



NEWS RELEASE

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FOR IMMEDIATE RELEASE

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Kimmel Center, Inc. and The Philadelphia Orchestra Association Agree to Modifications to Lease Agreement

In achieving resolution, Kimmel Center, Inc. generously provides The Philadelphia Orchestra Association with much needed annual rent relief of \$1 million. Kimmel Center, Inc. will receive additional scheduling flexibility and an opportunity for revenue sharing beginning in 2018.

(Philadelphia, May 21, 2011)—Kimmel Center, Inc. and The Philadelphia Orchestra Association today gave final approval on details of an agreement, which upon emergence from bankruptcy by the Orchestra will modify the current lease agreement between both organizations. The modifications, which were approved in principle in March 2012 by the boards of directors for both the Kimmel Center and the Orchestra, provides a new framework for payments by the Orchestra to the Kimmel Center with the centerpiece being the Kimmel Center's decision to offer a \$1 million rent reduction to the Orchestra.

In Fiscal Year 2012, the current fiscal year, the Orchestra was expected to make total payments of **\$2.55 million** to the Kimmel Center, which includes expenses for stagehands, ushers, and box office of approximately **\$700,000** and base rent of **\$1.85 million**. The modified lease agreement, beginning in Fiscal Year 2013, decreases the Orchestra's total payment obligations to **\$1.58 million**, approximately **\$700,000** in stagehand, usher, and box office expenses, and base rent of **\$880,000**. The rent will subsequently increase based upon changes in the Consumer Price Index each year through 2017 when the base rent will be \$1.74 million.

Beginning in 2018, the Kimmel Center will then have the option of collecting an increased base rent for The Philadelphia Orchestra's use of Verizon Hall or 16 percent of ticket revenues from the Orchestra's concerts performed in the Hall. The decision will be based on whichever is of higher value to the Kimmel Center.

This new modified agreement helps to support the Orchestra's emergence from Chapter 11 bankruptcy.

"The Orchestra's success and the health of the region's performing arts community are inextricably linked," said Paul Tufano, chair of the Kimmel Center board of directors. "We have said from the beginning that the Kimmel Center stands ready to be part of a solution to the Orchestra's bankruptcy, and with our agreement

(more)

to these lease modifications, we have proven that to be so. While the implementation of the new terms will bring financial challenges to the Kimmel Center, we believe greater flexibility and access to Verizon Hall will help support our business model. And we are certain we will still be able to fulfill our mission to be a world-class institution and the premier gateway to the performing arts in the region.”

Beyond the rent reduction, the lease modifications include added scheduling flexibility for the Kimmel Center, which is meant to enable the opportunity for greater revenue generation for the organization beyond that received from the Orchestra.

Richard Worley, chair of The Philadelphia Orchestra Association, acknowledged the much needed assistance offered by the Kimmel Center and its board of directors, saying, “The Philadelphia Orchestra Association is deeply appreciative of the substantial savings provided to it by the Kimmel Center and its leadership. Its decision to stand with the Orchestra during this critical period is indicative of a shared commitment to the success of the region’s cultural community. It is important that we acknowledge what the Kimmel Center has done for the Orchestra in its time of need. It is also important to acknowledge the value of this process in strengthening our relationship. Our ongoing conversations and our new agreement reflect a deepened commitment by both the Orchestra and the Kimmel Center to greater partnership and collaboration.”

For more information about the Kimmel Center for the Performing Arts, please visit kimmelcenter.org. For more information about The Philadelphia Orchestra, please visit philorch.org.

About Kimmel Center, Inc.

Kimmel Center, Inc., a charitable, not-for-profit organization, owns, manages, supports and maintains the Kimmel Center for the Performing Arts, which includes Verizon Hall, Perelman Theater, Innovation Studio and the Merck Arts Education Center. Kimmel Center, Inc. also manages the Academy of Music, owned by the Philadelphia Orchestra Association, and the University of the Arts Merriam Theater. Kimmel Center, Inc.’s mission is to operate a world class performing arts center that engages and serves a broad audience which includes providing arts in education, community outreach and a rich diversity of programming. The 2011/2012 season is sponsored by Citi. For additional information, visit kimmelcenter.org.

About The Philadelphia Orchestra

Renowned for its distinctive sound, desired for its keen ability to capture the hearts and imaginations of audiences, and admired for an unrivaled legacy of “firsts” in music-making, The Philadelphia Orchestra remains one of the preeminent orchestras in the world.

The Philadelphia Orchestra has cultivated an extraordinary history of artistic leaders in its 112 seasons, including music directors Scheel, Pohlig, Stokowski, Ormandy, Muti, Sawallisch, and Eschenbach, as well as the Orchestra’s current chief conductor, Charles Dutoit. In the 2012-13 season, Yannick Nézet-Séguin will become the eighth music director of The Philadelphia Orchestra.

Philadelphia is home and the Orchestra nurtures an important relationship with patrons who support the main season at the Kimmel Center for the Performing Arts. The Orchestra also performs for Philadelphia audiences at the Mann Center for the Performing Arts, Penn’s Landing, and other regional venues. The Philadelphia Orchestra Association continues to own the Academy of Music—a National Historic Landmark—as it has since 1957. For more information, please visit philorch.org. ###