, 1995, November 14, 1995, November 15, 1995, March 14, 1996, October 21, 1996, May 2, 1997, May 2, 1997, June 6, 1997, October 7, 1998, October 8, 1998, November 23, 1998, April 15, 1999, June 14, 1999, December 20, 2001 and December 8, 2004 (as amended, the "Master Lease"), a copy of which is attached hereto as Exhibit "A", Property Ventures, Ltd. (Landlord therein) agreed to lease to DLC (Tenant therein) certain premises as more fully described in the Master Lease (the "Premises"), located at 411 Seventh Avenue, Pittsburgh, Allegheny County, Pennsylvania, (the "Building"); and

WHEREAS, in 2001 the Building was sold and the Master Lease was assigned to 411 Seventh Avenue Associates, LP ("Landlord"), with an address at 3637 Washington Road, Suite 2, McMurray, PA 15317;

WHEREAS, DES desires to sublease from DLC, and DLC desires to sublease to DES, on the terms and conditions set forth in this Sublease, a portion of the Premises, which portion is more fully described in Section 8 below and in Exhibit "B" attached hereto and incorporated herein for all purposes (the "Subleased Premises"); and

WHEREAS, Landlord is joining in this Sublease for the purpose of consenting to the provisions of this Sublease, as required by Section 14 of the Master Lease.

NOW THEREFORE, in consideration of the rents herein reserved and the covenants and conditions contained in this Sublease, and intending to be legally bound, the parties agree as follows:

1. DEFINED TERMS. All capitalized terms used in this Sublease and not defined herein shall have the meaning set forth in the Master Lease.

2. SUBLEASE TERM; EARLY ACCESS. DLC hereby demises and sublets to DES, which hereby subleases and takes from DLC, the Subleased Premises for an initial term (the "Sublease Term") commencing January 1, 2005 (the "Sublease Commencement Date"), and expiring December 31, 2011. For all purposes of the relationship between DLC and DES, the Sublease Commencement Date shall constitute the Rent Commencement Date as used in the Master Lease.
3. RENT. During the Sublease Term, on or before the first day of each month, DES shall pay to DLC at the address set forth in Section 6 below Annual Minimum Rent and Additional Rent, in the manner and in the amounts set forth in the Master Lease. Additional Rent shall be calculated in the manner set forth in the Master Lease and shall be payable within thirty (30) days after DLC's billing therefor.
4. BASE YEAR. The Base Year for purposes of calculating Additional Rent shall be the Base Year set forth in the Master Lease.
5. PAYMENT FOR EXTRA SERVICES. DES shall be responsible to reimburse DLC, where applicable, for any extra services provided to DES above and beyond the standard services provided to all tenants in the Building and included in the Operating Expenses. These extra services may include separate billings for services provided beyond the normal operating hours of the Building.
6. RENTAL PAYMENT ADDRESS. All payments for Minimum Rent, Additional Rent and any other amounts due to DLC hereunder shall be made payable to "Duquesne Light Company" and mailed to the following address or such other address as DLC shall designate from time to time:

Duquesne Light Company
2833 New Beaver Avenue
Pittsburgh, PA 15233
Attention: Robert W. Mayer
Building #5, Second Floor

7. NOTICE ADDRESSES. Except for the payment of rent, all notices and other correspondence to DLC shall be sent by hand delivery, intra-company mail, overnight courier or first class mail, return receipt requested, and shall be addressed to:

Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15233
Attention: Real Estate Department.

All notices and other correspondence to DES shall be sent by hand delivery, intra-company mail, overnight courier or first class mail, return receipt requested, and shall be addressed to:

John R. Schmitt, Vice President
411 Seventh Avenue, 15th Floor
Pittsburgh, PA 15219

8. SUBLEASED PREMISES. The Subleased Premises shall consist of 6536 square feet of rentable space comprised of 5259 usable space and 1277 square feet of common space ("Sublease Rentable Area"), on the north central section of the Fifteenth Floor of the Building. For all purposes of the relationship between DLC and DES, the Sublease Rentable Area shall constitute the Rentable Area as used in the Master Lease. DES shall have the same rights as DLC has under the Master Lease to use common spaces on the Fifteenth Floor and in the Building, including the restrooms, corridors and freight elevator (in accordance with Building rules and regulations).
9. PERMITTED USES. DES shall use the Subleased Premises solely for general office purposes.
10. APPLICABILITY OF MASTER LEASE. This Sublease is subject and subordinate to all of the terms and conditions of the Master Lease, each of which is incorporated herein and made a part hereof by reference. DES, during the term of the Sublease, assumes all obligations and responsibilities of the Tenant under the Master Lease except (i) where such obligations and responsibilities are inconsistent with this Sublease and (ii) as hereinafter provided in this Section 10. Where such inconsistencies may exist, the covenants and provisions of this Sublease shall prevail. All terms and conditions of the Master Lease not inconsistent with this Sublease shall be binding on DES, except for the following:
 - a. Section 1;
 - b. Section 2(k), 2(aj), 2(al), 2(am), 2(an), 2(ao), 2(ap), 2(aq), 2(ar) and 2(as);
 - c. Section 3 (as amended by the letter agreement dated December 20, 2001 (the "15th Letter Agreement");
 - d. Section 4(a) and those provisions of Section 4(b) relating to the First Floor Office Premises, Tenant Improvement Allowance and Landlord's Work;
 - e. Section 8(c);
 - f. Section 45;
 - g. Section 46;
 - h. Section 47;
 - i. Section 48;
 - j. Section 50;
 - k. Section 55 (added per the 15th Letter Agreement); and
 - l. All definitions in Section 2 used only in one or more of the foregoing sections of the Master Lease.

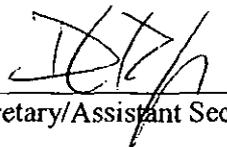
11. ASSIGNMENT. DES shall not assign, demise or sublease all or any portion of the Subleased Premises without the prior written consent of Landlord and DLC in each instance, and any such assignment, demise or sublease without Landlord's and DLC's prior written consent shall be null and void.
12. INSURANCE. In addition to the insurance requirements set forth in Sections 19 and 20 of the Master Lease, DES shall name both Landlord and DLC, as their interests may appear, as additional insureds on all insurance policies required to be maintained by DES and shall deliver to each of Landlord and DLC a certificate of insurance or other evidence thereof.
13. SIGNS. DES will be identified on the elevator corridor directional sign.
14. DEFAULT BY SUBTENANT. In the event of a default by DES, DLC shall be entitled to exercise all the rights and remedies of Landlord under the Master Lease, including those set forth in Section 24(b) of the Master Lease, and all other rights and remedies available to DLC at law or in equity.
15. DEFAULT BY LANDLORD. In the event any Landlord Default under the Master Lease materially interferes with or materially impairs DES's quiet enjoyment of the Subleased Premises, DES may request that DLC exercise its rights and remedies as set forth in Section 25(b) of the Master Lease.
16. CONDITION PRECEDENT. The effectiveness of this Sublease is expressly conditioned upon the parties' obtaining the written consent of Landlord, and this Sublease shall not be binding upon the parties until such written consent is obtained.
17. GOVERNING LAW. This Sublease shall be governed by, construed, interpreted and applied in accordance with the laws of the Commonwealth of Pennsylvania (without giving effect to conflict of law principles).
18. COUNTERPARTS. This Sublease may be executed in two or more counterparts and by the different parties on separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.
19. APPROVALS. DLC shall file with the Pennsylvania Public Utility Commission as required by Title 66, Section 2102 of the Public Utility Code, a copy of this duly executed Sublease and it shall become effective in accordance therewith.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute and deliver this Sublease Agreement as of the date first above written.

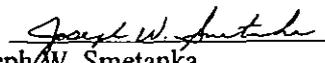
ATTEST:

SUBLANDLORD:

DUQUESNE LIGHT COMPANY



Secretary/Assistant Secretary

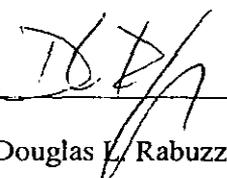
By: 

Joseph W. Smetanka,
Vice President, Customer Service 

ATTEST:

SUBTENANT:

DUQUESNE ENERGY SOLUTIONS,
LLC



Douglas L. Rabuzzi, Secretary

By: 

John R. Schmitt, Vice President

The undersigned Landlord hereby executes this Sublease Agreement for the purpose of consenting thereto.

ACCEPTED AND AGREED:

WITNESS:

LANDLORD:

411 SEVENTH AVENUE ASSOCIATES,
L.P.

By: _____

Its: _____

EXHIBIT A
MASTER LEASE

**411 Seventh Avenue Associates, LP
701 Technology Drive, Suite 210
Canonsburg, PA 15317**

July 27, 2005

Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15233
Attn: Real Estate Department

Re: Lease Agreement dated March 1, 1994, as amended (Prime Lease) between
411 Seventh Avenue Associates, LP and Duquesne Light Company / Proposed
Sublease to Duquesne Energy Solutions, LLC (Sublessee)

Gentlemen:

Reference is made to the captioned Prime Lease, under which you are the Tenant, and to the captioned Sublease. You have requested the consent of 411 Seventh Avenue Associates, LP, as Landlord under the Prime Lease, to the captioned Sublease.

Landlord hereby consents to the subletting on the following terms and conditions:

1. That the said subletting shall in no way modify, amend or affect the Prime Lease or, except as herein expressly set forth, affect Tenant's obligations hereunder.
2. That this Consent shall not be construed so as to increase any of Landlord's obligations under the Prime Lease.
3. That you do not permit any assignment of the Sublease or further subletting of all or a portion of the subleased premises without the prior written consent of Landlord.
4. That this Consent shall not be construed to permit any greater use of services provided to the subleased premises than is provided for in the Prime Lease including, but not limited to, Landlord's obligation to supply electrical service.
5. That this Consent shall not be construed to release Sublessor from its obligations under the Prime Lease.

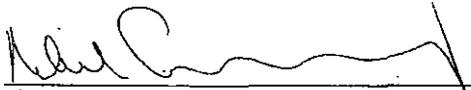
6. That, except as provided in Paragraph 9, notwithstanding anything herein contained, the Sublease shall in all respects be subject and subordinate to the Prime Lease and to all of the terms and conditions thereof.

7. That, except as provided in Paragraph 9, this Consent is to the act of subletting only and not to any of representations in, or agreements between the parties to, the Sublease.

8. That this Consent is not assignable.

Very truly yours,

411 SEVENTH AVENUE ASSOCIATES, L.P.,
By: 411 Seventh Avenue Properties, L.L.C.,
general partner

By: 
Name: Richard Eisenberg
Title: Manager

RECEIVED

APR - 7 2006
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

DUQUESNE LIGHT HOLDINGS, INC. SUBSIDIARY
SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Sublease") made the 7th day of April, 2005, by and between DUQUESNE LIGHT COMPANY, a Pennsylvania corporation with an address of 1800 Seymour Street, Pittsburgh, PA 15233 ("DLC"), and DQE COMMUNICATIONS, LLC, a wholly owned subsidiary of DQE Systems, a Pennsylvania corporation, a wholly owned subsidiary of Duquesne Light Holdings, Inc., with an address of 411 Seventh Avenue, Fifteenth Floor, Pittsburgh, PA 15219 ("DQE COM")

WITNESSETH:

WHEREAS, pursuant to a Lease Agreement dated March 1, 1994, as amended by letter agreements dated February 22, 1995, August 8, 1995, November 14, 1995, November 15, 1995, March 14, 1996, October 21, 1996, May 2, 1997, May 2, 1997, June 6, 1997, October 7, 1998, October 8, 1998, November 23, 1998, April 15, 1999, June 14, 1999, December 20, 2001 and December 8, 2004 (as amended, the "Master Lease"), a copy of which is attached hereto as Exhibit "A", Property Ventures, Ltd. (Landlord therein) agreed to lease to DLC (Tenant therein) certain premises as more fully described in the Master Lease (the "Premises"), located at 411 Seventh Avenue, Pittsburgh, Allegheny County, Pennsylvania, , (the "Building"); and

WHEREAS, in 2001 the Building was sold and the Master Lease was assigned to 411 Seventh Avenue Associates, LP ("Landlord"), with an address at 3637 Washington Road, Suite 2, McMurray, PA 15317;

WHEREAS, DQE COM desires to sublease from DLC, and DLC desires to sublease to DQE COM, on the terms and conditions set forth in this Sublease, a portion of the Premises, which portion is more fully described in Section 8 below and in Exhibit "B" attached hereto and incorporated herein for all purposes (the "Subleased Premises"); and

WHEREAS, Landlord is joining in this Sublease for the purpose of consenting to the provisions of this Sublease, as required by Section 14 of the Master Lease.

NOW THEREFORE, in consideration of the rents herein reserved and the covenants and conditions contained in this Sublease, and intending to be legally bound, the parties agree as follows:

1. DEFINED TERMS. All capitalized terms used in this Sublease and not defined herein shall have the meaning set forth in the Master Lease.
2. SUBLEASE TERM; EARLY ACCESS. DLC hereby demises and sublets to DQE COM, which hereby subleases and takes from DLC, the Subleased Premises for an initial term (the "Sublease Term") commencing January 1, 2005 (the "Sublease Commencement Date"), and expiring December 31, 2011. For all purposes of the relationship between DLC and DQE COM, the Sublease Commencement Date shall constitute the Rent Commencement Date as used in the Master Lease.
3. RENT. During the Sublease Term, on or before the first day of each month, DQE COM shall pay to DLC at the address set forth in Section 6 below Annual Minimum Rent and Additional Rent, in the manner and in the amounts set forth in the Master Lease. Additional Rent shall be calculated in the manner set forth in the Master Lease and shall be payable within thirty (30) days after DLC's billing therefor.
4. BASE YEAR. The Base Year for purposes of calculating Additional Rent shall be the Base Year set forth in the Master Lease.
5. PAYMENT FOR EXTRA SERVICES. DQE COM shall be responsible to reimburse DLC, where applicable, for any extra services provided to DQE COM above and beyond the standard services provided to all tenants in the Building and included in the Operating Expenses. These extra services may include separate billings for services provided beyond the normal operating hours of the Building.
6. RENTAL PAYMENT ADDRESS. All payments for Minimum Rent, Additional Rent and any other amounts due to DLC hereunder shall be made payable to "Duquesne Light Company" and mailed to the following address or such other address as DLC shall designate from time to time:

Duquesne Light Company
2833 New Beaver Avenue
Pittsburgh, PA 15233
Attention: Robert W. Mayer
Building #5, Second Floor

7. NOTICE ADDRESSES. Except for the payment of rent, all notices and other correspondence to DLC shall be sent by hand delivery, intra-company mail, overnight courier or first class mail, return receipt requested, and shall be addressed to:

Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15233
Attention: Real Estate Department.

All notices and other correspondence to DQE COM shall be sent by hand delivery, intra-company mail, overnight courier or first class mail, return receipt requested, and shall be addressed to:

Mark A. Rupnik, Vice President
411 Seventh Avenue, 15th Floor
Pittsburgh, PA 15219

8. SUBLEASED PREMISES. The Subleased Premises shall consist of **3720 square feet** of rentable space comprised of 2996 usable space and 724 square feet of common space ("Sublease Rentable Area"), on the northwest section of the Fifteenth Floor of the Building. For all purposes of the relationship between DLC and DQE COM, the Sublease Rentable Area shall constitute the Rentable Area as used in the Master Lease. DQE COM shall have the same rights as DLC has under the Master Lease to use common spaces on the Fifteenth Floor and in the Building, including the restrooms, corridors and freight elevator (in accordance with Building rules and regulations).
9. PERMITTED USES. DQE COM shall use the Subleased Premises solely for general office purposes.
10. APPLICABILITY OF MASTER LEASE. This Sublease is subject and subordinate to all of the terms and conditions of the Master Lease, each of which is incorporated herein and made a part hereof by reference. DQE COM, during the term of the Sublease, assumes all obligations and responsibilities of the Tenant under the Master Lease except (i) where such obligations and responsibilities are inconsistent with this Sublease and (ii) as hereinafter provided in this Section 10. Where such inconsistencies may exist, the covenants and provisions of this Sublease shall prevail. All terms and conditions of the Master Lease not inconsistent with this Sublease shall be binding on DQE COM, except for the following:
 - a. Section 1;
 - b. Section 2(k), 2(aj), 2(al), 2(am), 2(an), 2(ao), 2(ap), 2(aq), 2(ar) and 2(as);
 - c. Section 3 (as amended by the letter agreement dated December 20, 2001 (the "15th Letter Agreement");
 - d. Section 4(a) and those provisions of Section 4(b) relating to the First Floor Office Premises, Tenant Improvement Allowance and Landlord's Work;
 - e. Section 8(c);
 - f. Section 45;
 - g. Section 46;
 - h. Section 47;
 - i. Section 48;
 - j. Section 50;
 - k. Section 55 (added per the 15th Letter Agreement); and
 - l. All definitions in Section 2 used only in one or more of the foregoing sections of the Master Lease.

11. ASSIGNMENT. DQE COM shall not assign, demise or sublease all or any portion of the Subleased Premises without the prior written consent of Landlord and DLC in each instance, and any such assignment, demise or sublease without Landlord's and DLC's prior written consent shall be null and void.
12. INSURANCE. In addition to the insurance requirements set forth in Sections 19 and 20 of the Master Lease, DQE COM shall name both Landlord and DLC, as their interests may appear, as additional insureds on all insurance policies required to be maintained by DQE COM and shall deliver to each of Landlord and DLC a certificate of insurance or other evidence thereof.
13. SIGNS. DQE COM will be identified on the elevator corridor directional sign.
14. DEFAULT BY SUBTENANT. In the event of a default by DQE COM, DLC shall be entitled to exercise all the rights and remedies of Landlord under the Master Lease, including those set forth in Section 24(b) of the Master Lease, and all other rights and remedies available to DLC at law or in equity.
15. DEFAULT BY LANDLORD. In the event any Landlord Default under the Master Lease materially interferes with or materially impairs DQE COM's quiet enjoyment of the Subleased Premises, DQE COM may request that DLC exercise its rights and remedies as set forth in Section 25(b) of the Master Lease.
16. CONDITION PRECEDENT. The effectiveness of this Sublease is expressly conditioned upon the parties' obtaining the written consent of Landlord, and this Sublease shall not be binding upon the parties until such written consent is obtained.
17. GOVERNING LAW. This Sublease shall be governed by, construed, interpreted and applied in accordance with the laws of the Commonwealth of Pennsylvania (without giving effect to conflict of law principles).
18. COUNTERPARTS. This Sublease may be executed in two or more counterparts and by the different parties on separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.
19. APPROVALS. DLC shall file with the Pennsylvania Public Utility Commission as required by Title 66, Section 2102 of the Public Utility Code, a copy of this duly executed Sublease and it shall become effective in accordance therewith.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute and deliver this Sublease Agreement as of the date first above written.

ATTEST:

SUBLANDLORD:

DUQUESNE LIGHT COMPANY

JDP
Secretary/Assistant Secretary

By: Joseph W. Smetanka
Joseph W. Smetanka,
Vice President, Customer Service

ATTEST:

SUBTENANT:

DQE COMMUNICATIONS, LLC

JDP
_____, Secretary

By: Mark A. Rupnik
Mark A. Rupnik, Vice President

The undersigned Landlord hereby executes this Sublease Agreement for the purpose of consenting thereto.

ACCEPTED AND AGREED:

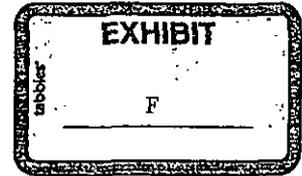
WITNESS:

LANDLORD:

411 SEVENTH AVENUE ASSOCIATES,
L.P.

By: _____

Its: _____



411 Seventh Avenue Associates, LP
701 Technology Drive, Suite 210
Canonsburg, PA 15317

July 27, 2005

Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15233
Attn: Real Estate Department

Re: Lease Agreement dated March 1, 1994, as amended (Prime Lease) between
411 Seventh Avenue Associates, LP and Duquesne Light Company / Proposed
Sublease to DQE Communications, LLC (Sublessee)

Gentlemen:

Reference is made to the captioned Prime Lease, under which you are the Tenant, and to the captioned Sublease. You have requested the consent of 411 Seventh Avenue Associates, LP, as Landlord under the Prime Lease, to the captioned Sublease.

Landlord hereby consents to the subletting on the following terms and conditions:

1. That the said subletting shall in no way modify, amend or affect the Prime Lease or, except as herein expressly set forth, affect Tenant's obligations hereunder.
2. That this Consent shall not be construed so as to increase any of Landlord's obligations under the Prime Lease.
3. That you do not permit any assignment of the Sublease or further subletting of all or a portion of the subleased premises without the prior written consent of Landlord.
4. That this Consent shall not be construed to permit any greater use of services provided to the subleased premises than is provided for in the Prime Lease including, but not limited to, Landlord's obligation to supply electrical service.
5. That this Consent shall not be construed to release Sublessor from its obligations under the Prime Lease.

6. That, except as provided in Paragraph 9, notwithstanding anything herein contained, the Sublease shall in all respects be subject and subordinate to the Prime Lease and to all of the terms and conditions thereof.

7. That, except as provided in Paragraph 9, this Consent is to the act of subletting only and not to any of representations in, or agreements between the parties to, the Sublease.

8. That this Consent is not assignable.

Very truly yours,

411 SEVENTH AVENUE ASSOCIATES, L.P.,
By: 411 Seventh Avenue Properties, L.L.C.,
general partner

By: 
Name: Richard Erenberg
Title: MANAGER

RECEIVED

APR - 7 2006
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

DUQUESNE LIGHT HOLDINGS, INC. SUBSIDIARY
SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Sublease") made the 2nd day of April, 2005, by and between DUQUESNE LIGHT COMPANY, a Pennsylvania corporation with an address of 1800 Seymour Street, Pittsburgh, PA 15233 ("DLC"), and DQE FINANCIAL, INC., a wholly owned subsidiary of Duquesne Light Holdings, Inc., a Pennsylvania corporation, with an address of 411 Seventh Avenue, Fifteenth Floor, Pittsburgh, PA 15219 ("DQE FIN")

WITNESSETH:

WHEREAS, pursuant to a Lease Agreement dated March 1, 1994, as amended by letter agreements dated February 22, 1995, August 8, 1995, November 14, 1995, November 15, 1995, March 14, 1996, October 21, 1996, May 2, 1997, May 2, 1997, June 6, 1997, October 7, 1998, October 8, 1998, November 23, 1998, April 15, 1999, June 14, 1999, December 20, 2001 and December 8, 2004 (as amended, the "Master Lease"), a copy of which is attached hereto as Exhibit "A", Property Ventures, Ltd. (Landlord therein) agreed to lease to DLC (Tenant therein) certain premises as more fully described in the Master Lease (the "Premises"), located at 411 Seventh Avenue, Pittsburgh, Allegheny County, Pennsylvania, , (the "Building"); and

WHEREAS, in 2001 the Building was sold and the Master Lease was assigned to 411 Seventh Avenue Associates, LP ("Landlord"), with an address at 3637 Washington Road, Suite 2, McMurray, PA 15317;

WHEREAS, DQE FIN desires to sublease from DLC, and DLC desires to sublease to DQE FIN, on the terms and conditions set forth in this Sublease, a portion of the Premises, which portion is more fully described in Section 8 below and in Exhibit "B" attached hereto and incorporated herein for all purposes (the "Subleased Premises"); and

WHEREAS, Landlord is joining in this Sublease for the purpose of consenting to the provisions of this Sublease, as required by Section 14 of the Master Lease.

NOW THEREFORE, in consideration of the rents herein reserved and the covenants and conditions contained in this Sublease, and intending to be legally bound, the parties agree as follows:

1. DEFINED TERMS. All capitalized terms used in this Sublease and not defined herein shall have the meaning set forth in the Master Lease.

2. SUBLEASE TERM; EARLY ACCESS. DLC hereby demises and sublets to DQE FIN, which hereby subleases and takes from DLC, the Subleased Premises for an initial term (the "Sublease Term") commencing January 1, 2005 (the "Sublease Commencement Date"), and expiring December 31, 2011. For all purposes of the relationship between DLC and DQE FIN, the Sublease Commencement Date shall constitute the Rent Commencement Date as used in the Master Lease.
3. RENT. During the Sublease Term, on or before the first day of each month, DQE FIN shall pay to DLC at the address set forth in Section 6 below Annual Minimum Rent and Additional Rent, in the manner and in the amounts set forth in the Master Lease. Additional Rent shall be calculated in the manner set forth in the Master Lease and shall be payable within thirty (30) days after DLC's billing therefor.
4. BASE YEAR. The Base Year for purposes of calculating Additional Rent shall be the Base Year set forth in the Master Lease.
5. PAYMENT FOR EXTRA SERVICES. DQE FIN shall be responsible to reimburse DLC, where applicable, for any extra services provided to DQE FIN above and beyond the standard services provided to all tenants in the Building and included in the Operating Expenses. These extra services may include separate billings for services provided beyond the normal operating hours of the Building.
6. RENTAL PAYMENT ADDRESS. All payments for Minimum Rent, Additional Rent and any other amounts due to DLC hereunder shall be made payable to "Duquesne Light Company" and mailed to the following address or such other address as DLC shall designate from time to time:

Duquesne Light Company
2833 New Beaver Avenue
Pittsburgh, PA 15233
Attention: Robert W. Mayer
Building #5, Second Floor

7. NOTICE ADDRESSES. Except for the payment of rent, all notices and other correspondence to DLC shall be sent by hand delivery, intra-company mail, overnight courier or first class mail, return receipt requested, and shall be addressed to:

Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15233
Attention: Real Estate Department.

All notices and other correspondence to DQE FIN shall be sent by hand delivery, intra-company mail, overnight courier or first class mail, return receipt requested, and shall be addressed to:

John R. Schmitt, Vice President
411 Seventh Avenue, 15th Floor
Pittsburgh, PA 15219

8. SUBLEASED PREMISES. The Subleased Premises shall consist of **3184 square feet** of rentable space comprised of 2545 usable space and 639 square feet of common space ("Sublease Rentable Area"), on the northeast section of the Fifteenth Floor of the Building. For all purposes of the relationship between DLC and DQE FIN, the Sublease Rentable Area shall constitute the Rentable Area as used in the Master Lease. DQE FIN shall have the same rights as DLC has under the Master Lease to use common spaces on the Fifteenth Floor and in the Building, including the restrooms, corridors and freight elevator (in accordance with Building rules and regulations).
9. PERMITTED USES. DQE FIN shall use the Subleased Premises solely for general office purposes.
10. APPLICABILITY OF MASTER LEASE. This Sublease is subject and subordinate to all of the terms and conditions of the Master Lease, each of which is incorporated herein and made a part hereof by reference. DQE FIN, during the term of the Sublease, assumes all obligations and responsibilities of the Tenant under the Master Lease except (i) where such obligations and responsibilities are inconsistent with this Sublease and (ii) as hereinafter provided in this Section 10. Where such inconsistencies may exist, the covenants and provisions of this Sublease shall prevail. All terms and conditions of the Master Lease not inconsistent with this Sublease shall be binding on DQE FIN, except for the following:
 - a. Section 1;
 - b. Section 2(k), 2(aj), 2(al), 2(am), 2(an), 2(ao), 2(ap), 2(aq), 2(ar) and 2(as);
 - c. Section 3 (as amended by the letter agreement dated December 20, 2001 (the "15th Letter Agreement");
 - d. Section 4(a) and those provisions of Section 4(b) relating to the First Floor Office Premises, Tenant Improvement Allowance and Landlord's Work;
 - e. Section 8(c);
 - f. Section 45;
 - g. Section 46;
 - h. Section 47;
 - i. Section 48;
 - j. Section 50;
 - k. Section 55 (added per the 15th Letter Agreement); and
 - l. All definitions in Section 2 used only in one or more of the foregoing sections of the Master Lease.

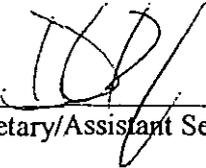
11. ASSIGNMENT. DQE FIN shall not assign, demise or sublease all or any portion of the Subleased Premises without the prior written consent of Landlord and DLC in each instance, and any such assignment, demise or sublease without Landlord's and DLC's prior written consent shall be null and void.
12. INSURANCE. In addition to the insurance requirements set forth in Sections 19 and 20 of the Master Lease, DQE FIN shall name both Landlord and DLC, as their interests may appear, as additional insureds on all insurance policies required to be maintained by DQE FIN and shall deliver to each of Landlord and DLC a certificate of insurance or other evidence thereof.
13. SIGNS. DQE FIN will be identified on the elevator corridor directional sign.
14. DEFAULT BY SUBTENANT. In the event of a default by DQE FIN, DLC shall be entitled to exercise all the rights and remedies of Landlord under the Master Lease, including those set forth in Section 24(b) of the Master Lease, and all other rights and remedies available to DLC at law or in equity.
15. DEFAULT BY LANDLORD. In the event any Landlord Default under the Master Lease materially interferes with or materially impairs DQE FIN's quiet enjoyment of the Subleased Premises, DQE FIN may request that DLC exercise its rights and remedies as set forth in Section 25(b) of the Master Lease.
16. CONDITION PRECEDENT. The effectiveness of this Sublease is expressly conditioned upon the parties' obtaining the written consent of Landlord, and this Sublease shall not be binding upon the parties until such written consent is obtained.
17. GOVERNING LAW. This Sublease shall be governed by, construed, interpreted and applied in accordance with the laws of the Commonwealth of Pennsylvania (without giving effect to conflict of law principles).
18. COUNTERPARTS. This Sublease may be executed in two or more counterparts and by the different parties on separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.
19. APPROVALS. DLC shall file with the Pennsylvania Public Utility Commission as required by Title 66, Section 2102 of the Public Utility Code, a copy of this duly executed Sublease and it shall become effective in accordance therewith.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute and deliver this Sublease Agreement as of the date first above written.

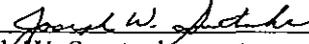
ATTEST:

SUBLANDLORD:

DUQUESNE LIGHT COMPANY



Secretary/Assistant Secretary

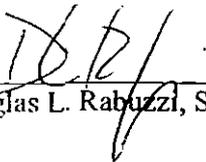
By: 

Joseph W. Smetanka,
Vice President, Customer Service

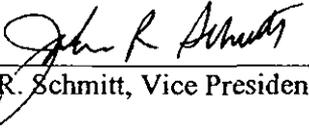
ATTEST:

SUBTENANT:

DQE FINANCIAL, INC.



Douglas L. Rabuzzi, Secretary

By: 

John R. Schmitt, Vice President

The undersigned Landlord hereby executes this Sublease Agreement for the purpose of consenting thereto.

ACCEPTED AND AGREED:

WITNESS:

LANDLORD:

411 SEVENTH AVENUE ASSOCIATES,
L.P.

By: _____

Its: _____

EXHIBIT A
MASTER LEASE

411 Seventh Avenue Associates, LP
701 Technology Drive, Suite 210
Canonsburg, PA 15317

July 27, 2005

Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15233
Attn: Real Estate Department

Re: Lease Agreement dated March 1, 1994, as amended (Prime Lease) between
411 Seventh Avenue Associates, LP and Duquesne Light Company / Proposed
Sublease to: ~~DQE Financial, Inc.~~ (Sublessee)

Gentlemen:

Reference is made to the captioned Prime Lease, under which you are the Tenant, and to the captioned Sublease. You have requested the consent of 411 Seventh Avenue Associates, LP, as Landlord under the Prime Lease, to the captioned Sublease.

Landlord hereby consents to the subletting on the following terms and conditions:

1. That the said subletting shall in no way modify, amend or affect the Prime Lease or, except as herein expressly set forth, affect Tenant's obligations hereunder.
2. That this Consent shall not be construed so as to increase any of Landlord's obligations under the Prime Lease.
3. That you do not permit any assignment of the Sublease or further subletting of all or a portion of the subleased premises without the prior written consent of Landlord.
4. That this Consent shall not be construed to permit any greater use of services provided to the subleased premises than is provided for in the Prime Lease including, but not limited to, Landlord's obligation to supply electrical service.
5. That this Consent shall not be construed to release Sublessor from its obligations under the Prime Lease.

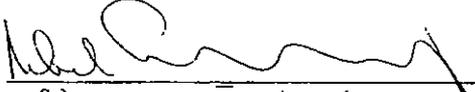
6. That, except as provided in Paragraph 9, notwithstanding anything herein contained, the Sublease shall in all respects be subject and subordinate to the Prime Lease and to all of the terms and conditions thereof.

7. That, except as provided in Paragraph 9, this Consent is to the act of subletting only and not to any of representations in, or agreements between the parties to, the Sublease.

8. That this Consent is not assignable.

Very truly yours,

411 SEVENTH AVENUE ASSOCIATES, L.P.,
By: 411 Seventh Avenue Properties, L.L.C.,
general partner

By: 
Name: Richard Klerberg
Title: Manager



Duquesne Light

A DQE Company

Jennifer Fox Rabold, Esquire
Manager, Real Estate Department

1800 Seymour Street
Pittsburgh, PA 15233
(412) 393-8743
(412)-393-6220 fax
jrabold@duqlight.com

November 28, 2005

John R. Schmitt, Vice President
DQE Financial, Corp.
411 Seventh Avenue, 15th Floor
Pittsburgh, PA 15219

Re: Sublease agreement dated April 22, 2005
Duquesne Light Company and DQE Financial, Inc. [sic.]
3184 rentable square feet – 411 Seventh Avenue, 15th Floor

Dear John:

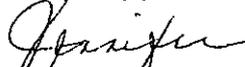
It has been brought to my attention that there was a clerical error in the above referenced sublease agreement with respect to the official corporate name and state of incorporation for DQE Financial. I suggest the error be corrected in the following manner: "DQE Financial, Inc., a Pennsylvania corporation" should be replaced in the agreement with "DQE Financial, Corp., a Delaware corporation".

There is no dispute that the entity occupying the space is DQE Financial, Corp., that the officers executing the sublease are the officers of DQE Financial, Corp., and that the Landlord's consent to the sublease was for DQE Financial, Corp.

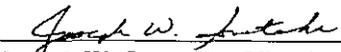
If the correction as presented is acceptable to you, please sign and date both copies of this letter agreement and return both copies to me for execution on behalf of Duquesne Light Company. I will return a duly executed copy for your records.

Should you have any questions, please feel free to call me.

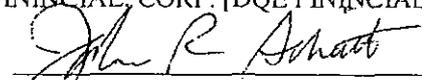
Very truly yours,


Jennifer Fox Rabold

Acknowledged and accepted this 2nd day of December, 2005.
DUQUESNE LIGHT COMPANY

By: 
Joseph W. Smetanka, Vice President

Acknowledged and accepted this 29 day of NOVEMBER, 2005.
DQE FINANCIAL, CORP. [DQE FINANCIAL, INC., (sic)]

By: 
John R. Schmitt, Vice President

RECEIVED

APR - 7 2006
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Master Lease

Exhibit A

CHAMBER OF COMMERCE BUILDING

LEASE

BETWEEN

PROPERTY VENTURES, LTD.

AND

DUQUESNE LIGHT COMPANY

Original
Lease

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- Exhibit A - Description of Premises
- Exhibit B - Description of Landlord's Work
- Exhibit C - Building Rules and Regulations
- Exhibit D - Form of Estoppel Certificate
- Exhibit E - Description of Storage Premises
- Exhibit F - Description of Tenant's Work for First Floor
Office Premises
- Exhibit G - Janitorial Services

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made and entered into as of the first day of March, 1994, by and between PROPERTY VENTURES, LTD., a Pennsylvania corporation, having an office at the Grant Building, 330 Grant Street, Suite 1420, Pittsburgh, Pennsylvania 15219 (hereinafter called "Landlord"), and DUQUESNE LIGHT COMPANY, a Pennsylvania corporation, having an office at One Oxford Centre, Pittsburgh, Pennsylvania 15279 (hereinafter called "Tenant").

1. Premises.

(a) Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises (as defined in Section 2(ab) below) for the Term (as defined in Section 2(ba) below).

(b) Notwithstanding Section 1(a) above, Tenant may, at Tenant's option, increase the Premises by not more than twenty percent (20%) or decrease the Premises by not more than twenty percent (20%) upon written notice to Landlord not later than July 1, 1994; a failure by Tenant to so notify the Landlord on or before such date, time being of the essence, shall constitute a waiver of such right. If Tenant elects to reduce the Premises, such notice shall include a specific description of the space to be released, which space shall be contiguous, with the remaining space to be rentable as reasonably determined by Landlord. If Tenant elects to increase the Premises, such increased space shall be office space in the Building on other than the first floor of the Building which is not under lease or negotiation for lease, and shall be subject to agreement by Landlord and Tenant. The Rentable Area (as defined in Section 2(al) below) shall be adjusted to reflect the space added or subtracted from the Premises pursuant to the expansion/reduction right of Tenant under this Section 1(b).

2. Definitions. As used herein, the following terms shall be deemed to have the following meanings:

- (a) "ADA" shall mean the Americans with Disabilities Act, as amended from time to time, and all rules and regulations promulgated pursuant thereto.
- (b) "Additional Rent" shall mean the sums payable by Tenant relating to Tenant's share of real estate taxes and Operating Expenses in excess of the Base Year pursuant to Sections 8 and 9 of this Lease, respectively, and all other sums payable by Tenant to Landlord hereunder designated as Additional Rent.
- (c) "Annual Minimum Rent" shall mean (i) during the Initial Term, an amount equal to Fourteen Dollars

and Seventy-Five Cents (\$14.75) multiplied by the number of square feet in the Rentable Area and (ii) during each Renewal Term, an amount determined in accordance with Section 3 of this Lease, such sums to be paid by Tenant to Landlord in accordance with Section 6(a) of this Lease.

- (d) "Base Building" shall mean the Building construction built (including Landlord's Work) prior to any changes or alterations made by or on behalf of Tenant (including prior to and excluding Tenant's Work).
- (e) "Base Year" shall mean the period of the first twelve (12) consecutive months commencing on January 1 and ending on December 31 of the same calendar year for the Initial Term and each Renewal Term.
- (f) "Building" shall mean that certain building located at 411 Seventh Avenue in the City of Pittsburgh, County of Allegheny, Commonwealth of Pennsylvania.
- (g) "Business Day" shall mean any day except Saturdays, Sundays and Holidays during Normal Business Hours.
- (h) "Buy-Out Effective Date" shall mean the effective date of the exercise of the Buy-Out Right.
- (i) "Buy-Out Payment" shall mean the payment to be paid by Tenant to Landlord in order to effectively exercise the Buy-Out Right, which payment will be calculated in accordance with Section 46(b) hereof.
- (j) "Buy-Out Right" shall mean the right of Tenant to terminate this Lease in accordance with Section 46(b) of this Lease.
- (k) "Commencement Date" shall mean September 1, 1994.
- (l) "Consumer Price Index" shall mean the "Consumer Price Index for all Urban Consumers -- National Average" (1982 - 84 = 100) issued by the Bureau of Labor Statistics of the United States Department of Labor (or such successor statistic established by the United States Department of Labor).
- (m) "Default" shall mean a Landlord Default or a Tenant Default.
- (n) "Default Rate" shall mean the lesser of (i) the Prime Rate plus two percent (2%), per annum or

- (ii) the greatest amount permitted under applicable Law.
- (o) "Expiration Date" shall mean the date of expiration of the Term.
- (p) "First Floor Office Premises" shall mean the portion of the Premises identified on Exhibit A as being located on the first floor of the Building.
- (q) "Holidays" shall mean New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.
- (r) "Initial Term" shall mean the initial term of this Lease beginning on the Commencement Date and terminating on the last day of the one hundred and twentieth (120th) full calendar month after the Commencement Date.
- (s) "Land" shall mean the lot on which the Building is located, together with all easements and other appurtenances thereto and all improvements on such areas.
- (t) "Landlord Default" shall mean a default by Landlord in accordance with Section 25(a) of this Lease and a failure by Landlord to cure such default within the period (if any) set forth therein.
- (u) "Landlord's Partial Year" shall mean the portion of the calendar year of the Purchase Closing (if any) beginning on January 1 of such year and ending on the date of the Purchase Closing.
- (v) "Landlord's Work" shall mean the work to be performed by Landlord pursuant to Section 4(a) hereof described on Exhibit B, attached hereto and made a part hereof.
- (w) "Laws" shall mean all laws, ordinances, regulations, codes and rules of all governmental authorities having jurisdiction over the Property or any portion thereof.
- (x) "MAI" shall mean Master Appraisal Institute.
- (y) "Moving Allowance" shall mean an allowance in the amount of Two Dollars (\$2.00) per square foot of the Rentable Area of the Premises leased on the Commencement Date (excluding the First Floor Office Premises), toward Tenant's costs of moving to the Premises, given by Landlord to Tenant pursuant to Section 48 of this Lease.

- (z) "Normal Business Hours" shall mean 7:00 A.M. to 6:00 P.M. weekdays and 8:00 A.M. to 1:00 P.M. Saturdays (Sundays and Holidays excepted).
- (aa) "Operating Expenses" shall mean the operating expenses of the Building more fully described in Section 9 of this Lease.
- (ab) "Premises" shall mean the portion of the Building consisting of the Rentable Area, as such Premises may be adjusted in accordance with Section 1(b) of this Lease and pursuant to the exercise of the Right of First Refusal by Tenant.
- (ac) "Prime Rate" shall mean the interest rate per annum publicly announced by PNC Bank, N.A. (or any successor thereto) as its prime rate, such interest rate to change effective as of the effective date of each change in such announced prime rate.
- (ad) "Property" shall mean the Land, the Building, the Premises and all other improvements now or hereafter located therein or thereon.
- (ae) "Purchase Closing" shall mean the closing of the purchase and sale of the Property upon a proper exercise of the Purchase Option.
- (af) "Purchase Option" shall mean the option to purchase the Property granted by Landlord to Tenant in Section 49 of this Lease.
- (ag) "Purchase Option Period" shall mean the Term, excluding (i) the last year of the Initial Term if the first renewal option is not exercised in accordance with Section 3 of this Lease, (ii) the last year of the first Renewal Term if the second renewal option is not exercised and (iii) the last year of the second Renewal Term.
- (ah) "Purchase Price" shall mean the price to be paid by Tenant to Landlord for the Property pursuant to a proper exercise of the Purchase Option.
- (ai) "Receiving Party" shall mean the party other than the party submitting the determination of fair market rent to appraisers in accordance with Sections 3(a) or 45(e) of this Lease.
- (aj) "Renewal Term" shall mean each of the five (5) year terms, as described in Section 3 of this Lease, with respect to which the renewal option is properly exercised in accordance with Section 3 hereof.

- (ak) "Rent" shall mean the Annual Minimum Rent and Additional Rent, collectively.
- (al) "Rentable Area" shall mean the 97,488 rentable square feet of the Premises shown on Exhibit A, attached to this Lease and made a part hereof (subject to adjustment in accordance with Section 1(b) above) and shall be adjusted to reflect any exercise by the Tenant of the Right of First Refusal.
- (am) "Rent Commencement Date" shall mean the date which is six (6) months after the Commencement Date; provided, however, that the Rent Commencement Date shall be delayed by one (1) day for each day beyond the date set forth in Section 4(b) hereof that Landlord does not cause a substantial portion of the Premises to be made available to Tenant on such date available to Tenant for the construction of the Tenant's Work for reasons other than delays caused by Tenant or any agent, employee or contractor of Tenant, which delay causes Tenant to be unable to complete all of Tenant's move into such Premises by October 1, 1994.
- (an) "Right of First Refusal" shall mean the right of first refusal to lease premises in the Building granted to Tenant pursuant to Section 45 hereof.
- (ao) "Right of First Refusal Commencement Date" shall mean the date which is one hundred and twenty (120) days after the Right of First Refusal Premises are delivered by Landlord to Tenant in a condition ready for Tenant's work on such premises.
- (ap) "Right of First Refusal Notice" shall mean written notice by Landlord to Tenant that Landlord intends to market for lease a portion of the Building.
- (aq) "Right of First Refusal Period" shall mean the Term, excluding (i) the last year of the Initial Term, if the first renewal option is not exercised in accordance with Section 3 of this Lease, (ii) the last year of the first Renewal Term if the renewal option for the second Renewal Term is not exercised in accordance with Section 3 above and (iii) the second Renewal Term.
- (ar) "Right of First Refusal Premises" shall mean the portion(s) of the Building leased by Tenant pursuant to Tenant's exercise(s) of the Right of First Refusal.

