

*Empire State Building Press Conference
New York, New York
Anthony Malkin, Owner Empire State Building Co.
April 6, 2009*

Good morning ladies and gentlemen. I am Anthony Malkin, and on behalf of the Empire State Building Company, welcome to the world's most famous office building.

A special welcome to my bosses: my wife Shelly, and my father Peter Malkin, the surviving general partner who along with my grandfather Lawrence Wien and Harry Helmsley acquired the Empire State building in 1961.

Buildings comprise between 60 and 80 percent of cities' carbon footprints. Cities around the world are becoming larger concentrations of the planet's growing population. If we don't cut the energy consumption in cities, we cannot sustain life as we know it on earth.

There have been strides in designing and constructing more energy efficient buildings. Yet however efficient new buildings are, they generally increase energy consumption and carbon output, albeit at a slower rate. To make a net reduction in energy consumption, we have to reduce the energy consumption of existing buildings.

To date, green standards for existing buildings offer directional, qualitative programs. The most broadly accepted, USGBC's LEED EB program, offers a comprehensive set of standards for qualification but does not include modeling tools and processes to assess savings from energy efficiency retrofits and their payback periods. Until today, nothing has existed to offer enough certainty to owners to spend and contractors to guarantee savings from energy efficiency retrofits of existing buildings.

Without a replicable cost outlay, payback modeling, and analysis process, we cannot motivate people to make investment. Neither can we provide governments support to enact laws and write building codes to mandate steps to reduce energy consumption with a concomitant reduction in carbon output.

I personally became interested in this challenge during a conversation with Jamie Russell of the Clinton Climate Initiative during an opening event for the May 2007 C40 Cities gathering in New York City. I suggested to Jamie that we take one building out of our 8 million square feet pre-war W&H Properties New York City portfolio, already undergoing a \$1.25 billion transformation to Pre-War Trophy status, and use it as a test bench of sorts to prove or disprove conclusively the extent to which one can achieve economically sensible payback from energy efficiency retrofits.

Jamie and CCI chose the Empire State Building for its ability to capture attention and what that attention could accomplish if we were successful in our quest. In reasonably short order, CCI brought in partners, including Johnson Controls and the Rocky

Mountain Institute. Rounding out the team was our owner's rep for our Empire State ReBuilding program, Jones Lang LaSalle, who has coordinated this entire effort.

23 months from our first conversation, we announce today the completion of a replicable modeling and measurement process to determine the cost-benefit of energy reduction retrofits on commercial buildings with practices and processes applicable worldwide. You will hear more detail on the process from team members themselves.

What we have learned in our work has had a major impact on our more than \$500 million Empire State ReBuilding program. Tens of millions of dollars expenditures have been changed, tens of millions of dollars have been saved, and we will spend approximately \$20 million on previously unanticipated energy efficiency retrofits with short-term, performance guaranteed paybacks.

This work has already started. Today, contracts have been signed for projects to be completed by 31 December 2010, which will result in achieving approximately 55% of the total savings. I anticipate the balance of our conservatively projected \$4.4 million dollars in annual savings will be accomplished by 31 December 2013.

I hope that the establishment of this new, replicable process we have created will inform lawmakers, property owners, and lenders on actions to take, laws and codes to write, and new financing programs to support, ultimately yielding reduced energy consumption, reduced carbon output, higher quality workspaces, and green local jobs.

All of this work is being done without any meaningful government subsidy or benefit from any stimulus package. Our nearly 40% of savings in energy consumption will result from commercially intelligent investment. We also anticipate that the Empire State Building will be more desirable in the market place because of our leadership position in energy conservation and sustainability.

This project was conducted without any consideration of USGBC LEED or Energy Star standards. When our planning work was done, we performed an analysis to see how we would rate. Combined with our already adopted green practices, including recycling of tenant and construction waste, use of recycled materials in the upgrade of our common areas and tenant spaces, and use of green cleaning solutions and pest control, the Empire State Building under current standards qualifies for LEED EB GOLD certification and an Energy Star point score of 90. We have budgeted to certify under LEED EB and to become an Energy Star building as our work is done.

Already, the Empire State ReBuilding program has attracted like-minded, high quality tenants like international construction and engineering giant SKANSKA and architects Brennan Beer Gorman. Both SKANSKA and Brennan Beer Gorman occupy new, full floor offices, which respectively are candidates for LEED Platinum and LEED Silver certifications.

Now, I would like to welcome President Clinton, whose Clinton Climate Initiative both created partnerships with key talent and at the outset was there convening the team that brought us to this point today. President Clinton.

Now, I would like to welcome Mayor Bloomberg of our great city, the only world capital which is not the capital of a nation. Mayor Bloomberg's leadership of New York on sustainability makes our city an international center of study and initiative in ensuring the success of urban areas. Mayor Bloomberg.

Now I would like to welcome team member Rocky Mountain Institute, represented by Amory Lovins, with whom my wife and I met on a cold, dark winter's night in Colorado in early 2008, and who understood immediately the potential of this project. Amory Lovins...

Now I would like to welcome team member Jones Lang LaSalle, represented by Ray Quartararo. Ray leads the team at Jones Lang LaSalle which serves as our owner's representative on our entire Empire State ReBuilding upgrade program, and quarterbacked the team coordination...

Now I would like to welcome team member Johnson Controls, represented by Iain Campbell. I met Iain for the first time with Amory Lovins in an airport hangar in Eagle, Colorado where we intercepted him on his way back home from a business trip to Mexico. Johnson Controls will be doing much of the systems work at the building under a contract which guarantees savings...

Thank you all very much. Immediately following the q&a team representatives will be available for in depth questions. Before I finish, I would like to thank our great Empire State Building, W&H Properties, and Wien & Malkin team members, particularly those who sit nearest to me, for their efforts throughout this process. I push them hard on a daily basis, and they do not fail me. Tonight, when the clouds clear, look for our iconic lights over the New York City skyline in green for the environment.

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