

Recording Requested By:

Stanford Management Company
 2770 Sand Hill Road
 Menlo Park, CA 94025

When Recorded, Mail To:

Executive Officer
 California Regional Water Quality Control Board
 San Francisco Bay Region
 1515 Clay Street, Suite 1400
 Oakland, California 94612

Environmental Manager
 Stanford Management Company
 2770 Sand Hill Road
 Menlo Park, CA 94025

COVENANT AND ENVIRONMENTAL RESTRICTION ON PROPERTY

601 California Avenue, Palo Alto

This Covenant and Environmental Restriction on Property ("Covenant") is made as of the 27 day of May, 2003 by The Board of Trustees of the Leland Stanford Junior University ("Covenantor") who is the fee Owner of record of that certain property situated at 601 California Avenue, in the City of Palo Alto, County of Santa Clara, State of California (such portion hereinafter referred to as "The Property"), which is more particularly described in Exhibit A attached hereto and incorporated herein by this reference for the benefit of the California Regional Water Quality Control Board for the San Francisco Bay Region (the "Regional Board") with reference to the following facts:

A. Site Cleanup Requirements. This Covenant is made in accordance with the requirements of the Regional Board as set forth in Regional Board Site Cleanup Requirements Order No. 94-130 issued on September 21, 1994 ("the Order") the Regional Board having determined that the groundwater underlying The Property contains hazardous materials.

B. Determination by Regional Board of Hazardous Materials on The Property. According to the Regional Board and as set forth in more detail in the Order, The Property contains hazardous materials as that term is defined in Health & Safety Code Section 25260, including without limitation volatile organic chemicals that were released from a former dry well and above-ground tank that existed on The Property. Remediation activities were, and are being, conducted to remediate any soil and/or groundwater contamination; however, the groundwater may contain contaminants at concentrations that exceed drinking water standards. Measures are being taken to extract contaminants and treat water prior to discharge to the storm drain system under a NPDES General Permit.

C. Exposure Pathways. The Regional Board has determined that hazardous materials addressed in this Covenant are present in groundwater on The Property.

D. Adjacent Land Uses and Population Potentially Affected. The Property is part of the Stanford Research Park that is currently used for industrial and commercial purposes. The Property is bounded on the north, south and east by industrial and commercial properties and on the west by a residential neighborhood.

E. Disclosure and Sampling. Full and voluntary disclosure to the Regional Board of the presence of such hazardous materials on The Property has been made and extensive sampling of The Property has been conducted.

F. Purpose of Covenant. Covenantor desires and intends that in order to benefit the Regional Board, and to protect what the Regional Board considers to be the present and future public health and safety, The Property shall be used in such a manner as to avoid potential harm to persons or property that may result from hazardous materials in and on The Property. The Order provides for the remediation of any soil and groundwater contamination at the properties subject to the Order. The Order, at Provision C.4.a., requires Covenantor to implement a deed restriction for the site, or an alternative mechanism, prohibiting the use of any contaminated on-site groundwater as a source of drinking water until a determination has been made that groundwater cleanup standards have been achieved and pollutant levels have stabilized in the aquifers beneath the Property.

Covenantor desires and intends that the use of contaminated groundwater under The Property as a source of drinking water shall be prohibited, subject to the requirements stated herein, and that this Covenant will satisfy the requirements of a deed restriction under provision C.4.a. of the Order to prohibit the use of any contaminated on-site groundwater as a source of drinking water. This Covenant is being made pursuant to Civil Code § 1471.