- (as) "Storage Premises" shall mean the basement storage space consisting of 5,200 rentable square feet, identified on Exhibit E, attached hereto and made a part hereof, made available by Landlord to Tenant pursuant to Section 47 of this Lease.
- (at) "Submitting Party" shall mean the party submitting the determination of fair market rent to the determination of appraisers in accordance with Sections 3(a) and 45(e) of this Lease.
- (au) "Tenant Default" shall mean a default by Tenant in accordance with Section 24(a) of this Lease and a failure by Tenant to cure such default within the period (if any) set forth therein.
- (av) "Tenant Improvement Allowance" shall mean an allowance given by Landlord to Tenant toward the cost of construction of the Tenant's Work pursuant to Section 4(b) of this Lease in an amount equal to the sum of (i) Twenty-Three Dollars (\$23.00) multiplied by the number of square feet of Rentable Area leased by Tenant on the Commencement Date, plus (ii) Twenty-Five Hundred Dollars (\$2,500) per floor for the lobbies of the Premises.
- (aw) "Tenant Pass Through" shall mean charges and/or expenses to the Property payable by tenants of the Building under their respective leases (including increases in operating expenses and real estate taxes over a given base year).
- (ax) "Tenant's Operating Expense Proportionate Share" shall mean a percentage equal to one hundred (100) multiplied by a fraction, the numerator of which shall be the Rentable Area and the denominator of which shall be 305,299.
- (ay) "Tenant's Real Estate Proportionate Share" shall mean a percentage equal to one hundred (100) multiplied by a fraction, the numerator of which shall be the Rentable Area and the denominator of which shall be 319,675.
- (az) "Tenant's Work" shall mean the work to be performed by Tenant in preparing the Premises for occupancy in accordance with Section 4(b) of this Lease.
- (ba) "Term" shall mean the Initial Term, together with each Renewal Term with respect to which Tenant properly exercises Tenant's renewal option set forth in Section 3 of this Lease.

- (bb) "Total Real Estate Taxes" shall mean the real estate taxes (as defined in Section 8 of this Lease) attributable to the Property or any portion thereof.
- (bc) "Work" shall mean the Tenant's Work and the Landlord's Work, collectively.

3. Renewals. Landlord hereby grants to Tenant the option to renew this Lease twice, each for a term of five (5) years, by giving Landlord written notice of Tenant's exercise of such renewal option not later than one (1) year prior to the then scheduled expiration of the Term; a failure by Tenant to give written notice to Landlord of the exercise of a renewal option shall constitute a waiver of said right (and, in the case of the first renewal option, shall constitute a waiver of the second renewal option, as well). Notwithstanding the foregoing, Tenant shall not have the right to exercise any renewal option if any Tenant Default has occurred and is continuing at the time of the exercise of the renewal option. All the terms and conditions of this Lease shall continue to apply during the Renewal Terms, except as set forth below:

- (a) The Annual Minimum Rent during each Renewal Term shall be the fair market rental of equivalent space in the downtown Pittsburgh market on the date which is twelve (12) months prior to the commencement of the Renewal Term (which rent shall be adjusted to reflect any free rent periods). Landlord shall provide Tenant with a notice of Landlord's determination of the fair market rent and shall provide Landlord's supporting documentation with respect thereto not later than nine (9) months prior to the commencement of the Renewal Term. Within twenty (20) Business Days after receipt thereof, Tenant may either (i) object to such determination, and provide Landlord with Tenant's basis for such objection, in which event if the parties do not agree on the Annual Minimum Rent within ten (10) days thereafter, and so long as such disagreement shall continue, either party may submit the question of the fair market rent to appraisers in accordance with Section 3(c) hereof or (ii) rescind Tenant's notice of renewal, in which event the Term shall expire in accordance with the provisions of this Lease or (iii) accept such determination either by notice to Landlord or by not electing (i) or (ii) by the expiration of such twentieth (20th) Business Day.
- (b) The Premises shall be leased with no additional Tenant floor upgrade work to be performed by Landlord, or allowance by Landlord including the Moving Allowance or Tenant Improvement Allowance.

Notwithstanding the foregoing, Landlord shall give Tenant one renovation allowance only upon the exercise of the first renewal option, in the amount of five dollars (\$5.00) per square foot of the Premises (provided that such \$5.00 shall be adjusted by changes in the Consumer Price Index (but shall in no event be less than \$5.00 per square foot of the Rentable Area of the Premises) from the Commencement Date to nine (9) months prior to the expiration of the Initial Term). The renovation allowance shall be paid by Landlord to Tenant upon the commencement of the first Renewal Term.

- (c) In the event that the fair market rent is submitted pursuant to this Section 3(c), the fair market rent shall be determined by an appraiser selected in the following manner: The Submitting Party shall nominate an appraiser in the Submitting Party's notice of such election. In the event that the Receiving Party objects to such first appraiser, the Receiving Party shall so notify the Submitting Party within twenty (20) days after receipt of the Submitting Party's notice of election and nominate a second appraiser; a failure by the Receiving Party to object to the first appraiser and nominate a second appraiser within such twenty (20) day period shall constitute an acceptance of the first appraiser and the first appraiser shall determine the fair market rent. In the event that the Submitting Party objects to the second appraiser, the Submitting Party shall so notify the Receiving Party within twenty (20) days after receipt of the notice of the second appraiser; a failure by the Submitting Party to object to the second appraiser within such twenty (20) day period shall constitute an acceptance of the second appraiser and the second appraiser shall determine the fair market rent. In the event that the Submitting Party objects to the second appraiser, both the first appraiser and the second appraiser shall determine the fair market rent, and the Annual Minimum Rent shall be based on the average of two determinations. The cost of the appraisals shall be borne equally by Tenant and Landlord. Each appraiser shall be disinterested, unaffiliated with either Tenant or Landlord, experienced in real estate in the downtown Pittsburgh office market and MAI licensed.

4. Landlord's Work and Tenant's Work.

- (a) Landlord shall perform the Landlord's Work prior to the Commencement Date at Landlord's sole cost and expense

(provided that the date of substantial completion of the Landlord's Work with respect to additional premises leased by Tenant pursuant to Section 1(b) of this Lease shall be subject to the agreement of Landlord and Tenant). Landlord shall have no liability for failing to complete the Landlord's Work except as set forth in this Section 4(a). In the event that (i) Landlord fails to substantially complete the Landlord's Work on or before the Commencement Date, and (ii) such failure is not caused by Tenant, or any agent, employee or contractor of Tenant and (iii) such failure precludes Tenant from occupying a substantial portion of the Premises on the Commencement Date, Landlord shall reimburse Tenant for (1) alternative temporary space (including relocation costs) and (2) all sums which Tenant is required to pay to Buchanan Ingersoll, P.C., the new occupant of Tenant's former premises, in each case relating to the period commencing on the Commencement Date and ending on the earlier of (A) sixty (60) days after the date that the Landlord's Work is substantially complete and (B) Tenant occupying a substantial portion of the Premises; provided that Landlord shall have the right to mitigate such damages, including making alternative temporary space available to Tenant in the Building or elsewhere (Tenant's reasonable out of pocket costs of relocating from the temporary premises to the Premises to be borne by Landlord). In the event of any delay by Landlord, Tenant shall use Tenant's best efforts to move into the Premises expeditiously (notwithstanding any delay by Landlord) and shall cause the relocation to the Premises to take priority over any relocation to any location other than the Premises. Landlord's Work shall be deemed to be substantially complete if all Landlord's Work necessary for Tenant's occupancy at the Premises has been completed. Section 29 shall not apply to this Section 4(a).

(b) All Tenant's Work shall be completed by Tenant, which work shall be done in accordance with plans which are in form, detail and quantity as may be required by Landlord, shall be subject to the prior approval of Landlord and shall reflect work which is in compliance in all respects with all applicable Laws. All Work with respect to the First Floor Office Premises shall be performed by Tenant, at Tenant's sole cost and expense (except the Landlord's Work shown on Exhibit B) including the Tenant's Work with respect to the First Floor Office Premises identified on Exhibit F, attached to this Lease and made a part hereof. Tenant shall comply in all respects with Section 12 hereof (except Section 12(a)(v) and Section 12(e)) in connection with the Tenant's Work and, in connection with Section 12(a)(iv), Tenant shall, and shall cause the Tenant's construction manager, each contractor and each subcontractor to, name Landlord as an additional insured on its liability, personal and property insurance policies. Landlord shall provide Tenant with the Tenant Improvement Allowance toward the cost of construction of the Tenant's Work. Tenant shall retain the services of a construction manager. Tenant or the construction manager, at Tenant's option, shall contract for the construction of all Tenant's Work. The construction manager shall invoice Tenant monthly. The invoice shall include all costs for improvements

that have been constructed and materials delivered during the preceding month. This invoice shall be subject to approval by Tenant, and payment for such invoice (or such portion thereof, as instructed by Tenant) shall be made by Landlord to the construction manager not later than twenty (20) days from the date of Landlord's receipt of the invoice and instruction for Tenant to pay the invoice. Payment of any invoice by Landlord shall not constitute any approval of the Tenant's Work by Landlord or impose any obligation on Landlord with respect to the Tenant's Work including the inspection thereof. Under no circumstances shall Landlord have any obligation to expend any sums in excess of the Tenant Improvement Allowance. Any unused Tenant Improvement Allowance may, at Tenant's option, be applied toward Rent. Landlord shall make the portion of the Premises located on the first, fifth, eighth, tenth and fourteenth floors of the Building available to Tenant for Tenant's Work on or before April 1, 1994 and shall make the portion of the Premises located on the seventh floor of the Building available to Tenant for Tenant's Work on or before May 1, 1994. Tenant shall make any additional premises leased by Tenant pursuant to Section 1(b) of this Lease available to Tenant at such time as agreed upon by Tenant and Landlord. Landlord shall be constructing the Landlord's Work on the floors on which the Premises are located at the same time Tenant is performing the Tenant's Work. Tenant and Landlord shall cooperate in scheduling and working together to accomplish the Landlord's Work and the Tenant's Work on time. Such prior occupancy shall not impose on Landlord any additional obligation whatsoever with respect to the Premises and Tenant assumes all risks whatsoever pertaining to Tenant's early occupancy (except those liabilities arising from Landlord's negligence or willful misconduct). Tenant shall have all other responsibilities and liabilities during such prior occupancy as are to be applicable to Tenant under this Lease during the Term, except that Tenant shall have no obligation to pay the Rent or other charges during such occupancy.

(c) Title to all Work shall vest in the Landlord immediately upon the installation thereof. Landlord and Tenant shall evidence Landlord's ownership of the Work by Tenant's providing to Landlord of a certified, itemized listing of the Work and Tenant's execution of a bill of sale and/or any other documentation upon which Landlord and Tenant may mutually agree. Tenant may use and enjoy the Work (and any replacements thereto) during the Term. Tenant shall have no obligation (or right) to remove the Work, or any portion thereof, from the Premises during the Term or upon the expiration thereof.

5. Possession. If Landlord fails to tender possession of the Premises on or before the Commencement Date, then all Rent shall abate until Landlord tenders possession, and (except as provided in Section 4(a) hereof) Tenant hereby accepts such abatement in full settlement of any and all claims Tenant may have against Landlord arising from Landlord's failure to tender possession on the Commencement Date. The Term shall be extended as a result of such failure by Landlord to tender possession on

the Commencement Date for a period equal to such delay in the commencement of the Term. No formal tender of possession by Landlord, in writing or otherwise, shall be required. Landlord shall notify Tenant as early as possible of any delays in completing the Landlord's Work.

6. Rent.

(a) Tenant shall pay to Landlord at its offices above specified, or at such other place as Landlord may from time to time designate, the Annual Minimum Rent in equal monthly installments, payable in advance and without demand or offset (except as expressly permitted in Sections 13, 19, 21 or 25(b)(i) hereof), beginning on the Rent Commencement Date and continuing on the first day of each calendar month thereafter until the expiration of the Term. Landlord shall provide monthly statements to Tenant detailing the Rent; provided, however, that any failure by Landlord (or Landlord's agent) to provide any such statement shall not be a basis for Tenant to fail to pay Rent.

(b) In the event the Rent Commencement Date is a day other than the first day of a calendar month, Tenant shall pay to Landlord on or before the Rent Commencement Date, a pro rata portion of the monthly installment of Annual Minimum Rent to be based on the number of days remaining in such partial month from and after the Rent Commencement Date. In the event that the Term expires on a date other than the last day of a calendar month, Tenant shall pay to Landlord, on or before the first day of the calendar month in which the Term expires, a pro rata portion of the monthly installment of Annual Minimum Rent to be based on the number of days of such month within the Term.

(c) Except as provided in Sections 13, 19, 21 or 25(b)(i) hereof, in the event that Tenant shall fail to pay any Rent when due (irrespective of any grace period which may be permitted by this Lease prior to the occurrence of a Tenant Default), Tenant shall be obligated to pay immediately a late charge in the amount of two percent (2%) of such overdue payment (provided that no late payment shall be payable with respect to a failure by Tenant to pay any portion of the Additional Rent with respect to which Tenant disputes Tenant's obligation to pay in good faith and has notified Landlord in writing of the basis for such dispute). Tenant's covenant to pay Rent shall be independent of any other covenant set forth in this Lease.

7. Security Deposit. [Intentionally Omitted]

8. Real Estate Taxes.

(a) As and for Additional Rent, Tenant shall pay to Landlord, without setoff or deduction (except as expressly permitted in Sections 13, 19, 21 or 25(b)(i) hereof), Tenant's Real Estate Proportionate Share of the Total Real Estate Taxes in excess of the Total Real Estate Taxes for the Base Year. The Total Real Estate Taxes shall be prorated in the last year of the

Term for the portion of such year within the Term and such portion not within the Term. The term "real estate taxes" shall mean all taxes and assessments, including special assessments, levied, assessed or imposed at any time by any governmental authority upon or against the Land and/or the Building, and also any tax or assessment levied, assessed or imposed at any time by any governmental authority in connection with the receipt of income or rents from said Land and/or Building to the extent that same shall be in lieu of (and/or in lieu of an increase in) all or a portion of any of the aforesaid taxes or assessments upon or against the Land and Building and all business privilege taxes and similar taxes imposed on the Building, Land or Property or the owner thereof. The term "real estate taxes" shall also include any taxes not presently in effect which may hereafter be assessed and levied by any governmental body or other authority against the Land, Building or Premises. The term "real estate taxes" shall also include reasonable legal fees and costs of counsel retained by Landlord in connection with proceedings for the reduction of real estate taxes (except as provided in Section 8(c) below).

(b) Tenant shall pay to Landlord Tenant's Real Estate Proportionate Share of Total Real Estate Taxes as follows: Tenant shall pay monthly, in advance, a sum equal to 1/12th of Landlord's estimate of the amount by which Tenant's Real Estate Proportionate Share of Total Real Estate Taxes shall be in excess of Tenant's Real Estate Proportionate Share of the Total Real Estate Taxes for the Base Year. Landlord shall furnish Tenant with a written statement of the actual Total Real Estate Taxes, with evidence reasonably satisfactory to Tenant that such statement accurately reflects the actual Total Real Estate Taxes. In the event that such statement discloses that the Additional Rent paid by Tenant as Tenant's Real Estate Proportionate Share of Total Real Estate Taxes is less than the amount actually incurred, Tenant shall pay such amount to Landlord within twenty (20) Business Days after receipt of such statement as Additional Rent. In the event that such statement discloses that the Additional Rent paid by Tenant as Tenant's Real Estate Proportionate Share of Total Real Estate Taxes is greater than the amount actually incurred, Landlord shall give Tenant an immediate credit against the next month's Additional Rent to be paid by Tenant to Landlord.

(c) Tenant may, at Tenant's option, at any time appeal any assessment, levy or other imposition of real estate taxes covered by this Section upon notice to Landlord. The cost of any appeal by Tenant shall be borne by Tenant; provided, however, that if Tenant is successful in obtaining a reduction in the real estate taxes, Landlord shall reimburse Tenant for such costs and expenses, and such reimbursed costs and expenses shall be "real estate taxes" for purposes of Section 8(a) hereof. Notwithstanding the foregoing, the Landlord shall have the right to make any such appeal in lieu of Tenant, the cost of which will be deemed to be a "real estate tax" for purposes of Section 8(a) hereof. In the event that Landlord wishes to appeal any

assessment, levy or other imposition of real estate taxes and Tenant objects to such appeal, the cost of such appeal shall be included in "real estate taxes" for purposes of Section 8(a) hereof only if Landlord is successful in obtaining a reduction in the real estate taxes.

9. Operating Expenses. As and for Additional Rent, Tenant shall pay to Landlord, without setoff or deduction (except as expressly permitted in Sections 13, 19, 21 or 25(b)(i) of this Lease) Tenant's Operating Expense Proportionate Share of the Operating Expenses in each year in excess of the Tenant's Operating Expense Proportionate Share of the Operating Expenses for the Base Year (but not less than zero); provided, however, that in no event shall Tenant be responsible for Operating Expenses in any year to the extent that they exceed the Operating Expenses in the Base Year increased by the number of years after the Base Year multiplied by four percent (4%) and that in no event shall Tenant be responsible for increases in Operating Expenses from one year to the next year in excess of four percent (4%). If the first and/or last years of the Term shall not be full calendar years, then Tenant's obligation for Operating Expenses attributable to such years shall be prorated on the basis of the ratio between the number of days of such calendar years falling within the Term and 365.

"Operating Expenses" shall mean any and all costs, expenses and disbursements of every kind and character (subject to the limitations set forth below) which Landlord shall incur, pay or become obligated to pay in connection with the operation, maintenance, repair, replacement and security of the Property, determined in accordance with Landlord's general practices, including the following:

All supplies and materials used in operation, maintenance, repair, replacement, and security.

Cost of utilities including water, telephone, telegraph, power, heating, cable, lighting, air conditioning and ventilating.

Cost of casualty, liability and other insurance applicable to the Property and Landlord's personal property used in connection therewith.

Cost of repairs, replacements, and general maintenance.

Cost of service or maintenance contracts with independent contractors for operation, maintenance, repair, replacement, or security, including the cost of janitorial services; trash, garbage, snow and ice removal; servicing, replacing, equipping and maintenance of all electrical, security and fire alarms, fire pumps, sprinkler systems and fire extinguishers and hose cabinets; guard services; painting, window cleaning, landscaping and gardening.

Cost of audit fees, legal fees, and other administrative expenses.

Cost of contractual management fees and other expenses directly related to the management of the Property and/or the maintenance of the accounting books and records including all on-site management and related payroll costs.

Expense or amortization, at Landlord's option, of capital expenditures required by any governmental or regulatory authority, and capital expenditures for fire and safety equipment, related to the common areas or the portions of the Building other than the Premises.

All sales, use and excise taxes on goods and services purchased or provided by Landlord, or any agent or contractor thereof, in connection with the management, operation, maintenance and/or repair of the Property.

All license, permit and inspection fees.

All Federal, state and local payroll taxes, unemployment taxes and Social Security taxes.

Building Owner's Management Association dues.

Reasonable legal fees and related costs of counsel retained by Landlord, reasonable arbitration costs and expenses, and charges for professional services rendered on behalf of Landlord or its managing agents incurred in connection with labor relations or other matters if the same shall be for the benefit of tenants in the Building.

Expense or amortization, at Landlord's option, of capital improvements which are designed to reduce Operating Expenses, with interest at the Prime Rate on the unamortized amount, if such improvement results in savings of labor or other costs to tenants (if the new expense or amortization of such capital improvement is less than the expense per year which would have been incurred if the expenditure had not been made, such expense or amortization shall be the Operating Expense; if the expense per year which would have been incurred is less, such deemed expense shall be the Operating Expense).

Such other expenses reasonably incurred by Landlord which are necessary or proper in connection with the operation and maintenance of a first-class Class B office building.

Specifically excluded from the definition of the term "Operating Expenses" are interest and amortization payments on

any mortgage or loan; all capital items as classified by U.S. Generally Accepted Accounting Principles consistently applied (except the expense or amortization of certain items as provided above); expenses for repair or other work occasioned by fire or other casualty which are covered under a standard fire policy with extended coverage; lease commissions incurred in the leasing or procuring of new tenants and leasehold improvements for other tenants; expenses incurred in leasing to, or procuring, new or existing tenants (such as renovations, design fees and tenant allowances); legal fees in enforcing terms of leases; and costs relating to the operation of the premises leased on the first floor of the Building for retail use.

If at any time during the Term less than ninety-five percent (95%) of the rentable area of the Building is leased to tenants, then for purposes of this Section 9, Operating Expenses shall be increased to the level Operating Expenses would be were the Building ninety-five percent (95%) so leased.

Tenant shall pay to Landlord Tenant's Operating Expense Proportionate Share of Operating Expenses as follows: Landlord shall provide a statement to Tenant each month identifying the Operating Expenses for the previous month (and Tenant's Operating Expense Proportionate Share of such Operating Expenses) and the Operating Expenses for the same month in the Base Year (and Tenant's Operating Expense Proportionate Share of such Operating Expenses in the Base Year), which statement shall be in form and substance satisfactory to Landlord and Tenant. Each month Tenant shall pay a sum equal to the amount by which Tenant's Operating Expense Proportionate Share of Operating Expenses for the previous month exceeds Tenant's Operating Expense Proportionate Share of Operating Expenses for such month during the Base Year, as shown on the statement delivered by Landlord to Tenant, within twenty (20) Business Days after receipt of such Landlord's statement.

Within one hundred twenty (120) days after the expiration of each calendar year, Landlord shall also furnish Tenant with a written statement of the actual Operating Expenses incurred for the preceding calendar year. In the event that such statement discloses that the Additional Rent paid by Tenant as Tenant's Operating Expense Proportionate Share of Operating Expenses is less than the amount actually incurred, Tenant shall pay such amount to Landlord within twenty (20) Business Days after receipt of such statement as Additional Rent. In the event that such statement discloses that the Additional Rent paid by Tenant as Tenant's Operating Expense Proportionate Share of Operating Expenses is greater than the amount actually incurred, Landlord shall give Tenant an immediate credit against the next month's Additional Rent to be paid by Tenant to Landlord.

Tenant and its agents and employees shall have the right to inspect Landlord's books and records, including back-up materials relating to all cost items (excluding confidential information including payroll) with respect to the Operating

Expenses once each year within one hundred eighty (180) days after receiving the Landlord's statement of actual Operating Expenses for such year at a mutually convenient time at the office of Landlord or Landlord's agent in Allegheny County, Pennsylvania. If Tenant disputes the accuracy of Landlord's statement of actual Operating Expenses, Tenant shall still pay the amount shown owing. Tenant may, however, within one hundred eighty (180) days after receiving the statement of actual Operating Expenses, dispute the statement of actual Operating Expenses; provided that such 180 day period shall be extended by each day in excess of ten (10) days that Landlord does not provide access to books or records of Landlord requested by Tenant after Tenant's request therefor. If such examination of Landlord's books and records reveals that Landlord overstated the Operating Expenses, Tenant shall be entitled to a credit against future Rent in an amount equal to the excess paid by Tenant, together with interest from the date of payment at the Default Rate. No other adjustment shall be made from such inspection of Landlord's books and records. If Tenant does not dispute the statement of actual Operating Expenses within such 180-day period (as it may be extended as set forth above), time being of the essence, then Tenant shall accept as final the amount shown owing on the statement of actual Operating Expenses.

10. Use of Premises; Rules and Regulations. Tenant shall use and occupy the Premises for general business office use relating to Tenant's business and for no other purpose. Tenant shall observe and comply with the Rules and Regulations attached hereto as Exhibit C and made a part hereof and with such amendments and supplements thereto as Landlord may from time to time reasonably adopt. All Rules and Regulations now or hereafter in effect shall apply to Tenant and its employees, agents, licensees, invitees, sub-tenants, contractors and sub-contractors. Reasonable amendments or supplements made from time to time to the Rules and Regulations by Landlord shall become effective when delivered to Tenant. In no event shall any such amendment or supplement interfere with Tenant's quiet use and enjoyment of the Premises or the conduct of Tenant's business therein. Under no circumstances shall Landlord amend Paragraph 11 of the Rules and Regulations without Tenant's prior written consent, which consent shall not be unreasonably withheld. Landlord shall provide for reasonable uniform enforcement of such Rules and Regulations as in effect from time to time during the Term and shall use reasonable efforts to enforce the Rules and Regulations against other tenants of the Building. In the event of any inconsistency between the specific terms of this Lease and such Rules and Regulations (or any amendments or supplements thereto), the specific terms of this Lease shall prevail.

11. Tenant's Acceptance. Tenant acknowledges that neither Landlord nor any agent or representative of Landlord has made any representations or warranties regarding the Premises. Tenant, by taking possession of the Premises, shall be deemed to have acknowledged that it has inspected the Premises and any improvements made to the same; provided that Tenant shall not be

responsible for any latent defects (where a latent defect is any defect unknown to Tenant except defects caused by Tenant or any contractor, employee or agent of Tenant).

12. Alterations and Additions.

(a) Other than Tenant's Work, no alteration, addition or improvement to or installation in the Premises shall be made or permitted to be made by Tenant without the prior written consent of Landlord. Landlord may impose such conditions to its consent as it may elect including conditions that Tenant (i) obtain Landlord's approval of all plans and specifications; (ii) obtain Landlord's approval of all contractors and subcontractors and their respective contracts; (iii) obtain all permits, approvals and certificates required by any governmental body and, upon completion, provide such certificates to Landlord; (iv) carry, and cause all contractors and subcontractors to carry, worker's compensation, general liability, personal and property damage insurance; (v) upon Landlord's request, agree at its sole cost to remove any such alteration, addition, improvement or installation upon surrender of the Premises and to restore the Premises to its prior condition, except for ordinary wear and tear; and (vi) cause each contract or agreement with each contractor to require the contractor to properly file a no-lien agreement in the Prothonotary's Office of Allegheny County prior to the commencement of any work at the Premises or the placement of any materials on the Premises or the Property (or, at Tenant's option, provide such other security satisfactory to Landlord in order to ensure that the Premises shall be kept free from mechanics' or materialmen's liens and that the cost of all alterations or additions will be fully paid).

(b) Contractors or subcontractors engaged by Tenant shall be subject to Landlord's prior approval, and shall use their best efforts to employ workers and means to ensure the progress of work and the operation of the Building without interruption on account of strikes, work stoppages or other causes. All contracts shall provide for a waiver of mechanic's liens by each contractor and subcontractor and shall obligate each contractor and subcontractor to provide insurance coverage satisfactory to Landlord. Tenant hereby agrees to defend, indemnify and hold Landlord harmless against all liabilities, damages, costs and expenses (including reasonable attorneys' fees) which Landlord may incur in connection with or as a result of any such contracts or subcontracts or any acts or omissions of, or work or materials supplied by such contractors or subcontractors to the extent that such liabilities, damages, costs and expenses do not result from or are not caused by the acts or omissions of Landlord, Landlord's agents, employees or contractors. This obligation shall survive the termination of this Lease.

(c) All work done by or caused to be done by Tenant may be monitored by Landlord at its discretion. During periods when work is being performed, Tenant's contractors or

subcontractors shall regularly remove debris, keep the Premises and other areas of the Property clean to the reasonable satisfaction of Landlord and comply with Landlord's fire prevention, security, safety and sanitation regulations, as such fire prevention, security, safety and sanitation regulations may be promulgated from time to time by Landlord. All work done by Tenant shall be done in a good and workmanlike manner and in compliance with all applicable Laws.

(d) Any mechanics' lien filed against the Premises or the Building for work done by or materials furnished to Tenant (except Landlord's Work) shall be discharged by Tenant at Tenant's expense within twenty (20) Business Days thereafter by making the required cash deposit into court, by filing of the bond permitted by Law, by payment, by satisfaction or otherwise. Should Tenant fail to discharge any such lien within said twenty (20) Business Days, Landlord may, at its option, terminate this Lease, pay or otherwise discharge such lien, or pursue any or all of the other remedies provided in this Lease, and Tenant shall pay Landlord on demand as Additional Rent any sums paid by Landlord together with interest thereon at the Default Rate.

(e) Unless Landlord requires their removal as set forth hereinabove, all alterations, additions, improvements and installations which may be made to the Premises shall become the property of Landlord upon installation and remain upon and be surrendered with the Premises. Notwithstanding the provisions of this Section, Tenant's personal property and moveable trade fixtures, other than that which is affixed to the Premises so that it cannot be removed without damage to the Premises or the Property, shall remain the property of Tenant and may be removed by Tenant at any time during the Term so long as no Tenant Default has occurred and is continuing. Upon surrender of the Premises, Tenant agrees to repair within a reasonable time any damage to the Property caused by, or in connection with, the removal of any articles of personal property, business or trade fixtures, alterations, improvements and installations, including repairing the floor and patching and painting the walls where reasonably required by Landlord, except for ordinary wear and tear.

13. Building Services. Landlord shall provide, within the preventive maintenance and building service standards established by Landlord from time to time (the current version of which shall be provided by Landlord to Tenant not later than February 1, 1995 and shall be reasonably agreeable and satisfactory to Tenant), the following services and facilities:

- (a) Heating, air conditioning and ventilating using design criteria based on summer outside temperatures of 90° dry bulb while maintaining 75° dry bulb conditions indoor and winter outside temperature of 0° dry bulb while maintaining 70° dry bulb conditions during Normal Business Hours. Should Tenant, with reasonable advance notice to

Landlord, require heating, ventilating, or air conditioning service (other than during periods when such heating, ventilating or air conditioning equipment is shut down for maintenance or renovation work being conducted in the Building) on days or hours other than Normal Business Hours, Landlord shall furnish such additional service and Tenant agrees to pay the sum of \$20.00 per hour per floor for providing such additional service during the Initial Term and the standard charge established by Landlord from time to time during the Renewal Terms (if any) for providing such additional service. Landlord's charge as established from time to time for providing such service shall be billed and paid as Additional Rent.

- (b) Electric energy consumption for Building standard level of illumination during Normal Business Hours using standard fixtures of Landlord's choice and for ordinary small business equipment and fixtures at an average of 5 watts per usable square foot. Should Tenant, with reasonable advance notice to Landlord, require electric energy consumption on days or hours other than Normal Business Hours, Landlord shall furnish such additional service and Tenant agrees to pay the sum of \$5.00 per hour per floor for providing such additional service during the Initial Term and the standard charge established by Landlord from time to time during the Renewal Terms (if any) for providing such additional service. Landlord's charge as established from time to time for providing such service shall be billed and paid as Additional Rent. Usage above an average of 5.0 watts per useable square foot shall be verified by an electrical survey completed during Normal Business Hours performed by Landlord at Landlord's expense. In addition, and at a minimum, Landlord shall verify survey assumptions by actual meter readings on each floor within the Premises using an Amprobe Meter #LAA3E, Emon Demon or equivalent meter for not less than thirty consecutive days per electrical closet per floor, the cost of such metering to be borne one-half by Tenant and one-half by Landlord. A hard copy of these results shall be rendered to Tenant along with an invoice for the use of the additional consumption above the average of 5.0 watts per useable square foot, which invoice shall be paid with the payment of Tenant's next monthly rental payment as Additional Rent. The amount of each month's invoice shall be computed as follows:

The Building's average cost per kwh during the previous year multiplied by (Tenant's average watts per useable square foot minus 5.0 watts per useable square foot) multiplied by 1 kilowatt/1000 watts multiplied by the useable square footage within the Premises multiplied by the number of Normal Business Hours in the month.

This additional charge shall continue for twelve consecutive months at a cost equal to the Building's average cost per kwh in the previous year. In the event Tenant is required to pay for additional electric energy consumption under the above formula, Landlord shall perform an annual survey to update the additional wattage charge, if any, and metering, the cost of which shall be borne in accordance with the foregoing.

- (c) Maintenance and service of the public restrooms in the Building, including the plumbing system.
- (d) Elevator service substantially comparable to that which is provided in the Building on the date hereof.
- (e) Janitorial service described on Exhibit G, attached hereto and made a part hereof, as such services may be reasonably amended from time to time by Landlord.
- (f) Hot and cold water for lavatory and drinking purposes.
- (g) Property security of 24-hour per day, 365 days per year guard coverage at the lobby console. After Normal Business Hours, the security guard will perform a security check to ensure all non-essential electrical devices are turned off or set back (i.e., coffee pots, lights, electric heaters, etc.). Refer to Exhibit C, Rules and Regulations, Item Number 9, for after hours access requirements.
- (h) Maintenance and repair of: (i) the HVAC System, the life safety system and exhaust systems installed by Landlord in the Property (including the Premises), (ii) the Land and (iii) the Base Building.
- (i) Reasonable access to the loading dock.
- (j) A listing in the Building directory located in the lobby of the Building.

Landlord shall not be liable in damages or otherwise for delay or failure in furnishing any of the foregoing services or facilities, where such delay or failure is excusable pursuant to the provisions of Section 29 hereof. In no event shall such delay or failure, regardless of cause, constitute an eviction of Tenant or termination of this Lease (except as provided below and in Section 25(b)(ii) of this Lease). Notwithstanding the foregoing, in the event that (i) a total stoppage of the HVAC system, electricity or elevator service renders all or any portion of the Premises unusable, (ii) such condition shall continue for a period in excess of two (2) consecutive Business Days after notice by Tenant to Landlord of such condition (which notice need not be in writing), (iii) such stoppage is caused by the negligence, gross negligence or willful misconduct of Landlord or Landlord's contractors, employees or agents, (iv) such stoppage is not caused in whole or in part by Tenant or any contractor, employee or agent of Tenant and (v) Tenant actually vacates the Premises (or such portion of the Premises affected), the Rent shall be abated for the number of consecutive Business Days that the stoppage continues from the commencement of such stoppage (such Rent to be prorated in the event that only a portion of the Premises is affected); provided, that Landlord shall have the right to cause temporary remedial measures to be effected. Landlord shall in no event be liable for damages to Tenant from any stoppage of service described in the foregoing sentence; provided that Landlord shall reimburse Tenant for all reasonable direct out-of-pocket costs incurred by Tenant from such stoppage of service (including the reasonable out-of-pocket costs of temporary office space during such interruption of service but excluding any incidental or consequential damages) to the extent that such costs exceed the Rent abated under this Section.

14. Assignment and Subletting. Tenant, for itself, its successors, legal representatives and assigns, expressly covenants that Tenant shall not, either voluntarily or by operation of law, assign, transfer, mortgage (other than a mortgage of the Tenant's leasehold interest) or otherwise encumber this Lease (or part thereof) or sublet the Premises or portion thereof or permit the Premises or any part thereof to be used or occupied by anyone other than Tenant without the prior written consent of Landlord, which consent shall not be unreasonably withheld. For purposes of this Section 14, "assignment" shall include the transfer, sale or other alienation of fifty percent (50%) or more of the legal or equitable ownership of Tenant (whether through one or more transactions), a sale, transfer or other alienation, of a material part of the assets of Tenant but shall not include a merger or consolidation of Tenant. Landlord shall consent to any assignment of this Lease to any affiliate of Tenant, where affiliate means any corporation or entity (A) which directly or indirectly owns fifty percent (50%) or more of the voting interest in Tenant or (B) fifty percent (50%) or more of the voting interest of which is directly or indirectly owned by Tenant or any corporation or entity identified in Subsection 14(A) above. In the event of any

assignment or sublease, Tenant shall promptly notify Landlord thereof in writing. In the event of any assignment or sublease, Tenant shall not be released from its obligations under this Lease, notwithstanding any amendment, modification, supplement or extension thereafter made with respect to this Lease by Landlord; provided that Tenant shall not be bound by any amendment, modification, supplement or extension which increases Tenant's obligations or liabilities hereunder; provided, further, that Tenant shall be liable for the exercise of any rights of Tenant under this Lease by any assignee or sublessee of Tenant which rights exist on the date of the assignment or sublease. No consent given by Landlord to any assignment or subletting shall be construed to be a consent to any further assignment of this Lease or subletting of the Premises by Tenant or any other party, and Landlord's right to withhold its consent with respect thereto is hereby expressly reserved.

In the event Tenant or any of its permitted assignees or subtenants should desire to assign this Lease or sublet the Premises or any part hereof other than as permitted above, Tenant shall give Landlord written notice at least twenty (20) days in advance of the date on which Tenant desires to make such assignment or sublease, which notice shall specify: (a) the name, address and business of the proposed assignee or sublessee, (b) the amount and location of the space in the Premises affected, (c) the proposed effective date and duration of the subletting or assignment, (d) a certified financial statement indicating the financial worthiness of the proposed assignee or subtenant, and (e) a copy of the proposed sublease or instrument of assignment which shall include the proposed rent to be paid by said sublessee or assignee. Landlord shall have a period of twenty (20) days following receipt of such notice (and such additional information reasonably requested by Landlord) within which to notify Tenant in writing that Landlord elects either (i) to terminate this Lease as to the space so affected as of the date so specified by Tenant, in which event Tenant will on that date be relieved of all further obligations to pay Rent as to such space (such reduction in Rent to be prorated based on the Rentable Area of the remaining portion of the Premises)*; or (ii) to permit Tenant to assign this Lease or sublet such space, in which event if the proposed rental and other sums payable by such assignee or subtenant are greater than the Rent under this Lease, then one-half (1/2) of such excess sums averaged over the remaining Lease Term shall be deemed Additional Rent owed by Tenant to Landlord under this Lease (provided that the full amount of such excess shall be deemed Additional Rent if it relates to any portion of the Premises subleased or assigned, which portion of the Premises Tenant has occupied for less than one (1) full year), and one-half (1/2) of such excess or the full amount of such excess, as applicable, including any subsequent increases due to escalation or otherwise, shall be paid by Tenant to Landlord immediately upon receipt without demand, set-off or deduction, in the same manner that Tenant pays the Rent; or (iii) to withhold Landlord's consent and to continue this Lease in full force and effect as to the entire Premises. If Landlord should

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* (provided that the option set forth in this Subsection (i) may only be exercised if such request relates to an assignment of the Lease or a sublease of all or a portion of the Premises for a term of two (2) years or more).

fail to notify Tenant in writing of such election within said twenty (20) day period, Landlord shall be deemed to have elected option (iii) above. The provisions of this Section shall be binding on all successive assignees and subtenants.

Tenant shall not advertise space for assignment or subleasing, either directly or through a real estate agent or otherwise, without the prior written approval of Landlord, which approval shall not be unreasonably withheld. Landlord may, at Landlord's discretion, withhold Landlord's approval of the advertisement of a per square foot rental rate.

15. Access to Premises. Landlord and its employees, servants and agents shall have the right to enter the Premises at all reasonable times for the purpose of examining or inspecting the Premises to see that Tenant is complying with all of its obligations hereunder, showing the same to prospective purchasers, mortgagees, or tenants of the Building, performing janitorial and cleaning services, and making such alterations, repairs, improvements or additions to the Premises or other portions of the Property as Landlord may deem necessary or appropriate, and Landlord shall be allowed to take all material into and upon the Premises that may be required therefor without the same constituting an eviction of Tenant in whole or in part, and the Rent shall in no way abate while said alterations, repairs, improvements or additions are being made by reason of loss or interruption of business of Tenant or otherwise. Landlord shall use reasonable efforts to not interfere with Tenant's quiet use and enjoyment of the Premises in performing repairs and maintenance of the Property other than the Premises. Landlord shall use reasonable efforts to notify Tenant's lease administrator(s) (the names of which shall be provided to Landlord and who shall be available to Landlord during Normal Business Hours) of the need for access to the Premises except for (i) janitorial services, (ii) security services, (iii) other contractors or employees of Landlord as are agreed upon by Landlord and Tenant or Landlord services which are of a repetitive nature as agreed upon by Landlord and Tenant, or (iv) an emergency. Landlord shall comply with Tenant's security system in effect from time to time of which Landlord has been given notice, provided that such security system shall not preclude entry by Landlord and its employees, servants and agents to the Premises at reasonable times for the foregoing purposes. Except in an emergency, Landlord shall perform repairs and maintenance other than during Normal Business Hours if Tenant notifies Landlord that the conduct of such work will unduly interfere with Tenant's quiet use and enjoyment of the Premises; provided, that if work to be performed other than during Normal Business Hours requires the payment of overtime or premium rates, Landlord will, prior to undertaking such work, so notify Tenant, and if approved by Tenant, Tenant will pay the overtime or premium charges to Landlord upon demand as Additional Rent. If representatives of Tenant shall not be present to open and permit entry into the Premises at any time when such entry by Landlord is necessary because of an emergency, Landlord may forcibly enter

the Premises without liability to Tenant and without such entry constituting an eviction of Tenant or termination of this Lease.

16. Repairs.

- (a) Subject to the other provisions of this Lease, Landlord shall make those repairs necessary to maintain in good working condition the Property to the extent included in the Building services described in Section 13 of this Lease; provided, however, that Landlord shall not be obligated to make any such repairs (i) until the expiration of a reasonable period of time after Landlord has actual knowledge that such repair is needed, (ii) caused by any act or omission of Tenant or its employees, agents, invitees, licensees, subtenants or contractors (except ordinary wear and tear) or (iii) which relate to Tenant's trade fixtures, personal property, equipment or alterations or improvements to be removed by Tenant at the expiration of the Term. The cost of repairs by Landlord under this Section 16(a) shall be borne by Landlord and included in Operating Expenses to the extent permitted in Section 9 hereof.
- (b) In addition to the foregoing, Landlord shall make all repairs necessary to maintain the Premises in good working condition (including light fixtures); provided, however, that Landlord shall not be obligated to make any such repairs (i) until the expiration of a reasonable period of time after Landlord has actual knowledge that such repair is needed, (ii) caused by any act or omission of Tenant or its employees, agents, invitees, licensees, subtenants or contractors (except ordinary wear and tear) or (iii) which relate to Tenant's trade fixtures, personal property, equipment or alterations or improvements to be removed by Tenant at the expiration of the Term. The cost of all repairs by Landlord under this Section 16(b) shall be borne by Tenant and Tenant shall pay Landlord's charges therefor within thirty (30) days after receipt of invoice as Additional Rent.
- (c) Except as Landlord is obligated to perform repairs as provided hereinabove, Tenant shall repair or direct others to repair, at Tenant's sole cost and expense, all items necessary to maintain the Premises and shall keep the Premises and the fixtures therein neat and in good, operable and orderly condition, ordinary wear and tear excepted. All repairs by Tenant shall be of the same quality as those done by Landlord and be done in a good and workmanlike manner.

- (d) Except as set forth in Section 18 of this Lease below, neither Landlord or Tenant shall be liable by reason of any injury to or interference with Tenant's or Landlord's business arising from the making of any repairs, alterations, additions or improvements in or to the Premises or any other portion of the Property or to any appurtenances or equipment therein. There shall be no abatement of Rent because of such repairs, alterations, additions or improvements, except as expressly provided in Sections 13 and 19 hereof. Landlord and Tenant shall use their respective best efforts to avoid interference with Tenant's use of the Premises and interference with other tenants in the Building.
- (e) Notwithstanding any provisions herein, neither Landlord nor Tenant shall be liable for any damage occasioned by plumbing, electrical, gas, water, steam or other utility pipes, systems or facilities or by the bursting, stopping, leaking or running of any tank, sprinkler, washstand, water closet or pipes in or about the Premises or any other portion of the Property; nor for any damage occasioned by water being upon or coming through or around the roof or any flashing, window, skylight, vent, door, or the like; nor for any damage arising out of any acts or neglect of other tenants or occupants of the Building, occupants of adjacent property or the public, unless caused by the negligence, gross negligence or willful misconduct of Landlord or Tenant or their agents or employees (in which event the liability shall be allocated in the manner set forth in Section 18 hereof).

17. Surrender of Premises. At the end of the Term, Tenant shall surrender the Premises to Landlord in broom-clean condition and in good order and repair except for damage caused by Landlord or any of its agents, representatives or other tenants or for normal wear and tear for which Tenant is not obligated to make repairs under this Lease. If no Tenant Default has occurred and is continuing, Tenant shall have the right at the end of the Term to remove any personal property and trade fixtures to the extent permitted in Section 12 hereof. Tenant shall surrender the Premises to Landlord at the end of the Term without notice of any kind. Tenant waives the notice to surrender under the Landlord and Tenant Act of 1951, as amended on the date of this Lease (except upon a Landlord Default). The provisions of this Section shall survive the termination of this Lease.

