

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

650 Page Mill Road (formerly 640 Page Mill Road), Palo Alto

This Covenant and Environmental Restriction on Property ("Covenant") is made as of the 28 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 650 Page Mill Road (formerly 640 Page Mill Road), 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 several above- and underground storage tanks, sumps and chemical handling and storage areas 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 all sides by industrial and commercial properties.

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.3.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.3.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 28, 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: 5-29-03

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 29, 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.

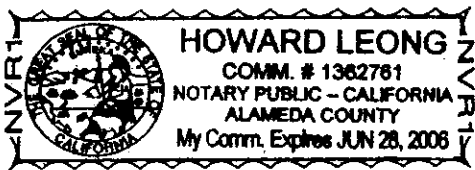


Diana K. Takiguchi
Signature of Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF ALAMEDA)

On June 16, 2003 before me, HOWARD LEONG, a Notary Public in and for said County and State, personally appeared LORETA 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

All that certain real property situate in the City of Palo Alto, 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 Engineer's Station 104 + 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 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 1098.03 feet to the true point of beginning of the parcel to be described, said point also being the most Westerly corner of that certain 6.000± acre parcel of land leased to Hewlett-Packard (unrecorded).

THENCE FROM SAID TRUE POINT OF BEGINNING continuing South 33° 21' West 160.00 feet; thence South 56° 26' 07" East 566.86 feet to a point on the Northwesterly line of Page Mill Road (120 feet in width); thence North 33° 28' 37" East along said Northwesterly line of Page Mill Road 160.00 feet to the most Southerly corner of said 6.000± acre parcel leased to Hewlett-Packard; thence along the Southwesterly line of said 6.000± acre parcel North 56° 26' 07" West 567.21 feet to the true point of beginning.

CONTAINING 2.083 acres of land more or less.

RESERVING FROM the above described 2.083 acre parcel a 10 foot wide easement for drainage purposes contiguous with the Northwesterly line of said parcel and lying Southeasterly therefrom.

Certified to be a true and complete description

Director

ALL that certain real property situate in the County of Santa Clara, state of California, being a part of the lands of The Leland Stanford Junior University and being more particularly described as follows:-

BEGINNING at a concrete highway monument set on the Southwesterly line of El Camino Real (State Highway) opposite Engineer's Station 144+27.00 as surveyed by the California Division of Highways as said Southwesterly line was established by the Decree in Condemnation, a certified copy of which Decree was filed for record in the office of the Recorder of Santa Clara, State of California, on July 7, 1930 in Book 520 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 637.66 feet to the true point of beginning; thence from said true point of beginning South 33° 21' West 460.37 feet; thence South 56° 26' 07" East 567.21 feet to a point on a line which is parallel with and distant Northwesterly 90.00 feet at right angles from the center line of Page Mill Road (60.00 feet in width); thence North 33° 28' 37" East along said parallel line, 460.37 feet to the Southernmost corner of that certain 2.209 acre tract of land described in the Memorandum of Lease executed by and between The Board of Trustees of the Leland Stanford Junior University, Lessor and Palo Alto Engineering Company, Lessee; dated November 17, 1955, recorded November 30, 1955 in Book 3347 Official Records, page 155, Santa Clara County Records; thence North 56° 26' 07" West along the Southwesterly line of said 2.209 acre tract and along the Southwesterly line of land hereinbefore leased to Mayfield School District for a distance of 568.22 feet to the true point of beginning.

CONTAINING APPROXIMATELY 6.000 acres of land..

Certified to be a true and correct description.

Superintendent

TOGETHER WITH an easement for the purpose of ingress and egress over a strip of land, 60.00 feet in width, the Northwesterly line of which is more particularly described as follows:

Beginning at the Southernmost corner of the above described 6.000 acre tract; thence from said point of beginning North 33° 28' 37" East along the Southeasterly line of said 6.000 acre tract, 460.37 feet to the Easternmost corner thereof and the terminus of said easement.

RESERVING FROM the above described 6.00 acre tract, an easement for the installation and maintenance of public utilities over the Northeasterly 8.00 feet thereof,

said easement is reserved as appurtenant to and for the benefit of the remaining lands of the Lessor.

ALSO RESERVING FROM the above described 6.00 acre tract, an easement for drainage purposes over the Northwesterly 10.00 feet thereof,

said easement is reserved as appurtenant to and for the benefit of the remaining lands of the Lessor.

ALSO RESERVING FROM the above described 6.00 acre tract, an easement for drainage purposes over the Southwesterly 10.00 feet of the Northeasterly 18.00 feet thereof,

said easement is reserved as appurtenant to and for the benefit of the remaining lands of the Lessor.

Containing 6.000 acres, more or less.

Certified to be a true and correct description.



Superintendent

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 $56^{\circ} 39'$ West on and along the said southwesterly line of El Camino Real for a distance of 2499.83 feet;

THENCE leaving said line of El Camino Real South $33^{\circ} 21'$ West, 300.00 feet to the true point of beginning; THENCE from said true point of beginning South $33^{\circ} 21'$ West, 338.73 feet; THENCE South $56^{\circ} 26' 07''$ East, 283.22 feet to a point which is distant northwesterly at right angles 90.00 feet from the centerline of Page Mill Road; THENCE North $33^{\circ} 28' 37''$ East, parallel with and distant at right angles 90 feet northwesterly from the centerline of Page Mill Road 339.79 feet; THENCE North $56^{\circ} 39'$ West, 283.98 feet to the true point of beginning.

CONTAINING 2.209 acres more or less.