ARTICLE I GENERAL PROVISIONS

1.1 Provisions to Run with the Land. This Covenant sets forth protective provisions, covenants, conditions and restrictions (collectively referred to as "Restrictions") upon and subject to which The Property shall be improved, held, used, occupied, leased, sold, hypothecated, encumbered, and/or conveyed. The Regional Board has determined the restrictions set forth in Article III are reasonably necessary to protect present and future human health and safety or the environment. Each and all of the Restrictions shall run with the land, and pass with each and every portion of The Property, and shall apply to, inure to the benefit of, and bind the respective successors in interest, future purchasers, ground lessees, or possessors of The Property and shall be deemed for the benefit of the Regional Board and all Owners and Occupants. Each and all of the Restrictions are imposed upon the entire Property unless expressly stated as applicable to a specific portion of The Property. Each and all of the Restrictions run with the land pursuant to section 1471 of the Civil Code. Each and all of the Restrictions are enforceable by the Regional Board.

1.2 Concurrence of Owners and Lessees Presumed. All future purchasers, lessees, or possessors of any portion of The Property shall be deemed by their purchase, leasing, or possession of such The Property, to be in accord with the foregoing and to agree for and among themselves, their heirs, successors, and assignees, and the agents, employees, and lessees of such owners, heirs, successors, and assignees, that the Restrictions as herein established must be adhered to for the benefit of the Regional Board and such Owners and Occupants of The Property and that the interest of such Owners and Occupants of The Property shall be subject to the Restrictions contained herein.

1.3 Incorporation into Deeds and Leases. Covenantor desires and covenants that the Restrictions and obligations set out herein, until removed, shall be incorporated in and attached to each and all future deeds and leases of any portion of The Property.

1.4 Purpose. It is the purpose of this instrument to restrict the use of The Property as provided herein, which restrictions will run with the land, to facilitate the remediation of any past environmental contamination and to protect human health and the environment by reducing the risk of potential exposure to residual hazardous materials. This Covenant does not create any private right of action against Covenantor or any lessee or occupant of The Property.

1.5 Covenant Removal. Covenantor agrees that the use of on-property contaminated groundwater as a source of drinking water, is prohibited and that such prohibition shall remain in effect until (a) there is satisfactory evidence to the Regional Board that groundwater cleanup standards have been achieved and pollutant levels have stabilized in the aquifers beneath the Property; or (b) as a result of a written request and application, the Regional Board, or a successor agency, issues a written variance from the provisions of this Covenant as it applies to all or any portion of the Property, as described by the requester/applicant; or (c) the Regional Board, or a successor agency, orders an amendment or termination of this Covenant. Any release from, or termination of, the restrictions specified in this Covenant shall be effective when recorded by the Owner of the Property, or the relevant portion thereof in the County of Santa Clara.

ARTICLE II DEFINITIONS

2.1 Regional Board or Board. "Regional Board" or "Board" shall mean the California Regional Water Quality Control Board for the San Francisco Bay Region and shall include its successor agencies, if any.

2.2 Improvements. "Improvements" shall mean all buildings, roads, driveways, regradings, and paved parking areas, constructed or placed upon any portion of The Property.

2.3 Occupants. "Occupants" shall mean Owners and those persons entitled by ownership, leasehold, or other legal relationship to the exclusive right to use and/or occupy all or any portion of The Property.

2.4 Owner or Owners. "Owner" or "Owners" shall mean the Covenantor and/or its successors in interest, who hold title to all or any portion of The Property.

ARTICLE III
DEVELOPMENT, USE AND CONVEYANCE OF THE PROPERTY

3.1 Restrictions on Development and Use. Covenantor promises to restrict the use of The Property as follows:

a. All uses and development of The Property shall be consistent with any then existing operative Regional Board Order or Risk Management Plan. All uses and development shall preserve the integrity of any remedial measures taken or remedial equipment installed, and any groundwater monitoring system installed on The Property pursuant to the requirements of the Regional Board, unless otherwise expressly permitted in writing by the Regional Board.

b. No Owners or Occupants of The Property or any portion thereof shall drill, bore into contaminated groundwater, otherwise construct, or use a well for the purpose of extracting contaminated water for any use, including but not limited to, domestic, potable, or industrial uses, unless expressly permitted in writing by the Regional Board.