18. Indemnification and Liability.

- (a) Tenant shall indemnify, hold harmless and defend Landlord from and against any and all costs, expenses (including reasonable counsel fees and costs), liabilities, losses, damages, suits, actions, fines, penalties, claims or demands of any kind arising out of or in any way connected with, and Landlord shall not be liable to Tenant on account of: (i) any negligent, grossly negligent or willful failure by Tenant to perform any of the agreements, terms, covenants or conditions of this Lease required to be performed by Tenant, (ii) any failure by Tenant to comply with any Laws applicable to the use or occupancy of the Premises, or (iii) any accident, injury or damages to any person or property occurring in, on or about the Premises, or any accident, injury or damages to any person or property occurring in, on or about any other part of the Property if caused by reason of the negligence, gross negligence or willful misconduct of Tenant, its agents, contractors, licensees, invitees or employees.
- (b) Landlord shall indemnify, hold harmless and defend Tenant from and against any and all costs, expenses (including reasonable counsel fees and costs), liabilities, losses, damages, suits, actions, fines, penalties, claims or demands of any kind arising out of or in any way connected with, and Tenant shall not be liable to Landlord on account of: (i) negligent, grossly negligent or any willful failure by Landlord to perform any of the agreements, terms, covenants or conditions of this Lease required to be performed by Landlord, (ii) any failure by Landlord to comply with any Laws relating to the Property (other than the use and occupancy of the Premises), or (iii) any accident, injury or damages to any person or property occurring in, on or about the Property occasioned by reason of the negligence, gross negligence or willful misconduct of Landlord, its agents, contractors, licensees, invitees or employees.
- (c) Except as otherwise provided in Sections 18(a) and (b) above, each party hereto releases and relieves the other, its agents, and employees from all liability in connection with any and all loss of life, personal injury, damage to or loss of property, or loss or interruption of business occurring to the releasing party, its agents, servants, employees, invitees, visitors, or any other person, firm, corporation or entity, in or

about or arising out of, in or upon the Premises, Building, the common areas, or in the Property.

- (d) This Section 18 shall survive the termination of this Lease.

19. Fire or Other Casualty; Waiver of Subrogation.

- (a) In the event that the Property shall be damaged in whole or in part as a result of the fault or neglect of Tenant or any of its servants, employees, agents, invitees or licensees, then Tenant shall promptly repair and restore the same, and the Rent shall not be abated or apportioned. Any election by Landlord to repair or restore the Property or any portion thereof after any damage caused in whole or in part by the fault or neglect of Tenant or any of its servants, employees, agents, invitees or licensees shall not relieve Tenant of any responsibility under this Lease.

- (b) In the event that the Property shall be damaged by casualty and Tenant shall not have the obligation to repair or restore the same as provided in subsection (a) above, then, if the same can be restored within one hundred and eighty (180) days after such casualty, Landlord shall commence the restoration of the same promptly upon settlement of such loss with all insurance carriers and shall diligently complete the same, subject to delays as provided in Section 29 of this Lease. In the event that the Property can not be restored within one hundred and eighty (180) days, Landlord may, at Landlord's option, elect not to repair (provided that Landlord terminates all leases with respect to the Property), in which event Landlord shall so notify Tenant not later than sixty (60) days after the casualty, and this Lease shall terminate effective as of the date of such casualty. Unless otherwise provided herein, Landlord have no obligation to repair any damage to any of Tenant's personal property or trade fixtures. In the event that the Property shall be damaged by casualty, then even if Landlord shall not have the obligation to restore the same, it may in its sole discretion elect to do so. In the event that Landlord shall not have completed the restoration within one hundred eighty (180) days after such casualty, subject to delays as provided in Section 29 of this Lease, then Tenant shall have the right to terminate this Lease as its sole remedy against Landlord. In no event shall Tenant have any right to terminate this Lease if such damage is caused in whole or in part by the fault or neglect of Tenant or any of its servants,

employees, agents, invitees or licensees. Except as provided in subsection (a), in the event that the Premises are totally destroyed by fire or other casualty, the entire Rent shall be abated during the period of restoration; if less than the entire Premises is destroyed, the Rent shall be apportioned during the period of any restoration according to the part of the Premises which is usable by Tenant and shall in all events recommence upon the completion of such restoration by Landlord. The Rent shall be abated in accordance with the foregoing sentence notwithstanding the exception to Section 29 hereof relating to the payment of Rent.

- (c) Tenant shall insure all improvements, additions and alterations to the Premises (including the Tenant's Work) and all its fixtures and personal property therein. In the event of any casualty, all Tenant's insurance proceeds payable as a result of such casualty (other than proceeds as a result of damage to Tenant's personal property which Tenant is entitled by this Lease to remove upon the expiration of the Term) shall be paid directly by Tenant's insurer to Landlord. Tenant shall name Landlord as a loss payee on all property insurance policies of Tenant with respect to the Premises. In the event that this Lease shall be terminated as provided in this Section, Landlord shall have the right to all insurance proceeds assigned to Landlord pursuant to this subsection. In the event that this Lease shall not be so terminated, Landlord shall have the right to retain such proceeds to the extent required by Landlord to defray the cost of restoration of the Premises as provided in subsection (b) above. All such insurance policies shall, unless waived by Landlord, be written in a manner that the insurance company waives all right of recovery by way of subrogation against Landlord. As long as such provisions are included in and to the extent that such a waiver is permitted under Tenant's property insurance policies then in force, Tenant waives any right of recovery against Landlord for any loss or damage to property occasioned by fire or other casualty to the extent that the amount of such loss or damage is insured under such policies. In the event that at any time Tenant's property insurance carriers shall not permit such waivers in Tenant's property insurance policies, the waivers set forth in the foregoing sentence shall be of no further force or effect.

Tenant shall have the right to request Landlord's insurance carrier to add an endorsement to Landlord's property insurance policies to the effect that such policies shall not be invalidated should the insured waive, in writing, prior to loss, any or all right of recovery against any party for loss occurring to the Building. As long as such provisions are included in and to the extent that such a waiver is permitted under Landlord's property insurance policies then in force, Landlord hereby waives any right of recovery against Tenant for any loss or damage to property occasioned by fire or other casualty to the extent the amount of such loss or damage is insured under such policies. In the event that at any time Landlord's property insurance carriers shall not permit such waivers in Landlord's property insurance policies, the waivers set forth in the foregoing sentence shall be deemed of no further force or effect.

20. Insurance.

- (a) Tenant shall procure at its cost and expense and keep in effect during the Term (i) comprehensive general liability insurance including general liability with a minimum combined single limit of liability of \$1,000,000; and (ii) reasonable and customary property insurance in amounts sufficient to repair or replace Tenant's personal property and any improvements or betterments made by Tenant as more fully described in Section 19(c) above. Such insurance shall name Landlord as an additional insured. The amount of such insurance shall not be construed to limit the liability of Tenant hereunder. Such insurance shall provide that Landlord shall receive thirty (30) days' written notice from the insurer prior to any cancellation or change of coverage. Tenant shall deliver policies of such insurance or certificates thereof to Landlord on or before the date of this Lease and thereafter at least thirty (30) days before the expiration dates of expiring policies and at such other reasonable times as requested by Landlord. The obligations of Tenant under this Section are in addition to any other obligations of Tenant in this Lease regarding insurance.
- (b) Tenant and Landlord agree, at their own cost and expense, to comply with all of the rules, regulations and recommendations of the Fire Insurance Rating Organization having jurisdiction and any similar body. If, at any time and from time to time, as a result of or in connection with any failure by Tenant to comply with the foregoing

sentence or any act of omission or commission by Tenant, its employees, agents, contractors or licensees, or as a result of or in connection with the use to which the Premises are put (notwithstanding that such use may be for the purposes hereinbefore permitted or that such use may have been consented to by Landlord), the fire insurance rate(s) and/or rent insurance rates applicable to the Premises, or the Building, or to any other premises in the Building, or to any adjacent property owned or controlled by Landlord or an affiliate of Landlord, and/or to the contents in any or all of the aforesaid properties shall be higher than that which would be applicable for the least hazardous type of occupancy legally permitted therein, Tenant agrees that it will pay to Landlord, on demand, as Additional Rent, such portion of the premiums for all fire insurance policies and/or rent insurance in force with respect to the aforesaid property and the contents of any occupant thereof and shall be attributable to such higher rate(s). If Tenant installs any electrical equipment that overloads the lines in the Premises or the Building, Tenant shall, at its own cost and expense, promptly make whatever changes are necessary to remedy such condition and to comply with all requirements of the Landlord and the Fire Insurance Rating Organization and any similar body and any governmental authority having jurisdiction thereof. For the purpose of this Subsection, any finding or schedule of the Fire Insurance Rating Organization having jurisdiction thereof shall be deemed to be conclusive. In the event that this Lease so permits and Tenant engages in the preparation of food or packaged foods or engages in the use, sale or storage of flammable or combustible material, Tenant shall install chemical extinguishing devices (such as ansul) approved by the Fire Insurance Rating Organization having jurisdiction and shall keep such devices under service as required by such organization. If gas is used in the Premises, Tenant shall install gas cutoff devices (manual or automatic).

21. Condemnation. In the event that all of the Land and Building are taken for any public or quasi-public use or purpose in eminent domain proceedings, or in the event all of the Land and Building are conveyed to a governmental authority or other entity having the power of eminent domain ("condemning authority") in lieu of such proceedings, this Lease shall terminate upon the date when the possession shall be surrendered to said condemning authority (without prejudice to Tenant's rights to recover damages from the condemning authority as hereinafter provided) and any prepaid Rent and other payments and

credits attributable to periods after such termination date shall be refunded to Tenant. Tenant shall be entitled to seek from the condemning authority compensation for the taking of Tenant's leasehold interest and Tenant's tangible property, for Tenant's removal and relocation costs and/or for Tenant's loss of business and/or business interruption.

In the event eminent domain proceedings shall be instituted in order to take twenty-five (25%) or more of the Building, or a lesser amount if such taking renders the remainder of this Building unuseable without structural alteration or reconstruction, or if the grade of any street or alley adjacent to the Land is changed so that, as a result of either such event, structural alteration or reconstruction of a portion of the Building is necessary in Landlord's reasonable judgment,*Landlord may elect to terminate this Lease by giving Tenant not less than ninety (90) days' notice of termination prior to a termination date specified in such notice (without prejudice to Tenant's rights to recover damages from the condemning authority as hereafter provided) and any prepaid Rent and other payments and credits attributable to periods after such termination date specified in such notice shall be refunded to Tenant. In the event that the result of any eminent domain proceeding (after any repairs or alterations by Landlord which Landlord elects to make) will materially affect Tenant's use of the Premises, Tenant may elect to terminate this Lease by written notice to Landlord not less than ninety (90) days' prior to a termination date specified in such notice, such notice to be provided to Landlord not less than ninety (90) days after notice to Tenant of the eminent domain proceedings. In the event of any such termination, Tenant shall be entitled to seek from the condemning authority compensation for the taking of Tenant's leasehold interest and Tenant's tangible property for Tenant's removal and relocation costs and/or for Tenant's loss of business and/or businesses interruption. If Landlord and Tenant do not so elect to terminate this Lease, this Lease shall be and remain in full force and effect for the balance of the Term, except that Rent shall be proportionately abated to the extent of any portion of the Premises taken.

22. Subordination and Attornment. In the event that Landlord wishes to mortgage all or any portion of the Property and the proposed mortgagee requests that Tenant subordinate Tenant's interest in this Lease, Tenant will subordinate this Lease to all such mortgages. Such subordination shall be self-operative, and no further instrument of subordination shall be required by any mortgagee. However, in confirmation of such subordination, within forty (40) days after receipt of such request by Landlord, Tenant shall execute and deliver promptly any certificates or other written assurances, designed to give effect to or provide evidence of the same which Landlord may request. In addition, if required, Tenant shall use Tenant's best efforts to obtain the necessary release of its leasehold interest from its mortgage lien. In the event that Tenant fails to execute and deliver any such certificates or other written

* and Landlord elects to terminate all leases with respect to the Building,

assurances within such forty (40) days, Tenant hereby constitutes and appoints Landlord Tenant's attorney in fact, the same being coupled with an interest, to execute and deliver any certificates and other assurances for and on behalf of Tenant consistent with the foregoing, such power of attorney being strictly limited to the purposes set forth in this Section. In the event of a sale in foreclosure of any mortgage to which this Lease is subordinate, or a transfer in lieu of foreclosure, or a taking of possession of the Property by the mortgagee or other person acting for or through the mortgagee under any mortgage to which this Lease is subordinate, then, and upon the happening of any such events, Tenant shall attorn to and recognize the purchaser as the party who, but for this Lease, would be entitled to possession of the Premises.

23. Estoppel Certificates. Tenant and Landlord shall, at any time and from time to time, within a period of ten (10) days following receipt of a written request from the other party hereto, execute, acknowledge and deliver to such requesting party a written statement certifying (a) that a true and correct copy of this Lease is attached to such statement, (b) that this Lease is in full force and effect and unmodified (or, if modified, stating the nature of such modification and attaching a copy thereof), (c) the date to which the Rent has been paid, (d) that there are not, to the best of such certifying party's knowledge, any uncured defaults on the other party's part hereunder, or specifying such default if any are claimed, and (e) as to such other matter as the requesting party or any prospective purchaser or mortgagee may reasonably request. Each such certificate shall be in the form of Exhibit D, attached hereto and made a part hereof, with such modifications and additions as any prospective purchaser or mortgagee may reasonably request. Any such statement may be relied upon by the requesting party and any prospective purchaser or mortgagee of all or any part of the Property or the requesting party's interest in this Lease. A party's failure to deliver such statement within the said period shall be conclusive upon such party that this Lease is in full force and effect and unmodified, and that there are no uncured defaults in the other party's performance hereunder.

24. Tenant Default and Remedies.

- (a) Tenant Default. The occurrence of any of the following shall, at Landlord's option, constitute a Tenant Default:
- (i) A failure by Tenant to pay any Rent or other sums reserved herein, where such failure continues for ten (10) Business Days after such sum is due (provided that Tenant shall not be in default if Tenant fails to pay any Additional Rent with respect to which Tenant, in good faith, has disputed Tenant's obligation to pay such Additional Rent and

has provided Landlord with written notice of the basis for such dispute);

- (ii) Any removal or attempted removal of any of Tenant's personal property, fixtures or equipment without Landlord's prior approval other than in the normal and usual operation of Tenant's business within the Premises;
- (iii) The filing of any lien against the Property or any portion thereof or interest therein as a result of the act or omission of the Tenant which is not discharged or released within twenty (20) Business Days thereafter;
- (iv) Except as provided in Section 24(c) below, any violation by Tenant of Section 10 of this Lease and the continuation thereof for a period of twenty (20) Business Days after receipt of written notice thereof by Landlord or after Tenant shall otherwise become aware thereof;
- (v) Any violation by Tenant of Section 14 or Section 17 of this Lease;
- (vi) Any violation by Tenant of Section 15 of this Lease and the continuation thereof for a period of twenty-four (24) hours after notice by Landlord (which notice need not be in writing);
- (vii) Any violation of the first two sentences of Section 20(a) of this Lease;
- (viii) Except as provided in Section 24(a) (vii) above, any violation of any other provision of Section 20 of this Lease, where such failure continues for five (5) Business Days after receipt of written notice thereof by Landlord or after Tenant shall otherwise become aware thereof;
- (ix) Any failure by Tenant to comply with Section 23 of this Lease, where such failure continues for five (5) Business Days after receipt of written notice thereof by Tenant from Landlord;
- (x) A failure by Tenant to observe and perform any other provision or covenant of this Lease to be observed or performed by Tenant, where such failure continues for thirty (30) days after receipt of written notice thereof from Landlord to Tenant, specifying the nature of

said default (unless before such date the specified default at the time existing under this Lease shall have been fully cured, or in case of a default being of such nature that the same cannot be completely cured or remedied within said thirty (30) day period, Tenant shall then be diligently proceeding to remedy or cure such default and shall promptly complete such remedy or cure); or

(xi) The making by Tenant of any assignment for the benefit of creditors; the adjudication that Tenant is bankrupt or insolvent; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days after the filing thereof); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located in the Premises or of Tenant's interest in this Lease (unless possession is restored to Tenant within thirty (30) days after such appointment); or the attachment, execution or levy against, or other judicial seizure of substantially all of Tenant's interest in this Lease (unless the same is discharged within thirty (30) days after issuance thereof).

(b) Landlord Remedies. In the event of a Tenant Default, Landlord may exercise any of the following remedies, which shall be cumulative and not exhaustive (and the exercise of any remedy shall not preclude the exercise of any other remedy):

(i) Landlord, at its option, may terminate this Lease upon and by giving written notice of termination to Tenant.

(ii) Landlord may enter the Premises (without thereby incurring any liability to Tenant and without such entry being constituted an eviction of Tenant or termination of this Lease) and take possession of the Premises and all personal property of every kind on the Premises, and Landlord may (A) apply against the accelerated Annual Minimum Rent becoming payable to Landlord and the expenses, including reasonable attorneys' fees, which Landlord may have incurred in connection with such repossession, either the

value of such personal property or the proceeds, after selling expenses, from the sale of such personal property, whichever Landlord chooses to do, and (B) at any time at its option rent the Premises or any part thereof for the account of Tenant, for such terms, upon such conditions and at such rental as Landlord may reasonably elect. In the event of such rental, (i) Landlord shall receive and collect the rent therefrom and shall first apply such rent against such reasonable expenses as Landlord may have incurred in recovering possession of the Premises, placing the same in good order and condition, altering or repairing the same for rental, and such other expenses, commissions and charges, including reasonable attorneys' fees, and then shall apply such rent against other sums payable by Tenant to Landlord, and (ii) Landlord may execute any lease in connection with such rental in Landlord's name, for a term which may be shorter, longer or the same as the remainder of the Term under terms and conditions determined solely by Landlord and the tenant of such rental shall be under no obligation to see to the application by Landlord of any rent collected by Landlord. No justified re-entry by Landlord shall be deemed to be an acceptance of a surrender by Tenant of this Lease or of the Premises. In the event that Landlord takes possession of the Premises, Landlord shall use reasonable efforts to mitigate damages, provided that Landlord shall have no obligation to rent the Premises prior to any other space in the Building.

- (iii) The Annual Minimum Rent reserved herein for the entire unexpired portion of the Term shall, at Landlord's option, thereupon immediately become due and payable.
- (iv) Landlord, without being under any obligation to do so and without thereby waiving any obligations of Tenant under this Lease, may perform the Tenant's obligations for the account and at the expense of Tenant. If Landlord makes any expenditures or incurs any obligations for the payment of money in connection therewith including reasonable attorneys' fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligations incurred, with interest at the Default Rate and costs, shall be paid by Tenant.

- (v) Landlord shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any right and remedy allowed at Law or in equity or by statute or otherwise.
- (c) Rules and Regulations. Notwithstanding any other provision of this Lease, Landlord's remedies upon a failure by Tenant to comply with the Rules and Regulations applicable to the Building, as they may be amended from time to time, within twenty (20) days after notice by Landlord to Tenant, shall be to (i) obtain damages, (ii) obtain equitable relief and/or (iii) exercise the rights set forth in Section 24(b)(iv) above. It is expressly agreed that such failure shall not constitute a Tenant Default.
- (d) Incidental and Consequential Damages. In no event shall Tenant be liable to Landlord for, and Landlord hereby expressly waives, any incidental and/or consequential damages, compensation or claims for inconvenience, annoyance or for loss of business or profits (except Rent hereunder), including those arising from any Tenant Default or the negligence, gross negligence or willful misconduct of Tenant or any employee, agent or contractor of Tenant.

25. Landlord Default and Remedies.

- (a) Landlord Default. The occurrence of any of the following shall, at Tenant's option, constitute a Landlord Default:
 - (i) A failure by Landlord to pay any sum payable by Landlord to Tenant, where such failure continues for ten (10) days after such sum is due; or
 - (ii) A failure by Landlord to observe and perform any other provision or to fulfill any covenant of this Lease to be observed, performed, or fulfilled by Landlord where such failure continues for thirty (30) days after receipt of written notice thereof from Tenant to Landlord, specifying the nature of said default (unless before such date the specified default at the time existing under this Lease shall have been fully cured, or in case of a default being of such nature that the same cannot be completely cured or remedied within said thirty (30) day period, Landlord shall

then be diligently proceeding to remedy or cure such default and shall promptly complete such remedy or cure).

- (b) Tenant Remedies. In the event of a Landlord Default, Tenant may exercise any of the following remedies, which shall be cumulative and not exhaustive (and the exercise of any remedy shall not preclude the exercise of any other remedies):
- (i) Tenant, without being under any obligation to do so, and without thereby waiving any obligations of Landlord under this Lease, may perform the Landlord's obligations for the account and at the expense of Landlord (provided that Tenant may exercise such right only if (A) such Landlord Default relates to the Premises or (B) such Landlord Default relates to a portion of the Property other than the Premises and such Landlord Default materially interferes with Tenant's quiet use and enjoyment of the Premises). If the Tenant makes any expenditures or incurs any obligations for the payment of money in connection therewith, including reasonable attorneys' fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligations incurred, with interest at the Default Rate and costs, shall be paid by Landlord. In the event that Landlord fails to reimburse Tenant for any sums expended by Tenant under this Section 25(b)(i) within twenty (20) Business Days after demand therefor, Tenant may, at Tenant's option, deduct such amount, together with interest at the Default Rate, from Additional Rent payable under this Lease (provided that Tenant may not deduct from Additional Rent amounts expended which are disputed by Landlord in good faith and which Landlord has given Tenant notice of the basis for such dispute).
- (ii) Tenant may terminate this Lease if, and only if, (A) the Landlord Default results in a total stoppage of the HVAC system, electric or elevator service which renders all or substantially all the Premises unusable, (B) such condition shall continue for a period in

excess of sixty (60) consecutive Business Days after written notice by Tenant to Landlord of such condition, (C) such stoppage is not caused by the negligence, gross negligence or willful misconduct of Tenant or Tenant's contractors, employees or agents and (D) Tenant actually vacates the entire Premises for a period in excess of sixty (60) consecutive Business Days.

(iii) Tenant shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any right and remedy allowed at Law or in equity or by statute or otherwise.

(c) Incidental and Consequential Damages. In no event shall Landlord be liable to Tenant for, and Tenant hereby expressly waives, any incidental and/or consequential damages, compensation or claims for inconvenience, annoyance or for loss of business or profits including those arising from any Landlord Default, or the negligence, gross negligence or willful misconduct of Landlord, or any employee, agent or contractor of Landlord.

26. Attorneys' Fees. In the event of any action or proceeding brought by either party against the other under this Lease, the prevailing party shall be entitled to recover all costs and expenses of such action or proceeding, including reasonable attorneys' fees. Such costs and expenses shall be deemed to have accrued on the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. In the event the action is refused by the courts or arbitrators or otherwise determined to be frivolous, the party that did not initiate the action shall be the prevailing party and entitled to recover all costs and expenses.

27. Waiver. The failure or delay on the part of either party to enforce or exercise at any time any of the provisions, rights or remedies in this Lease shall in no way be construed to be a waiver thereof, nor in any way to affect the validity of this Lease or any part hereof, or the right of either party to thereafter enforce each and every such provision, right or remedy. No waiver or any breach of this Lease shall be held to be a waiver of any other or subsequent breach. The receipt by Landlord of a lesser amount than the Rent due shall not be construed to be other than a payment on account of the Rent then due, nor shall any statement on Tenant's check or any letter accompanying Tenant's check be deemed an accord and satisfaction, and Landlord may accept such payment without prejudice to Landlord's right to recover the balance of the Rent due or to pursue any other remedies provided in this Lease.

28. Quiet Enjoyment. If and so long as no Tenant Default has occurred and is continuing, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises for the Term.

29. Force Majeure. In the event that Landlord or Tenant shall be delayed or hindered in, or prevented from, the performance of any work, service or other act required under this Lease to be performed by Landlord or Tenant (except the payment of Rent by Tenant or the payment of any sum payable by Landlord to Tenant or other act specifically excluded from this Section 29 or as set forth in the last sentence of Section 19(b) of this Lease) and such delay or hindrance is due to strikes, lockouts, acts of God, governmental restrictions, enemy act, civil commotion, fire or other casualty, or other causes of a like nature beyond the control of such delayed party, then performance of such work, service, or other act shall be excused for the period of such delay and the period for the performance of such work or other act shall be extended for a period equivalent to the period of such delay. In no event shall such delay constitute a Default or termination of this Lease. The delayed party shall make reasonable efforts to minimize such delay.

30. Successors. The respective rights and obligations provided in this Lease shall bind and shall inure to the benefit of the parties hereto, their legal representatives, heirs, successors and permitted assigns; provided, however, that no rights shall inure to the benefit of any successor of Tenant unless Landlord's written consent for the transfer to such successor has first been obtained to the extent required by this Lease.

31. Governing Law. This Lease shall be construed, governed and enforced in accordance with the laws of the Commonwealth of Pennsylvania (except the conflict of law provisions thereof).

32. Separability. If any provision of this Lease shall be held to be invalid, void or unenforceable, the remaining provisions hereof shall in no way be affected or impaired and such remaining provisions shall remain in full force and effect.

33. Captions. The table of contents, titles of sections and titles of exhibits to this Lease are for convenience and reference only and are in no way to be construed as defining, limiting or modifying the scope or intent of the provisions of this Lease.

34. Interpretation. As used in this Lease, the word "person" shall mean and include, where appropriate, an individual, corporation, partnership or other entity; the plural shall be submitted for the singular, and the singular for the plural, where appropriate. As used in this Lease, the word "including" shall mean "including without limitation" and the

items following the word "including" shall not be interpreted as limiting but shall be solely examples.

35. Notices. Any notice or demand required to be given by the terms and provisions of this Lease or by any Law either by Landlord to Tenant or by Tenant to Landlord shall be in writing, except as otherwise expressly provided herein. Unless otherwise required by such Law, such notice or demand shall be deemed to have been served and given by one party hereto and received by the other party two (2) days after such party shall have (a) deposited such notice or demand by certified United States mail addressed to Tenant at the Demised Premises or to Landlord as the address set forth above or (b) delivered personally to an officer, partner, or agent of such receiving party. Either party may, by notice as aforesaid, designate a different address or addresses for notice or demands to it.

36. Brokers. Each party represents and warrants that in this transaction, it has dealt with no real estate broker, that no one has or will represent it in this transaction and agrees to defend, indemnify and hold harmless the other party from and against any and all claims by any such broker, which obligation shall survive the termination of this Lease.

37. Interest. Tenant shall pay as Additional Rent on demand interest on all sums payable by Tenant to Landlord hereunder including Annual Minimum Rent and Additional Rent, at the Default Rate, commencing upon the date such payment was due (regardless of any other remedies exercised by Landlord or any cure period provided for in Section 24 hereof); provided that in the event that Tenant fails to pay any Additional Rent when due with respect to which Tenant in good faith has disputed Tenant's obligation to pay the same and provided Landlord with written notice of the basis for such dispute, Tenant shall pay interest only with respect to amount found owing to Landlord. Landlord shall pay on demand interest at the Default Rate on all sums payable by Landlord to Tenant hereunder commencing upon the date such payment was due (regardless of any other remedies exercised by Tenant or any cure period provided for in Section 25 hereof).

38. Landlord's Exculpatory. Anything contained in this Lease to the contrary notwithstanding, Tenant agrees that it shall look solely to the estate and property of Landlord in the Land and Building and any insurance proceeds relating to the Property or to Landlord's liability for the collection of any judgment (or other judicial process) requiring the payment of money by Landlord and no other property or assets of Landlord; provided that at all times during the Term, Landlord shall maintain as part of Landlord's general liability insurance, contractual liability insurance with limits of not less than \$1,000,000. In no event shall any property of any officer, director or shareholder of, or partner in, Landlord, become subject to levy, execution, attachment or other enforcement procedures for the satisfaction of Tenant's remedies. In addition, Tenant covenants and agrees that no personal liability

or responsibility is assumed by, nor shall at any time be asserted or enforceable against, any present or future officer, director or shareholder of, a corporate partner of or partner in Landlord on account of any covenant, undertaking or obligation under or with respect to this Lease, all such personal liability and responsibility, if any, being expressly waived and released. If the property of which the Premises form a part is transferred or conveyed, Landlord shall be relieved of all covenants and obligations under this Lease thereafter accruing and Tenant shall look to such transferee thereafter, subject to the other limitations contained in this Section. This Section shall survive the termination of this Lease.

39. Compliance.

- (a) Tenant shall, at its expense, comply with all Laws and the local Board of Fire Underwriters with respect to the occupancy, use or manner of use of the Premises (except to the extent that such compliance relates to the acts of Landlord, or the agents, contractors or employees of Landlord). Tenant shall give Landlord prompt notice of any violation or recommendation of change of which it shall have received notice. Without limitation of the foregoing, Tenant shall, at Tenant's sole cost and expense, comply in all respects with the ADA, relating in any manner to the Premises or the conduct of the Tenant's business from the Premises. Tenant shall not do or permit to be done any act or thing which will invalidate or be in conflict with the Certificate of Occupancy. If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business or occupancy of the Premises, Tenant shall procure and maintain such license or permit at all times during the Term and, upon request by Landlord, shall submit the same for inspection by Landlord. Tenant shall at all times comply with all terms and conditions of any such license or permit.
- (b) Landlord shall, at its expense, comply with all Laws and the local Board of Fire Underwriters with respect to the Property (other than the Premises). Without limitation of the foregoing, Landlord shall comply in all respects with the ADA and all rules and regulations promulgated relating in any manner to the Property (other than the Premises) to the extent Landlord reasonably believes necessary.

(c) In the event that any Law is enacted after the date of this Lease which is (i) not related to Tenant's use of the Premises, and (ii) requires a capital improvement to the Premises, and (iii) relates to a condition of the Premises existing prior to the date of this Lease, Landlord shall make such capital improvement to the Premises and Tenant shall reimburse Landlord upon demand as Additional Rent for a portion of the cost of such improvement, such portion to be equal to such total cost of such capital improvement multiplied by a fraction, the numerator of which shall be the number of months remaining in the Term and the denominator of which shall be the number of months in the useful life of the capital improvement as determined in accordance with U.S. Generally Accepted Accounting Principles (provided, that if Tenant exercises a renewal option pursuant to Section 3 hereof, Tenant shall also pay upon the commencement of the following Renewal Term(s) an additional sum equal to the cost of the capital improvement multiplied by a fraction the numerator of which will be the number of months of each such Renewal Term and the denominator of which will be the total number of months of the useful life of the capital improvement, determined as set forth above). Addendum on Page 42A is hereby made a part hereof.

40. Entire Agreement/Modifications. This Lease, including the Exhibits, contains all the agreements, conditions, understandings, representations and warranties made between the parties hereto with respect to the subject matter hereof and may not be modified orally or in any manner other than by an agreement in writing signed by both parties hereto or their respective successors in interest.

41. Counterparts. This Lease may be executed in counterparts.

42. Waiver of Jury Trial. Landlord and Tenant each waive the right to trial by jury in any action related to this Lease.

43. Public Portions of Building. Landlord shall have the right at any time, without thereby creating an actual or constructive eviction or incurring any liability to Tenant therefor, to change the size, arrangement or location of such portions of the Building as are not contained within the Premises including all entrances, passageways, doors and doorways, corridors, lobbies, stairs, restrooms and other portions of the Building. Nevertheless, in no event shall Landlord make any change which shall substantially interfere with access to the Premises or substantially interfere with Tenant's quiet use and enjoyment of the Property without Tenant's prior consent, which consent shall not be unreasonably withheld.

ADDENDUM

Addendum to Section 39(c) of Lease Between
Duquesne Light Company and Property Ventures, Ltd.

Tenant may, at Tenant's option, pay Tenant's portion of such capital improvements in equal monthly installments on the first day of each month over the remaining Term as Additional Rent, each such monthly payment to be the Tenant's portion of such capital improvement amortized over the remaining Term with interest calculated thereon at an interest rate of Prime on the date of completion of the capital improvements (and if Tenant exercises a renewal option pursuant to Section 3 hereof, Tenant shall pay over the Renewal Term as Additional Rent equal monthly payments on the first day of each month, monthly payments equal to Tenant's portion of such capital improvement relating to the Renewal Term, amortized over the length of the Renewal Term, at an interest rate of Prime on the commencement date of the Renewal Term).

J. L.

44. Relocation. If at any time during the Term Landlord and Tenant so agree, Landlord may relocate Tenant from partial floors occupied by Tenant to other space in the Building for the unexpired portion of the Term. Such space shall be generally equivalent functionally to the Premises; provided that Tenant shall have the right to reasonably object to any such space by virtue of the floor, or location on a floor, of the Building on which such space shall be located. The Annual Minimum Rent shall be adjusted in proportion to which the rentable area of the relocated space bears to the rentable area of the Premises. Landlord shall bear all reasonable out-of-pocket expenses, including the redecorating of the new space in a manner comparable to the decor of the Premises, incurred in preparing the new space and in physically moving Tenant from the Premises to a new space.

45. Right of First Refusal.

- (a) If at any time during the Right of First Refusal Period, Landlord intends to market for lease all or any portion of the Building, Landlord shall give Tenant a Right of First Refusal Notice. If no Tenant Default has occurred and is continuing hereunder, Tenant may, at Tenant's option, exercise the Right of First Refusal set forth in this Section 45 for such offered space and lease the offered space, upon notice to Landlord given not later than twenty (20) Business Days after receipt of the Right of First Refusal Notice. A failure by Tenant to notify Landlord of Tenant's exercise of the Right of First Refusal in writing within such twenty (20) Business Days shall constitute a waiver of Tenant's Right of First Refusal, and Landlord may, at any time during the six (6) month period ending six (6) months after the date of the Right of First Refusal Notice, lease all or any portion of the offered premises without regard to this Section 45. In the event that Landlord fails to lease such offered premises within such six (6) month period, Landlord may not lease such premises thereafter without once again notifying Tenant in accordance with this Section. In addition, at any time that Landlord has not entered into a letter of intent or a lease for such offered premises, Tenant may, upon written notice to Landlord, exercise the Right of First Refusal.
- (b) The rights set forth in this Section 45 are subject and subordinate in all respects to:
- (i) the rights of tenants in the Building existing on the date of this Lease,
 - (ii) renewal rights given to any current tenants or future tenants in the Building,
 - (iii) any expansion rights in existence on the date of this Lease, and
 - (iv) any

future expansion rights of current tenants or future tenants in the Building, provided that with respect to this Subsection 45(b)(iv): (A) no such expansion right shall give a tenant the right to lease rentable space in excess of fifty percent (50%) of the space such tenant is obligated to lease and (B) any such expansion right relating to any space located on the sixth, ninth or eleventh floors of the Building shall provide that (1) so long as such tenant has not exercised such tenant's expansion right, Tenant may exercise the Right of First Refusal for such expansion premises as set forth in the last sentence of Section 45(a) above, in which event such tenant's expansion option shall be of no further force or effect and (2) in the event that such tenant exercises such tenant's expansion right, Tenant may exercise Tenant's Right of First Refusal within twenty (20) Business Days after notice of such exercise to Tenant by Landlord, in which case such tenant's exercise of the expansion option shall be ineffective and such tenant's expansion option shall be of no further force or effect.

- (c) If Tenant properly exercises the Right of First Refusal, the Right of First Refusal Premises shall be leased by Tenant with no Landlord's Work with respect thereto other than to demolish space as specified by Tenant and "broom clean" as agreed upon by Landlord and Tenant. If the Right of First Refusal is exercised during the Initial Term, unless the Right of First Refusal Premises is retail space on the first floor of the Building, Landlord will provide an allowance for construction of Tenant's build-out of the Right of First Refusal Premises and a moving allowance in an amount equal to \$23.00 and \$2.00, respectively, per square foot of the Rentable Area of the Right of First Refusal Premises, multiplied by a fraction, the numerator of which shall be the number of months remaining in the Initial Term (if any) after the Right of First Refusal Commencement Date and the denominator of which shall be one hundred and twenty (120).
- (d) Commencing upon each Right of First Refusal Commencement Date, the Right of First Refusal Premises shall become a part of the Premises for the remainder of the Term, subject in all respects to the terms and conditions of this Lease. Tenant shall take possession of the Right of First Refusal Premises no later than the applicable Right of First Refusal Commencement Date. Tenant shall pay the Annual Minimum Rent (except as provided in Section 45(e) below) and Additional

Rent for the Right of First Refusal Premises on the same square footage basis, based upon the Rentable Area of the Right of First Refusal Premises, as shall be applicable to the Premises leased on the Commencement Date (including, without limitation, the same Base Year), it being expressly agreed that there shall be no initial abatement of Rent for the Right of First Refusal Premises.

- (e) Notwithstanding Section 45(d) above, in the event that the Right of First Refusal Premises are retail premises on the first floor of the Building, the Annual Minimum Rent shall be the fair market rental of equivalent space in the downtown Pittsburgh market. Landlord shall provide Tenant with a notice of Landlord's determination of the fair market rent and shall provide Landlord's supporting documentation therefor not later than sixty (60) days after the exercise of the Right of First Refusal by Tenant. Within ten (10) Business Days after receipt thereof, Tenant may either (i) object to such determination, and provide Landlord with Tenant's basis for such objection, in which event if the parties do not agree on the Annual Minimum Rent within ten (10) days thereafter, and so long as such disagreement shall continue, either party may submit the question of the fair market rent to a determination by appraisers in accordance with Section 3(c) of this Lease or (ii) rescind Tenant's exercise of the Right of First Refusal, in which event Landlord may lease the Right of First Refusal Premises as if Tenant did not exercise the Right of First Refusal for such premises or (iii) accept such determination either by notice to Landlord or by not electing (i) or (ii) by the expiration of such tenth (10th) Business Day. In addition, Tenant shall pay all cost of all utilities utilized by Tenant in the Right of First Refusal Premises as Additional Rent if the Right of First Refusal Premises are retail premises on the first floor of the Building.

46. Termination Rights.

- (a) Tenant may, at Tenant's option, terminate this Lease at any time prior to the Commencement Date, which termination shall be effective immediately upon the giving of such written notice by Tenant to Landlord. Upon any such termination, Tenant shall reimburse Landlord for all costs incurred by Landlord in connection with, or in contemplation of, this Lease, including Landlord's costs of the

Landlord's Work and all allowances, commissions and legal fees and costs incurred by Landlord.

- (b) Tenant may, at any time during the Initial Term (but not during any Renewal Terms) exercise the Buy-Out Right upon not less than six (6) months written notice to Landlord. In order to effectively exercise the Buy-Out Right, the notice of such exercise must be accompanied by the Buy-Out Payment. The Buy-Out Payment shall be a sum equal to (i) the Tenant Improvement Allowance and Moving Allowance, multiplied by a fraction the numerator of which shall be the number of months remaining in the Initial Term after the Buy-Out Effective Date and the denominator of which shall be one hundred and twenty (120), plus (ii) the construction allowance given by Landlord to Tenant with respect to the Right of First Refusal Premises (if any) pursuant to Section 45(c) above, multiplied by a fraction, the numerator of which shall be the number of months remaining in the Initial Term after the Buy-Out Effective Date and the denominator of which shall be the number of months remaining in the Initial Term after the Right of First Refusal Commencement Date with respect to the Right of First Refusal Premises for which such allowance was given, plus (iii) fifty percent (50%) of the Annual Minimum Rent for the remainder of the Initial Term after the Buy-Out Effective Date discounted back to the Buy-Out Effective Date at the simple rate of five percent (5%), per annum. In the event that Tenant properly exercises the Buy-Out Right, Tenant shall surrender the Premises to Landlord on the Buy-Out Effective Date in accordance with Section 17 hereof and neither Landlord nor Tenant shall have any further rights, duties or obligations hereunder (except those surviving the termination of this Lease). In the event that Tenant fails to deliver the Premises on the Buy-Out Effective Date, Landlord shall have the option, at Landlord's sole option, to retain the Buy-Out Payment as liquidated damages (in which case this Lease shall remain in full force and effect) or consider Tenant in Default hereunder and pursue any and all remedies hereunder, at law or in equity.

47. Storage Space. Landlord shall make the Storage Premises available to Tenant during the Term; provided however, that (a) the Storage Premises located to the south of the line of Column 7 as shown as Exhibit E shall be made available to Tenant after December 1, 1994 and (b) the Storage Premises located to the west of the line of column A as shown on Exhibit E shall be subject in all respects to the rights of the City of Pittsburgh

therein. Tenant shall pay to Landlord the annual sum of Three Dollars (\$3.00) per square foot of Storage Premises, which sum shall be paid in equal monthly installments, in advance, in the same manner as the Annual Minimum Rent, and shall constitute Additional Rent hereunder. In addition, Tenant shall pay on demand all separately metered electricity for the Storage Premises, the cost of separately metered facilities to be borne by Landlord. Landlord may, at any time and from time to time during the Term, upon receipt of Tenant's prior approval (which approval shall not be unreasonably withheld) relocate the Storage Space to other space in the basement of the Building for the unexpired Term. The cost of relocating stored materials shall be borne by Landlord. Tenant shall use the Storage Premises solely for the storage of non-hazardous, non-toxic materials and shall comply in all respects with Sections 10, 11, 12, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28 and 29 hereof with respect to the Storage Premises. It is expressly agreed and understood that under no circumstances whatsoever shall Landlord be liable for any loss, damage or destruction to any materials stored or maintained in the Storage Premises and all such materials should be insured by Tenant (except for damages caused by the negligence, gross negligence or willful misconduct of Landlord, or Landlord's employees, contractors or agents). The Storage Premises are leased by Tenant "as is, where is", with no improvements (or representations) being made by Landlord (provided, however, that Landlord shall remove existing stored materials, if any, and broom-clean the Storage Premises). Landlord shall not provide Building services (except electricity) or repairs with respect to the Storage Premises.

48. Moving Allowance. Landlord shall give Tenant the Moving Allowance towards Tenant's costs of moving to the Premises. The Moving Allowance shall be paid by Landlord in the same manner as the Tenant Improvement Allowance. Any unused Moving Allowance may, at Tenant's option, be used to offset Rent.

49. Option to Purchase.

- (a) Purchase Option. So long as no Tenant Default has occurred and is continuing, Landlord hereby grants to Tenant an option to purchase the Property owned by Landlord under the terms and conditions set forth in this Section at any time during the Purchase Option Period. In order to effectively exercise the Purchase Option, Tenant shall notify Landlord of Tenant's exercise of the Purchase Option in writing, and shall nominate the first appraiser (in accordance with Section 49(b) below).
- (b) Purchase Price. At the Purchase Closing, Tenant shall pay to Landlord the Purchase Price in immediately available funds. The Purchase Price shall equal the fair market

value of the Property on the date of exercise of the Purchase Option by Tenant (without regard to any mortgages on the Property which shall be released by Landlord prior to the Purchase Closing). The fair market value of the Property shall be determined by an appraiser selected in the following manner: Tenant shall nominate an appraiser in Tenant's notice of Tenant's exercise of the Purchase Option. In the event that Landlord objects to such first appraiser, Landlord shall so notify Tenant within twenty (20) days after receipt of Tenant's notice of Tenant's exercise of the Purchase Option and nominate a second appraiser; a failure by Landlord to object to the first appraiser and nominate a second appraiser within such twenty (20) day period shall constitute an acceptance of the first appraiser and the first appraiser shall determine the fair market value of the Property. In the event that Tenant objects to the second appraiser, Tenant shall so notify Landlord within twenty (20) days after receipt of the notice of the second appraiser; a failure by Tenant to object to the second appraiser within such twenty (20) day period shall constitute an acceptance of the second appraiser and the second appraiser shall determine the fair market value of the Property. In the event that the Tenant objects to the second appraiser, both the first appraiser and the second appraiser shall determine the fair market value of the Property, and the Purchase Price shall be based on the average of the two appraisals. The cost of the appraisals shall be borne equally by Tenant and Landlord. Each appraiser shall be disinterested, unaffiliated with either Tenant or Landlord, experienced in real estate in the downtown Pittsburgh office market and MAI licensed.

- (c) Conveyance. At the Purchase Closing, Landlord shall convey good and marketable title to the Property, by deed of special warranty, subject to (i) all matters of record or apparent upon inspection of the Property on the date of this Lease, (ii) all easements, rights-of-way and encumbrances (except mortgages, judgments and liens) entered into after the date of this Lease which do not materially and adversely affect the use of the Property and (iii) all leases. In addition, at the Purchase Closing,

Landlord and Tenant shall enter into an Assignment and Assumption Agreement, whereby Landlord shall assign all right, title and interest of Landlord in and to the leases and assignable contracts applicable to the Property and Tenant shall assume all right, title and interest in and to the leases and assignable contracts applicable to the Property.

- (d) Warranties. Landlord shall convey the Property to Tenant "as is, where is," with no representations or warranties whatsoever (except as set forth in Section 49(c) above), subject to all defects, latent or patent, known or unknown. Without limiting the foregoing, Tenant agrees that, regardless of the physical or environmental condition of the Property, if Tenant exercises the Purchase Option, the purchase of the Property shall be completed for the full amount of the Purchase Price, without offset, penalty, reduction, right of recoupment or deduction whatsoever (except as expressly may be provided with respect to proration of costs and expenses between the parties), and Tenant shall have no claim, or right of action, against Landlord, either prior to or subsequent to the Purchase Closing, under this Lease or otherwise at law or in equity pertaining to, or arising from, the nature or condition of the Property. In the event that Tenant is contemplating exercising the Purchase Option, Tenant shall so notify Landlord (provided that Tenant may not so notify Landlord more often than once in any eighteen (18) month period), and for six (6) months following such notice Landlord shall permit Tenant to inspect the Property and shall provide Tenant with reasonable access to Landlord's books and records relating to the Property. Tenant hereby covenants to Landlord and agrees that (i) there are no representations or warranties of any kind whatsoever, express or implied, made by Landlord in connection with this Lease, the purchase of the Property by Landlord, the physical condition of the Property or whether the Property is appropriate for Tenant's intended use thereof (except as set forth in Section 49(c) above); (ii) Tenant will have had ample opportunity to fully investigate the Property and all matters pertaining thereto; (iii) Tenant shall not rely on any statement or representation of Landlord nor

any agent, attorney, employee or representative of Landlord nor on any information supplied by Landlord, its agents or representatives regarding the subject matter of the sale of the Property by Landlord to Tenant or any part thereof, including representations as to the physical nature and environmental condition of the Property; (iv) Tenant is entering into this Lease, and in exercising the Purchase Option and completing its purchase of the Property, has agreed to rely entirely on its own investigation of the Property; and (v) this Lease gives Tenant ample opportunity to investigate fully all zoning regulations, other governmental requirements, site and physical conditions, and other matters affecting the use and condition of the Property. This Section shall survive the Purchase Closing.

(e) Purchase Closing. The Purchase Closing shall occur one hundred and eighty (180) days after the proper exercise of the Purchase Option by Tenant (provided that if such day is not a Business Day, the Purchase Closing shall occur on the next Business Day), unless otherwise agreed by Landlord and Tenant, at such location in Allegheny County and at such time selected by Tenant.

(f) Prorations.

(i) All ad valorem property taxes and assessments and other taxes and assessments whether general or special shall be prorated on a calendar year basis between Landlord and Tenant at and as of the Purchase Closing which, for the purposes of this Section, shall be deemed to take place at the close of business on the date of the Purchase Closing. All realty transfer and documentary stamp taxes payable with respect to the instruments of conveyance shall be paid by Tenant, to the extent of one-half thereof, and by Landlord, to the extent of one-half thereof. All costs and expenses of recording the conveyances, title insurance premiums, surveying expenses, environmental, engineering and soils studies, and attorneys' fees for counsel to Tenant shall be paid by Tenant as its cost and obligation. All attorneys' fees for counsel to Landlord shall be paid by Landlord as its cost and obligation.

(ii) All rent collected by Landlord prior to the Purchase Closing and which relates to a date after the Purchase Closing shall be prorated as of the date of the Purchase Closing. All utility charges shall be prorated as of the date of the Purchase Closing. In the event Tenant shall, after the date of the Purchase Closing, receive any payments of rents for the month in which the Purchase Closing occurs for which proration was not made at Purchase Closing, Tenant shall remit promptly to Landlord the portion thereof to which Landlord is entitled, rents being applied to the latest months for which rent is due first. Landlord shall be entitled to all prorated rent payments for any period prior to the month in which the Purchase Closing occurs, and shall have the right to sue for the same, but Tenant shall not be obligated to undertake any collection activities for the same. Tenant agrees to deliver promptly to Landlord all rent prorated payments for any period prior to the month in which the Purchase Closing occurs which Tenant receives after the date of the Purchase Closing without reduction for offset for out-of-pocket collection costs incurred by Tenant. This Subsection shall survive the Purchase Closing.

(iii) Except as otherwise specifically provided to the contrary, all income and current operating expenses shall be adjusted and prorated as of Purchase Closing.

(iv) At the Purchase Closing, Landlord shall deliver to Tenant a statement setting forth: (A) all actual costs of Tenant Pass Throughs for the Landlord's Partial Year and (B) all amounts paid by tenants under the leases for Tenant Pass Throughs for the Landlord's Partial Year (the amount by which (A) exceeds (B) (if any) is sometimes referred to herein as the "Landlord's Deficit" and the amount by which (B) exceeds (A) (if any) is sometimes referred to herein as the "Landlord's Excess"). Tenant may rely on such statement in billing the tenants in the following calendar year, and shall bill tenants for any deficit in the Tenant Pass Throughs in accordance with the terms of the leases. At the Purchase Closing, Landlord shall pay the

Landlord's Excess (if any) to Tenant. Upon receipt of the funds from the increased billings to the tenants relating to the Tenant Pass Throughs for the calendar year of the Purchase Closing, Tenant shall pay to Landlord Landlord's proportionate share of such funds (not to exceed to Landlord's Deficit (if any)).

- (g) Default. Upon a material and substantial default by Tenant or Landlord under this Section 49 after the exercise of the Purchase Option by Tenant, the non-defaulting party may (i) terminate the purchase and sale contemplated herein, in which event the defaulting party shall reimburse the non-defaulting party for all costs and expenses incurred in connection herewith, and if Tenant is the defaulting party, Tenant shall thereafter have no right to exercise the Purchase Option, this Lease continuing as if the Purchase Option were not included herein, (ii) treat such default as a Default, in which event the non-defaulting party shall have all the rights and remedies set forth in this Lease, and/or (iii) pursue any and all other remedies available at Law or in equity. All said remedies are cumulative and shall not be exclusive.

50. Other Tenants. Landlord shall not enter into any lease for any portion of the Property with a party which is an energy-related competitor of Tenant without the prior consent of Tenant. In the event that Landlord wishes to enter into any such lease, Landlord shall so notify Tenant. Tenant shall notify Landlord of Tenant's objection to such proposed Tenant within fifteen (15) Business Days after receipt of such notice; a failure by Tenant to object within such fifteen (15) Business Days shall constitute a waiver of such objection. In addition, Landlord shall not enter into any lease for any portion of the Property which permits a tenant to use or occupy such tenant's premises for the following purposes without Tenant's prior written consent: massage parlor; facilities providing or permitting nude or semi-nude dancing or pornographic shops; any store of which 25% or more of the display space entails pornographic materials; video arcades; or a pet store.

51. Parking. Landlord shall use reasonable efforts to assist Tenant to arrange for parking of automobiles for Tenant and Tenant's employees. All such parking shall be at Tenant's sole cost and expense and any failure to provide parking shall not constitute a default or breach of this Lease by Landlord.

52. Coal Notice. THIS DOCUMENT MAY NOT SELL, CONVEY, TRANSFER, INCLUDE OR INSURE THE TITLE TO THE COAL AND RIGHT OF SUPPORT UNDERNEATH THE SURFACE LAND DESCRIBED OR REFERRED TO HEREIN, AND THE OWNER OR OWNERS OF SUCH COAL MAY HAVE THE COMPLETE LEGAL RIGHT TO REMOVE ALL OF SUCH COAL AND IN THAT CONNECTION, DAMAGE MAY RESULT TO THE SURFACE OF THE LAND AND ANY HOUSE, BUILDING OR OTHER STRUCTURE ON OR IN SUCH LAND. THE INCLUSION OF THIS NOTICE DOES NOT ENLARGE, RESTRICT OR MODIFY ANY LEGAL RIGHTS OR ESTATES OTHERWISE CREATED, TRANSFERRED, EXCEPTED OR RESERVED BY THIS INSTRUMENT. (This notice is set forth in the manner provided in Section 1 of the Act of July 17, 1957, P.L. 984, as amended, and is not intended as notice of unrecorded instruments, if any.)

53. Time of the Essence. Time is of the essence of each and every provision of this Lease including the payment of all sums hereunder and the exercise of all options by Tenant.

54. Confidentiality. It is critical to Landlord that the terms of this Lease and other confidential information remain confidential, in light of the potential adverse consequences to the marketability of the Building and space in the Building. Unless otherwise required by Law, as may be necessary to operate the Building, as otherwise necessary to comply with this Lease or as necessary to file a Memorandum of this Lease, neither party hereto shall disclose any confidential information without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld; "confidential information" shall include the contents of this Lease and any information not generally know to the public regarding the Building or the operations thereof, including financial information regarding the Building.

IN WITNESS WHEREOF and intending to be legally bound hereby, Landlord and Tenant have respectively executed this Lease as of the day and year first above written.

WITNESS:

LANDLORD:

PROPERTY VENTURES, LTD.

Em. R. Stoltz

By:

John M. ...
Vice President and
General Manager

ATTEST:

TENANT:

DUQUESNE LIGHT COMPANY

W. S. ...

By:

Maiana ...

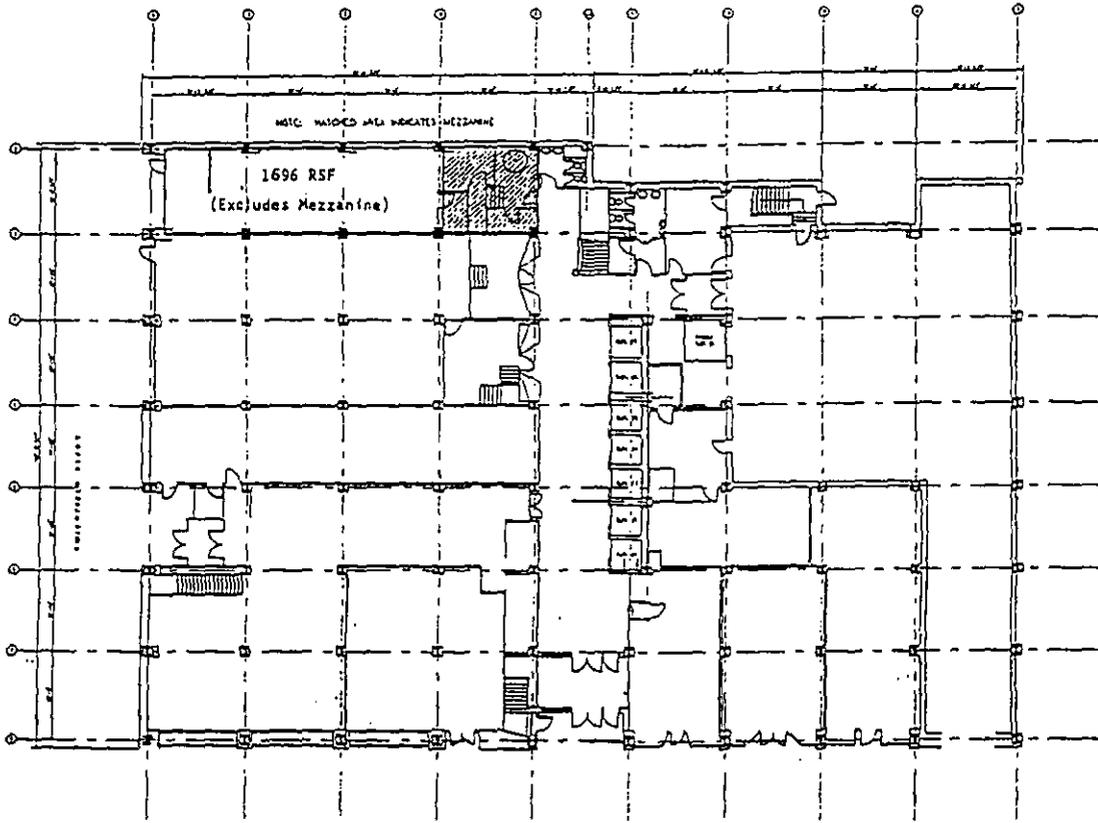
Title: SECRETARY

JAC
JED RAK
mg
4/11/94
DPA
11/1/94

CHAMBER OF COMMERCE BUILDING
FIRST FLOOR RETAIL SPACE

DLCO	***included in office total	
Juke Box Cafe		4,146
Juke Box Cafe (mezzanine)		1,823
Magic Castle Daycare		3,100
Lincoln Savings Bank		1,700
Sir Speedy		1,347
Extra Extra		710
Vacant		<u>1,550</u>
Total Retail		<u>14,376</u> sf

Tenant's Real Estate Tax Proportionate Share		
First Retail Floor Space		14,376
Floors 2 – 16 & DLCO First Floor		<u>305,299</u>
		<u><u>319,675</u></u> sf



FIRST FLOOR PLAN

SEVENTH AVENUE



OXFORD DEVELOPMENT CO.

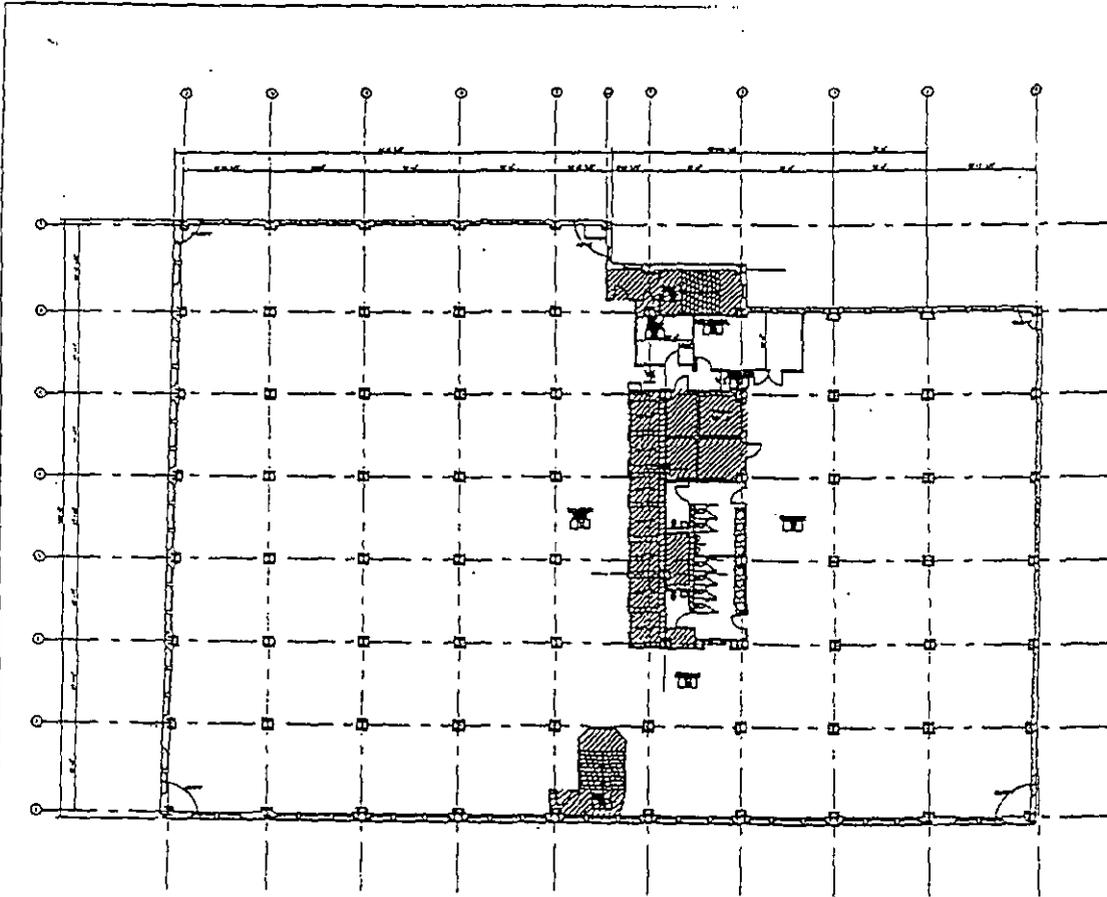


INCORPORATED IN
PENNSYLVANIA

THE OFFICE OF
PUBLIC WORKS
REVENUE A
DIVISION OF
HARRISBURG
PENNSYLVANIA

FIRST FLOOR
PLAN

3



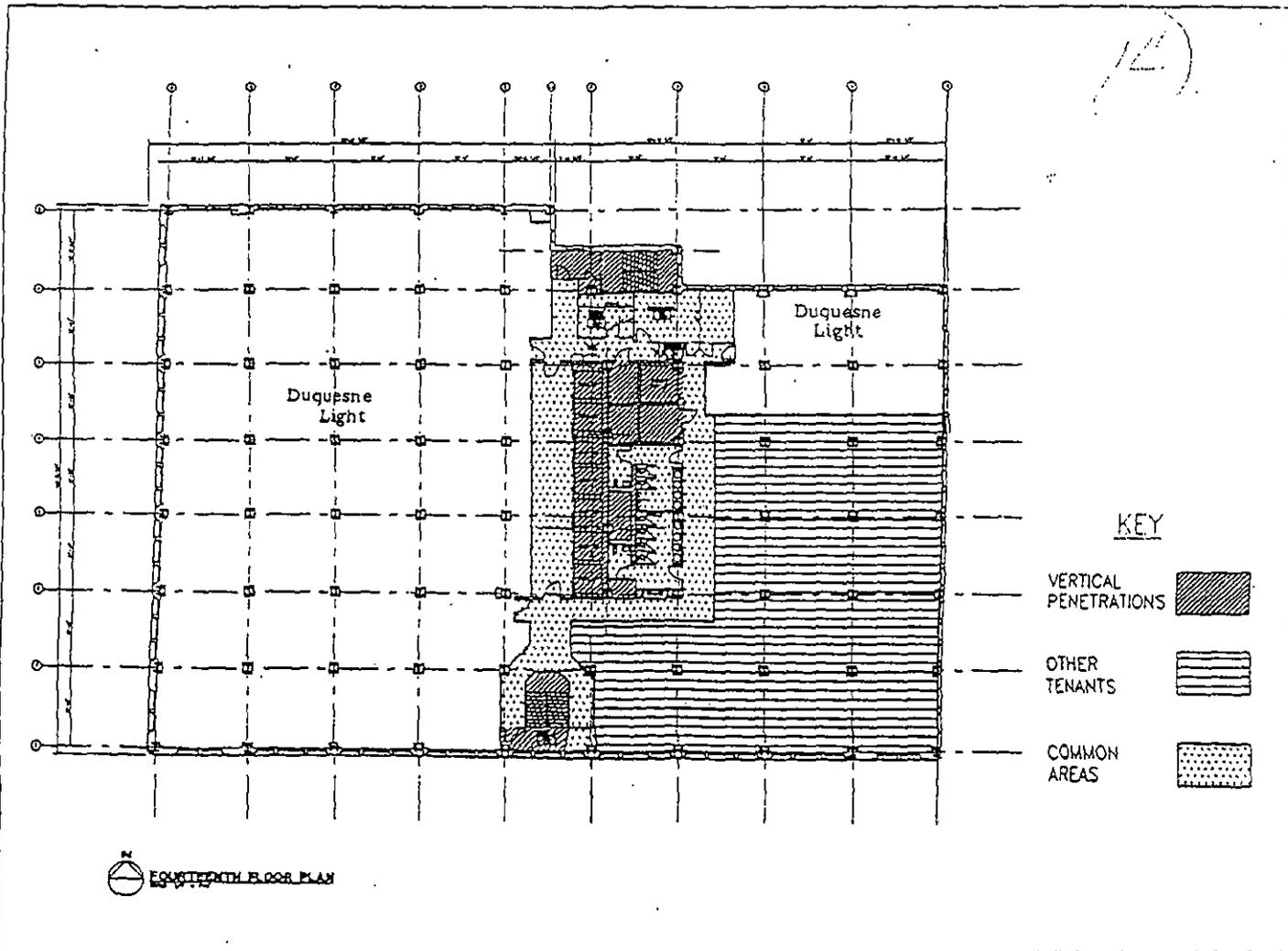
 FIFTH FLOOR PLAN

KEY
VERTICAL PENETRATIONS 

RENTABLE AREA : 20,272 SF

<p>APPROVED</p> <p>DATE</p>
<p>OXFORD DEVELOPMENT CO.</p>

<p>THE CHAIRMAN OF COMMISSION ON</p> <p>RENTS AVE. & BETHFIELD ST. PITTSBURGH PENNSYLVANIA</p>
<p>FIFTH FLOOR PLAN</p>



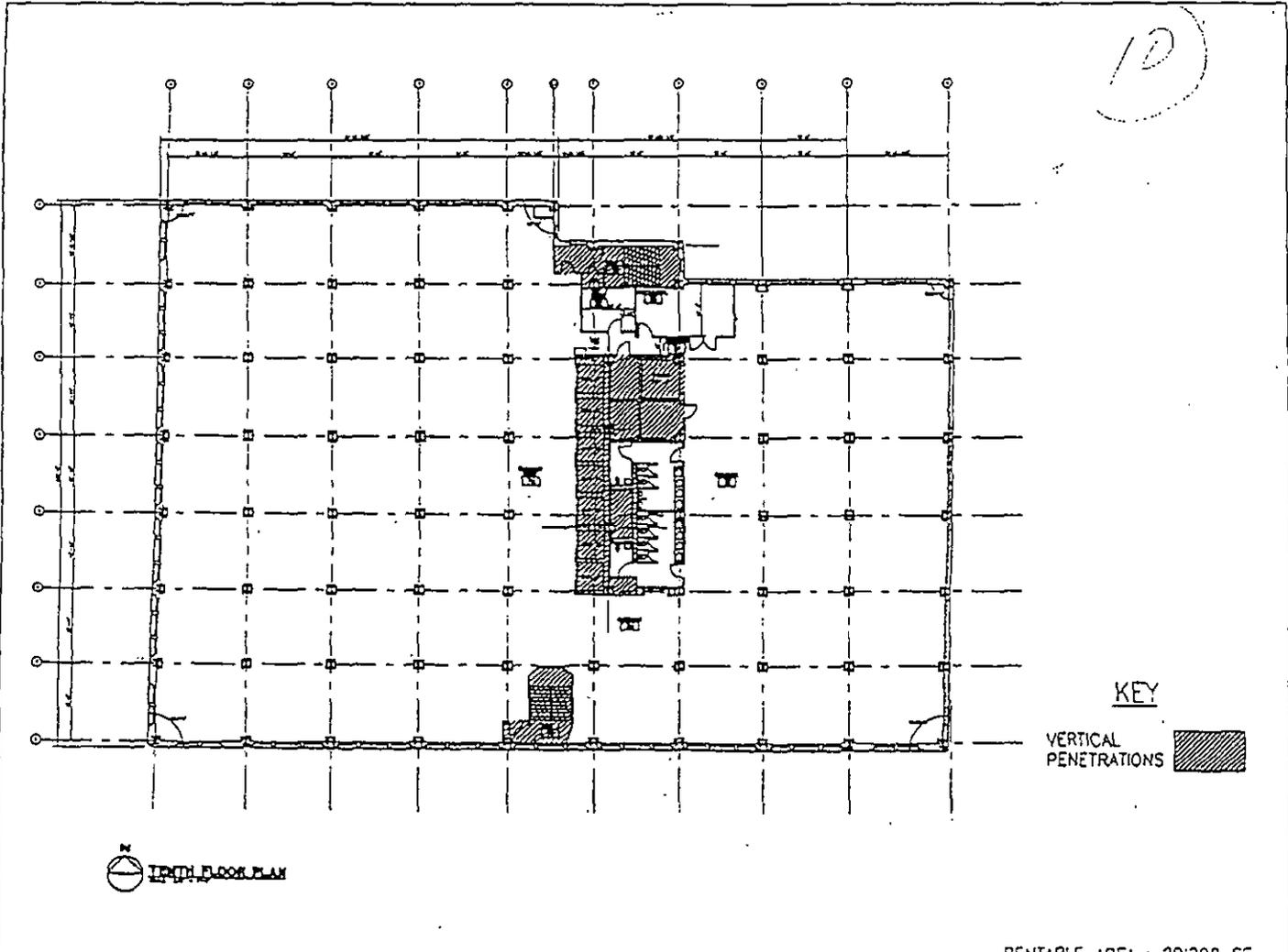
FOURTEENTH FLOOR PLAN

KEY

- VERTICAL PENETRATIONS 
- OTHER TENANTS 
- COMMON AREAS 

RENTABLE AREA : 14,652 SF


<p>OXFORD DEVELOPMENT CO.</p>
<p>1407 P.O. A 2008</p>
<p>FOURTH CORPORATE # 15,645</p>
<p>THE CHAMBER OF COMMERCE BUILDING NINTH AVE. & BIRCHFIELD ST. PITTSBURGH, PENNSYLVANIA</p>
<p>FOURTEENTH FLOOR PLAN</p>



10

KEY
VERTICAL PENETRATIONS

RENTABLE AREA : 20,298 SF

OXFORD DEVELOPMENT CO.	
THE OFFICE OF BUILDING INFORMATION SYSTEMS 1000 PENNSYLVANIA AVE. A PITTSBURGH, PA 15222	CITY OF PITTSBURGH 1000 PENNSYLVANIA AVE. A PITTSBURGH, PA 15222
TENTH FLOOR PLAN	TENTH FLOOR PLAN

EXHIBIT B

LANDLORD'S WORK

PREMISES EXCEPT FIRST FLOOR OFFICE PREMISES

New lobby

New sidewalks and curbs

All electric to Tenant floors for the fifth, seventh, eighth, tenth and fourteenth floors and additional full floors leased pursuant to Section 1(b) of this Lease only

New electrical, HVAC and plumbing systems to Building core area (including new restroom fixtures) for all Tenant floors including new risers and HVAC main feeder duct within Tenant space

New fire alarm system in Building core area

ADA and Building code update items on Tenant floors in Building core area

Tenant space demolition and clearance by Landlord

FIRST FLOOR OFFICE PREMISES

Repair leak in ground/wall and related interior wall damage

Remediate known asbestos

Tenant space demolition and clearance by Landlord

EXHIBIT C

RULES AND REGULATIONS

- DEFINITIONS 1. Wherever in these Rules and Regulations the word "Tenant" is used, it shall be taken to apply to and include the Tenant and its agents, employees, invitees, licensees, subtenants and contractors, and is to be deemed of such number and gender as the circumstances require. The words "leased area" or "premises" is to be taken to include the space covered by a Lease. The word "Landlord" shall be taken to include the employees and agents of Landlord.
- OBSTRUCTIONS 2. The streets, sidewalks, entrances, halls, passages, elevators, stairways and other common area provided by Landlord shall not be obstructed by Tenant, or used by Tenant for any other purpose than for ingress and egress. Other uses of common areas (including United Way, Scouting for Food and other charitable solicitations) shall be subject in each instance to Landlord's prior written approval.
- WASHROOMS 3. Toilet rooms, water-closets and other water apparatus shall not be used for any purposes other than those for which they were constructed.
- INSURANCE REGULATIONS 4. Tenant shall not do anything in the premises or Building, or bring or keep anything therein, which will in any way increase or tend to increase the risk of fire or the rate to fire insurance, or which will conflict with the regulations of the Fire Department or the fire laws, or with the rules and regulations of the City of Pittsburgh, or any other governmental authority having jurisdiction over the Building, or with any insurance policy on the Building or any part thereof, or with any law, ordinance, rule or regulation affecting the occupancy and use of the Building, now existing or hereafter enacted and promulgated by the City of Pittsburgh or any other governmental authority having jurisdiction over the Building.
- GENERAL PROHIBITIONS 5. In order to insure proper use and care of the premises, Tenant shall not, without Landlord's prior written consent:

- (a) Keep animals or birds in the premises.
- (b) Use premises as sleeping apartments.
- (c) Allow any sign, advertisement or notice to be fixed to the Building.
- (d) Make improper noises or disturbances of any kind or sing, play or operate any musical instrument, radio or televisions (excluding radios and televisions used for normal business purposes) or otherwise do anything to disturb other tenants or tend to injure the reputation of the Building.
- (e) Mark or defile elevators, water-closets, toilet rooms, walls, windows, doors or any other part of the Building.
- (f) Place anything on the outside of the Building, including roof setbacks, window ledges and other projections, or drop anything from the windows, stairways or parapets; or place trash or other debris in the halls, stairways, elevators or light wells of the Building.
- (g) Cover or obstruct any window, skylight, door or transom that admits light.
- (h) Fasten any article, drill holes, drive nails or screws into the walls, floors, woodwork, window mullions, or partitions; nor shall the same be painted, papered or otherwise covered or in any way marked or broken.
- (i) Interfere with the heating or cooling apparatus.
- (j) Allow anyone but Landlord's employees or contractors to clean premises.
- (k) Leave premises without locking doors to premises, stopping all non-essential office machines, and extinguishing all lights.
- (l) Install any shades, blinds, or awnings.
- (m) Use any electric heating device.

- (n) Manufacture any commodity, or prepare or dispense any foods or beverages, whether by vending or dispensing machines or otherwise, or alcoholic beverages, tobacco, drugs, flowers, or other commodities or articles on or from the premises.
- (o) Change the locks of any doors to or in the premises.
- (p) Give employees or other persons permission to go upon the roof of the Building.
- (q) Place door mats in public corridors.

PUBLICITY

- 6. Tenant shall not use the name of the Building in any way in connection with Tenant's business except as the address thereof. Landlord shall also have the right to prohibit any advertising by Tenant, which, in the opinion of Landlord, tends to impair the reputation of the Building or its desirability as a building for offices; and upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising.

BUSINESS MACHINES

- 7. Business machines and mechanical equipment which cause vibration, noise, cold or heat that may be transmitted to Building's structure or to any leased space outside premises shall be placed and maintained by Tenant, at its sole cost and expense, in settings of cork, rubber, or spring type vibration eliminators sufficient to absorb and prevent such vibration, noise, cold or heat.

MOVING OF EQUIPMENT

- 8. Landlord reserves the right to designate the time and the method whereby freight, small office equipment, furniture, safes and other like articles may be brought into, moved or removed from the Building or rooms, and to designate the location for temporary disposition of such items. In no event shall any of the foregoing items be taken from Tenant's space for the purpose of removing same from the Building without the express consent of both Landlord and Tenant.

ENTRANCE

- 9. Landlord reserves the right to exclude the general public from the Building upon such days and at such hours as in Landlord's

judgment will be for the best interest of the Building and its tenants. Persons entering the Building after 6:00 P.M. on business days and at all times on Saturdays, Sundays and holidays must sign the register maintained for that purpose.

RIGHTS
RESERVED TO
LANDLORD

10. Without abatement or diminution in rent, Landlord reserves and shall have the following rights:
 - (a) To change the name or street address of Building and the arrangement and/or location of entrances, passageways, doors, doorways, corridors, elevators, stairs, toilet or other public parts of the Building;
 - (b) To install and maintain a sign or signs on the exterior of the Building;
 - (c) To have access for Landlord and other tenants of Building to any mail chutes if any located on the premises according to the rules of the United States Post Office;
 - (d) To determine Building standard signage and to determine and supply Building lavatory and janitorial supplies used on the premises;
 - (e) At any time or times Landlord either voluntarily or pursuant to governmental requirement, may, at Landlord's own expense, make repairs, alterations or improvements in or to the Building or any part thereof and during alterations, may close entrances, doors, windows, corridors, elevators or other facilities, provided that such acts shall not unreasonably interfere with Tenant's use and occupancy of the Premises as a whole;
 - (f) To erect, use and maintain pipes and conduits in and through the Premises;
 - (g) During the last six (6) months of the term or any part thereof, if during or prior to that time the Tenant vacates the premises, to decorate, remodel, repair, alter or otherwise prepare the premises for reoccupancy;

- (h) To constantly have pass keys to the premises;
- (i) To grant to anyone the exclusive right to conduct any particular business or undertaking in the Building;
- (j) To take any and all measures, including inspections, repairs, alterations, additions and improvements to the premises or to the Property, as may be necessary or desirable for the safety, protection or preservation of the Premises or the Property or Landlord's interests, or as may be necessary or appropriate in the operation of the Property.

Landlord may enter into the premises and may exercise any or all of the foregoing rights hereby reserved without being deemed guilty of an eviction or disturbance of Tenant's use or possession and without being liable in any manner to the Tenant.

REGULATION
CHANGES

11. Landlord shall have the right to make such other and further reasonable ~~rules and~~ regulations as in the judgment of Landlord, may from time to time be necessary or desirable for the safety, appearance, care, and cleanliness of the Building and for the preservation of good order herein. Landlord shall not be responsible to Tenant for any violation of rules and regulations by other Tenants.

FORM OF ESTOPPEL CERTIFICATE

_____ (the "Undersigned"), intending to be legally bound, hereby certifies as follows:

1. The Undersigned does hereby ratify and confirm the Lease Agreement (the "Lease") dated as of _____, between Undersigned, _____ and _____. The Lease was duly authorized by Undersigned and constitutes the valid and binding obligation of Undersigned, enforceable in accordance with its provisions.

2. The term of the Lease commenced on _____, and the initial term is scheduled to expire on _____, subject to two (2) five (5) year renewal option terms.

3. [The Undersigned] is in occupancy of the Premises, and the Lease is in full force and effect and has not been modified, assigned, supplemented or amended, except as follows:

4. All conditions and agreements under the Lease to be satisfied and performed to date have been satisfied and performed, except as follows: _____

5. [Property Ventures, Ltd. is] [Duquesne Light Company is] not in default under the Lease and there are no defenses or offsets against the enforcement of the Lease by [it] [them], except as follows: _____

6. Rental payments under the Lease have been paid in full through _____ and with the exception of the current month's rent, Undersigned has not prepaid any sums payable by it under the Lease, except as follows: _____

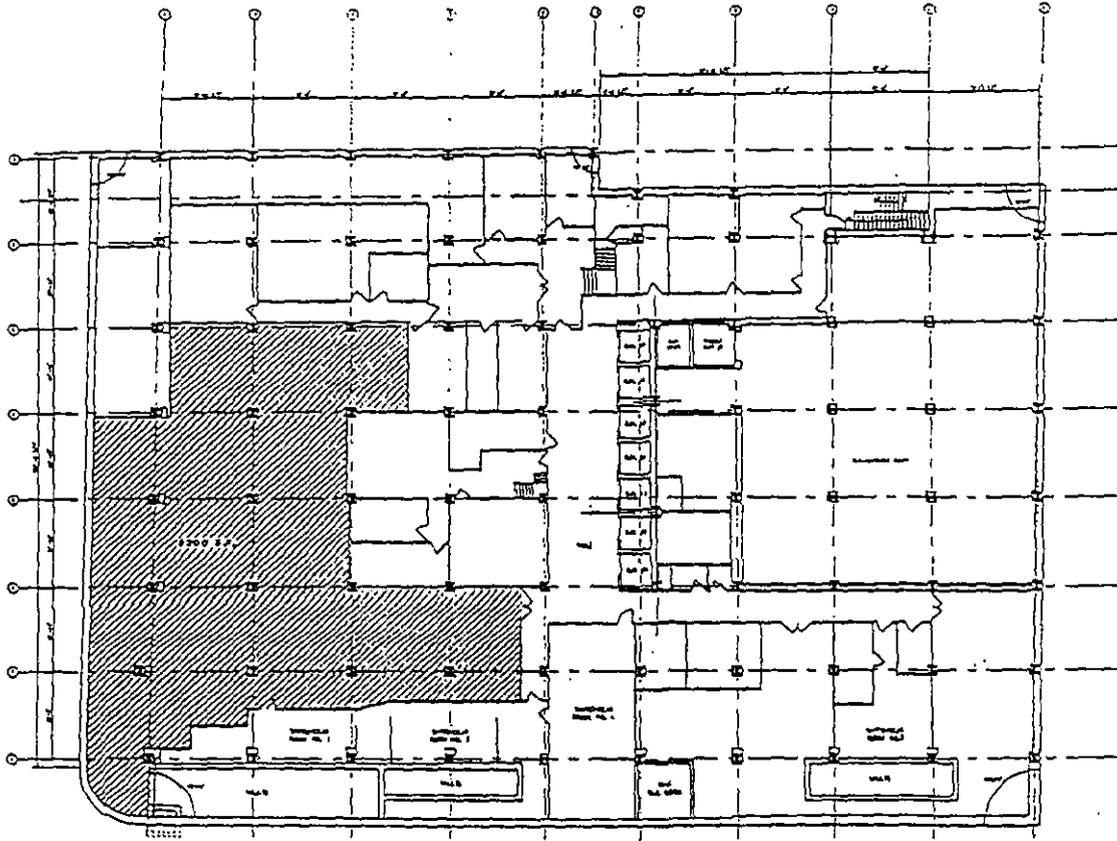
Undersigned understands that it acknowledges that this Certificate is being delivered for the benefit of, and may be relied upon by, _____

IN WITNESS WHEREOF, Undersigned has executed this Certificate as of the _____ day of _____, _____.

WITNESS:

By: _____
Title: _____

Exhibit E



 **BASEMENT PLAN**

 5,300 SF. MOVABLE STORAGE AREA

Revision	
No.	
Date	
By	
Check	

OXFORD DEVELOPMENT CO.



PCAS
Certificate No. 12,643

THE CHAMBER
OF COMMERCE
BUILDING
NEWBETH AVE. &
BETHFIELD ST.
PITTSBURGH,
PENNSYLVANIA

BASEMENT PLAN

Scale	
Notes	

EXHIBIT F

DESCRIPTION OF TENANT'S WORK FOR FIRST FLOOR OFFICE PREMISES

Add a new HVAC system
Modify plumbing
Drop ceiling
Add electric

EXHIBIT "G"

to Lease Dated March 1, 1994 by and between

PROPERTY VENTURES LTD.
and
DUQUESNE LIGHT COMPANY

JANITORIAL SERVICES

A. SCHEDULE OF SERVICES

1. Cleaning services to be performed five (5) nights per week, except on designated holidays, or as specifically indicated hereinafter.

B. SCOPE OF WORK

1. Building Entrances and Public Areas
 - a. Sweep and damp mop pavers and steps nightly, weather permitting.
 - b. All glass at entrances (revolving doors and side panic doors) are to be cleaned daily.
 - c. Wipe down all metal surfaces (excluding high work) at entrances nightly.
 - d. All wall surfaces (excluding high work) are to be dusted nightly using approved method to remove fingerprints and smudges nightly.
 - e. All trash receptacles are to be cleaned nightly.
 - f. Rain mats will be provided and appropriately placed when needed and when not in use, stored in designated areas.
2. Elevators
 - a. Clean all saddles, hatch and cab doors, door frames and directional lights at main entry lobbies nightly.
 - b. Interior wall surfaces of cab selector panels, bases, rails and floor indicator panel are to be cleaned nightly.
 - c. Interior carpets are to be vacuumed nightly and spot cleaned as required.
 - d. Elevator cabs with resilient floor surfaces are to be washed nightly and waxed as required.

3. Public Corridors and Elevator Lobbies

- a. All wall surfaces are to be dusted weekly using an approved chemically treated cloth. Remove all fingerprints and smudges nightly.
- b. Carpeted areas are to be vacuumed five (5) times per week.
- c. High dust or wash all electrical and air conditioning fixtures yearly.
- d. Drinking fountains are to be cleaned and sanitized nightly.
- e. Public telephones are to be cleaned nightly.

4. General Office Areas

Nightly, unless otherwise indicated

- a. Damp mop all stone, ceramic tile, terrazzo and other types of unwaxed flooring weekly.
- b. Sweep all vinyl, asphalt, rubber and similar types of flooring as required using an approved method and buff monthly.
- c. Vacuum all rugs and carpeted areas once each week and corridors twice a week. Spot vacuum as required.
- d. Hand dust or wipe clean all furniture, file cabinets, fixtures, window sills, and wash said sills when necessary.
- e. Dust all telephones.
- f. Dust all chair rails, trim, etc.
- g. Remove all gum and foreign matter on sight.
- h. Empty and clean all waste receptacles and remove wastepaper and waste materials to a designated area.
- i. Clean carpet spots of 6" in diameter or less.
- j. Wash clean all water fountains and water coolers.
- k. Dust all glass furniture tops.
- l. Remove hand marks on elevator hatchway doors.
- m. Wipe clean all bright work.

- n. Any area designated as a vending area will be damp mopped daily.
- o. Cleaning operations are to be scheduled so that an absolute minimum of lights are to be left on at all times. Upon completion of the cleaning, all lights must be turned off.

Periodic

- a. Hand dust all door louvers and other ventilating louvers within reach once per week.
- b. Dust all baseboards once per week (if required).
- c. Remove finger marks from all painted surfaces near light switches, entrance doors, etc., once per week.
- d. Move and vacuum clean once per month underneath all furniture that can be moved.
- e. Dust all picture frames, charts and similar hangings quarterly which were not reached in nightly cleaning.
- f. Dust all vertical surfaces such as walls, partitions, doors and other surfaces not reached in nightly cleaning quarterly.
- g. Dust yearly all air conditioning louvers, grills and lights not reached in nightly cleaning.
- h. Wash telephones monthly.
- i. Dust clothes closets, shelving and coat racks weekly where possible.

5. Lavatories

Nightly

- a. Wash and disinfect all floors and base.
- b. Wash all mirrors and powder shelves.
- c. Wash and polish all bright work.
- d. Wash all plumbing fixtures.
- e. Wash and disinfect all toilet seats, both sides.
- f. Scour, wash and disinfect all basins, bowls and urinals.
- g. Fill toilet tissue holders, soap, sanitary napkin and paper towel dispensers.

- h. Empty and clean sanitary disposal receptacles, and provide wax paper bag in receptacle.
- i. Clean and wash waste receptacles and dispensers. Remove all waste products to a designated area and provide plastic bag in receptacles.
- j. Remove finger marks from painted surfaces.
- k. Remove all graffiti from walls and partitions.
- l. Dust and clean partitions and walls.
- m. Inspect all toilets and rest rooms during day and keep same in neat and clean condition.
- n. Wash tile wall surface subject to splashing.

Periodic

- a. Clean and wash all partitions once a week.
- b. Machine scrub floors as necessary but not less than once every two (2) weeks.
- c. Hand dust, clean and wash all tile walls once each month, more often if necessary.
- d. High dust to be done once each month which includes lights, walls and grills.
- e. Wash toilet lighting fixtures as often as necessary but not less than twice per year.

6. Building Service Areas

- a. Service elevator areas, if any, are to be kept neat, clean and orderly at all times.
- b. Resilient floor surfaces in service corridors are to be washed nightly and waxed as required.
- c. All wall surfaces in service corridors are to be dusted weekly. Fingerprints, graffiti and smudges are to be removed weekly.
- d. High dust or wash all electrical and air conditioning ceiling fixtures once per year.
- e. Loading areas to be swept daily and floor areas hosed down as required. Wall surfaces are to be cleaned weekly. Overhead equipment dusted monthly.

7. Window Cleaning

- a. All exterior windows shall be cleaned inside and outside three (3) times per year, weather permitting. Window frames and associated metal to be wiped and cleaned upon completion of all window washing.
- b. All interior partition glass (including glass doors) on Tenant floors to be cleaned quarterly.
- c. Glass on directory boards to be cleaned daily.

8. Plaza and Sidewalk Areas

- a. Sweep daily, weather permitting.
- b. Remove snow and ice as soon as possible from all traffic areas and using approved snow melting chemicals where practical.
- c. Gum and other foreign materials to be removed as required.
- d. Trash receptacles shall be cleaned daily.
- e. Remove debris from landscaped areas as required.

9. Roof Surfaces

- a. All roofs and setbacks are to be cleaned every other month, weather permitting.

10. Duties of Day Personnel

The following is a general list of functions only, weather permitting.