c. The Owners or Occupants shall notify the Regional Board of each of the following: (1) The type, cause, location and date of any disturbance to any remedial measures taken or remedial equipment installed, and of the groundwater monitoring system installed on The Property pursuant to the requirements of the Regional Board, of which it becomes aware, which could affect the ability of such remedial measures, remedial equipment, or monitoring system to perform their respective functions and (2) the type and date of repair of such disturbance, if known. Notification to the Regional Board shall be made by registered mail within ten (10) business days of both the discovery of such disturbance and the completion of repairs.

d. The Covenantor agrees that the Board, and/or any persons acting pursuant to Regional Board orders, shall, subject to the rights of lessees and other parties in lawful possession of The Property, have reasonable access to The Property for the purposes of inspection, surveillance, maintenance, or monitoring, as provided for in Division 7 of the Water Code.

3.2 Enforcement. Failure of the Owner to comply with any of the restrictions, as set forth in paragraph 3.1, shall be grounds for the Regional Board, by reason of this Covenant, to have the authority to require that the Owner modify or remove any Improvements (including groundwater wells) constructed by the Owner in violation of that paragraph. Violation of the Covenant by the Owner shall be grounds for the Regional Board to file civil actions against the Owner as provided by law.

3.3 Notice in Agreements. After the date of recordation hereof, Owner shall execute a written instrument, which shall accompany all future purchase agreements or leases relating to

the property. Any such instrument shall contain the following statement:

The land described herein has been deemed by the Regional Water Quality Control Board to contain hazardous materials in the groundwater under the property, and is subject to a Covenant and Environmental Restriction dated as of May 27, 2003, and recorded on _____, 2003, in the Official Records of Santa Clara County, California, as Document No. _____, which Covenant and Restriction imposes certain covenants, conditions, and restrictions on usage of the property described herein. This statement is not a declaration that a hazard exists.

ARTICLE IV
VARIANCE AND TERMINATION

4.1 Variance. Any Owner or, with the Owner's consent, any Occupant of The Property or any portion thereof may apply to the Board for a written variance from the provisions of this Covenant.

4.2 Termination. Any Owner or, with the Owner's consent, any Occupant of The Property or a portion thereof may apply to the Board for a termination of the Restrictions as they apply to all or any portion of The Property.

4.3 Term. Unless removed in accordance with paragraph 1.6, altered in accordance with paragraph 4.1 or terminated in accordance with paragraph 4.2 above, by law or otherwise, this Covenant shall continue in effect in perpetuity.

ARTICLE V
MISCELLANEOUS

5.1 No Dedication Intended. Nothing set forth herein shall be construed to be a gift or dedication, or offer of a gift or dedication, of The Property or any portion thereof to the general public.

5.2 Notices. Whenever any person gives or serves any notice, demand, or other communication with respect to this Covenant, each such notice, demand, or other communication shall be in writing and shall be deemed effective (1) when delivered, if personally delivered to the person being served or official of a government agency being served, or (2) three (3) business days after deposit in the mail if mailed by United States mail, postage paid certified, return receipt requested:

If To: "Covenantor"
Stanford Management Company
2770 Sand Hill Road
Menlo Park, CA 94025

If To: "Board"
Regional Water Quality Control Board
San Francisco Bay Region
Attention: Executive Officer
1515 Clay Street, Suite 1400
Oakland, California 94612

5.3 Partial Invalidity. If any portion of the Restrictions or terms set forth herein is determined to be invalid for any reason, the remaining portion shall remain in full force and effect as if such portion had not been included herein.

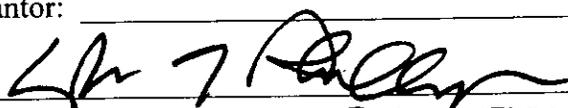
5.4 Article Headings. Headings at the beginning of each numbered article of this Covenant are solely for the convenience of the parties and are not a part of the Covenant.