- a. Check all public areas constantly, picking up all foreign matter on sight.
- b. Sweep lobby as required, five (5) days a week, using an approved chemically treated cloth.
- c. Elevator cab floors are to be cleaned at least two (2) times each day and more frequently when needed.
- d. Wipe clean and remove finger marks from all metal bright work throughout interior of building lobby daily.
- e. Sweep sidewalks.
- f. Lay down and remove lobby runners as necessary.

- g. Sweep the public staircases.
- h. Wash and wax stairways yearly.
- i. Keep in clean condition all public telephones and their enclosures, as required.
- j. Clean building entrance door twice each day.

Mens' and Womens' Lavatories (Day Porter function)

The following is a general list of duties:

- a. Fill toilet tissue and towel dispensers as required.
- b. Service sanitary napkin dispensers as necessary.
- c. Fill soap dispensers as necessary.
- d. Wipe clean all countertops.

11. Extra Service

Landlord shall supply the following additional services at tenant's expense:

- a. Cleaning of private bathrooms.
- b. Shampooing of carpeting.
- c. Monthly dry cleaning of funnel areas and elevator lobbies.

EXHIBIT B
FLOOR PLAN



Oxford Development Company

RECEIVED

APR - 7 2006
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

December 8, 2004

Duquesne Light Company
Attention: Jennifer Fox Rabold
1800 Seymour Street (S-PM)
Pittsburgh, PA 15233

Re: Lease Agreement dated March 1, 1994, as amended by letter agreements dated February 22, 1995, August 8, 1995, November 14, 1995, November 15, 1995, March 14, 1996, October 21, 1996, May 2, 1997, May 2, 1997, June 6, 1997, October 7, 1998, October 8, 1998, November 23, 1998, April 15, 1999, June 14, 1999 and December 20, 2001 (as amended, the "Master Lease"), incorporated herein by reference, between Property Ventures, Ltd., predecessor in interest to 411 Seventh Avenue Associates, L.P., (Landlord), and Duquesne Light Company, (Tenant), for certain premises located at 411 Seventh Avenue (Building), Pittsburgh, Allegheny County, Pennsylvania

Dear Ms. Rabold:

Landlord hereby leases to Tenant and Tenant hereby hires from Landlord that certain Storage Space (Space) on Floor 17, as indicated on the attached drawing, which Space is being leased in "as-is" condition, for the period commencing December 1, 2004 and ending December 31, 2011. Either party may terminate this Letter Agreement by providing the other party with at least thirty (30) days written notice.

The Space is to be used as a storage area only, for the neon replacement parts (Materials) for high wall sign atop the Building. It is hereby agreed that rental for said space is waived.

All terms and conditions of the Master Lease are in full force and effect with respect to the Space. Neither Landlord nor its authorized agent, Oxford Development Company assume any liability for the Materials stored in the Space.

If you are in agreement with the above terms and conditions, please sign both copies of this Letter Agreement where indicated and return one (1) signed copy to the Building Management Office.

Sincerely,

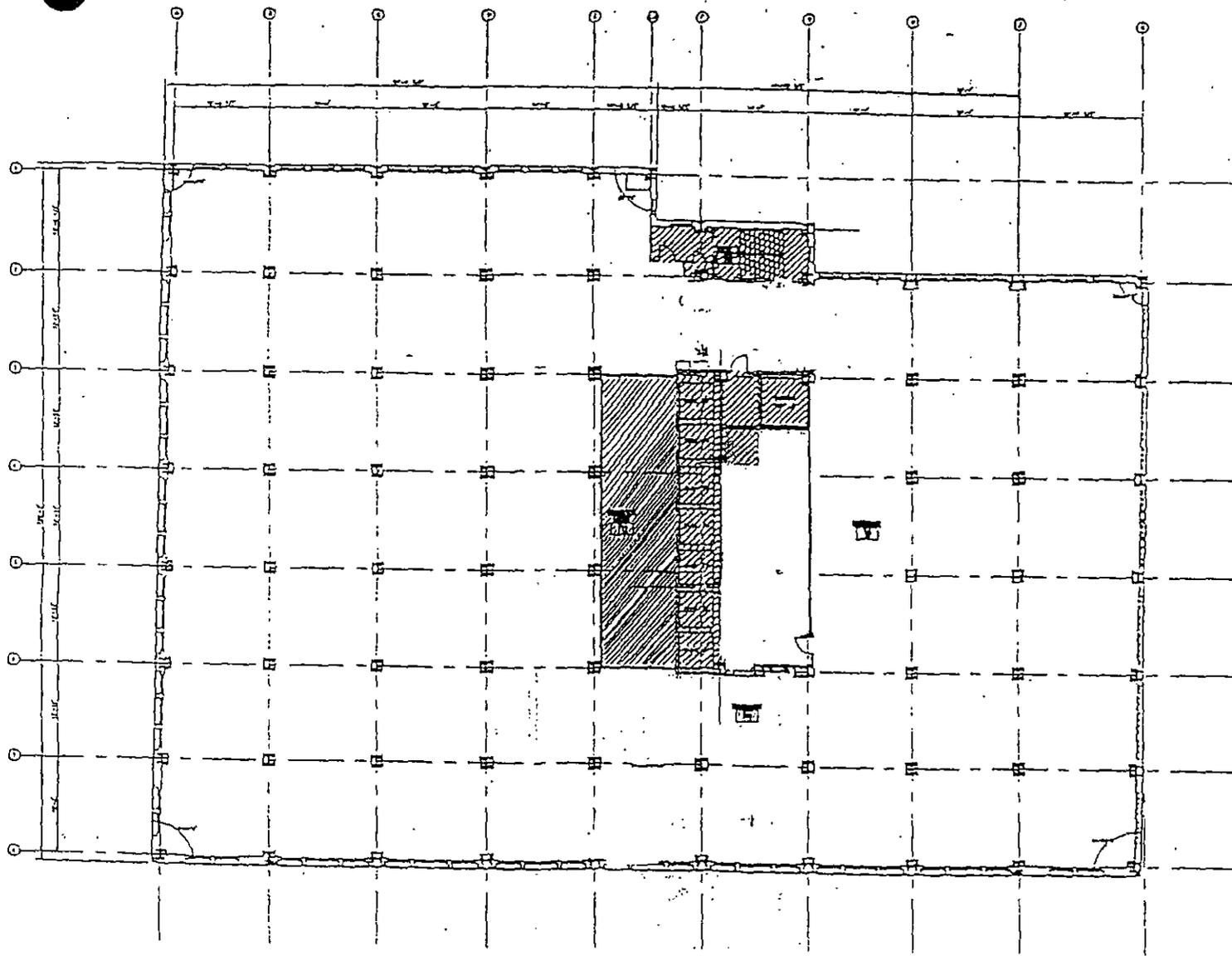
OXFORD DEVELOPMENT COMPANY

Jeffrey Bodnar, RPA
Sr. Asset Manager

AGREED TO AND ACCEPTED:

Duquesne Light Company

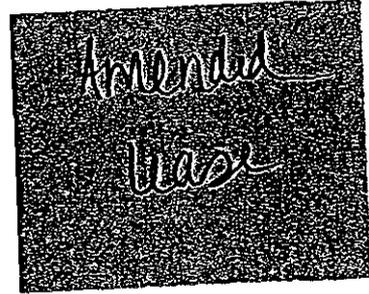
11/9/05
Date



17th FLOOR ELEVATOR EQUIPMENT ROOM
411 SEVENTH AVENUE BUILDING
PITTSBURGH, PA

PROPERTY VENTURES, LTD.
One North Shore Center, Suite 100
12 Federal Street
Pittsburgh, PA 15212

December 20, 2001



Mr. Stevan Schott
Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219

Re: Lease between Property Ventures, Ltd. ("Landlord") and Duquesne Light Company ("Tenant"), dated as of March 1 1994, as amended by those fourteen letter agreements attached hereto as Schedule 1 and made a part hereof ("Original Lease") for certain premises located at 411 Seventh Avenue, Second Ward of the City of Pittsburgh, Allegheny County, Pennsylvania ("Property")

Dear Stevan:

As we discussed, Landlord intends to enter into an Agreement of Sale with 411 Seventh Avenue Associates, L.P., a Pennsylvania limited partnership, for the sale of the Property (the "Agreement of Sale") and the sale of the Property is contingent upon Landlord and Tenant entering into this letter agreement. Unless otherwise defined in this letter agreement, capitalized terms used in this letter agreement shall have the definitions ascribed to them in the Original Lease. References herein to the "Lease" shall mean the Original Lease, as amended by this letter agreement. In accordance with our discussions, the Original Lease is hereby amended as follows:

1. Defined Terms. The following defined terms in the Original Lease are hereby amended and restated as follows:

(c) "Annual Minimum Rent" shall mean:

(i) During the period beginning with the Commencement Date and ending on August 31, 2004, an amount equal to Fourteen Dollars and Seventy-Five Cents (\$14.75) multiplied by the number of square feet in the Rentable Area;

(ii) During the period beginning on September 1, 2004 and ending on August 31, 2006, an amount equal to Seventeen Dollars (\$17.00) multiplied by the number of square feet in the Rentable Area; and

(iii) During the period beginning on September 1, 2006 and ending on December 31, 2011, an amount equal to Seventeen Dollars and Fifty Cents (\$17.50) multiplied by the number of square feet in the Rentable Area.

(e) "Base Year" initially shall mean January 1, 1994 through and including December 31, 1994. Commencing on September 1, 2004 and for the remainder of the Term (including the Renewal Term), "Base Year" shall have the meaning ascribed to that term in Sections 4 and 5 of this letter agreement; provided however, with respect to Suite 1150, Base Year shall mean calendar year 1999.

(k) "Commencement Date" shall mean the later of January 1, 2002 or the Closing Date (as defined in Section 11 of the Agreement of Sale); provided, that if the Closing Date does not occur by March 31, 2002, then this letter agreement shall be of no further force and effect.

(r) "Initial Term" shall mean the initial term of this Lease beginning on the Commencement Date and terminating on December 31, 2011.

(ab) "Premises" shall mean the portion of the Building consisting of the Rentable Area, as such Premises may be adjusted pursuant to the exercise of the Rights of First Refusal by Tenant and Section 15 of this letter agreement regarding Suite 1150.

(aj) "Renewal Term" shall mean the five (5) year term, as described in Section 3 of this Lease, with respect to which the renewal option is properly exercised in accordance with Section 3 hereof (see Section 2 of this letter agreement).

(al) "Rentable Area" shall mean the 203,030 rentable square feet of the Premises shown on Exhibit A, attached to this letter agreement and hereby made part of the Lease, as the same may be adjusted to reflect any exercise by Tenant of the Right of First Refusal, plus 1,510 square feet for Suite 1150 during the term that Suite 1150 is leased hereunder.

(am) "Rent Commencement Date" shall mean the Commencement Date.

(aq) "Right of First Refusal Period" shall mean the Term, excluding (i) the last year of the Initial Term, if the renewal option is not exercised in accordance with Section 3 of this Lease; and (ii) the last year of the Renewal Term.

(at) "Submitting Party" shall mean the party submitting the determination of fair market rent to the determination of appraisers in accordance with Section 45(e) of this Lease.

(ay) "Tenant's Real Estate Proportionate Share" shall mean a percentage equal to one hundred (100) multiplied by a fraction, the numerator of which shall be the Rentable Area and the denominator of which shall be 314,451.

(ba) "Term" shall mean the Initial Term, together with the Renewal Term if Tenant properly exercises Tenant's renewal option in accordance with Section 3 of this Lease.

In addition, the following defined terms contained in Section 2 of the Original Lease are hereby deleted in their entirety:

(h) "Buy-Out Effective Date", (i) "Buy-Out Payment", (j) "Buy-Out Right",
(y) "Moving Allowance, (ae) "Purchase Closing", (af) "Purchase Option", (ag) "Purchase Option Period", (ah) "Purchase Price", and (av) "Tenant Improvement Allowance".

2. **Renewal.** Section 3 of the Original Lease is hereby amended and restated in its entirety as follows:

3. **Renewal.** Landlord hereby grants Tenant the option to renew this Lease once, for a term of five (5) years, by giving the Landlord written notice of Tenant's exercise of such renewal option not later than eighteen (18) months prior to the then-scheduled expiration of the Term; a failure by Tenant to give written notice to Landlord of the exercise of the renewal option shall constitute a waiver of said right. Notwithstanding the foregoing, Tenant shall not have the right to exercise the renewal option if any Tenant Default has occurred and is continuing at the time of the exercise of the renewal option. All the terms and conditions of this Lease shall continue to apply during the Renewal Term, except as follows:

(a) The Annual Minimum Rent during the Renewal Term shall be an amount equal to Eighteen Dollars (\$18.00) multiplied by the number of square feet in the Rentable Area.

(b) Upon the exercise of the renewal option, the Premises shall be leased with one renovation allowance in the amount of Seven Dollars and Fifty Cents (\$7.50) per square foot of the Premises. The renovation allowance shall be paid by Landlord to Tenant upon commencement of the Renewal Term in the form of cash, or, at the Tenant's written request, credit towards the Annual Minimum Rent, applied against the first monthly payment during the Renewal Term and continuing thereafter until such time as the renovation allowance has been fully credited against Annual Minimum Rent.

3. **Payment of Rent.** The words "Tenant shall pay to Landlord at its offices above specified, or at such other place as Landlord may from time to time designate" contained in Section 6(a) of the Original Lease are hereby replaced with the words "Tenant shall pay to Landlord at its offices at 3637 Washington Road, Suite 2, McMurray, PA 15317, or at such other place as Landlord may from time to time designate in writing".

4. **Real Estate Taxes.** Commencing on September 1, 2004 and for the remainder of the Term (including the Renewal Term if the renewal option is elected by Tenant pursuant to the terms hereof), the "Base Year" as used in Section 8(b) of the Original Lease shall mean the twelve consecutive months commencing on January 1, 2001 and ending on December 31, 2001. In accordance with the foregoing, the Total Real Estate Taxes for calendar year 2001 shall be determined by taking into account the real estate taxes ultimately assessed against the Property for calendar year 2001 after the exhaustion of all applicable assessment appeals related thereto.

5. Operating Expenses. Commencing on September 1, 2004 and for the remainder of the Term (including the Renewal Term if the renewal option is elected by Tenant pursuant to the terms hereof), the Base Year as used in Section 9 of the Original Lease shall mean the twelve consecutive months commencing on January 1, 2001 and ending on December 31, 2001. In addition, in Section 9 of the Original Lease, effective as of September 1, 2004, "four percent (4%)" is hereby changed to "six percent (6%)" in each place where it occurs. The following is hereby added at the end of the first paragraph of Section 9 of the Original Lease to read in its entirety as follows:

Notwithstanding any other provision of this Lease, the four percent (4%) (or, commencing September 1, 2004, the six percent (6%)) limitations on increases in the costs of insurance coverages obtained by Landlord and any increases in the cost of such insurance coverages shall be considered an Operating Expense but will not be included in the calculation of the four percent (4%) or six percent (6%), as applicable, cap.

6. Right of First Offer. Except as provided herein, the terms of Section 45 regarding Tenant's Right of First Offer, as amended by this letter agreement, shall remain in full force and effect; provided that notwithstanding anything in Section 45(a) of the Original Lease to the contrary, as of the Commencement Date, Tenant shall be deemed to have not waived any right of first refusal with respect to any space within the Building at any time prior to the Commencement Date; provided, however, that nothing contained herein is intended or shall be construed to affect the rights of any existing tenant or any tenant under a Pending Lease (as defined in the Agreement of Sale) covering the Building of which the Premises forms a part. In Section 45(c), the phrase "and a moving allowance in an amount equal to \$23.00 and \$2.00, respectively," is deleted and replaced by "in an amount equal to \$15.00".

7. Termination, Purchase Rights and Other Matters. Section 1(b) (Right to Increase or Decrease the Size of the Premises), Section 5 (Possession), Section 46 (Termination Rights), Section 48 (Moving Allowance) and Section 49 (Option to Purchase) of the Original Lease are hereby terminated and of no further force and effect.

8. Exterior Signage. The following Section 55 is hereby added to the Original Lease and shall read in its entirety as follows:

55. Exterior Signage. From time to time hereafter, Tenant, without the approval of Landlord, may place and replace the signage on the Seventh Avenue and Smithfield Street sides of the exterior of the Building substantially in accordance with the specifications attached hereto as Exhibit B and made a part hereof ("Exterior Signage"); provided that should Tenant elect to exercise this right to place or replace the Exterior Signage, (i) Tenant shall be solely responsible for all costs, expenses and liabilities, arising from, or caused by, such exterior signage, including, but not limited to, the costs associated with the construction, maintenance and replacement of such signage, and (ii) Tenant, at Tenant's cost, shall obtain any permits or licenses required in connection with such signage and comply with all applicable laws, regulations and ordinances related thereto. Notwithstanding the foregoing, if Tenant desires to build, construct, erect, hang, fasten, install, illuminate, maintain, replace or otherwise secure signage on or to the

exterior of the Building (collectively, "Additional Signage"), other than the Exterior Signage, Tenant may do so; provided that (a) it comply with the provisions of items (i) and (ii) of this Section 55 and (b) it obtains the prior written approval of Landlord, such approval to not be unreasonably withheld, conditioned or delayed. Landlord's consideration of any request by Tenant for approval of Additional Signage shall take into account the importance of Tenant's presence at the Building as a user of a substantial amount of square footage in the Building and, therefore, entitlement to Additional Signage on the exterior of the Building not customarily afforded to other tenants of the Building.

9. **Latent Defects.** As of the date Tenant acknowledges and accepts this letter agreement, Tenant represents and warrants to Landlord that Tenant has no knowledge of any latent defects in the Premises or the Building that have become known to Tenant.
10. **Building Services.** Notwithstanding anything to the contrary contained in Sections 13(a) and 13(b) of the Original Lease, commencing September 1, 2004, Tenant shall pay to Landlord the Landlord's actual cost to furnish Tenant with additional heating, ventilating or air conditioning service and/or electric energy consumption on days or hours other than Normal Business Hours.
11. **Insurance.** Within at least thirty (30) days but no more than sixty (60) days prior to September 1, 2004, Landlord shall provide written notice to Tenant to increase its minimum combined single limit of liability (as described in Section 20(a)(i) of the Original Lease) from \$1,000,000 to \$2,000,000 and Tenant shall make such increase in such coverage effective on or before September 1, 2004.
12. **Landlord Default.** Section 25(a)(i) of the Original Lease is hereby amended and restated in its entirety as follows:
 - (i) A failure by Landlord to pay or issue a credit (applicable to Tenant's immediately succeeding monthly installment(s) of Rent due) to Tenant for any sum payable by Landlord to Tenant, where such failure continues for ten (10) days after such sum is due; or
13. **Storage Space.** Effective September 1, 2004, the reference in Section 47 of the Original Lease to "Three Dollars (\$3.00)" shall be changed to "Five Dollars (\$ 5.00)."
14. **Landlord's Work and Tenant's Work.** Landlord has no further duty, liability or obligation under Sections 4(a) or 4(b) of the Lease, relating to Landlord's Work and Tenant's Work, respectively, and without limiting the generality of the foregoing, Landlord shall have no duty, liability or obligation to make any reimbursement or relocation under Section 4(a) of the Lease or to provide any Tenant Improvement Allowance provided for in Section 4(b) of the Lease.
15. **Suite 1150.** Commencing February 1, 2002, the premises located in the Building known as "Suite 1150" consisting of approximately 1,510 square feet shall be added to the Premises,

except that the initial term for Suite 1150 shall end December 31, 2002 and thereafter the term for Suite 1150 shall renew from year to year on a calendar year basis, unless Tenant provides written notice to Landlord on or before October 1st of the then current year terminating the term effective as of December 31st of such year. Tenant shall take the Suite 1150 space in its as-is condition. Notwithstanding anything to the contrary in the Original Lease or this letter agreement, the monthly installment of Base Rent for Suite 1150 shall be \$2,243.61 and the Base Year for Suite 1150 for purposes of Section 8(b) and Section 9 of the Original Lease shall be 1999.

16. Effect of Letter Agreement. As expressly modified hereunder, the Original Lease shall remain in full force and effect.

17. Headings. The headings of paragraphs herein are included solely for convenience of reference and shall not control the meaning or interpretation of any provisions of this letter agreement.

18. Merger. The Original Lease, as amended by this letter agreement, contains the entire understanding between the parties hereto and supersedes any prior or contemporaneous contracts, agreements, understandings and/or negotiations, whether oral or written.

This letter has been executed and delivered to you in duplicate. If the foregoing is acceptable to Tenant, please have an authorized officer of Tenant indicate by executing each copy of this letter in the space provided below, retaining one letter for Tenant's records and returning the remaining letter to my attention at the Landlord's office. This letter will then constitute a binding agreement.

Very truly yours,

PROPERTY VENTURES, LTD.

By: _____
Eric Stoltz, President

Accepted and Agreed on this 20th day
of December, 2001

DUQUESNE LIGHT COMPANY

By: _____
Title: _____

**EXHIBIT A
TO
LETTER AGREEMENT**

Description of Premises

First Floor	6,161 rentable square feet
Second Floor	19,911 rentable square feet
Fifth Floor	20,272 rentable square feet
Sixth Floor	20,272 rentable square feet
Seventh Floor	20,272 rentable square feet
Eighth Floor	20,298 rentable square feet
Ninth Floor	20,298 rentable square feet
Tenth Floor	20,298 rentable square feet
Fourteenth Floor	14,652 rentable square feet
Fifteenth Floor	20,298 rentable square feet
Sixteenth Floor	<u>20,298</u> rentable square feet
Total	203,030 rentable square feet

[see also depiction attached]



Property Ventures, Ltd.

One NorthShore Center
Pittsburgh, PA 15212
Telephone (412) 231-3300
Fax (412) 231-3358

April 15, 1999

Mr. John Laudenslager
Manager Facilities & Real Estate Management
Duquesne Light Company
1800 Seymour Street
Pittsburgh, Pennsylvania 15212

RECEIVED
7-1-99

RE: Letter Agreement No. 14
Chamber of Commerce Building Lease
between Property Ventures, Ltd. and
Duquesne Light Company, dated
March 1, 1994, as amended ("Lease")

Dear Mr. Laudenslager:

This letter is being provided to you in duplicate originals pursuant to Article 45 of the Lease. Unless otherwise defined herein, capitalized terms used in this letter shall have the definitions ascribed to them in the Lease.

This letter shall constitute a Right of First Refusal Notice. The Right of First Refusal Premises are identified on Exhibit A, attached hereto and made part hereof, consisting of 600 rentable square feet on the twelfth floor.

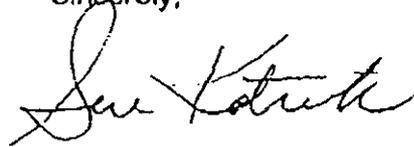
In the event that Tenant properly exercises this Right of First Refusal, Landlord will deliver the Right of First Refusal Premises in as-is condition. Any work required to prepare the Premises for occupancy shall be performed by Tenant at Tenant's sole expense. The Right of First Refusal Commencement Date shall be May 1, 1999. The term for the Premises under this Letter Agreement No. 14 shall expire on March 31, 2000, unless terminated earlier by Landlord.

Tenant shall pay to Landlord Annual Minimum Rent in monthly installments in the amount of \$800 per month (\$16.00 per sq. ft.).

Mr. John Laudenslager
April 15, 1999
Page Two

If you wish to exercise this Right of First Refusal, kindly execute this letter in the indicated place below, return one original of the same to the undersigned and this letter shall be known as "Letter Agreement No. 14".

Sincerely,



Susan G. Kotrick
Director

Agreed and Accepted

DUQUESNE LIGHT COMPANY

By: *J.R. Branderley* *JKZ*
Vice President and *5/24/99*
Title: Assistant to the President *SP*
6/10/99
Date: June 10, 1999



Property Ventures, Ltd.

7-7-99

One NorthShore Center
Pittsburgh, PA 15212
Telephone (412) 231-3300
Fax (412) 231-3358

June 14, 1999

Mr. John Laudenslager
Manager, Facilities & Real Estate Mgt.
Duquesne Light Company
One Oxford Centre
301 Grant Street
Pittsburgh, PA 15279

Re: Letter Agreement No. 13
Chamber of Commerce Building Lease between
Property Ventures, Ltd. and Duquesne Light Company, dated
March 1, 1994, as amended ("Lease")

Dear John:

This letter is being provided to you in duplicate originals pursuant to Article 45 of the Lease. Unless otherwise defined herein, capitalized terms used in this letter shall have the definitions ascribed to them in the Lease.

This letter shall constitute a Right of First Refusal Notice. The Right of First Refusal Premises are identified on Exhibit A, attached and made part hereof, consisting of 20,272 rentable square feet on the sixth floor.

The Term of this Letter Agreement No. 13, shall be ten (10) years, commencing on July 1, 1999 (the Commencement Date) and terminating on June 30, 2009.

The Rental Rate for this Right of First Refusal Premises, due to current market conditions, shall be \$16.75 per square foot of rentable area or \$28,296.33 per month.

In the event that Tenant properly exercises this Right of First Refusal, Landlord will deliver the Right of First Refusal Premises in the condition described in Section 45(c) of the Lease, except that Tenant shall be entitled to a Tenant Improvement Allowance of \$466,256 and a Moving Allowance of \$40,544.

Any work required to prepare the First Right of Refusal Premises for occupancy shall be performed by Tenant at Tenant's sole expense. Tenant and Landlord

Mr. John L. Laudenslager
June 14, 1999
Page Two

acknowledge that Landlord has performed some work to the Right of First Refusal Premises described on Exhibit B as Landlord's Work.

Please execute this letter in the indicated place below, return one (1) original of the same to the undersigned, and this letter shall be known as Letter Agreement No. 13.

Sincerely,

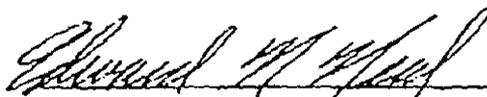


Eric R. Stoltz
Vice President

Attachments

Agreed and Accepted:

DUQUESNE LIGHT COMPANY

By:  _____

Stoltz
6/16/99

Title: _____

411 SEVEN AVENUE
TOTAL OFFICE AREA CALCULATIONS

FLOOR	G.S.F.	U.S.F.	% OF BLDG.	ADD-ON	R.S.F.
2ND	20,774	19,357	6.56518%	554	19,911
3RD	20,780	19,373	6.57024%	554	19,927
4TH	21,128	19,708	6.67642%	563	20,272
5TH	21,128	19,708	6.67642%	563	20,272
6TH	21,126	19,709	6.67642%	563	20,272
7TH	21,128	19,700	6.67642%	563	20,272
8TH	21,151	19,734	6.68432%	564	20,298
9TH	21,151	19,734	6.68432%	564	20,298
10TH	21,151	19,734	6.68432%	564	20,298
11TH	21,151	19,734	6.68432%	564	20,298
12TH	21,151	19,734	6.68432%	564	20,298
14A	21,151	19,734	6.68432%	564	20,298
14TH	21,151	19,734	6.68432%	564	20,298
15TH	21,151	19,734	6.68432%	564	20,298
16TH	21,151	19,734	6.68432%	564	20,298
SUBTOTAL	310,427	285,172		8,431	303,603
LOBBY	2,276				
LOADING DOCK	4,638				
PENTHOUSE	1,817				
PUMP ROOMS					
GRAND TOTAL	324,858				

G.S.F. = Gross Square Foot (Measured from glass line)
 U.S.F. = Usable Square Feet (G.S.F. - Stairs, Shaft & Elev. (1,417))
 % OF BLDG. = G.S.F. Divided By Subtotal of Floors 2 - 16
 ADD-ON = % of Bldg. * Total of Lobby, Loading Dock & Penthouse (8,431)
 R.S.F. = Rentable Square Feet (U.S.F. + Add-On)

10000000 IN 92811847

P.07/09

EXHIBIT B

LANDLORD'S WORK

6th Floor

Tenant space demolition and clearance.

New fire alarm system in Building core area.

Furnish and install Fire Protection systems as required including replacement of 3/4" sprinkler piping branch lines to 1", removal of fire hose cabinets, and installation of stairwell fire department connections all in a manner consistent with floors 5, 7, 8, 9, 10 and 14.

Remove all HVAC systems including the 60 ton Dunham Bush package unit, Outdoor Air make-up fan, all sheet metal supply ductwork, Trane controls along with associated wiring and condensate drain piping. Condensing water piping shall be capped off inside the mechanical room. The mechanical room will be left vacant and in broom clean condition.

Remove eleven (11) existing Trane Model VFPE Fan Power Variable Air Volume Boxes along with associated control wiring and electrical power wiring.

Provide new restrooms in a manner that is consistent with floors 5, 7, 8, 9, 10 and 14.

Furnish and install two (2) water coolers.

Remove 225 amp, 480 volt, 3 phase 42 pole panelboard with 225 amp main lugs, electrical service from the electrical shaft to the electrical closet.

Remove one (1) 75 KVA dry type transformer which supplies 120/208 volt power. Remove one (1) 225 amp, 120/208 volt, 42 pole panelboard with a 225 amp, 3 pole main circuit breaker, and one (1) 225 amp 120/208, 42 pole panelboard with 225 amp main lugs.

Furnish and install two (2) 4" EMT conduits from the communication cable tray in the electrical shaft to the designated utility room. Furnish and install one (1) 300 pair telephone cable from the DLCO, 8th Floor tele-communication's room to the 6th floor utility room. Furnish and install one (1) 4 strand fiber optic cable from and to the same locations. Leave 40 lf of each cable in the 8th Floor tele-communications room, and 15 lf of each cable in the utility room. Termination's and testing of cables by tenant. One conduit shall remain a spare.

EXHIBIT B
LANDLORD'S WORK

6th Floor (continued)

The Electrical/Telephone room will be left vacant and in broom clean condition.

Provide information for termination of tenant fire alarm devices.

General lighting and convenience power in the utility room required by tenant will be tenant's work.

Letter Agreement File



Property Ventures, Ltd.

RECEIVED
1-7-99

One NorthShore Center
Pittsburgh, PA 15212

Telephone (412) 231-3365
Fax (412) 231-3358

JOHN L. WEINHOLD
Vice President & General Manager

November 23, 1998

Mr. John Laudenslager
Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15212

Re: Letter Agreement No. 12
Chamber of Commerce Building Lease
(411 Seventh Avenue) between
Property Ventures, Ltd. and Duquesne Light Company
Dated March 1, 1994, as amended ("Lease")

Dear John:

This letter is being provided to you in duplicate originals pursuant to Article 45 of the Lease. Unless otherwise defined herein, capitalized terms used in this letter shall have the definitions ascribed to them in the Lease.

This letter shall constitute a Right of First Refusal Notice. The Right of First Refusal Premises are identified on Exhibit A, attached hereto and made a part hereof, consisting of 1,347 rentable square feet on the first floor.

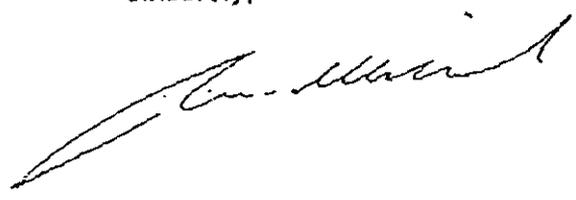
In the event that Tenant properly exercises this Right of First Refusal, Landlord will deliver the Right of First Refusal Premises in "as is" condition. Commencement Date shall be upon occupancy, and the term shall be through January 31, 1999, and month-to-month thereafter. Either party may terminate this agreement by giving the other party thirty (30) days prior written notice. The rental rate shall be \$16.00 per square foot, or \$1,796 per month.

All other terms and conditions of the Lease shall remain in effect.

Mr. John Laudenslager
November 23, 1998
Page Two

If you wish to exercise this Right of First Refusal, kindly execute this letter in the indicated place below, return one original of the same to the undersigned and this letter shall be known as "Letter Agreement No. 12".

Sincerely,



Agreed and Accepted

Duquesne Light Company

By: William J. De Leo

Title: VICE PRESIDENT

Date: 12/9/98

OK
12/2/98
GRB 12/1/98



Property Ventures, Ltd.

One North ^{Star} Center
Pittsburgh, PA 15212

Telephone (412) 231-3365
Fax (412) 231-3358

JOHN L. WEINHOLD
Vice President & General Manager

October 8, 1998

Mr. John Laudenslager
Manager Facilities & Real Estate Management
Duquesne Light Company
1800 Seymour Street
Pittsburgh, Pennsylvania 15233

RE: Letter Agreement No. 11
Chamber of Commerce Building Lease
between Property Ventures, Ltd. and
Duquesne Light Company, dated
March 1, 1994, as amended ("Lease")

Dear Mr. Laudenslager:

This letter is being provided to you in duplicate originals pursuant to Article 45 of the Lease. Unless otherwise defined herein, capitalized terms used in this letter shall have the definitions ascribed to them in the Lease.

This letter shall constitute a Right of First Refusal Notice. The Right of First Refusal Premises are identified on Exhibit A, attached hereto and made part hereof, consisting of 3,327 rentable square feet on the twelfth floor.

In the event that Tenant properly exercises this Right of First Refusal, Landlord will deliver the Right of First Refusal Premises in as-is condition. Any work required to prepare the Premises for occupancy shall be performed by Tenant at Tenant's sole expense. The Right of First Refusal Commencement Date shall be October 15, 1998. The term for the Premises under this Letter Agreement No. 11 shall expire on March 31, 1999, unless terminated earlier by Landlord. Landlord may terminate this agreement for Tenant to use the Right of First Refusal Premises at any time for any reason after December 31, 1998, by giving Tenant written notice of its election to terminate this agreement for Tenant to use the Right of First Refusal Premises

Tenant shall pay to Landlord Annual Minimum Rent in monthly installments in the amount of \$4,436 per month (\$16.00 per sq. ft.).

Mr. John Laudenslager
October 8, 1998
Page Two

If you wish to exercise this Right of First Refusal, kindly execute this letter in the indicated place below, return one original of the same to the undersigned and this letter shall be known as "Letter Agreement No. 11".

Sincerely,

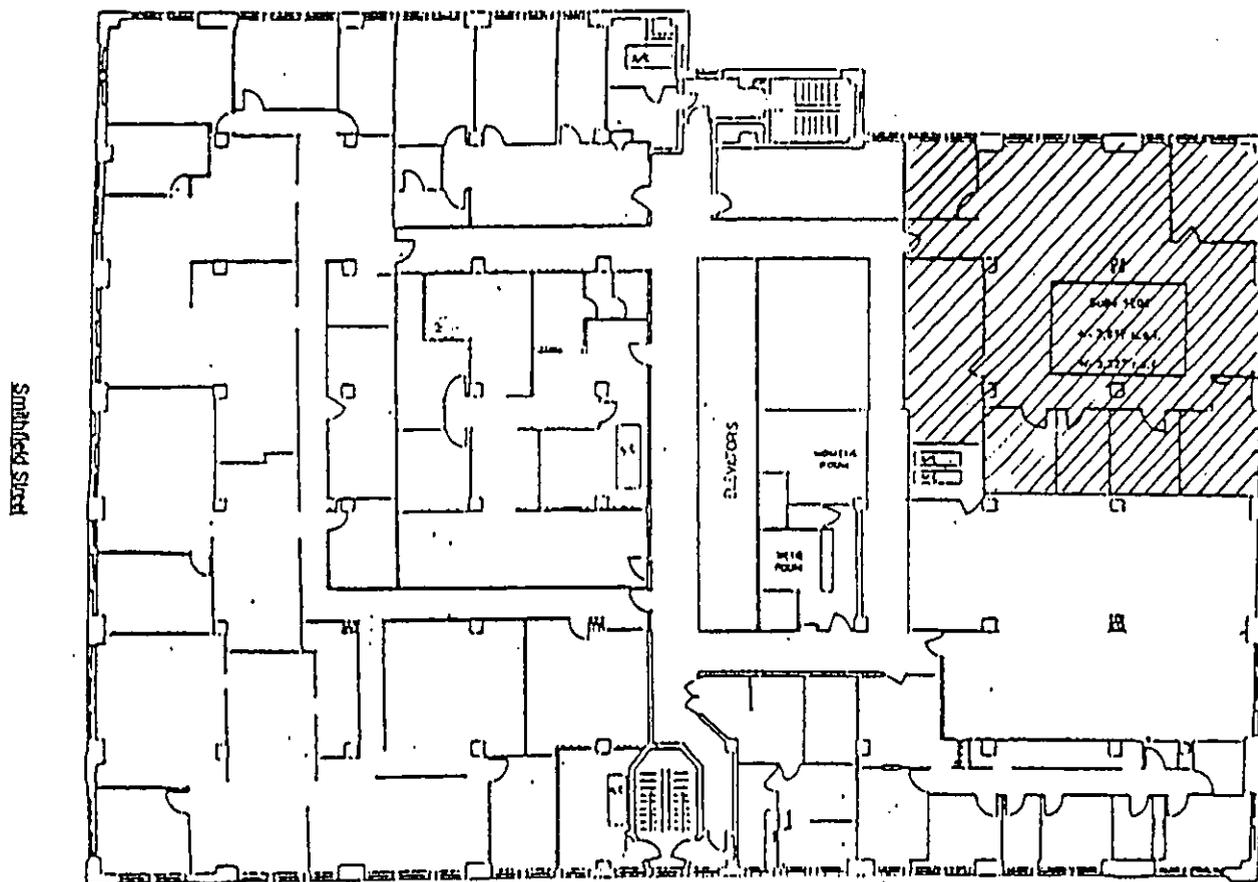


Agreed and Accepted

DUQUESNE LIGHT COMPANY

By: *William J. DeLeo* ^{QRB}
_{SEP 11/21/98}
Title: VICE PRESIDENT ^{S/P}
_{11/2/98}
Date: 11/11/98

Exhibit A



Drawing Key
▨ Duquesne
Light

Seventh Avenue
Rentable Area (Suite 1204) 3,327 S.F.

411 SEVENTH AVENUE
Pittsburgh, PA
12th Floor



Property Ventures, Ltd.

One NorthShore Center
Pittsburgh, PA 15212

Telephone (412) 231-3365
Fax (412) 231-3358

JOHN L. WEINHOLD
Vice President & General Manager

October 7, 1998

Mr. John Laudenslager
Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15212

Re: Letter Agreement No. 10
Chamber of Commerce Building Lease between
Property Ventures, Ltd. and Duquesne Light Company
Dated March 1, 1994, as amended ("Lease")

Dear John:

This letter is being provided to you in duplicate originals pursuant to Article 45 of the Lease. Unless otherwise defined herein, capitalized terms used in this letter shall have the definitions ascribed to them in the Lease.

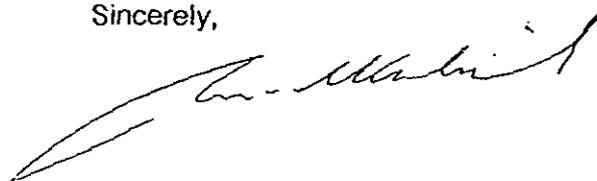
This letter shall constitute a Right of First Refusal Notice. The Right of First Refusal Premises are identified on Exhibit A, attached hereto and made a part hereof, consisting of 6,221 rentable square feet on the second floor.

In the event that Tenant properly exercises this Right of First Refusal, Landlord will deliver the Right of First Refusal Premises in the condition described in Section 45(c) of the Lease. Landlord will also provide the work in Exhibit B attached hereto and will provide Tenant with the allowances for construction of Tenant's build-out and a moving allowance as set forth in Section 45 (c) of the Lease (less \$5,610.00 relating to Tenant's Work previously performed by the Landlord as outlined in Exhibit C). The Right of First Refusal Commencement Date shall be upon occupancy or January 1, 1999, whichever occurs first.

Mr. John Laudenslager
October 7, 1998
Page Two

If you wish to exercise this Right of First Refusal, kindly execute this letter in the indicated place below, return one original of the same to the undersigned and this letter shall be known as "Letter Agreement No. 10".

Sincerely,



Agreed and Accepted

Duquesne Light Company

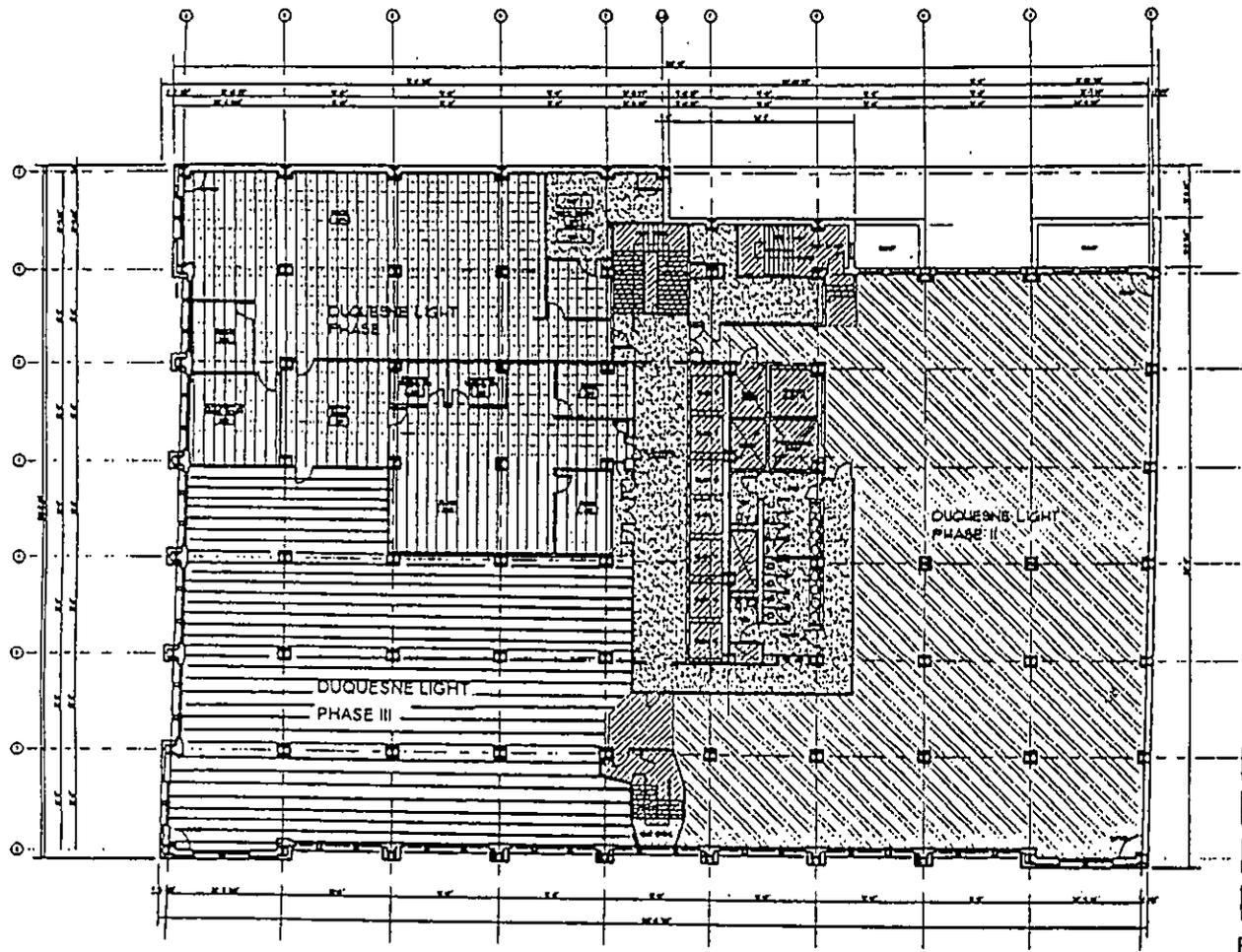
By: *William DeLeo*

qrb
27
10/23/98

Title: *VICE PRESIDENT*

S/D
11/2/98

Date: *11/2/98*



- DRAWING KEY:**
-  Vertical Penetrations
 -  Shared Common Areas
 -  Duquesne Light Space - Phase I
 -  Duquesne Light Space - Phase II
 -  Duquesne Light Space - Phase III

① SECOND FLOOR PLAN ②

Rentable Area (Phase I)	5,794 s.f.
Rentable Area (Phase II)	7,896 s.f.
Rentable Area (Phase III)	6,221 s.f.
TOTAL RENTABLE AREA	19,911 s.f.

PROPERTY VENTURES LTD.
A DOE COMPANY
SUITE 1420 GRANT BUILDING
350 GRANT STREET
PITTSBURGH, PENNSYLVANIA 15219



SCALE: 1/8" = 1'-0"

DATE: 12/15/83

PROJECT: 41 SEVENTH AVE BUILDING
PITTSBURGH, PENNSYLVANIA

SECOND FLOOR PLAN

411 SEVENTH AVENUE
TOTAL OFFICE AREA CALCULATIONS

FLOOR	G.S.F.	U.S.F.	% OF BLDG.	ADD-ON	R.S.F.
2ND	20,774	19,357	6.56518%	554	19,911
3RD	20,790	19,373	6.57024%	554	19,927
4TH	21,126	19,709	6.67642%	563	20,272
5TH	21,126	19,709	6.67642%	563	20,272
6TH	21,126	19,709	6.67642%	563	20,272
7TH	21,126	19,709	6.67642%	563	20,272
8TH	21,151	19,734	6.68432%	564	20,298
9TH	21,151	19,734	6.68432%	564	20,298
10TH	21,151	19,734	6.68432%	564	20,298
11TH	21,151	19,734	6.68432%	564	20,298
12TH	21,151	19,734	6.68432%	564	20,298
14A	21,151	19,734	6.68432%	564	20,298
14TH	21,151	19,734	6.68432%	564	20,298
15TH	21,151	19,734	6.68432%	564	20,298
16TH	21,151	19,734	6.68432%	564	20,298
SUBTOTAL	316,427	295,172		8,431	303,603
LOBBY	2,276				
LOADING DOCK	4,538				
PENTHOUSE	1,617				
PUMP ROOMS					
GRAND TOTAL	324,858				

G.S.F. = Gross Square Feet (Measured from glass line)
U.S.F. = Usable Square Feet (G.S.F. - Stairs, Shaft & Elev. 1,417)
% OF BLDG. = G.S.F. Divided By Subtotal of Floors 2 - 16
ADD-ON = % of Bldg. * Total of Lobby, Loading Dock & Penthouse (8,431)
R.S.F. = Rentable Square Feet (U.S.F. + Add-On)

DLCO 2nd Floor Space
Net Rentable Calculation

Usable/Rentable Ratio	
2nd Floor (Basis)	
Usable Area (G.S.F. - Stairs, Shaft & Elevator)	19,357
Common Area (mechanical room, restrooms, janitorial room, lobby)	2,250
Net Usable Area	17,107
<u>Rentable Area</u>	19,911
Net Usable Area	17,107
	= 1.16
	Rentable Add-On Factor
2nd Floor (Usable Area) - Phase I	4,792 sf
2nd Floor (Usable Area) - Phase II	7,010 sf
2nd Floor (Usable Area) - Phase III	5,363 sf
Total DLCO Usable Area - 2nd floor	17,165 sf
x Rentable Add-On Factor	1.16
Rentable Area	19,911 sf

EXHIBIT B

LANDLORD'S WORK

2nd Floor - Phase III

Tenant space demolition and clearance. (Completed during Phase I)

New fire alarm system in Building core area. (Completed during Phase I)

Furnish and install Fire Protection systems as required including replacement of 3/4" sprinkler piping branch lines to 1", removal of fire hose cabinets, and installation of stairwell fire department connections all in a manner consistent with floors 5, 7, 8, 9, 10 and 14. (Partial Completion during Phase I & II)

Repair existing A/C unit #1 and A/C unit #2 as required for proper operation. A/C unit #1 and A/C unit #2 to remain on existing 120/208 volt power system. (Completed during Phase I)

Provide new bypass duct to tie-in main supply ducts between A/C unit #1 and A/C unit #2 complete with manual dampers. (Completed during Phase I)

Provide new restrooms in a manner that is consistent with floors 5, 7, 8, 9, 10 and 14. (Completed during Phase I)

Furnish and install two (2) water coolers. (Completed during Phase I)

Provide a new 225 amp, 480 volt, 3 phase 42 pole panelboard with 225 amp main lugs, electrical service from the electrical shaft to the designated electrical closet. Connect existing 277 volt VAV box circuits to new panel. (Completed during Phase I)

Provide one (1) 75 KVA dry type transformer to supply 120/208 volt power. Furnish and install one (1) 225 amp, 120/208 volt, 42 pole panelboard with a 225 amp, 3 pole main circuit breaker, and one (1) 225 amp 120/208, 42 pole panelboard with 225 amp main lugs. All poles are rated 20 ampere. (Completed during Phase I)

EXHIBIT B

LANDLORD'S WORK

2nd Floor - Phase III (continued)

Furnish and install two (2) 4" EMT conduits from the communication cable tray in the electrical shaft to the designated utility room. Furnish and install one (1) 300 pair telephone cable from the DLCO, 8th Floor tele-communication's room to the 2nd floor utility room. Furnish and install one (1) 4 strand fiber optic cable from and to the same locations. Leave 40 lf of each cable in the 8th floor tele-communications room, and 15 lf of each cable in the utility room. Termination's and testing of cables by tenant. One conduit shall remain a spare. (Completed during Phase I)

Provide information for termination of tenant fire alarm devices.

General lighting and convenience power in the utility room required by tenant will be tenant's work. (Completed during Phase I)

Turnover three (3) existing Trane Model VFPE Fan Power Variable Air Volume Boxes. Relocation by tenant.

EXHIBIT C

Tenant Work Previously Performed by Landlord

2nd Floor - Phase III

Purchase three (3) VAV's w/controls
Install VAV's
Furnish & Install Diffusers
Low Velocity Duct (includ. tap)
Test & Balance
Power Wiring
Control Wiring

Total Cost of Work Above = \$5,610.00



**Property
Ventures, Ltd.**

RECEIVED
6-23-97
8

One NorthShore Center
Pittsburgh, PA 15212

Telephone (412) 231-3365
Fax (412) 231-3358

JOHN L. WEINHOLD
Vice President & General Manager

June 6, 1997

Mr. John Laudenslager
Manager of Facilities and
Real Estate Management
Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15233

RE: Letter Agreement No. 9
Chamber of Commerce Building Lease between
Property Ventures, Ltd. and Duquesne Light Company
dated March 1, 1994, as amended ("Lease")

Dear Mr. Laudenslager:

This letter is being provided to you in duplicate originals pursuant to Article 45 of the Lease. Unless otherwise defined herein, capitalized terms used in this letter shall have the definitions ascribed to them in the Lease.

This letter shall constitute a Right of First Refusal Notice. The Right of First Refusal Premises are identified on Exhibit A, attached hereto and made part hereof, consisting of 4,465 rentable square feet on the first floor.

In the event that Tenant properly exercises this Right of First Refusal, Landlord will deliver the Right of First Refusal Premises in the condition described in Section 45(c) of the Lease. Landlord will also provide the work described in Exhibit B attached hereto and will provide Tenant with the allowances for construction of Tenant's build-out and a moving allowance as set forth in Section 45(c) of the Lease. The Right of First Refusal Commencement Date shall be October 1, 1997.

If you wish to exercise this Right of First Refusal, kindly execute this letter in the indicated place below, return one original of the same to the undersigned and this letter shall be known as "Letter Agreement No. 9".

Sincerely,

Agreed and Accepted

DUQUESNE LIGHT COMPANY

By: Eric Brundley
Title: Vice President - Operations
Date: 6.16.97

8
14 x 1



Property Ventures, Ltd.

RECEIVED
MAY 23 1997
88

One NorthShore Center
Pittsburgh, PA 15212

Telephone (412) 231-3365
Fax (412) 231-3358

JOHN L. WEINHOLD
Vice President & General Manager

May 2, 1997

Mr. John Laudenslager
Manager of Facilities and
Real Estate Management
Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15233

RE: Letter Agreement No. 8
Chamber of Commerce Building Lease
between Property Ventures, Ltd. and
Duquesne Light Company, dated
March 1, 1994, as amended ("Lease")

Dear Mr. Laudenslager:

This letter is being provided to you in duplicate originals pursuant to Article 45 of the Lease. Unless otherwise defined herein, capitalized terms used in this letter shall have the definitions ascribed to them in the Lease.

This letter shall constitute a Right of First Refusal Notice. The Right of First Refusal Premises are identified on Exhibit A, attached hereto and made part hereof, consisting of 600 rentable square feet on the twelfth floor.

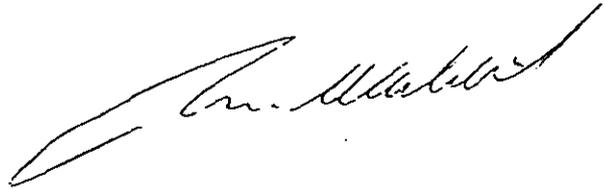
In the event that Tenant properly exercises this Right of First Refusal, Landlord will deliver the Right of First Refusal Premises in as-is condition. Any work required to prepare the Premises for occupancy shall be performed by Tenant at Tenant's sole expense. The Right of First Refusal Commencement Date shall be May 12, 1997. The term for the Premises under this Letter Agreement No. 8 shall expire on April 30, 1999.

Tenant shall pay to Landlord Annual Minimum Rent in monthly installments in the amount of \$600.00 per month (\$12.00 per sq. ft.).

Mr. John Laudenslager
May 2, 1997
Page Two

If you wish to exercise this Right of First Refusal, kindly execute this letter in the indicated place below, return one original of the same to the undersigned and this letter shall be known as "Letter Agreement No. 8".

Sincerely,



Agreed and Accepted

DUQUESNE LIGHT COMPANY

By: William J. DeLeo

Title: Vice President,
Marketing and Corporate Performance

Date: 6/16/97

225
J 6/16/97
S.W.
6/16/97



Property Ventures, Ltd.

RECEIVED
6-23-97
8

One NorthShore Center
Pittsburgh, PA 15212

Telephone (412) 231-3365
Fax (412) 231-3358

JOHN L. WEINHOLD
Vice President & General Manager

May 2, 1997

Mr. John Laudenslager
Manager of Facilities and
Real Estate Management
Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15233

RE: Letter Agreement No. 7
Chamber of Commerce Building Lease
between Property Ventures, Ltd. and
Duquesne Light Company, dated
March 1, 1994, as amended ("Lease")

Dear Mr. Laudenslager:

This letter is being provided to you in duplicate originals pursuant to Article 45 of the Lease. Unless otherwise defined herein, capitalized terms used in this letter shall have the definitions ascribed to them in the Lease.

This letter shall constitute a Right of First Refusal Notice. The Right of First Refusal Premises are identified on Exhibit A, attached hereto and made part hereof, consisting of 7,530 rentable square feet on the fifteenth floor.

In the event that Tenant properly exercises this Right of First Refusal, Landlord will deliver the Right of First Refusal Premises in the condition described in Section 45(c) of the Lease. Landlord will also provide the work described in Exhibit B attached hereto and will provide Tenant with the allowances for construction of Tenant's build-out and a moving allowance as set forth in Section 45(c) of the Lease (less \$1,870 relating to Tenant's Work previously performed by the Landlord as outlined in Exhibit C). The Right of First Refusal Commencement Date shall be July 1, 1997. The Initial Term of this Letter Agreement No. 7 shall be July 1, 1997 through August 31, 2004.

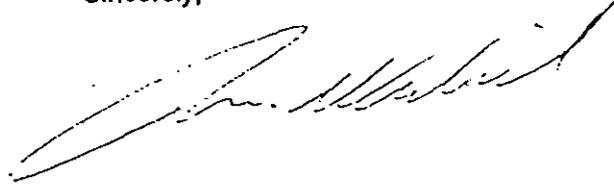
Tenant may, at any time during the Initial Term of this Letter Agreement No. 7 (but not during any Renewal Terms) exercise the Buy-Out Right upon not less than six (6) months written notice to Landlord. In order to effectively exercise the Buy-Out Right, the notice of such exercise must be accompanied by the Buy-Out Payment. The Buy-Out Payment shall be a sum equal to the construction and moving allowance given by Landlord to Tenant with respect to the Right of First Refusal Premises (if any) pursuant to Section 45 (c) of the Lease, multiplied by a fraction, the numerator of which shall be the number of months remaining in the Initial Term after the Buy-Out

Mr. John Laudenslager
May 2, 1997
Page Two

Effective Date and the denominator of which shall be the number of months remaining in the Initial Term after the Right of First Refusal Commencement Date with respect to the Right of First Refusal Premises for which such allowance was given, plus interest (at the Default Rate per the Lease) on the Buy-Out Payment amount for the period commencing with the Right of First Refusal Commencement Date and ending with the Buy-Out Effective Date. In the event that Tenant properly exercises the Buy-Out Right, Tenant shall surrender the Premises to Landlord on the Buy-Out Effective Date in accordance with Section 17 of the Lease hereof and neither Landlord nor Tenant shall have any further rights, duties or obligations hereunder (except those surviving the termination of this Lease). In the event that Tenant fails to deliver the Premises on the Buy-Out Effective Date, Landlord shall have the option, at Landlord's sole option, to retain the Buy-Out Payment as liquidated damages (in which case this Lease shall remain in full force and effect) or consider Tenant in Default hereunder and pursue any and all remedies hereunder.

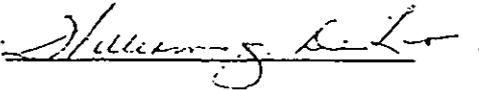
If you wish to exercise this Right of First-Refusal, kindly execute this letter in the indicated place below, return one original of the same to the undersigned and this letter shall be known as "Letter Agreement No. 7".

Sincerely,



Agreed and Accepted

DUQUESNE LIGHT COMPANY

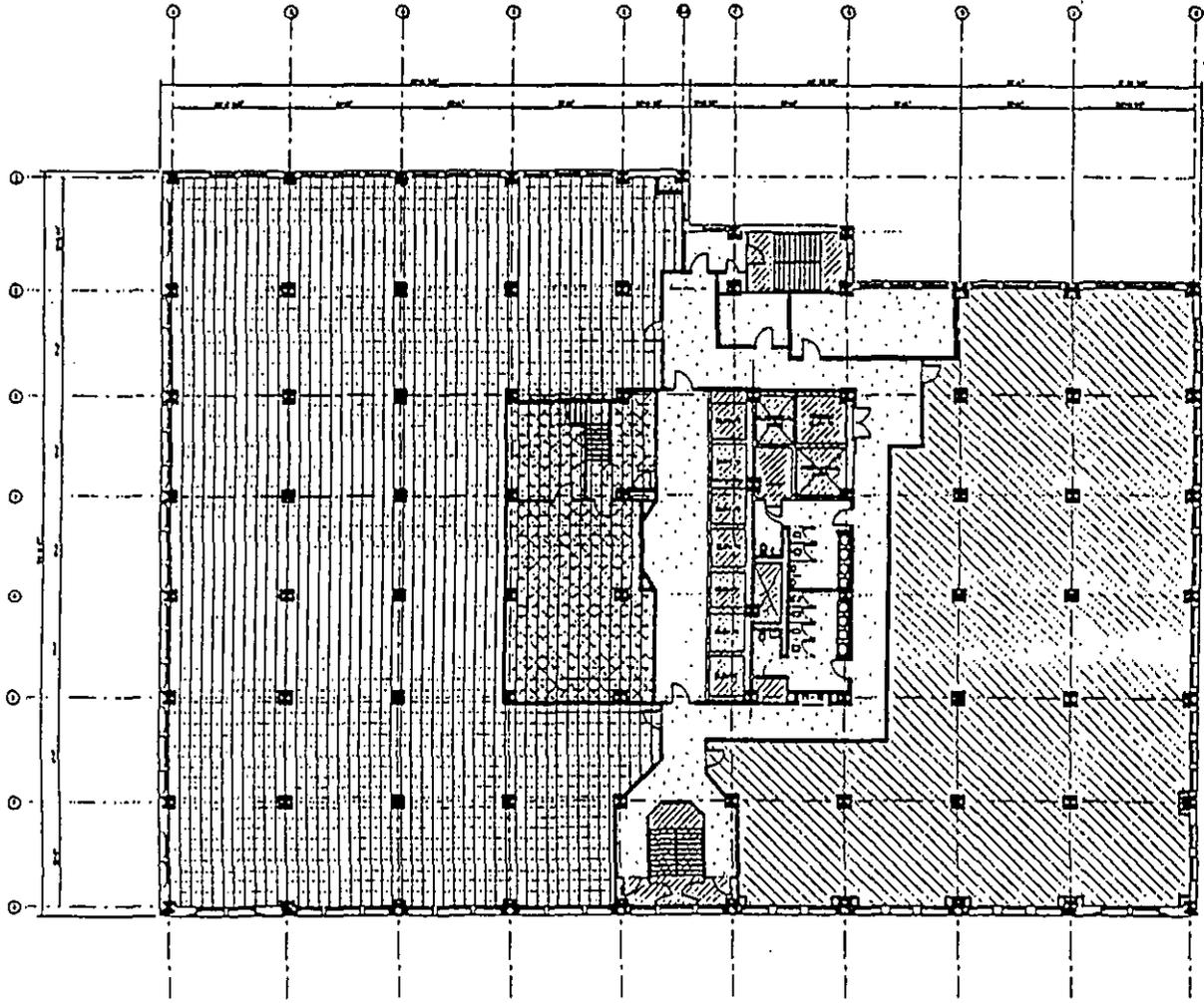
By 

Title: Vice President,
Marketing and Corporate Performance

Date: 6/16/97

8/2/97
MS.
6/16/97

EXHIBIT A
Page 1 of 2



DRAWING KEY

-  DUCQUESNE LIGHT PHASE I
-  DUCQUESNE LIGHT PHASE II
-  DUCQUESNE LIGHT PHASE III
-  SHARED COMMON AREA
-  VERTICAL PENETRATION AREA

⊕ FIFTEENTH FLOOR

Rentable Area (Phase I)	1,624 s.f.
Rentable Area (Phase II)	11,144 s.f.
Rentable Area (Phase III)	7,520 s.f.
TOTAL RENTABLE AREA	20,298 s.f.

Revisions	

OXFORD DEVELOPMENT CO.



1500 15th St., Pittsburgh, Pa.

PLANS
Certificate No. 12,843

41 SEVENTH AVENUE BUILDING
SEVENTH AVE. & SPITFIELD ST.
PITTSBURGH, PENNSYLVANIA

FIFTEENTH FLOOR PLAN

Project No.	
Sheet No.	15
Date	
Scale	

411 SEVENTH AVENUE
TOTAL OFFICE AREA CALCULATIONS

FLOOR	G.S.F.	U.S.F.	% OF BLDG.	ADD-ON	R.S.F.
2ND	20,774	19,357	8.58518%	554	19,911
3RD	20,790	19,373	8.57024%	554	19,927
4TH	21,128	19,709	8.67642%	563	20,272
5TH	21,126	19,709	8.67642%	563	20,272
6TH	21,126	19,709	8.67642%	563	20,272
7TH	21,128	19,709	8.67642%	563	20,272
8TH	21,151	19,734	8.68432%	564	20,298
9TH	21,151	19,734	8.68432%	564	20,298
10TH	21,151	19,734	8.68432%	564	20,298
11TH	21,151	19,734	8.68432%	564	20,298
12TH	21,151	19,734	8.68432%	564	20,298
14A	21,151	19,734	8.68432%	564	20,298
14TH	21,151	19,734	8.68432%	564	20,298
15TH	21,151	19,734	8.68432%	564	20,298
16TH	21,151	19,734	8.68432%	564	20,298
SUBTOTAL	318,427	295,172		8,431	303,603
LOBBY	2,276				
LOADING DOCK	4,538				
PENTHOUSE	1,617				
PUMP ROOMS					
GRAND TOTAL	324,858				

G.S.F. = Gross Square Feet (Measured from glass line)
U.S.F. = Usable Square Feet (G.S.F. - Stairs, Shaft & Elev. 1,417)
% OF BLDG. = G.S.F. Divided By Subtotal of Floors 2 - 16
ADD-ON = % of Bldg. * Total of Lobby, Loading Dock & Penthouse (8,431)
R.S.F. = Rentable Square Feet (U.S.F. + Add-On)

DLCO 15th Floor Space
Net Rentable Calculation

<u>Usable/Rentable Ratio</u>	
<u>15th Floor (Basis)</u>	
Usable Area (G.S.F. - Stairs, Shaft & Elevator)	19,734
Common Area (mechanical room, restrooms, janitorial room, lobby)	2,817
Net Usable Area	16,917
<u>Rentable Area</u>	20,298
Net Usable Area	16,917
	= 1.19985 Rentable Add-On Factor
15th Floor (Usable Area) - Phase I	1,400 sf
15th Floor (Usable Area) - Phase II	9,240 sf
16th Floor (Usable Area) - Phase III	6,277 sf
Total DLCO Usable Area - 15th floor	16,917 sf
x Rentable Add-On Factor	1.19985
Rentable Area	20,298 sf

EXHIBIT B
LANDLORD'S WORK

15th Floor - Phase III

Tenant space demolition and clearance.

New fire alarm system in Building core area. (Partial Completion during Phase I & II)

Furnish and install Fire Protection systems as required including replacement of 3/4" sprinkler piping branch lines to 1", removal of fire hose cabinets, and installation of stairwell fire department connections all in a manner consistent with floors 5, 7, 8, 9, 10 and 14. (Partial Completion during Phase I & II)

Furnish and install all HVAC systems including supply, return and exhaust ductwork, required internal duct insulation, outdoor air makeup fan, air balancing for the HVAC unit, condensing water piping and condensate drain piping. (Partial Completion during Phase I & II)

Provide new restrooms in a manner that is consistent with floors 5, 7, 8, 9, 10 and 14.

Furnish and install two (2) water coolers.

Provide a new 225 amp, 480 volt, 3 phase 42 pole panelboard with 225 amp main lugs, electrical service from the electrical shaft to the designated electrical closet. Connect existing 277 volt VAV box circuits to new panel. (Completed during Phase I)

Provide one (1) 75 KVA dry type transformer to supply 120/208 volt power. Furnish and install one (1) 225 amp, 120/208 volt, 42 pole panelboard with a 225 amp, 3 pole main circuit breaker, and one (1) 225 amp 120/208, 42 pole panelboard with 225 amp main lugs. All poles are rated 20 ampere. (Completed during Phase I)

Furnish and install two (2) 4" EMT conduits from the communication cable tray in the electrical shaft to the designated utility room. Furnish and install one (1) 300 pair telephone cable from the DLCO, 8th Floor tele-communication's room to the 15th floor utility room. Furnish and install one (1) 4 strand fiber optic cable from and to the same locations. Leave 40 lf of each cable in the 8th floor tele-communications room, and 15 lf of each cable in the utility room. Termination's and testing of cables by tenant. One conduit shall remain a spare. (Completed during Phase II)

EXHIBIT B

LANDLORD'S WORK

15th Floor - Phase III (continued)

Provide information for termination of tenant fire alarm devices.

General lighting and convenience power in the utility room required by tenant will be tenant's work. (Completed during Phase I)

Turnover one (1) existing Trane Model VFPE Fan Power Variable Air Volume Boxes. Relocation by tenant.

EXHIBIT C

Tenant Work Previously Performed by Landlord

15th Floor - Phase III

Purchase one (1) VAV's w/controls
Install VAV's
Furnish & Install Diffusers
Low Velocity Duct (includ. tap)
Test & Balance
Power Wiring
Control Wiring

Total Cost of Work Above = \$1,870.00



Property Ventures, Ltd.

One NorthShore Center
Pittsburgh, PA 15212
Telephone (412) 231-3300
Fax (412) 231-3358

October 21, 1996

Dianna L. Green
Senior Vice President - Customer Operations
Duquesne Light Company
411 Seventh Avenue, 16th Floor
Pittsburgh, PA 15219

RE: Letter Agreement No. 6
Chamber of Commerce Building Lease
between Property Ventures, Ltd. And
Duquesne Light Company, dated
March 1, 1994, as amended ("Lease")

Dear Ms. Green:

This letter is being provided to you in duplicate originals pursuant to Article 45 of the Lease. Unless otherwise defined herein, capitalized terms used in this letter shall have the definitions ascribed to them in the Lease.

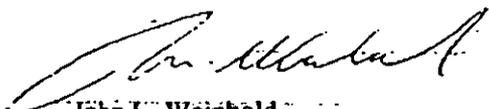
This letter shall constitute a Right of First Refusal Notice. The Right of First Refusal Premises are identified on Exhibit A, attached hereto and made part hereof, consisting of 11,144 rentable square feet on the fifteenth floor.

In the event that Tenant properly exercises this Right of First Refusal, Landlord will deliver the Right of First Refusal Premises in the condition described in Section 45(c) of the Lease. Landlord will also provide the work described in Exhibit B attached hereto and will provide Tenant with the allowances for construction of Tenant's build-out and a moving allowance as set forth in Section 45(c) of the lease (less \$11,220 relating to Tenant's Work previously performed by the Landlord as outlined in Exhibit C). The Right of First Refusal Commencement Date shall be December 15, 1996.

Dianna L. Green
October 21, 1996
Page 2

If you wish to exercise this Right of First Refusal, kindly execute this letter in the indicated place below, return one original of the same to the undersigned and this letter shall be known as "Letter Agreement No. 6".

Sincerely,



John L. Weinhold
Vice President and General Manager

Agreed and Accepted

DUQUESNE LIGHT COMPANY

By: Dianna L. Green

JB 11/1/96
me
10/30/96

Title: Senior Vice President- Customer Operations

Date: November 7, 1996

EXHIBIT B

LANDLORD'S WORK

15th Floor - Phase II

Tenant space demolition and clearance. (Completed during Phase I)

New fire alarm system in Building core area. (Completed during Phase I)

Furnish and install Fire Protection systems as required including replacement of 3/4" sprinkler piping branch lines to 1", removal of fire hose cabinets, and installation of stairwell fire department connections all in a manner consistent with floors 5, 7, 8, 9, 10, and 14. (Completed during Phase I)

Furnish and install all HVAC systems including supply, return and exhaust ductwork, required internal duct insulation, outdoor air makeup fan, air balancing for the HVAC unit, condensing water piping and condensate drain piping. (Completed during Phase I)

Provide a new 225 amp, 480 volt, 3 phase 42 pole panelboard with 225 amp main lugs, electrical service from the electrical shaft to the designated electrical closet. Connect existing 277 volt VAV box circuits to new panel. (Completed during Phase I)

Provide one (1) 75 KVA dry type transformer to supply 120/208 volt power. Furnish and install one (1) 225 amp, 120/208 volt, 42 pole panelboard with a 225 amp, 3 pole main circuit breaker, and one (1) 225 amp 120/208, 42 pole panelboard with 225 amp main lugs. All poles are rated 20 ampere. (Completed during Phase I)

Furnish and install two (2) 4" EMT conduits from the communication cable tray in the electrical shaft to the designated utility room. Furnish and install one (1) 300 pair telephone cable from the DECO, 8th Floor tele-communication's room to the 15th floor utility room. Furnish and install one (1) 4 strand fiber optic cable from and to the same locations. Leave 40 lf of each cable in the 8th floor tele-communications room, and 15 lf of each cable in the utility room. Termination's and testing of cables by tenant. One conduit shall remain a spare.

Provide information for termination of tenant fire alarm devices.

General lighting and convenience power in the utility room required by tenant will be tenant's work. (Completed during Phase I)

EXHIBIT B

LANDLORD'S WORK

15th Floor - Phase II (continued)

Turnover six (6) existing Trane Model VEPE Fan Power Variable Air Volume Boxes.
Relocation by tenant.

EXHIBIT C

Tenant Work Previously Performed by Landlord

15th Floor - Phase II

Purchase six (6) VAV's w/controls

Install VAV's

Furnish & Install Diffusers

Low Velocity Duct (includ. tap)

Test & Balance

Power Wiring

Control Wiring

Total Cost of Work Above = \$11,220.00



Property
Ventures, Ltd.

One NorthShore Center
Pittsburgh, PA 15212
Telephone (412) 231-3300
Fax (412) 231-3358

March 14, 1996

Mr. John L. Laudenslager
Manager, Facilities Management
Duquesne Light Company
1800 Seymour Street
Pittsburgh, PA 15233

RE: Chamber of Commerce Building Lease between
Property Ventures, Ltd. and Duquesne Light Company
Letter Agreement No. 5 dated March 14, 1996

Dear John:

(Note: This letter replaces the letter dated February 6, 1996 which was based on an additional 14,117 sq. ft. of space on the Second Floor).

The allowances for Tenant build-out and moving for the additional 7,896 sq. ft. of space on the Second Floor of the Chamber of Commerce Building based upon a March 1, 1996 occupancy are as follows:

Tenant Improvement Allowance:

7,896 sq. ft. x \$23.00/sq. ft. x 102 mos./120 mos.	=	\$154,367
Less: Tenant Work Previously Performed By Landlord as per Letter Agreement No. 5	=	\$ 9,350
Total Tenant Improvement Allowance	=	\$145,017

Moving Allowance:

7,896 sq. ft. x \$2.00/sq. ft. x 102 mos./120 mos.	=	\$ 13,423
--	---	-----------

Lobby Allowance:

\$2,500 x 102 mos./120 mos.	=	\$ 2,125
-----------------------------	---	----------

If you have any questions, please call me at 231-3366.

Sincerely,

Eric R. Stoltz
Director



**Property
Ventures, Ltd.**

One NorthShore Center
Pittsburgh, PA 15212

Telephone (412) 231-3365
Fax (412) 231-3358

JOHN L. WEINHOLD
Vice President & General Manager

November 15, 1995

Ms. Dianna L. Green
Senior Vice President - Customer Operations
Duquesne Light Company
One Oxford Centre, 30-8
301 Grant Street
Pittsburgh, PA 15279

RE: Letter Agreement No. 4
Chamber of Commerce Building Lease
between Property Ventures, Ltd. and
Duquesne Light Company, dated
March 1, 1994, as amended ("Lease")

Dear Ms. Green:

This letter is being provided to you in duplicate originals pursuant to Article 45 of the Lease. Unless otherwise defined herein, capitalized terms used in this letter shall have the definitions ascribed to them in the Lease.

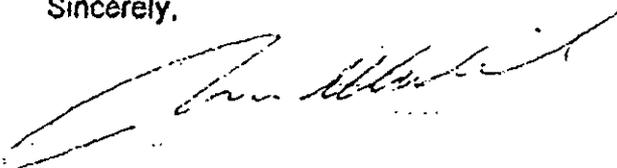
This letter shall constitute a Right of First Refusal Notice. The Right of First Refusal Premises are identified on Exhibit A, attached hereto and made a part hereof, consisting of 20,298 rentable square feet on the sixteenth floor.

In the event that Tenant properly exercises this Right of First Refusal, Landlord will deliver the Right of First Refusal Premises in the condition described in Section 45(c) of the Lease. Landlord will also provide the work described in Exhibit B attached hereto and will provide Tenant with the allowances for construction of Tenant's build-out and a moving allowance as set forth in Section 45(c) of the Lease. The Right of First Refusal Commencement Date shall be December 15, 1995.

Ms. Dianna L. Green
November 15, 1995
Page Two

If you wish to exercise this Right of First Refusal, kindly execute this letter in the indicated place below, return one original of the same to the undersigned and this letter shall be known as "Letter Agreement No. 4".

Sincerely,



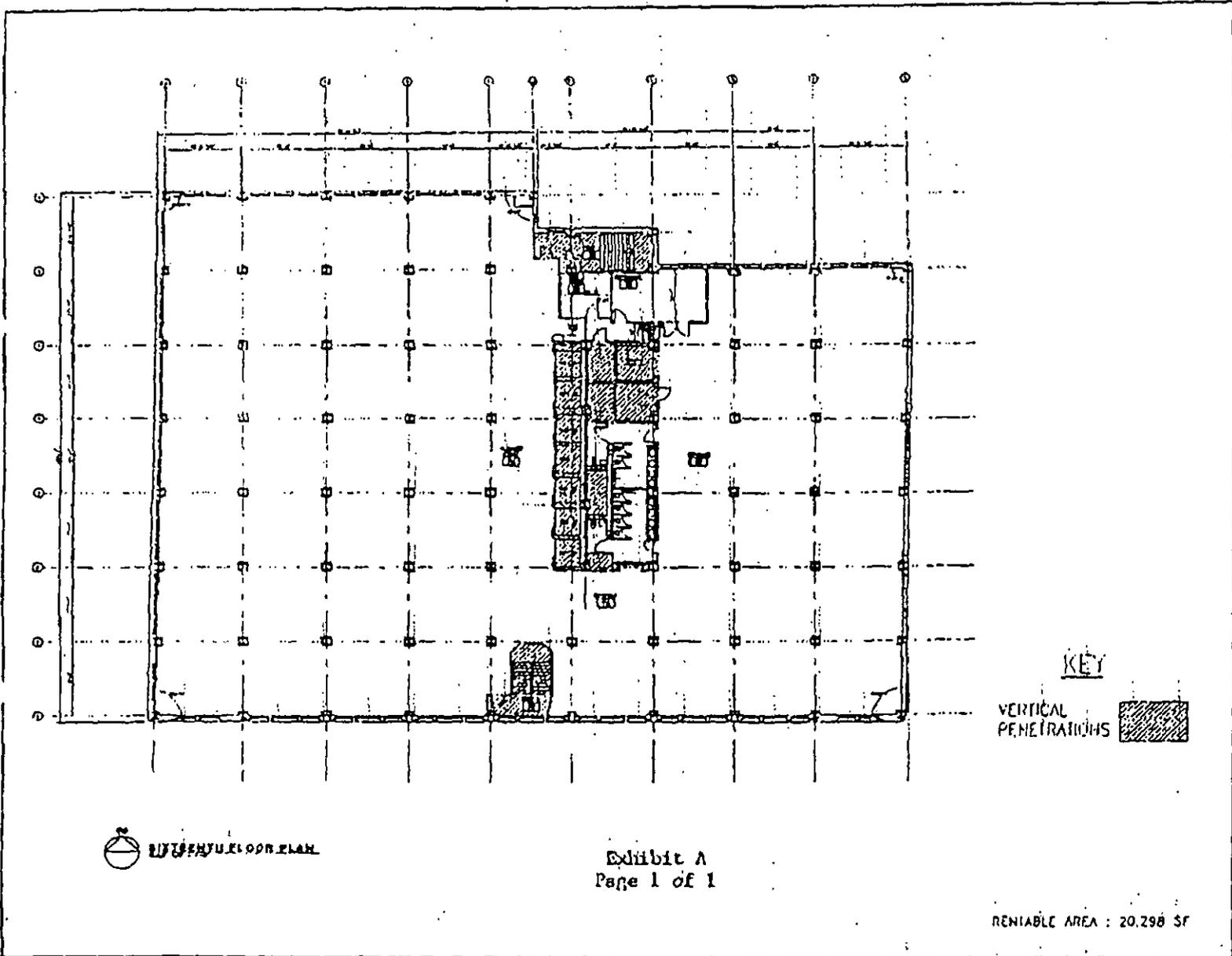
Agreed and Accepted

DUQUESNE LIGHT COMPANY

By: *Kearna J. Green* ^{AKB} 11-22-95

Title: Senior Vice President - Administration

Date: 11-27-95

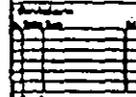



 SEVENTH FLOOR PLAN

Exhibit A
 Page 1 of 1

KEY
 VERTICAL PENETRATIONS 

RENABLE AREA : 20,298 SF


<p>OXFORD DEVELOPMENT CO.</p>

<p>THE 411 SEVENTH AVENUE BUILDING</p>
<p>FIFTH FLOOR OF PREVIOUS FLOOR PLAN</p>
<p>ANTECEDENT FLOOR PLAN</p>

EXHIBIT B

LANDLORD'S WORK

16th Floor

Tenant space demolition and clearance.

New fire alarm system in Building core area.

Furnish and install all Fire Protection systems including replacement of 3/4" sprinkler piping branch lines to 1", removal of fire hose cabinets, and installation of stairwell fire department connections all in a manner consistent with floors 5, 7, 8, 9, 10 and 14.

Furnish and install all HVAC systems including supply, return and exhaust ductwork, required internal duct insulation, outdoor air makeup fan, air balancing for the HVAC unit, condensing water piping and condensate drain piping.

Provide new restrooms in a manner that is consistent with floors 5, 7, 8, 9, 10, and 14.

Furnish and install two (2) water coolers.

Provide a new 225 amp, 480 volt, 3 phase, 42 pole panelboard with 225 amp main lugs, electrical service from the electrical shaft to the designated electrical closet.

Provide one (1) 75 KVA dry type transformer to supply 120/208 volt power. Furnish and install one (1) 225 amp, 120/208 volt, 42 pole panelboard with a 225 amp, 3 pole main circuit breaker, and one (1) 225 amp, 120/208 volt, 42 pole panelboard with 225 amp main lugs. All poles are rated at 20 ampere.

Furnish and install two (2) 4" EMT conduits from the communication cable tray in the electrical shaft to the designated utility room on the 15th floor. Furnish and install one (1) 300 pair telephone cable from the DLCO, 8th Floor tele-communication's room to the 15th floor utility room. Furnish and install one (1) 4 strand fiber optic cable from and to the same locations. Leave 40 lf of each cable in the 8th floor tele-communications room, and 15 lf of each cable in the utility room. Termination's and testing of cables by tenant. One conduit shall remain a spare.

Provide information for termination of tenant fire alarm devices.

General lighting and convenience power in the utility room required by tenant will be tenant's work.

EXHIBIT B

LANDLORD'S WORK

16th Floor (continued) --

Provide a secured elevator for the exclusive use of the occupants of the 16th floor. In the event that the secured car is inoperable, a second car configured in the same fashion shall automatically assume the responsibilities of the first secured car. A keypad type security system shall activate the elevator system to travel to restricted floors. All elevator modifications are the sole responsibility of the tenant and landlord shall be reimbursed for all costs associated with this work.



Property
Ventures, Ltd.

One NorthShore Center
Pittsburgh, PA 15212

Telephone (412) 231-3365
Fax (412) 231-3354

JOHN L. WEINHOLD
Vice President & General Manager

November 14, 1995

Ms. Dianna L. Green
Senior Vice President - Customer Operations
Duquesne Light Company
One Oxford Centre, 30-8
301 Grant Street
Pittsburgh, PA 15279

RE: Letter Agreement No. 3
Chamber of Commerce Building Lease
between Property Ventures, Ltd. and
Duquesne Light Company, dated
March 1, 1994, as amended ("Lease")

Dear Ms. Green:

This letter is being provided to you in duplicate originals pursuant to Article 45 of the Lease. Unless otherwise defined herein, capitalized terms used in this letter shall have the definitions ascribed to them in the Lease.

This letter shall constitute a Right of First Refusal Notice. The Right of First Refusal Premises are identified on Exhibit A, attached hereto and made a part hereof, consisting of 1,624 rentable square feet on the fifteenth floor.

In the event that Tenant properly exercises this Right of First Refusal, Landlord will deliver the Right of First Refusal Premises in the condition described in Section 45(c) of the Lease. Landlord will also provide the work described in Exhibit B attached hereto and will provide Tenant with the allowances for construction of Tenant's build-out and a moving allowance as set forth in Section 45(c) of the Lease. The Right of First Refusal Commencement Date shall be December 15, 1995.

Ms. Dianna L. Green
November 14, 1995
Page Two

If you wish to exercise this Right of First Refusal, kindly execute this letter in the indicated place below, return one original of the same to the undersigned and this letter shall be known as "Letter Agreement No. 3".

Sincerely,



Agreed and Accepted

DUQUESNE LIGHT COMPANY

By: Alan J. Hengst ^{11/27/95}

Title: Senior Vice President - Administration

Date: 11-27-95



Property
Ventures, Ltd.

Grant Building, Suite 1420
330 Grant Street
Pittsburgh, PA 15219

Telephone (412) 227-4783
Fax (412) 227-4787

August 8, 1995

JOHN L. WEINHOLD
Vice President & General Manager

Ms. Dianna L. Green
Senior Vice President - Customer Operations
Duquesne Light Company
One Oxford Centre, 30-8
301 Grant Street
Pittsburgh, PA 15279

RE: Chamber of Commerce Building Lease
between Property Ventures, Ltd. and
Duquesne Light Company, dated
March 1, 1994, as amended ("Lease")

Dear Ms. Green:

This letter is being provided to you in duplicate originals pursuant to Article 45 of the Lease. Unless otherwise defined herein, capitalized terms used in this letter shall have the definitions ascribed to them in the Lease.

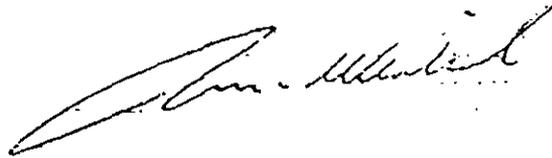
This letter shall constitute a Right of First Refusal Notice. The Right of First Refusal Premises are identified on Exhibit A, attached hereto and made a part hereof, consisting of 20,298 rentable square feet.

In the event that Tenant properly exercises this Right of First Refusal, Landlord will deliver the Right of First Refusal Premises in the condition described in Section 45(c) of the Lease. Landlord will also provide the work described in Exhibit B attached hereto and will provide Tenant with the allowances for construction of Tenant's build-out and a moving allowance as set forth in Section 45(c) of the Lease (less \$22,440.60 relating to Tenant's Work previously performed by the Landlord as outlined in Exhibit C). The Right of First Refusal Commencement Date shall be December 1, 1995.

Ms. Dianna L. Gre
August 8, 1995
Page Two

If you wish to exercise this Right of First Refusal, kindly execute this letter in the indicated place below, return one original of the same to the undersigned and this letter shall be known as "Letter Agreement No. 2".

Sincerely,

A handwritten signature in cursive script, appearing to read "John M. ...", is written over a horizontal line.

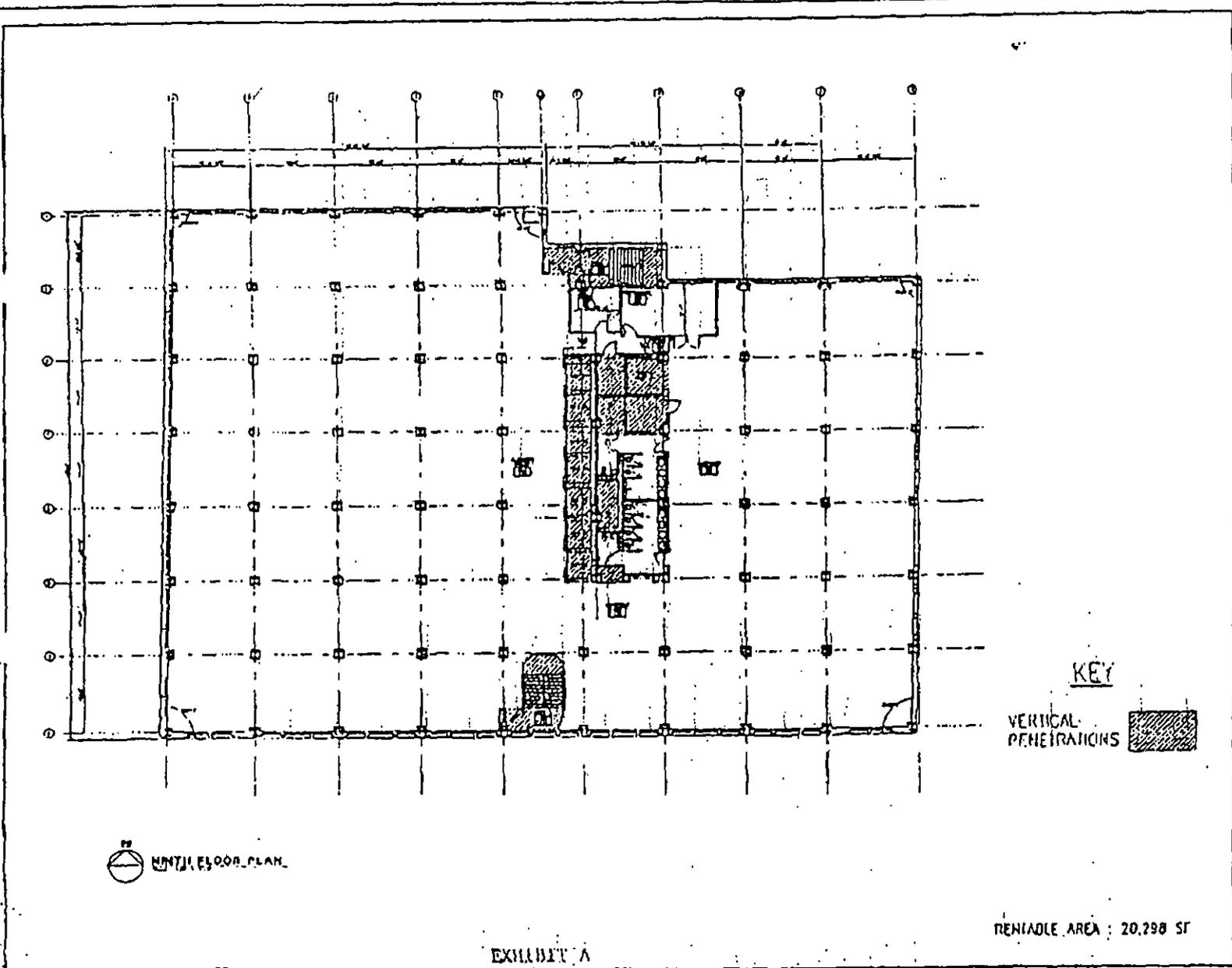
Agreed and Accepted...