5.5 Recordation. This instrument shall be executed by the Covenantor and by the Executive Officer of the Board. This instrument shall be recorded by the Covenantor in the County of Santa Clara within ten (10) days of the date of execution.

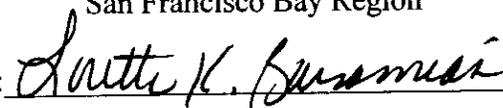
5.6 References. All references to Code sections include successor provisions.

5.7 Construction. Any general rule of construction to the contrary notwithstanding, this instrument shall be liberally construed in favor of the Covenant to effect the purpose of this instrument and the policy and purpose of the Water Code. If any provision of this instrument is found to be ambiguous, an interpretation consistent with the purpose of this instrument that would render the provision valid shall be favored over any interpretation that would render it invalid.

IN WITNESS WHEREOF, the parties execute this Covenant as of the date set forth above.
Covenantor: _____

By: 
Title: MANAGING DIRECTOR, REAL ESTATE
Date: 5-28-03

Agency: State of California
Regional Water Quality Board,
San Francisco Bay Region

By: 
Title: Executive Officer
Date: 6-16-03

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN MATEO)

On May 28, 2003, before me, Diana K. Takiguchi,
a Notary Public in and for said County and State,
personally appeared William T. Phillips,
personally known to me ~~or proved to me on the basis of~~
~~satisfactory evidence~~ to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged
to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity
upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.

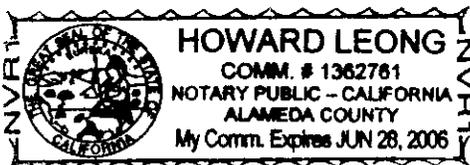


Diana K Takiguchi
Signature of Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF ALAMEDA)

On June 14, 2003 before me, HOWARD LEONG,
a Notary Public in and for said County and State,
personally appeared LORETTA K BARSAMIAN,
personally known to me or proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged
to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity
upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.



Howard Leong
Signature of Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

W. H. BRIAN
1000 N. LYBERT
HOLLYWOOD CITY, CALIFORNIA

ALL that certain real property situate in the County of Santa Clara, State of California, described as follows:-

BEGINNING at a concrete highway monument set on the southwesterly line of El Camino Real (State Highway) opposite Engineers Station 144± 27.00 as surveyed by the California Division of Highways as said southwesterly line was established by that Decree in Condemnation, a certified copy of which Decree was filed for record in the Office of the Recorder of the County of Santa Clara, State of California, on July 7, 1930 in Book 520 of Official Records at Page 571; said monument also marks the point of intersection of said southwesterly line with the southeasterly line of that certain 1289 acre tract of land described in the deed from Evelyn C. Crosby, et al, to Leland Stanford, dated September 8, 1885, recorded September 8, 1885 in Book 80 of Deeds, Page 382, Santa Clara County Records; running thence North 56° 39' West along said southwesterly line of El Camino Real for a distance of 2784.83 feet; THENCE leaving said line of El Camino Real, South 33° 21' West 300.00 feet to the true point of beginning; THENCE from said true point of beginning, South 33° 21' West 416.00 feet; THENCE North 56° 39' West 658.85 feet to the southeasterly line of California Avenue (66 feet wide); THENCE along said line of California Avenue, North 33° 36' 20" East 416.00 feet; THENCE leaving said line, South 56° 39' East 657.00 feet to the true point of beginning.

Containing 6.283 Acres, more or less.

RESERVING therefrom a public utility easement 8 feet in width, measured at right angles, contiguous with and lying northeasterly from the southwesterly line of the herein described parcel.

ALSO RESERVING THEREFROM for future street a strip of land 80 feet in width, measured at right angles contiguous with and lying northwesterly from the southeasterly line of the herein described parcel and extending throughout said southeasterly line.