DUQUESNE LIGHT COMPANY

By: _____

Title: _____

Date: _____




 NORTH FLOOR PLAN

EXHIBIT A

KEY
 VERTICAL PENETRATIONS 

RENTABLE AREA : 20,298 SF

	<p>OXFORD DEVELOPMENT CO.</p>		<p> THIS PLAN SHOWS A SECTION OF THE BUILDING PLAN </p>	<p> 2000 FLOOR PLAN </p>
---	-------------------------------	---	--	---

EXHIBIT B

LANDLORD'S WORK

9th Floor

Tenant space demolition and clearance...

New fire alarm system in Building core area.

Furnish and install all Fire Protection systems including replacement of 3/4" sprinkler piping branch lines to 1"; removal of fire hose cabinets, and installation of stairwell fire department connections all in a manner consistent with floors 5, 7, 8, 10 and 14.

Furnish and install all HVAC systems including supply, return and exhaust ductwork, required internal duct insulation, outdoor air makeup fan, air balancing for the HVAC unit, condensing water piping and condensate drain piping all in a manner consistent with floors 5, 7, 8, 10 and 14.

Provide new restrooms in a manner that is consistent with floors 5, 7, 8, 10, and 14.

Furnish and install two (2) water coolers.

Provide a new 225 amp, 480 volt, 3 phase 42 pole panelboard electrical service from the electrical shaft to the designated electrical closet. Connect existing 277 volt VAV box circuits to new panel.

Provide one (1) 75 KVA dry type transformer to supply 120/208 volt power. Furnish and install one (1) 225 amp, 120/208 volt, 42 pole panelboard with a 225 amp, 3 pole main circuit breaker, and one (1) 225 amp 120/208, 42 pole panelboard with 225 amp main lugs. All poles are rated at 20 amperes.

Furnish and install two (2) 4" EMT conduits from the communication cable tray in the electrical shaft to the designated utility room. Furnish and install one (1) 300 pair telephone cable from the DLCO, 8th Floor tele-communication's room to the 9th floor utility room. Furnish and install one (1) 4 strand fiber optic cable from and to the same locations. Leave 40 lf of each cable in the 8th floor tele-communications room, and 15 lf of each cable in the utility room. Termination's and testing of cables by tenant. One conduit shall remain a spare.

Provide information for termination of tenant fire alarm devices.

EXHIBIT B

LANDLORD'S WORK

9th Floor (continued)

General lighting and convenience power in the utility room required by tenant will be tenant's work.

Turnover twelve (12) existing Trane Model VFPE Fan Power Variable Air Volume Boxes. Relocation by tenant.

EXHIBIT C

Tenant Work Previously Performed by Landlord

9th Floor

Purchase 12 VAV's w/controls

Install VAV's

Furnish & Install Diffusers

Low Velocity Duct (includ. tap)

Test & Balance

Power Wiring

Control Wiring

Total Cost of Work Above = \$22,440.60



**Property
Ventures, Ltd.**

Grant Building, Suite 1420
330 Grant Street
Pittsburgh, PA 15219

Telephone (412) 227-4783
Fax (412) 227-4787

February 22, 1995

JOHN L. WEINHOLD
Vice President & General Manager

Ms. Dianna L. Green
Vice President - Administrative Services
Duquesne Light Company
One Oxford Centre, 30-8
301 Grant Street
Pittsburgh, PA 15279

RE: Chamber of Commerce Building Lease
between Property Ventures, Ltd. and
Duquesne Light Company, dated
March 1, 1994 ("Lease")

Dear Ms. Green:

This letter is being provided to you in duplicate originals pursuant to Article 45 of the Lease. Unless otherwise defined herein, capitalized terms used in this letter shall have the definitions ascribed to them in the Lease.

This letter shall constitute a Right of First Refusal Notice. The Right of First Refusal Premises are identified on Exhibit A, attached hereto and made a part hereof, consisting of 5,794 rentable square feet.

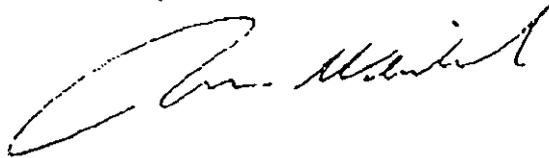
In the event that Tenant properly exercises this Right of First Refusal, Landlord will deliver the Right of First Refusal Premises in the condition described in Section 45(c) of the Lease. Landlord will also provide the work described in Exhibit B attached hereto and will provide Tenant with the allowances for construction of Tenant's build-out and a moving allowance as set forth in Section 45(c) of the Lease (less \$8,468.00 relating to Tenant's Work previously performed by the Landlord as outlined in Exhibit C). The Right of First Refusal Commencement Date shall be March 1, 1995.

RECEIVED
FEB 24 1995

Ms. Dianna L. Green
February 22, 1995
Page Two

If you wish to exercise this Right of First Refusal, kindly execute this letter in the indicated place below, return one original of the same to the undersigned and this letter shall be known as "Letter Agreement No. 1".

Sincerely,

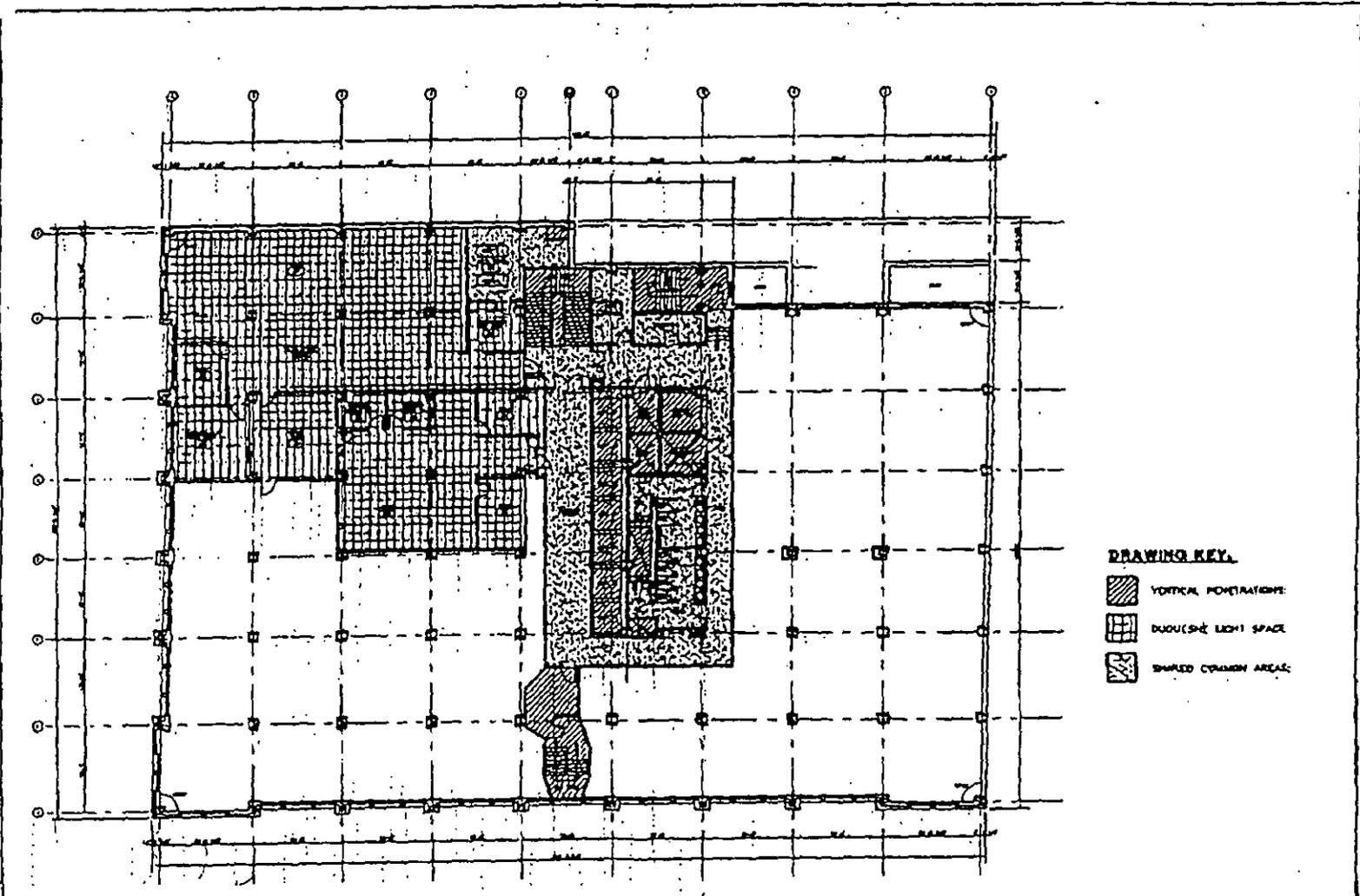


Agreed and Accepted

DUQUESNE LIGHT COMPANY.

BY: Dianna L. Green *JLG 2/23/95*
Title: Vice President Administrative Services Group

Date: 2-23-95



- DRAWING KEY.**
-  VERTICAL PENETRATION
 -  DOUBLE LIGHT SPACE
 -  SHIPLED COMMON AREAS

SECOND FLOOR PLAN
 SCALE 1/8" = 1'-0"
 A102

RENTABLE AREA: 5,794 SQ. FT.

PROPERTY VENTURES LTD.
 A DOE COMPANY
 SUITE 1408 GRANT BUILDING
 210 CHART STREET
 PITTSBURGH, PENNSYLVANIA 15202



THE CHAIRMAN OF COMMISSIONERS
 OF THE BOARD OF CITY PLANNING
 CITY OF PITTSBURGH
 15202

THE CHAIRMAN OF COMMISSIONERS
 OF THE BOARD OF CITY PLANNING
 CITY OF PITTSBURGH
 15202

SECOND FLOOR PLAN
 A102

**SEVENTH AVENUE
TOTAL OFFICE AREA CALCULATIONS**

FLOOR	G.S.F.	U.S.F.	% OF BLDG	ADD-ON	R.S.F.
2ND	20,774	19,357	6.56518%	554	19,911
3RD	20,780	19,373	6.57024%	554	19,927
4TH	21,128	19,709	6.67842%	583	20,272
5TH	21,128	19,709	6.67842%	583	20,272
6TH	21,128	19,709	6.67842%	583	20,272
7TH	21,128	19,709	6.67842%	583	20,272
8TH	21,151	19,734	6.68432%	584	20,288
9TH	21,151	19,734	6.68432%	584	20,288
10TH	21,151	19,734	6.68432%	584	20,288
11TH	21,151	19,734	6.68432%	584	20,288
12TH	21,151	19,734	6.68432%	584	20,288
14A	21,151	19,734	6.68432%	584	20,288
14TH	21,151	19,734	6.68432%	584	20,288
15TH	21,151	19,734	6.68432%	584	20,288
16TH	21,151	19,734	6.68432%	584	20,288
SUBTOTAL	318,427	295,172		8,431	303,603
LOBBY	2,278				
LOADING DOCK	4,638				
PENTHOUSE					
PUMP ROOMS	1,817				
GRAND TOTAL	324,858				

G.S.F. = Gross Square Feet (Measured from glass line)
 U.S.F. = Usable Square Feet (G.S.F. - Stairs, Shaft & Elev. 1,417)
 % OF BLDG = G.S.F. Divided By Subtotal of Floors 2 - 16
 ADD-ON = % of Bldg. * Total of Lobby, Loading Dock & Penthouse (8,431)
 R.S.F. = Rentable Square Feet (U.S.F. + Add-On)

**DLCO Second Floor Space
Net Rentable Calculation**

Usable/Rentable Ratio		2nd Floor (Basle)	
Usable Area (G.S.F. - Stairs, Shaft & Elevator)		19,357	
Common Area (mechanical room, restrooms, janitorial room, lobby)		2,889	
Net Usable Area		16,468	
	$\frac{\text{Rentable Area}}{\text{Net Usable Area}} = \frac{19,911}{16,468} = 1.209$		Rentable Add-On Factor
Second Floor (Usable Area)		4,792 sf	
x Rentable Add-On Factor		1.209	
Rentable Area		5,794 sf	

Oxford Development Company

EXHIBIT B

LANDLORD'S WORK

2nd Floor

Tenant space demolition and clearance.

New fire alarm system in Building core area.

Repair existing A/C unit #1 and A/C unit #2 as required for proper operation. A/C unit #1 and A/C unit #2 to remain on existing 120/208 volt power system...

Provide new bypass duct to tie-in main supply ducts between A/C unit #1 and A/C unit #2 complete with manual dampers.

Provide new restrooms in a manner that is consistent with floors 5, 7, 8, 10 and 14.

Furnish and install two (2) water coolers.

Provide a new 225 amp, 480 volt, 3 phase 42 pole panelboard electrical service from the electrical shaft to the designated electrical closet. Connect existing 277 volt VAV box circuits to new panel.

Provide one (1) 75 KVA dry type transformer to supply 120/208 volt power. Furnish and install one (1) 225 amp, 120/208 volt, 42 pole panelboard with a 225 amp, 3 pole main circuit breaker, and one (1) 225 amp, 120/208 volt, 42 pole panelboard with 225 amp main lugs. All poles are rated at 20 ampere.

Furnish and install two (2) 4" EMT conduits from the communication cable tray in the electrical shaft to the designated utility room. Furnish and install one (1) 300 pair telephone cable from the DLCO, 8th floor tele-communication's room to the second floor utility room. Furnish and install one (1) 4 strand fiber optic cable from and to the same locations. Leave 40 lf of each cable in the 8th floor tele-communications room, and 15 lf of each cable in the utility room. Terminations and testing of the cables by tenant. One conduit shall remain a spare.

Provide information for termination of tenant fire alarm devices.

General lighting and convenience power in the common utility room required by tenant will be tenant's work.

Three (3) Trane Model VFPE Fan Power Variable Air Volume Boxes will carry a warranty period through September 30, 1995, which represents a period of 12 months from initial start-up.

EXHIBIT C

Tenant Work Previously Performed By Landlord

2nd Floor

Purchase 3 VAV's w/control

Install VAV's

Furnish & Install Diffusers

Low Velocity Duct (incl. tap)

Test & Balance

Power Wiring

Control Wiring

Total Cost of Work Above = \$8,468.00

Prepare a detailed schedule for the test year showing types of social and service organization memberships paid for, the cost thereof, the accounting treatment and whether included in claimed test year expenses.

Response:

Attachment II-D-9 presents the social and service organization memberships to be paid for in the test year. Memberships paid for an annual period are accrued as prepaid expenses and amortized over the life of the membership period. All of the memberships on Attachment II-D-9 are included in claimed test year expenses.

Duquesne Light Company
Social and Services Memberships
Year Ended December 31, 2006
(\$ Thousands)

<u>Line Number</u>	<u>Organization</u>	<u>2006</u>
1	Edison Electric Institute	\$ 263
2	Energy Association of Pennsylvania	92
3	Pennsylvania Chamber of Commerce	13
4	<i>Pennsylvania Business Roundtable</i>	10
5	National Association of Manufacturers	9
6	Pittsburgh Technology Council	9
7	Association of Edison Illuminating Companies	7
8	Duquesne Club	7
9	African American Chamber of Commerce	5
10	All Other	<u>26</u>
11		\$ 441

- Q.10. Provide the following payroll and employee benefit data – regular and overtime – separately for the test year and the 12-month period immediately prior to the test year:
- a. The average and year-end number of employees and the unadjusted annual payroll expense and employee benefit expense associated with union personnel.
 - b. The average and year-end number of employees and the unadjusted annual payroll expense and employee benefit expense associated with nonunion personnel.
 - c. The average and year-end number of employees and the unadjusted annual payroll expense and employee benefit expense associated with management employees, if different than b.
 - d. A summary of the wage rate, salary and employee benefit changes granted or to be granted during the year.
 - e. The claimed test year payroll expense and employee benefit expense.
 - f. The percentage of payroll expense and employee benefit expense applicable to operation and maintenance expenses and the basis thereof.

A.10. Attachment DFR-II-D-10 provides the Company's requested data.

	Years Ended December:	
	2005	2006
	(\$ 000's)	(\$ 000's)
a. Union Personnel		
Average Number of Employees	993	1,052
Year-End Number of Employees	1,015	1,078
Payroll Costs		
Normal	\$ 54,157	\$ 57,055
Overtime	\$ 16,180	\$ 16,745
Benefit Costs	\$ 12,973	\$ 12,296
b. Non-Union Personnel		
Average Number of Employees	408	423
Year-End Number of Employees	408	433
Payroll Costs		
Normal	\$ 37,149	\$ 41,588
Overtime	\$ 2,664	\$ 2,758
Benefit Costs	\$ 8,896	\$ 8,962

Note: Benefit costs were allocated based on the normal wage costs because costs are basically the same for both union and non-union personnel.

c. Same as b.

d. Wage Rate Changes
Union

Rate	3.5%	4.00%
Annual Effect	\$ 2,251	\$ 2,881

Non-Union

Rate	2.70%	3.00%
Annual Effect	\$ 833	\$ 1,196

Benefit Changes

Pension changes excerpt from Union Memorandum of Agreement: "The Company will deposit \$2,000 on the first working day following January 1, 2006, \$1,000 in 2007 and \$500 in both 2008 and 2009 in every full time bargaining unit employee's cash balance accounts. A cash balance account will be established for each full time employee who currently does not have one."

Same benefit is being given to non-union personnel as well.

Other benefits basically remain unchanged, other than the cost of providing them to employees.

e. Claimed for Test Year (excluding any pro-forma adjustments)

Payroll Expense	\$ 55,693	\$ 56,965
Benefit Expense	\$ 9,527	\$ 9,998

f. Percent applicable to O&M

Payroll Expense	50.6%	48.2%
Benefit Expense	43.6%	47.0%

The charge to expense is based on activities performed or expected to be performed during the applicable years.

Describe costs relative to leasing equipment, including computer rentals, and office space, including terms and conditions of the leases. State method for calculating monthly or annual payments.

Response:

Attachment II-D-11 provides the costs, terms and conditions of Duquesne Light's major leasing agreements as of December 31, 2005.

Contingent upon PUC approval of an affiliate agreement, we anticipate entering into a new Sonet fiber lease agreement with DQE Communications LLC in 2006 see II-D-8, page 5 of 8.

DUQUESNE LIGHT COMPANY
Annual Leasing Costs

Lessor	Item Leased	Term	12 Month Expense as of December 31, 2005	Method of Calculating Payment
411 Seventh Ave. Associates, LP	Office Space	10 years (ends 12/31/11)	\$ 3,731,108	(a)
Fox Chapel Borough	Land for Substation	23.5 years (ends 4/1/11)	400	(b)
City of Pittsburgh	Land for Substation (Oakland)	50 years (ends 1/21/15)	7,000	(b)
Norfolk-Southern RR	Land for Substation (East Pittsburgh)	Yearly (can cancel with 30 days notice)	600	(b)
Norman C. Schwotzer	Service Center	5 years (ends 5/31/08)	25,204	(b)
IKON Business Systems	Copiers	5 years (ends 12/31/07)	523,203	(c)
IBM	Mainframe operating system, database and utility software	Monthly (can cancel with 30 days notice)	760,000	(d)
StorageTek	Mainframe storage management software	Monthly (can cancel with 30 days notice)	11,000	(d)
Levi, Ray and Shoup	Mainframe printing software	Annual	27,000	(d)
Verizon	Space on utility poles	Annual (with 1 year termination notice)	1,883,145	(e)
DQE Communications	Fiber lease	20 years (ends 12/31/17)	396,541	(f)

- (a) Rent agreement contains planned escalation of square footage charge; however, rent expense is recognized on a levelized basis. This amount excludes the effects of sub-leasing to affiliates.
- (b) Monthly payment set in original lease.
- (c) Base monthly payment set in original lease and includes a set number of images per month. Additional monthly expense is based on number of images above the amount set in the lease.
- (d) Monthly payment set in original lease and is based on the capacity of the mainframe.
- (e) Semi annual payment based on amount per pole set in original lease plus or minus adjustments for usage and fees.
- (f) Fees are payable quarterly. Fees are based on such factors as construction costs, maintenance costs and depreciation. Fees for services for which utilization began during the quarter will be calculated on a pro-rated basis in accordance with the number of days of use.

Submit a statement of past and anticipated changes, since the previous rate case, in major accounting procedures, explain any differences between the basis or procedure used in allocations of revenues, expenses, depreciation and taxes in the current rate case and that used in the prior rate cases, and list all internal and independent audit reports for the most recent 2 year period.

Response:

Attachment II-D-12a provides a list of major accounting changes since Duquesne Light Company's last base rate case. Attachment II-D-12b provides a list of internal audits performed for Duquesne Light Company in 2004 and 2005. Attachment II-D-12c provides a list of third-party audits performed for Duquesne Light Company in 2004 and 2005.

Duquesne Light Company

Accounting Changes Since Duquesne Light Company's (Duquesne) Last Base Rate Case

1988:

As a result of a base rate case submitted by Duquesne, the Pennsylvania Public Utility Commission (PUC) on March 23, 1988 adopted an order which increased annual revenues by approximately \$232 million. The order reflects the PUC's allowance of a 12.87% return on equity and an overall rate of return of 10.94%. Although the new rates became effective on March 25, 1988, the PUC ordered the increase to be phased in over a period of six years. The deficiencies in revenues resulting from these scheduled rate increases are deferred and will be recovered by the end of the sixth year. The phase-in plan was designed to include a return equal to the after-tax allowance for funds used during construction (AFC) rate on any revenues deferred for later recovery. Several parties to the rate case, including Duquesne, had filed appeals primarily related to the Perry 1 economic excess capacity penalty.

1989:

On July 20, 1989 the PUC approved a Comprehensive Settlement Agreement among Duquesne, the Pennsylvania Office of Consumer Advocate, the City of Pittsburgh and a number of commercial customers in Pittsburgh which had intervened in the 1987 Rate Case and other rate proceedings. Under the terms of the agreement, Duquesne's base rate revenues were temporarily reduced by \$25.4 million over a twelve-month period beginning September 1, 1989. Under the terms of the agreement, Duquesne will not be permitted to obtain additional base rate relief (over and above the phase-in increases approved in the 1987 Rate Case) until January 1, 1993, barring any changes in applicable statutes.

1993:

On January 1, 1993, Duquesne adopted Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" (SFAS No. 109). Implementation of SFAS No. 109 involved a change in accounting principle. The cumulative \$8 million effect on prior years was reported in 1993 as an increase in net income. As a utility, Duquesne recognizes uncollected deferred income taxes for those deferred income tax liabilities that are expected to be recovered from customers through rates. The adoption of SFAS No. 109 on January 1, 1993 resulted in a \$700 million increase in deferred tax liabilities and the recognition of \$550 million in net regulatory assets. Prior to the adoption of SFAS No. 109, Duquesne recorded certain costs in "electric plant in service" net of taxes. Because SFAS No. 109 eliminates this net of tax accounting, the adoption of SFAS No. 109 also resulted in an increase in plant assets of \$150 million.

As of January 1, 1993, Duquesne adopted SFAS No. 106, "Employers Accounting for Postretirement Benefits Other Than Pensions," which requires the actuarially determined costs of postretirement benefits to be accrued over the period from the date of hire until the date the employee becomes fully eligible for benefits. Duquesne

has adopted the new standard prospectively and has elected to amortize the transition liability over 20 years. In prior years, Duquesne recognized the cost of providing postretirement benefits by expensing the contributions as they were made. Costs recognized under this method in 1992 approximated \$1.2 million. Under the new standard, the cost recognized was increased to approximately \$6 million.

1996:

On January 1, 1996, Duquesne adopted SFAS No. 121 "Accounting for the Impairment of Long-Lived Assets and Assets to Be Disposed Of." The general requirements of SFAS No. 121 apply to non-current assets and require impairment to be to be considered whenever evidence suggests that it is no longer probable that future cash flows in an amount at least equal to the asset book value will be recovered. The adoption of SFAS No. 121 did not have a material impact on Duquesne's financial position, results of operations or cash flows, based on the current regulatory structure in which it operates.

In 1996, SFAS No. 123 "Accounting for Stock-Based Compensation" was issued and encouraged, but did not require, companies to record compensation cost for stock-based employee compensation plans at fair value. Duquesne has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees," and related interpretations.

1997:

On January 1, 1997, the Customer Choice Act, became effective. As a result, a four and one-half year rate cap on the transmission and distribution charges was imposed on Pennsylvania electric utility companies. Additionally, electric utilities may not increase the generation price component of rates as long as transition costs are being recovered.

1998:

As a result of the PUC's May 29, 1998 final order regarding Duquesne's restructuring plan under the Customer Choice Act, the electricity generation portion of Duquesne's business no longer meets the criteria of SFAS No. 71 "Accounting for the Effects of Certain Types of Regulation." Accordingly, application of SFAS No. 71 to this portion of Duquesne's business has been discontinued and Duquesne now applies SFAS No. 101 "Regulated Enterprises - Accounting for the Discontinuation of Application of FASB Statement No. 71" as interpreted by Emerging Issues Task Force 97-4, "Deregulation of the Pricing of Electricity - Issues Related to the Application of FASB Statements No. 71 and 101." Under SFAS No. 101, the regulatory assets and liabilities of the generation portion of Duquesne are determined on the basis of the source from which the regulated cash flows to realize such regulatory assets and settle such liabilities will be derived. Duquesne's electricity delivery business continues to meet the criteria of SFAS No. 71 and accordingly reflects regulatory assets and liabilities consistent with cost-based ratemaking regulations.

Pursuant to its final restructuring order, the PUC (i) permitted Duquesne to recover approximately \$2.1 billion (\$1.5 billion, net of tax) of Duquesne's generation-related regulatory assets through a Competitive Transition Charge (CTC) over a seven-

year period beginning January 1, 1999, as may be adjusted for proceeds of the proposed generation asset auction, (ii) required Duquesne to unbundle its retail electric rates beginning January 1, 1999, to reflect separate prices for the transmission and distribution charges, the CTC and the generation charge, and (iii) will allow Duquesne to earn an 11% pre-tax return on the net of tax balance of unrecovered transition charges. These costs are to be amortized over the same period that the CTC revenues are being collected.

In the second quarter of 1998, Duquesne recorded a restructuring charge against earnings of approximately \$142 million (\$83 million, net of tax) for generation-related stranded costs not considered by the PUC's restructuring order to be recoverable from customers.

On December 18, 1998, the PUC approved Duquesne's generation asset auction plan, including an auction of its provider of last resort service (POLR). The proceeds from the sale were used to offset transition costs.

1999:

On December 15, 1999, the FERC issued its Order No. 2000, which calls on transmission-owning utilities such as Duquesne to voluntarily join regional transmission organizations. On October 16, 2000, Duquesne informed the FERC of its plan to join a regional transmission organization at the earliest practicable date.

2000:

On January 1, 2000, Duquesne began recording an accrual for unbilled revenues and recorded an after-tax cumulative effect of a change in accounting principle on that date of \$15.5 million.

On February 11, 2000, the PUC approved Duquesne's request for recovery through the CTC of \$42.7 million of energy costs previously deferred under the Energy Cost Rate Adjustment Clause. As part of this settlement, Duquesne agreed to extend the four and one-half year transmission and distribution rate freeze for an additional six-months through December 31, 2001.

On April 28, 2000, Duquesne completed the sale of its generation assets to Orion Power Midwest (Orion) for approximately \$1.7 billion. These proceeds were used to offset transition costs and will effectively shorten the CTC collection period for most customers. As part of the sale Orion agreed to supply Duquesne all of the electricity necessary to satisfy our POLR obligation during the CTC collection period (POLR I). Following the sale of generation assets, Duquesne declared a special dividend of \$200 million to its parent company, DQE, Inc. In addition, Duquesne also loaned DQE, Inc. \$250 million in the form of a demand note, bearing interest at market rates. This note was repaid in August 2005.

On December 20, 2000, the PUC approved a second agreement that extends Orion's provider of last resort arrangement through December 31, 2004 (POLR II). The agreement allows Duquesne to earn a margin per kilowatt-hour (kWh) supplied through this arrangement. In connection with this agreement, Duquesne also negotiated a rate freeze for generation, transmission and distribution rates. The rate freeze fixes new generation rates for retail customers who take electricity under the POLR II arrangement and continues the transmission and distribution rates for all customers at current levels through 2003.

2001:

On January 1, 2001, Duquesne adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," the impact of which was not significant to Duquesne's financial statements.

On January 18, 2001, the PUC approved the final accounting for the proceeds of the April 2000 generation asset sale, including the net recovery of \$276 million of sale-related transaction costs.

On November 30, 2001, due to the impact on Pennsylvania's tax revenues as a result of the Customer Choice Act, the Pennsylvania Department of Revenue published an increased revenue neutral reconciliation (RNR) tax rate of 15 mills, effective January 1, 2002. The RNR is applied to recover a shortfall or refund any excess tax revenues on an annual basis. On December 21, 2001, the PUC approved Duquesne's request for the recovery of approximately \$13 million of expected RNR related costs to be incurred in 2002.

2002:

On January 1, 2002, Duquesne adopted SFAS No. 141 "Business Combinations," SFAS No. 142, "Goodwill and Other Intangible Assets", and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the impact of which was not significant to the financial statements.

In 2002, Duquesne charged an administrative fee to its affiliates based on an allocation of actual or estimated services performed and other expenses incurred on behalf of its affiliates.

2003:

On January 1, 2003, Duquesne adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" and SFAS No. 143, "Asset Retirement Obligations," the initial adoption of which was not significant to the financial statements.

On February 6, 2003, the PUC issued an order in response to Duquesne's October 25, 2002 petition to the PUC regarding a dispute with Orion related to a provision in the retail tariff that impacted Duquesne's largest industrial customer. The PUC's order affirmed Orion's interpretation and significantly increased that customer's annual billings. The PUC's order had no impact on Duquesne's financial statements.

On July 1, 2003, Duquesne adopted SFAS No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". The standard establishes a requirement to classify certain financial instruments that have characteristics of both liabilities and equity that, under previous guidance, were classified as equity or "mezzanine" equity to now be classified as liabilities on the balance sheet. As a result of SFAS No. 150, Duquesne Capital, L.P., a special-purpose limited partnership of which Duquesne is the sole general partner, reclassified \$150 million of 8 3/8% Monthly Income Preferred Securities, Series A (MIPS) from "mezzanine" equity to liabilities on Duquesne's consolidated balance sheet. In addition, \$5.4 million in costs associated with the MIPS that were previously classified as a reduction of the equity proceeds were reclassified to other non-current assets as debt issuance costs. The proceeds from the sale of the MIPS by Duquesne Capital, L.P., along with capital contributed by Duquesne,

were used to purchase \$151.5 million of Duquesne's 8 3/8% Subordinated Deferrable Interest Debentures, Series A (Subordinated Debentures).

On December 31, 2003, Duquesne adopted the Financial Accounting Standards Board Interpretation No. 46R "Consolidation of Variable Interest Entities" (FIN 46R), which addresses the consolidation of variable interest entities (VIEs) by business enterprises that are the primary beneficiaries. The primary beneficiary of a VIE is the enterprise with the majority of the risks or rewards associated with the VIE. As a result of the adoption of FIN 46R, Duquesne discontinued the consolidation of Duquesne Capital, L.P., as Duquesne is not considered the primary beneficiary of the MIPS. The result on Duquesne's consolidated balance sheet was an increase in Duquesne's investment in Duquesne Capital, L.P. of \$1.5 million and corresponding \$1.5 million increase in outstanding debt to account for the outstanding amount of Subordinated Debentures.

2004:

In the third quarter of 2004, the PUC accepted Duquesne's December 2003 POLR III plan with certain modifications. Residential and small commercial customers will receive electric supply at fixed rates that are approximately 11.5% above POLR II generation rates under the modified POLR III plan, effective for the period January 1, 2005 through December 31, 2007. Large commercial and industrial customers will receive an hourly spot market price as a default option under the modified POLR III plan, effective for the period January 1, 2005 through May 31, 2007. Large commercial and industrial customers may also elect a fixed-priced service, for the period January 1, 2005 through May 31, 2006 (which may be extended an additional twelve months at the PUC's discretion).

In connection with POLR III, Duquesne entered into a full-requirements contract with Duquesne Power, LP, a wholly-owned subsidiary of Duquesne, for its residential and small commercial POLR obligations. In order to satisfy its full-requirements contract with Duquesne, Duquesne Power, LP has entered into a series of energy commodity contracts with third-party suppliers. These contracts are accounted for as derivatives using a combination of accrual, mark-to-market and cash-flow hedge accounting in accordance with SFAS No. 133.

2005:

In January 2005, Duquesne met its obligation, pursuant to the January 18, 2001 PUC order regarding Duquesne's final generation asset sale proceeds accounting, by contributing \$32.1 million to its pension plans.

Concurrent with the January 1, 2005 effective date of POLR III, Duquesne joined the PJM Interconnection (PJM) regional transmission organization as mandated by FERC Order No. 2000.

The FERC has issued a series of orders eliminating the regional through and out rates (RTOR) for certain transmission services between the Midwest Independent System Operator (MISO) and PJM effective December 1, 2004. A transitional pricing mechanism called the seams elimination charge adjustment (SECA) has been put in place through March 2006 in order to compensate transmission owners for the estimated revenue lost as a result of the elimination of the RTOR. Total SECA charges for the Duquesne Light zone are expected to be approximately \$39 million. Duquesne (together with other PJM

participants) filed with the FERC a proposed allocation of SECA charges among load-serving entities within the Duquesne Light zone. In June 2005, the FERC accepted the proposal in which Duquesne would be allocated approximately \$11 million of the SECA charges. The other load-serving entities in the Duquesne Light zone would be allocated the remainder of such charges. On June 17, 2005, Duquesne filed a request with the PUC for permission to pass SECA charges through to its POLR customers. This request was granted, subject to disposition of any complaints filed against the request, by the PUC in August 2005. Duquesne has put these charges into effect for service beginning August 26, 2005.

In December 2005, Duquesne adopted FIN 47, "Accounting for Conditional Asset Retirement Obligations – an interpretation of FASB Statement No. 143", which clarifies that the term "conditional asset retirement obligation" refers to a legal obligation to perform an asset retirement activity. This interpretation also states that the fair value of a liability for the conditional asset obligation should be recognized when incurred. The initial adoption of FIN 47 was not material to Duquesne's financial statements.

2006:

In January 2006, Duquesne adopted SFAS No. 123R, "Share-Based Payment (revised December 2004)," using the modified prospective application, which will eliminate the use of APB No. 25. SFAS No. 123R requires entities to recognize the cost of employee services received in exchange for awards of equity instruments based on the grant-date fair value of those awards. The initial adoption of SFAS No. 123R was not material to Duquesne's financial statements.

In January 2006, Duquesne requested and received approval from the PUC to extend the fixed-price service offering to large commercial and industrial customers for an additional twelve months through May 31, 2007. This offering will be subject to the results of another competitive wholesale request-for-proposal to be conducted.

Following the sale of generation assets in 2000, Duquesne loaned \$250 million of the sale proceeds to its parent company, Duquesne Light Holdings, Inc (Holdings). Duquesne recorded interest income from Holdings on this note until its redemption in 2005. On January 1, 2002, the interest rate charged on the note was lowered to reflect then-current market rates. The PUC had questioned this decrease, and in February 2006 Duquesne reached an agreement with the PUC, requiring Holdings to contribute approximately \$27.6 million to Duquesne, which represents the difference in interest that would have been charged to Holdings had this interest rate not been lowered. Holdings made the contribution to Duquesne on February 27, 2006.

**Duquesne Light Company
Internal Audit Services
Reports Issued**

Date Issued	Audit Report #	Title
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<i>Year 2004</i>

01/25/04	A-04-001	Search for Unrecorded Liabilities
06/04/04	A-04-002	401(k) Retirement Savings
10/11/04	A-04-003	Retirement/Pension Plan

<i>Year 2005</i>

06/22/05	A-05-001	401(k) Retirement Savings
09/12/05	A-05-002	Retirement/Pension Plan
10/19/05	A-05-003	Energy Risk Management Compliance Review

Duquesne Light Company Third-Party Audit Reports Issued

List of Third-Party Financial Statement Audit Reports

Deloitte & Touche LLP

2004

- Audit of the Financial Statements of the Duquesne Light Holdings, Inc. and subsidiaries and Duquesne Light Company and subsidiaries for 2004.
- Audit of internal control over financial reporting for Duquesne Light Holdings, Inc. and subsidiaries and Duquesne Light Company and subsidiaries for 2004.
- Audit of the Regulatory Financial Statements, included in FERC Form 1 of Duquesne Light Company for 2004.
- Audit of the Financial Statements of the Duquesne Light Holdings, Inc. 401(k) Retirement Savings Plan and the Duquesne Light Company 401(k) Retirement Savings Plan for IBEW Represented Employees for 2004.
- Audit of the Financial Statements of the Retirement Plan for Employees of Duquesne Light Company and the Supplemental Retirement Plan for Non-Represented Employees of Duquesne Light Company for 2004.

2005

- Audit of the Financial Statements of the Duquesne Light Holdings, Inc. and subsidiaries and Duquesne Light Company and subsidiaries for 2005.
- Audit of internal control over financial reporting for Duquesne Light Holdings, Inc. and subsidiaries and Duquesne Light Company and subsidiaries for 2005.

Duquesne Light Company

Third-Party Audit Reports Issued

List of Third-Party Tax Audit Reports

Internal Revenue Service

- Audit of Duquesne Light Holdings Inc. and Subsidiaries' (including Duquesne Light Company) Consolidated 1994 through 1997 Corporate Income Tax Returns

PA Dept. of Revenue

- Audit of Duquesne Light Company's 1999 through 2002 Corporate Income / Franchise Tax Returns
- Audit of Duquesne Light Company's 2000 through 2002 Sales & Use Tax Returns

List of Third-Party Regulatory Audit Reports

Pennsylvania Public Utility Commission

- Bureau of Audits Report on the Local Consumer Education Program Audit for the two years ended 12/31/03
- Bureau of Audits Report on the Competitive Transition Charge for the two years ended 12/31/03

RETEC Group, Inc.

- Evaluation of CAP and Other Duquesne Light Universal Service Programs

Regardless of whether a claim for negative or positive net salvage is made, attach an exhibit showing gross salvage, cost of removal, third party reimbursements, if any, and net salvage for the test year and 4 previous years.

Response:

Attachment II-D-13 provides Duquesne Light Company's claimed negative net salvage provision.

DUQUESNE LIGHT COMPANY

Negative Net Salvage
(Thousands of Dollars)

<u>12 Months Ending</u>	<u>Cost of Removal</u>	<u>Gross Salvage</u>	<u>Negative Net Salvage</u>
December 31, 2002	2,893	(1,307)	1,586
December 31, 2003	3,319	(43)	3,276
December 31, 2004	6,806	-	6,806
December 31, 2005	7,746	-	7,746
December 31, 2006	7,410	-	7,410
Total for 5-year period ending December 31, 2006	<u>\$ 28,174</u>	<u>\$ (1,350)</u>	<u>\$ 26,824</u>
		Five-year average	<u>\$ 5,365</u>
		Negative Net Salvage Claim	<u>\$ 5,365</u>

**Duquesne Light Company
Distribution Rate Case**

DFR II-D-14 Debt Interest Used for Tax Calculations

Question

State the amount of debt interest utilized for test year income tax calculations, including the amount so utilized which has been allocated from the debt interest of an affiliate, and provide details of debt interest and allocation computations.

Response

Duquesne Light Company does not utilize any debt interest, which has been allocated from the debt interest of an affiliate, in the computation of taxable income. In determining the interest expense deduction to be used in the income tax calculations for the tests year, Duquesne has used the interest synchronization method that has been adopted by the Commission. The calculation of interest utilized for the income tax calculations is set forth in DLC Exhibits 2 (Future) and 3 (Historic), Schedule D-18.

**Duquesne Light Company
Distribution Rate Case**

DFR II-D-15 Taxes Other Than Income

Question

Provide a schedule for the test year of Federal and Pennsylvania taxes other than income taxes, per books, pro forma at present rates, and pro forma at proposed rates, including the following categories:

- a) Social security
- b) Unemployment
- c) Capital stock
- d) Public utility
- e) PUC assessment
- f) Other property taxes
- g) Any other appropriate categories

Response

Attachment II-D-15 provides a schedule of taxes other than income.

DUQUESNE LIGHT COMPANY
Schedule of Taxes Other Than Income
Future Test Year Ended December 31, 2006
(\$ in Thousands)

Attachment II-D-15
Page 1 of 1

<u>Description</u>	<u>Total Amount per Budget (a.)</u>	<u>T&D Pro forma at Present Rates (a.)</u>	<u>D Only Pro forma at Present Rates (b.)</u>	<u>D Only Pro forma at Proposed Rates (c.)</u>
a. Social Security	3,737	3,969	3,717	3,717
b. Federal Unemployment Tax	46	49	69	69
c. State Unemployment Tax	513	541	483	483
d. Capital Stock	2,300	2,300	1,840	1,840
e. Public Utility	1,335	1,335	1,068	1,068
f. Other Property Taxes	293	293	234	234
g. Gross Receipts	41,020	40,461	16,697	25,175
h. Other	660	681	586	586
	<u>49,904</u>	<u>49,629</u>	<u>24,694</u>	<u>33,172</u>

- (a.) DLC Exhibit 2 (Future) D-16
(b.) Jusisdictional Separation Study Exhibit No. (LAC-2)
(c.) DLC Exhibit 2 (Future) D-1

DFR II-D-16

Page 1 of 1

Sponsor: Mauro Macioce

Duquesne Light Company Distribution Rate Case

DFR II-D-16 Taxable Income

Question

Submit a schedule showing the adjustments from taxable net income per books to taxable net income pro forma under existing rates and pro forma under proposed rates, together with an explanation of all normalizing adjustments. Submit detailed calculations supporting taxable income before State and Federal income taxes where the income tax is subject to allocation due to operations in another state or due to operation of other taxable utility or non-utility business, or by operating divisions or areas.

Response

Detailed calculations supporting taxable income of Duquesne Light Company are shown in DLC Exhibit 2 (Future), Schedule D-18.

March 17, 2006

DFR II-D-17

Page 1 of 1

Sponsor: Mauro Macioce

**Duquesne Light Company
Distribution Rate Case**

DFR II-D-17 Federal Tax Refunds

Question

Submit a schedule showing for the last five years the income tax refunds, plus interest – net of taxes, received from the Federal government due to prior years' claims.

Response

Duquesne Light Company did not receive any income tax refunds from the Federal government during the last five years.

March 17, 2006

**Duquesne Light Company
Distribution Rate Case**

DFR II-D-18 Schedule of Prepaid and Deferred Taxes

Question

Furnish a breakdown of major items comprising prepaid and deferred income tax charges and other deferred income tax credits, reserves and associated reversals on liberalized depreciation.

Response

Attachment II-D-18 provides a breakdown of the major items comprising prepaid and deferred income tax charges and other deferred income tax credits as reflected on the Company's balance sheet.

DUQUESNE LIGHT COMPANY
Schedule of Prepaid and Deferred Taxes
Future Test Year Ended December 31, 2006
(\$ in Thousands)

Attachment II-D-18

Page 1 of 1

	<u>Current</u>	<u>Non-Current</u>
Accumulated Deferred Income Taxes (Account 190)		
Vacation Pay	249	-
Benefits Reserve	726	3,514
Pension	-	26,744
Operations Reserve	-	11,137
Other Reserves	1,055	5,009
Warwick Mine Closing Costs	-	9,911
Stock Investments	-	2,004
Unamortized ITC	-	2,714
Bad Debts	5,494	-
Franchise & Other Taxes	1,214	4,411
Miscellaneous	-	157
Total Account 190	<u>8,738</u>	<u>65,601</u>
Accumulated Deferred Income Taxes (Account 282 and 283)		
Other Property (Account 282)		
Property Depreciation	-	161,862
	-	<u>161,862</u>
Other (Account 283)		
Property Depreciation	-	126,701
SFAS 109	-	92,587
Loss on Reacquired Debt	-	19,151
Other	-	7,793
	-	<u>246,232</u>
Total Account 282 and 283	<u>-</u>	<u>408,094</u>

Duquesne Light Company Distribution Rate Case

DFR II-D-19 Explanation of Tax Sharing Allocations

Question

Explain how the Federal corporate graduated tax rates have been reflected for rate case purposes. If the Pennsylvania jurisdictional utility is part of a multi-corporate system, explain how the tax savings are allocated to each member of the system.

Response

The Federal corporate graduated tax rates do not apply to the consolidated group because taxable income exceeds the graduated income tax allocations.

Duquesne Light Holdings, Inc., the parent of the affiliated group, has chosen for book purposes and all other purposes to allocate consolidated Federal income tax among all companies based on net taxable income or loss and credits of each subsidiary on a separate return basis.

Duquesne Light Company Distribution Rate Case

DFR II-D-20 Costs of Removal

Question

Explain the treatment given to the costs of removal in the income tax calculation and the basis for such treatment.

Response

Duquesne Light Company adheres to the treatment provided in section 1.167(a)-11(d)(3) of the IRS regulations related to ADR property which provides: "The cost of dismantling, demolishing, or removing an asset in the process of retirement from the vintage account shall be treated as an expense deductible in the year paid or incurred, and such costs shall not be subtracted from the depreciation reserve for the account." This applies to ADR property acquired after December 31, 1970.

For consistency, Duquesne Light requested and was granted permission from the IRS to deduct as expense all removal costs applicable to property retired after December 31, 1971. This accounting change applied to all property retired after December 31, 1971, regardless of when it was acquired or the method of depreciation used to recover the expenditures. The Company has consistently followed this method of accounting on all income tax returns filed since 1972.

DFR II-D-21

Page 1 of 1

Sponsor: Mauro Macioce

**Duquesne Light Company
Distribution Rate Case**

DFR II-D-21 Schedule of Tax Carryovers

Question

Show income tax loss/gain carryovers from previous years. Show loss/gain carryovers by years of origin and amounts remaining by years at the beginning of the test year.

Response

Duquesne Light Company has no net operating loss carryovers as of the beginning of the test year.

**Duquesne Light Company
Distribution Rate Case**

DFR II-D-22 Interest on CWIP

Question

State whether the company eliminates tax savings by the payment of actual interest on construction work in progress not in the rate base claim. If response is affirmative:

- a) Set forth amount of construction claimed in this tax savings reduction, and explain the basis for this amount.
- b) Explain the manner in which the debt portion of this construction is determined for purposes of the deferral calculations.
- c) State the interest rate used to determine the tax savings reduction, and state whether State taxes are increased to reflect the construction interest elimination.
- d) Provide details of calculation to determine tax savings reduction, and state whether State taxes are increased to reflect the construction interest elimination.

Response

The adjustment necessary to reflect the pro forma interest charges on measures of value for the test year is provided in DLC Exhibit 2 (Future), Schedule D-18.

Duquesne Light Company Distribution Rate Case

DFR II-D-23 Section 1552 Tax Allocation

Question

Under section 1552 of the Internal Revenue Code (26 U.S.C.A. Section 1552) and 26 CFR 1.1552-1 (1983), if applicable, a parent company, in filing a consolidated income tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the Federal government:

- a) State what option the group has chosen.
- b) Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return for the test year and the most recent three years for which data is available.
- c) Provide a schedule, in summary form, of contributions, which were determined on the basis of separate return calculations, made by each participating member to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.
- d) Provide the most recent annual income tax return for the group.
- e) Provide details of the amount of the net operating losses of any member allocated to the income tax returns of each member of the consolidated group for the test year and the three most recent years for which data is available, together with a summary of the actual tax payments for those years.
- f) Provide details of the amount of negative income taxes, after all tax credits are accounted for, of any member allocated to the income tax return of each of the members of the consolidated group for the test year and the three most recent years for which data is available, together with a summary of the actual tax payments for those years.

Response

- a) Internal Revenue Code Section 1552 provides for an allocation of consolidated income tax for "earnings and profits" purposes only. Duquesne Light Holdings, Inc. (DLH) elected under option (a)(2) to allocate the tax liability of the group to the members on the basis of the percentage of the total tax, which the tax of such

member if computed on a separate return would bear to the total amount of the taxes for all member of the group, so computed. DLH has chosen for book purposes and all other purposes, to allocate consolidated Federal income tax among all companies based on net taxable income or loss and credits of each subsidiary on a separate return basis.

- b) Attachment II-D-23 details the tax liability of each of the participating members in the consolidated federal income tax return for 2003, 2004 and 2005.
- c) DLH is the parent company of the Duquesne Light Holdings, Inc. and Subsidiaries consolidated group that includes Duquesne Light Company and makes all necessary income tax payments to the Internal Revenue Service for the net tax liability that is due for the consolidated group. DLH collects from member companies that have a positive federal income tax allocation and pays member companies that have a negative federal income tax allocation. The amounts DLH receives from or pays each member company are the same amounts as detailed in attachment II-D-23.
- d) The most recent Federal income tax return filed by the consolidated group, tax year 2004, will be made available upon request and subject to the execution of a separate confidentiality agreement.
- e) Attachment II-D-23 details actual payments made or that will be made to members of the consolidated group with net operating losses.
- f) Attachment II-D-23 details the actual payments made or that will be made to members of the consolidated group with a net negative income tax allocation after credits.

DUQUESNE LIGHT HOLDINGS AND SUBSIDIARIES
Allocation of Estimated Federal Income Tax
Year Ended December 31, 2005

Attachment II-D-23
Page 1 of 3

	Taxable Income	Tax @ 35%	Less Credits	Net Tax Due
Duquesne Light Holdings, Inc.	(33,268,270)	(11,643,895)		(11,643,895)
AquaSource, Inc.	(151,230)	(52,931)		(52,931)
DQE Financial Corp.	(1,076,930)	(376,926)		(376,926)
Mariner Investment Strategies, Inc.	33,566,140	11,748,149		11,748,149
Maasvlakte Corporation	(7,411,071)	(2,593,875)		(2,593,875)
Alkmaar, Inc.	(3,306,911)	(1,157,419)		(1,157,419)
Schiphol Corporation	(663,890)	(232,362)		(232,362)
Diemen No. 33 Corp.	(5,798,283)	(2,029,399)		(2,029,399)
Utrecht Company	(1,154,427)	(404,049)		(404,049)
Diemen-Flevo Company	(4,679)	(1,638)		(1,638)
Monticello Two Corporation	(5,559)	(1,946)		(1,946)
Holyhead Corporation	(6,337,663)	(2,218,182)		(2,218,182)
Northshore Affordable Housing, Inc.	(1,030,811)	(360,784)		(360,784)
Montauk Energy Capital, Inc.	(4,440,236)	(1,554,083)	13,950,828	(15,504,911)
LFG Capital, LLC	19,331	6,766		6,766
CBM Capital, LLC	0	0		0
Duquesne Light Company	21,194,078	7,417,927		7,417,927
Mononghela Light & Power Company	(10,704,658)	(3,746,630)		(3,746,630)
Oakridge Resources, Inc.	(67,241)	(23,534)		(23,534)
DQU II Funding Corporation	24,987,088	8,745,481		8,745,481
Monticello Corporation	4,312,964	1,509,537		1,509,537
Duquesne Power, Inc. (DE)	24,281,941	8,498,679		8,498,679
DES Corporate Services, Inc.	(1,804,660)	(631,631)		(631,631)
DES Operating Services, Inc.	15,220,299	5,327,105		5,327,105
DES Synfuels Operating Services, Inc.	(1,435)	(502)		(502)
MT Energy, Inc.	510,340	178,619		178,619
Monmouth Energy, Inc.	(3,969,832)	(1,389,441)		(1,389,441)
MT Detroit, Inc.	18,032,304	6,311,306		6,311,306
DQE Power International, Inc.	0	0		0
DQE Enterprises, Inc.	77,836	27,243		27,243
In-Transition, Inc.	(29,805)	(10,432)		(10,432)
Property Ventures, LTD.	(299,406)	(104,792)		(104,792)
Allegheny Development Corporation	(48,605)	(17,012)		(17,012)
JLK Technology, Inc.	0	0		0
DQE Enterprise Ventures, Inc.	0	0		0
DQE Capital Corporation	383,367	134,178		134,178
Duquesne Energy Solutions, LLC	30,821,601	10,787,560		10,787,560
DQE Systems, Inc.	3,482,031	1,218,711		1,218,711
DQE Systems Acquisitions Co.	(659,146)	(230,701)		(230,701)
Cherrington Insurance, Ltd.	(35,235)	(12,332)		(12,332)
Duquesne Light Energy, LLC	363,291	127,152		127,152
Hereford Contracting and Excavating, Inc.	0	0		0
Total Consolidated	94,982,628	33,243,920	13,950,828	19,293,092

DUQUESNE LIGHT HOLDINGS AND SUBSIDIARIES
Allocation of Federal Income Tax
Year Ended December 31, 2004

Attachment II-D-23
Page 2 of 3

	<u>Taxable Income</u>	<u>Tax @ 35%</u>	<u>Less Credits</u>	<u>Net Tax Due</u>
Duquesne Light Holdings, Inc.	(40,220,762)	(14,077,267)		(14,077,267)
AquaSource, Inc.	1,752,752	613,463		613,463
DQE Financial Corp.	(2,049,042)	(717,165)		(717,165)
Mariner Investment Strategies, Inc.	3,482,080	1,218,728		1,218,728
Maasvlakte Corporation	(5,193,670)	(1,817,785)		(1,817,785)
Alkmaar, Inc.	(2,596,433)	(908,752)		(908,752)
Schoiphof Corporation	(739,204)	(258,721)		(258,721)
Diemen No. 33 Corp.	(4,046,729)	(1,416,355)		(1,416,355)
Utrecht Company	(1,110,690)	(388,742)		(388,742)
Diemen-Flevo Company	(5,468)	(1,914)		(1,914)
Monticello Two Corporation	28,907,892	10,117,762		10,117,762
Holyhead Corporation	(5,016,159)	(1,755,656)		(1,755,656)
Northshore Affordable Housing, Inc.	(1,095,374)	(383,381)		(383,381)
Montauk Energy Capital, Inc.	16,807,890	5,882,762	15,016,224	(9,133,463)
LFG Capital, LLC	(113,783)	(39,824)		(39,824)
CBM Capital, LLC	(1,500)	(525)		(525)
Duquesne Light Company	18,020,969	6,307,339		6,307,339
Monoghela Light & Power Company	(7,030,527)	(2,460,684)		(2,460,684)
Oakridge Resources, Inc.	22,081	7,728		7,728
DQU II Funding Corporation	31,463,612	11,012,264		11,012,264
Monticello Corporation	36,139,703	12,648,896		12,648,896
Duquesne Power, Inc. (DE)	(97,748)	(34,212)		(34,212)
DES Corporate Services, Inc.	104,724	36,653		36,653
DES Operating Services, Inc.	1,443,251	505,138		505,138
DES Synfuels Operating Services, Inc.	79,210	27,724		27,724
MT Energy, Inc.	453,414	158,695		158,695
Monmouth Energy, Inc.	(669,909)	(234,468)	281,152	(515,620)
MT Detroit, Inc.	1,464,156	512,455		512,455
DQE Power International, Inc.	42,857	15,000		15,000
DQE Enterprises, Inc.	(1,644,641)	(575,624)		(575,624)
In-Transition, Inc.	(70,103)	(24,536)		(24,536)
Property Ventures, LTD.	1,182,526	413,884		413,884
Allegheny Development Corporation	494,643	173,125		173,125
JLK Technology, Inc.	(2,493)	(873)		(873)
DQE Enterprise Ventures, Inc.	786	275		275
DQE Capital Corporation	(912,684)	(319,439)		(319,439)
DQE Energy Solutions, LLC	32,493,447	11,372,706		11,372,706
DQE Systems, Inc.	2,379,089	832,681		832,681
Cherrington Insurance, Ltd.	(136,900)	(47,915)		(47,915)
Duquesne Light Energy, LLC	15,859	5,551		5,551
Hereford Contracting and Excavating, Inc.	(37,508)	(13,128)		(13,128)
Total Consolidated	<u>103,959,614</u>	<u>36,385,865</u>	<u>15,297,376</u>	<u>21,088,489</u>

DUQUESNE LIGHT HOLDINGS AND SUBSIDIARIES
Allocation of Federal Income Tax
Year Ended December 31, 2003

Attachment II-D-23
Page 3 of 3

	<u>Taxable Income</u>	<u>Tax @ 35%</u>	<u>Less Credits</u>	<u>Net Tax Due</u>
Duquesne Light Holdings, Inc.	(40,474,822)	(14,166,188)		(14,166,188)
AquaSource, Inc. and Subs	(11,795,059)	(4,128,271)		(4,128,271)
DQE Financial Corp.	(626,411)	(219,244)		(219,244)
Mariner Investment Strategies, Inc.	3,114,962	1,090,237		1,090,237
Maasvlakte Corporation	(5,426,233)	(1,899,182)		(1,899,182)
Alkmaar, Inc.	(2,933,489)	(1,026,721)		(1,026,721)
Schoiphol Corporation	(793,212)	(277,624)		(277,624)
Diemen No. 33 Corp.	(4,208,119)	(1,472,842)		(1,472,842)
Utrecht Company	(1,191,958)	(417,185)		(417,185)
Diemen-Flevo Company	(4,457)	(1,560)		(1,560)
Monticello Two Corporation	2,325,533	813,937		813,937
Holyhead Corporation	(5,139,430)	(1,798,801)		(1,798,801)
Northshore Affordable Housing, Inc.	(732,886)	(256,510)		(256,510)
Montauk Energy Capital, Inc.	(21,969,038)	(7,689,163)	7,870,933	(15,560,096)
LFG Capital, LLC	(43,366)	(15,178)		(15,178)
CBM Capital, LLC	(100)	(35)		(35)
Duquesne Light Company	61,729,844	21,605,445		21,605,445
Monoghela Light & Power Company	(4,855,560)	(1,699,446)		(1,699,446)
Oakridge Resources, Inc.	1,367,709	478,698		478,698
DQU II Funding Corporation	32,930,057	11,525,520		11,525,520
Monticello Corporation	41,899,138	14,664,698		14,664,698
Duquesne Power, Inc. (DE)	(1,630)	(571)		(571)
DES Corporate Services, Inc.	110,712	38,749		38,749
DES Operating Services, Inc.	1,682,337	588,818		588,818
DES Synfuels Operating Services, Inc.	69,083	24,179		24,179
MT Energy, Inc.	1,410,509	493,678		493,678
Monmouth Energy, Inc.	(727,304)	(254,556)		(254,556)
MT Detroit, Inc.	1,728,902	605,116		605,116
DQE Power International, Inc.	209,684	73,389		73,389
DQE Enterprises, Inc.	(2,012,447)	(704,356)		(704,356)
In-Transition, Inc.	(426,677)	(149,337)		(149,337)
Property Ventures, LTD.	1,079,992	377,997		377,997
Allegheny Development Corporation	346,151	121,153		121,153
JLK Technology, Inc.	1,106	387		387
DQE Enterprise Ventures, Inc.	(7,484,138)	(2,619,448)		(2,619,448)
DQE Capital Corporation	755	264		264
DQE Energy Services, LLC	26,477,116	9,266,991		9,266,991
DQE Systems, Inc.	453,446	158,706		158,706
Cherrington Insurance, Ltd.	(222,813)	(77,985)		(77,985)
Total Consolidated	<u><u>65,867,887</u></u>	<u><u>23,053,760</u></u>	<u><u>7,870,933</u></u>	<u><u>15,182,827</u></u>

Duquesne Light Company Distribution Rate Case

DFR II-D-24 Deferred Taxes Related to Depreciation

Question

Provide detailed computations by vintage year showing State and Federal deferred income taxes resulting from the use of accelerated tax depreciation associated with post-1969 public utility property, ADR rates, and accelerated tax depreciation associated with post-1980 public utility property under the Accelerated Cost Recovery System (ACRS).

- a) Reconcile and explain any differences in the base used to calculate State and Federal deferred income taxes.
- b) State whether tax depreciation is based on all rate base items claimed as of the end of the test year, and whether it is the annual tax depreciation at the end of the test year.
- c) Reconcile differences between the deferred tax balance, as shown as a reduction to rate base, and the deferred tax balance as shown on the balance sheet.

Response

See Attachment DFR II-D-24a which provides detailed computations for the future test year ended December 31, 2006 of Federal deferred income taxes by vintage year resulting from the use of accelerated tax depreciation associated with post-1980 public utility property under the Accelerated Cost Recovery System (ACRS), post-1969 public utility property, and differences in tax depreciation related to using class lives under the ADR system versus tax depreciation using the guideline lives in effect prior to the ADR system of depreciation.

- a) Duquesne Light Company does not provide for any state deferred income taxes associated with the use of accelerated tax depreciation.
- b) Tax depreciation is not based on all rate base items claimed as of the end of the test year. Certain assets that are included in rate base are fully depreciated for tax purposes. Additionally, there are basis differences between book cost and tax cost for which tax depreciation is not calculated. Tax depreciation claimed is the annual tax depreciation projected at the end of the test year.
- c) See Attachment DFR II-D-24b for a reconciliation between the deferred tax balance, as shown as a reduction to rate base, and the deferred tax balance as shown on the balance sheet.

DUQUESNE LIGHT COMPANY
Deferred Income Tax Calculation
Future Test Year Ended December 31, 2006
(\$ in Thousands)

Attachment II-D-24a
Page 1 of 6

Deferred Type: METHOD LIFE

<u>Description</u>	<u>Accelerated Federal Tax Depreciation</u>	<u>S/L Using Tax Basis</u>	<u>Excess Depreciation</u>	<u>Rate</u>	<u>Deferred Federal Income Taxes</u>
Vintage 1981					
Distribution	1	560	(559)	41%	(227)
Transmission	1	370	(369)	41%	(150)
General	0	72	(72)	41%	(30)
Subtotal-1981 Vintage	2	1,002	(1,000)		(407)
Vintage 1982					
Distribution	1	1,136	(1,135)	40%	(453)
Transmission	0	239	(239)	40%	(95)
General	0	169	(169)	40%	(68)
Subtotal-1982 Vintage	1	1,544	(1,543)		(616)
Vintage 1983					
Distribution	1	675	(674)	39%	(264)
Transmission	2	58	(56)	39%	(22)
General	0	181	(181)	39%	(70)
Subtotal-1983 Vintage	3	914	(911)		(356)
Vintage 1984					
Distribution	2	649	(647)	38%	(247)
Transmission	0	121	(121)	38%	(46)
General	0	43	(43)	38%	(17)
Subtotal-1984 Vintage	2	813	(811)		(310)
Vintage 1985					
Distribution	1	767	(766)	37%	(284)
Transmission	0	140	(140)	37%	(52)
General	0	115	(115)	37%	(43)
Subtotal-1985 Vintage	1	1,022	(1,021)		(379)
Vintage 1986					
Distribution	2	917	(915)	36%	(328)
Transmission	0	174	(174)	36%	(62)
General	0	54	(54)	36%	(19)
Subtotal-1986 Vintage	2	1,145	(1,143)		(409)
Vintage 1987					
Distribution	1,144	832	312	35%	110
Transmission	117	253	(136)	35%	(47)
General	53	50	3	35%	1
Subtotal-1987 Vintage	1,314	1,135	179		64
Vintage 1988					
Distribution	1,516	1,025	491	35%	173
Transmission	101	1	100	35%	35
General	5	10	(5)	35%	(2)
Subtotal-1988 Vintage	1,622	1,036	586		206
Vintage 1989					
Distribution	1,808	1,029	779	35%	272
Transmission	35	84	(49)	35%	(17)
General	126	75	51	35%	18
Subtotal-1989 Vintage	1,969	1,188	781		273
Vintage 1990					
Distribution	2,032	1,220	812	35%	284
Transmission	127	68	59	35%	21
General	160	107	53	34%	18
Subtotal-1990 Vintage	2,319	1,395	924		323

<u>Vintage 1991</u>					
Distribution	2,303	1,324	979	35%	342
Transmission	175	106	69	35%	24
General	234	195	39	35%	14
Subtotal-1991 Vintage	<u>2,712</u>	<u>1,625</u>	<u>1,087</u>		<u>380</u>
<u>Vintage 1992</u>					
Distribution	2,296	1,320	976	35%	341
Transmission	728	410	318	35%	111
General	337	351	(14)	35%	(5)
Subtotal-1992 Vintage	<u>3,361</u>	<u>2,081</u>	<u>1,280</u>		<u>447</u>
<u>Vintage 1993</u>					
Distribution	1,811	1,057	754	35%	264
Transmission	233	131	102	35%	36
General	589	83	506	35%	177
Subtotal-1993 Vintage	<u>2,633</u>	<u>1,271</u>	<u>1,362</u>		<u>477</u>
<u>Vintage 1994</u>					
Distribution	2,020	1,151	869	35%	304
Transmission	51	26	25	35%	9
General	594	187	407	35%	142
Subtotal-1994 Vintage	<u>2,665</u>	<u>1,364</u>	<u>1,301</u>		<u>455</u>
<u>Vintage 1995</u>					
Distribution	1,393	829	564	35%	197
Transmission	130	74	56	35%	20
General	183	68	115	35%	40
Subtotal-1995 Vintage	<u>1,706</u>	<u>971</u>	<u>735</u>		<u>257</u>
<u>Vintage 1996</u>					
Distribution	1,518	853	665	35%	233
Transmission	434	249	185	35%	65
General	306	142	164	35%	57
Subtotal-1996 Vintage	<u>2,258</u>	<u>1,244</u>	<u>1,014</u>		<u>355</u>
<u>Vintage 1997</u>					
Distribution	1,806	1,004	802	35%	281
Transmission	1	0	1	0%	0
General	281	252	29	35%	10
Subtotal-1997 Vintage	<u>2,088</u>	<u>1,256</u>	<u>832</u>		<u>291</u>
<u>Vintage 1998</u>					
Distribution	805	564	241	35%	84
Transmission	29	17	12	35%	4
General	154	231	(77)	35%	(27)
Subtotal-1998 Vintage	<u>988</u>	<u>812</u>	<u>176</u>		<u>61</u>
<u>Vintage 1999</u>					
Distribution	1,604	892	712	35%	249
Transmission	227	124	103	35%	36
General	160	403	(243)	35%	(86)
Subtotal-1999 Vintage	<u>1,991</u>	<u>1,419</u>	<u>572</u>		<u>199</u>
<u>Vintage 2000</u>					
Distribution	2,943	1,508	1,435	35%	502
Transmission	229	116	113	35%	40
General	668	422	246	35%	86
Subtotal-2000 Vintage	<u>3,840</u>	<u>2,046</u>	<u>1,794</u>		<u>628</u>
<u>Vintage 2001</u>					
Distribution	2,619	1,300	1,319	35%	462
Transmission	(53)	(25)	(28)	35%	(10)
General	886	1,412	(526)	35%	(184)
Subtotal-2001 Vintage	<u>3,452</u>	<u>2,687</u>	<u>765</u>		<u>268</u>

<u>Vintage 2002</u>					
Distribution	2,756	1,232	1,524	35%	534
Transmission	150	56	94	35%	33
General	560	401	159	35%	56
Subtotal-2002 Vintage	3,466	1,689	1,777		623
<u>Vintage 2003</u>					
Distribution	3,227	1,311	1,916	35%	671
Transmission	282	114	168	35%	59
General	1,114	756	358	35%	125
Subtotal-2003 Vintage	4,623	2,181	2,442		855
<u>Vintage 2004</u>					
Distribution	4,104	1,543	2,561	35%	897
Transmission	84	33	51	35%	18
General	2,440	969	1,471	35%	515
Subtotal-2004 Vintage	6,628	2,545	4,083		1,430
<u>Vintage 2005</u>					
Distribution	7,550	2,613	4,937	35%	1,728
Transmission	1,068	308	760	35%	265
General	10,316	3,225	7,091	35%	2,481
Subtotal-2005 Vintage	18,934	6,146	12,788		4,474
<u>Vintage 2006</u>					
Distribution	4,268	1,422	2,846	35%	996
Transmission	4,184	1,045	3,139	35%	1,097
General	4,356	1,242	3,114	35%	1,091
Subtotal-2006 Vintage	12,808	3,709	9,099		3,184
<u>Subtotals - METHOD LIFE</u>					
Distribution	49,531	28,733	20,798		7,121
Transmission	8,335	4,292	4,043		1,372
General	23,522	11,215	12,307		4,281
Subtotals - METHOD LIFE	81,388	44,240	37,148		12,774

Deferred Type: POST 69 DDB/SL

Description	Double Declining Balance	S/L Using Tax Basis	Excess Depreciation	Rate	Deferred Federal Income Taxes
<u>Vintage 1971</u>					
Distribution	3	0	3	35%	1
Transmission	0	0	0	0%	0
General	21	0	21	35%	7
Subtotal-1971 Vintage	24	0	24		8
<u>Vintage 1972</u>					
Distribution	63	0	63	35%	22
Transmission	6	0	6	35%	2
General	8	0	8	35%	3
Subtotal-1972 Vintage	77	0	77		27
<u>Vintage 1973</u>					
Distribution	29	0	29	35%	10
Transmission	0	0	0	0%	0
General	6	0	6	35%	2
Subtotal-1973 Vintage	35	0	35		12

<u>Vintage 1974</u>					
Distribution	18	0	18	35%	6
Transmission	6	0	6	35%	2
General	14	0	14	35%	5
Subtotal-1974 Vintage	<u>38</u>	<u>0</u>	<u>38</u>		<u>13</u>
<u>Vintage 1975</u>					
Distribution	335	312	23	17%	4
Transmission	27	39	(12)	42%	(5)
General	3	0	3	35%	1
Subtotal-1975 Vintage	<u>365</u>	<u>351</u>	<u>14</u>		<u>0</u>
<u>Vintage 1976</u>					
Distribution	3	0	3	35%	1
Transmission	237	332	(95)	44%	(42)
General	2	0	2	35%	1
Subtotal-1976 Vintage	<u>242</u>	<u>332</u>	<u>(90)</u>		<u>(40)</u>
<u>Vintage 1977</u>					
Distribution	603	879	(276)	38%	(104)
Transmission	2	0	2	35%	1
General	34	28	6	35%	2
Subtotal-1977 Vintage	<u>639</u>	<u>907</u>	<u>(268)</u>		<u>(101)</u>
<u>Vintage 1978</u>					
Distribution	738	1,048	(310)	28%	(86)
Transmission	6	31	(25)	28%	(7)
General	14	0	14	35%	5
Subtotal-1978 Vintage	<u>758</u>	<u>1,079</u>	<u>(321)</u>		<u>(88)</u>
<u>Vintage 1979</u>					
Distribution	681	894	(213)	50%	(106)
Transmission	1,552	2,258	(706)	43%	(305)
General	2	0	2	35%	1
Subtotal-1979 Vintage	<u>2,235</u>	<u>3,152</u>	<u>(917)</u>		<u>(410)</u>
<u>Vintage 1980</u>					
Distribution	675	975	(300)	39%	(116)
Transmission	312	472	(160)	39%	(62)
General	26	0	26	34%	9
Subtotal-1980 Vintage	<u>1,013</u>	<u>1,447</u>	<u>(434)</u>		<u>(169)</u>
<u>Subtotals - POST 69 DDB/SL</u>					
Distribution	3,148	4,108	(960)		(367)
Transmission	2,148	3,132	(984)		(415)
General	130	28	102		35
Subtotals - POST 69 DDB/SL	<u>5,426</u>	<u>7,268</u>	<u>(1,842)</u>		<u>(747)</u>

Deferred Type: LIFE VINT 1971-1977

Description	Accelerated Federal Tax Depreciation	Double Declining Balance	Excess Depreciation	Rate	Deferred Federal Income Taxes
<u>Vintage 1971</u>					
Distribution	3	3	0	0%	0
Transmission	0	0	0	0%	0
General	21	21	0	0%	0
Subtotal-1971 Vintage	24	24	0		0
<u>Vintage 1972</u>					
Distribution	63	63	0	0%	0
Transmission	6	6	0	0%	0
General	8	8	0	0%	0
Subtotal-1972 Vintage	77	77	0		0
<u>Vintage 1973</u>					
Distribution	29	29	0	0%	0
Transmission	0	0	0	0%	0
General	6	6	0	0%	0
Subtotal-1973 Vintage	35	35	0		0
<u>Vintage 1974</u>					
Distribution	18	18	0	0%	0
Transmission	6	6	0	0%	0
General	14	14	0	0%	0
Subtotal-1974 Vintage	38	38	0		0
<u>Vintage 1975</u>					
Distribution	126	330	(204)	35%	(71)
Transmission	12	26	(14)	35%	(5)
General	3	3	0	0%	0
Subtotal-1975 Vintage	141	359	(218)		(76)
<u>Vintage 1976</u>					
Distribution	3	3	0	0%	0
Transmission	12	227	(215)	35%	(75)
General	2	2	0	0%	0
Subtotal-1976 Vintage	17	232	(215)		(75)
<u>Vintage 1977</u>					
Distribution	10	587	(577)	35%	(202)
Transmission	(2)	3	(5)	36%	(2)
General	11	33	(22)	34%	(7)
Subtotal-1977 Vintage	19	623	(604)		(211)
<u>Subtotals - LIFE VINT '71-'77</u>					
Distribution	252	1,033	(781)		(274)
Transmission	34	268	(234)		(82)
General	65	87	(22)		(7)
Subtotals - LIFE VINT '71-'77	351	1,388	(1,037)		(363)

	Accelerated Federal Tax Depreciation	Double Declining Balance	Excess Depreciation	Rate	Deferred Federal Income Taxes
Deferred Type: LIFE VINT 1978					
Distribution	31	724	(693)	22%	(152)
Transmission	6	6	0	0%	0
General	14	14	0	0%	0
Subtotals - LIFE VINT 1978	51	744	(693)		(152)
Deferred Type: LIFE VINT 1979					
Distribution	168	659	(491)	38%	(189)
Transmission	16	1,539	(1,523)	38%	(586)
General	2	2	0	0%	0
Subtotals - LIFE VINT 1979	186	2,200	(2,014)		(775)
Deferred Type: LIFE VINT 1980					
Distribution	5	665	(660)	35%	(228)
Transmission	16	306	(290)	34%	(100)
General	25	25	0	0%	0
Subtotals - LIFE VINT 1980	46	996	(950)		(328)
TOTALS					
Distribution	53,136	35,922	17,214		5,914
Transmission	10,555	9,543	1,012		189
General	23,758	11,371	12,387		4,309
TOTALS	87,449	56,836	30,613		10,412

DUQUESNE LIGHT COMPANY
Reconciliation of Deferred Taxes
Future Test Year Ended December 31, 2006
(\$ in Thousands)

Attachment II-D-24b
Page 1 of 1

Property related deferred taxes as shown as a reduction to rate base 166,564

Reconciling Items

1) Deferred taxes related to contributions in aid of construction included in the balance sheet but excluded from the rate case:	1,632
2) Straight-line depreciation elected for 2003 and 2004 vintages on the balance sheet versus accelerated depreciation used in rate case:	
Deferred taxes related to S/L dep election for '03/'04 vintages - balance sheet	1,637
Deferred taxes related to accelerated dep for '03/'04 vintages - rate case	<u>7,971</u>
	<u>(6,334)</u>
Property related deferred taxes as shown on the balance sheet	<u><u>161,862</u></u>

**Duquesne Light Company
Distribution Rate Case**

DFR II-D-25 Investment Tax Credits

Question

Submit a schedule showing a breakdown of accumulated and unamortized investment tax credits, by vintage year and percentage rate, together with calculations supporting the amortized amount claimed as a reduction to pro forma income taxes. Provide details of methods used to write-off the unamortized balances.

Response

Please see Attachment II-D-25 for a breakdown of accumulated and unamortized investment tax credits by percentage rate and by transmission property, distribution property and general plant. The Company no longer tracks the unamortized investment tax credit by vintage. Under the provisions of the Revenue Act of 1971, Duquesne elected to treat the ITC in rate proceedings by reducing taxes over the life of the property and not deducting the accumulated amount of the credit from the rate base. As a result, the ITC amounts are restored through reductions to the income tax provision, ratably, over a period of years that is equivalent to the useful life of the property that produced it. These reductions are shown on DLC Exhibit 2 (Future), Schedule D-18.

**Duquesne Light Company
Distribution Rate Case**

Description	Accumulated ITC @ 12/31/05	2006 Amortization	Accumulated ITC @ 12/31/06
<u>Transmission Property:</u>			
4% Property	-	-	-
10% Property	1,553,968	(308,293)	1,245,675
Total Transmission	<u>1,553,968</u>	<u>(308,293)</u>	<u>1,245,675</u>
<u>Distribution Property:</u>			
4% Property	-	-	-
10% Property	5,921,609	(1,065,943)	4,855,666
Total Distribution	<u>5,921,609</u>	<u>(1,065,943)</u>	<u>4,855,666</u>
<u>General Plant:</u>			
4% Property	-	-	-
10% Property	520,313	(80,456)	439,857
Total General Plant	<u>520,313</u>	<u>(80,456)</u>	<u>439,857</u>
Totals	<u><u>7,995,890</u></u>	<u><u>(1,454,692)</u></u>	<u><u>6,541,198</u></u>

Explain in detail by statement or exhibit the appropriateness of claiming any additional items, not otherwise specifically explained and supported in the statement of operating income.

Response:

An explanation of Duquesne Light Company's claim for any additional operating income items is set forth in Section D of DLC Exhibit 2 (Future).

- Q.27. If the utility's operations include non-jurisdictional activities, provide a schedule which demonstrates the manner in which rate base and operating income date have been adjusted to develop the jurisdictional test year claim.
- A.27. Total system measures of value and components of operating income have been allocated between the Total Company and PUC jurisdictions and the proposed revenue increase has been determined on a PUC jurisdictional basis only. See Testimony and Exhibits of Company witness Larry Crowley, Statement No. 9.

- Q.1. Supply a copy of any budget utilized as a basis for any test year claim, and explain the utility's budgeting process.
- A.1. Attachment DFR-II-E-1 is a summary of the operating budget utilized as the basis for the Duquesne Light Company's future test year claim. An explanation of the Company's budgeting process is contained in the Direct Testimony of Susan Betta.

DUQUESNE LIGHT COMPANY
STATEMENT OF INCOME

Attachment 8-E-1
Page 1 of 1

Account	January	February	March	April	May	June	July	August	September	October	November	December	Total 2006
UTILITY OPERATING INCOME													
Operating Revenues (400)	67,672,061	68,141,523	55,848,837	53,369,034	50,834,528	62,488,483	74,253,937	78,574,541	60,533,928	50,889,111	55,808,451	61,193,950	725,306,184
Operating Expenses													
Purchased Power	33,454,098	27,741,231	27,208,519	25,818,882	24,258,708	30,993,534	37,894,180	39,211,661	29,817,528	24,503,443	27,148,151	30,464,707	358,514,672
Operating Expenses (401,402)	13,276,306	11,996,982	12,700,579	12,205,541	12,386,334	12,216,821	12,728,452	13,000,527	13,025,587	13,034,281	13,208,577	13,563,781	153,321,850
Depreciation Expense (403)	5,273,387	5,273,387	5,273,387	5,273,387	5,273,387	5,273,387	5,273,387	5,273,387	5,273,387	5,273,387	5,273,387	5,273,387	63,280,848
Amort. & Depl. Of Utility Plant (404-405)	274,806	274,806	274,806	274,806	274,806	274,806	274,806	274,806	274,806	274,806	274,806	274,806	3,297,672
Regulatory Deposits (Credits), net (407,3,407,4)	891,419	723,307	708,714	642,685	570,580	749,451	947,260	979,871	777,057	600,259	680,019	797,958	9,019,210
Taxes Other Than Income Taxes (408 1)	4,605,648	4,152,565	3,922,754	3,735,827	3,801,582	4,313,778	5,025,516	4,895,959	4,151,450	3,584,252	3,830,225	4,083,736	49,904,311
Income Taxes - Federal (409 1)	972,874	(250,407)	(329,795)	(434,072)	(808,264)	572,465	1,650,515	1,884,282	108,294	(1,029,488)	(643,570)	(135,432)	1,589,105
Income Taxes - Other (409 1)	308,506	(79,406)	(104,581)	(137,647)	(256,528)	181,533	573,391	600,913	34,880	(329,458)	(204,081)	(39,546)	497,578
Provision for Deferred Income Taxes, net (410,1,411,1)	1,390,430	1,390,430	1,390,430	1,390,430	1,390,430	1,390,430	1,390,430	1,390,430	1,390,430	1,390,430	1,390,430	1,390,430	15,885,167
Investment Tax Credit, net	(121,224)	(121,224)	(121,224)	(121,224)	(121,224)	(121,224)	(121,224)	(121,224)	(121,224)	(121,224)	(121,224)	(121,224)	(1,464,891)
Total Utility Operating Expenses	60,327,250	51,102,271	50,923,539	48,648,615	46,549,111	55,844,991	65,996,733	67,401,332	54,683,886	47,180,788	50,834,731	55,562,210	654,835,520
Net Utility Operating Income	7,344,811	5,039,252	4,925,298	4,720,419	4,285,417	6,643,492	8,667,204	9,173,209	5,850,043	3,908,323	4,771,720	5,641,740	70,470,664
OTHER INCOME AND DEDUCTIONS													
Other Income													
Equity in Earnings of Subsidiary Companies (418 1)	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	18,417	221,000
Interest and Dividend Income (419)	26,756	26,557	327,308	26,456	26,358	327,008	26,157	26,056	326,705	25,853	25,751	326,401	1,517,456
Allowance for Other Funds Used During Construction (419 1)	97,217	97,217	97,217	97,217	97,217	97,217	97,217	97,217	97,217	97,217	97,217	97,217	1,166,806
Miscellaneous Nonoperating Income (421)	119,470	119,470	119,470	119,470	119,470	119,470	119,470	119,470	119,470	119,470	119,470	119,481	1,433,651
Gain on Disposition of Property (421,1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Income	351,860	351,761	562,312	361,562	361,462	562,112	361,261	361,160	561,809	290,957	360,856	561,516	4,338,773
Other Income Deductions													
Loss on Disposition of Property (421,2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Donations (426 1)	89,000	200,000	158,000	136,000	142,000	90,000	56,000	79,000	87,000	140,000	95,000	93,000	1,365,000
Penalties (426 3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Exp. for Certain Gmc, Political, & Related Activities (426 4)	33,912	34,162	37,912	34,812	34,162	37,912	34,912	34,162	37,912	33,912	35,162	33,912	422,844
Other Deductions (426 5)	156,717	89,587	133,912	260,822	118,012	67,062	67,062	67,062	67,062	86,582	91,532	69,245	1,254,737
Total Other Income Deductions	279,629	303,749	329,824	431,834	294,174	194,974	157,974	180,224	191,874	280,474	221,694	196,157	3,042,681
Taxes Applicable to Other Income and Deductions													
Income Taxes - Federal (409 2)	(21,422)	(25,832)	(30,873)	(49,480)	(24,257)	(5,995)	946	(3,150)	(5,670)	(17,956)	(11,026)	(6,602)	(201,287)
Income Taxes - Other (409 2)	92,368	90,970	89,371	83,477	91,459	97,264	99,461	98,163	97,363	93,487	85,866	79,092	1,105,130
Total Taxes on Other Inc. and Ded	70,946	65,138	58,498	34,017	67,212	91,279	100,407	95,013	91,693	75,511	84,638	69,490	903,843
Net Other Income and Deductions	(88,715)	(107,126)	174,090	(204,269)	(99,924)	276,859	2,880	(14,077)	278,142	(75,028)	(45,478)	295,869	392,199
Interest Charges													
Interest on Long-Term Debt (427)	3,189,575	3,155,745	3,189,575	3,178,298	3,189,575	3,178,298	3,189,575	3,189,575	3,178,298	3,189,575	3,284,113	3,402,250	38,814,452
Amortization of Debt Disc. and Expense (428)	303,390	303,390	303,390	303,390	303,390	303,390	303,390	303,390	303,390	303,390	305,266	305,266	3,644,432
Amortization of Premium on Debt - Credit (428)	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of Gain on Recquired Debt - Credit (429 1)	(9,972)	(9,972)	(9,972)	(9,972)	(9,972)	(9,972)	(9,972)	(9,972)	(9,972)	(9,972)	(9,972)	(9,972)	(119,667)
Interest on Debt to Assoc. Companies (430)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Interest Expense (431)	33,228	33,228	33,228	33,228	83,603	86,853	97,284	146,961	152,498	211,908	265,040	175,311	1,355,380
Allowance for Borrowed Funds Used During Construction-Cr. (432)	(59,666)	(59,666)	(59,666)	(59,666)	(59,666)	(59,666)	(59,666)	(59,666)	(59,666)	(59,666)	(59,666)	(59,666)	(715,996)
Net Interest Charges	3,456,554	3,422,724	3,456,554	3,445,277	3,506,929	3,498,902	3,520,620	3,572,287	3,564,547	3,635,234	3,895,780	3,813,188	42,778,601
Net Income	\$ 3,799,541	\$ 1,509,401	\$ 1,642,573	\$ 1,070,852	\$ 478,563	\$ 3,420,448	\$ 5,149,463	\$ 5,596,844	\$ 2,563,637	\$ 98,060	\$ 640,451	\$ 2,124,420	\$ 28,284,262

- Q.2. Supply summaries of the utility's projected operating and capital budgets for the 2 calendar years following the end of the test year.
- A.2. Attachment DFR-II-E-2a provides the Company's projected operating budget for 2007 and 2008. Attachment DFR-II-E-2b provides the Company's capital budget for 2007 and 2008.

DUQUESNE LIGHT COMPANY

Projected Operating Budget (a)
For the Years Ended December 31,
(Thousands of Dollars)

	<u>2007</u>	<u>2008</u>
Operating Revenue	737,190	760,462
Operating expenses:		
Fuel and Purchased Power	374,182	390,951
Other Operating	156,007	159,014
Taxes Other than Income	50,210	50,816
Depreciation and Amortization	81,078	79,677
Income Tax Expense	11,484	11,934
Total Operating Expenses	<u>672,961</u>	<u>692,392</u>
Operating income	<u>64,229</u>	<u>68,070</u>
OTHER INCOME AND DEDUCTIONS		
Other Income/(Expense)	125	(237)
Taxes on Other Income/(Expense)	(99)	(855)
Other Income/(Expense), net	<u>224</u>	<u>618</u>
Interest Expense	44,536	47,741
Equity in Subsidiary Earnings	<u>220</u>	<u>220</u>
Net Income	<u>20,137</u>	<u>21,167</u>

(a) Does not include any effect of this rate filing.

DUQUESNE LIGHT COMPANY
Projected Capital Budget
For the Years Ended December 31,
(\$ Thousands)

<u>Budget Category</u>	<u>2007</u>	<u>2008</u>
Restoration of Service	\$ 18,000	\$ 16,000
Customer Commitment	19,000	19,000
System Improvement	109,000	66,000
Facilities	7,000	3,000
Vehicles	5,000	4,000
Information Technology	2,000	2,000
Total	<u>\$ 160,000</u>	<u>\$ 110,000</u>

Note: The above amounts do not include the capital that would be required to fund a large City of Pittsburgh substation project that is currently being evaluated.