

FOI # 14568

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January 14, 2014

Mr. Daniel Duffy
FOI Administrator
The Port Authority of New York & New Jersey
225 Park Avenue South, Seventeenth Floor
New York, New York 10003
VIA FACSIMILE (212-435-7555) ONLY

Re: Freedom of Information Request

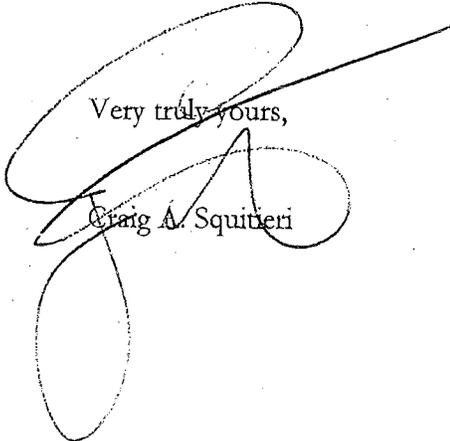
Dear Mr. Duffy:

Please provide a copy of the original lease agreement and any amendments thereto with Federal Express Corporation with regards to the improvement referred to as the Fed Ex Metroplex and the surrounding real property(s) leased by Federal Express Corporation located at 347 Metroplex Road, Newark, New Jersey at Newark Liberty Airport. IT is believed that the original agreement was entered in or about 1985.

If any documents or amendments are withheld due to an assertion of privilege, I ask that you please identify the privilege asserted and provide a privilege log identifying the documents withheld.

Thank you for your time and assistance.

Very truly yours,



Craig A. Squitieri

CAS/mw

THE PORT AUTHORITY OF NY & NJ

FOI Administrator

February 11, 2014

Craig A. Squitieri, Esq.
39 Park Place Suite 203
Englewood, NJ 07631

Re: Freedom of Information Reference No. 14568

Dear Mr. Squitieri:

This is in response to your January 14, 2014 request, which has been processed under the Port Authority's Freedom of Information Code (the "Code") for "a copy of the original lease agreement and any amendments thereto with Federal Express Corporation regarding the improvement referred to as the Fed Ex Metroplex located at 347 Metroplex Road, Newark, NJ at Newark Airport".

Material responsive to your request and available under the Code can be found on the Port Authority's website at <http://www.panynj.gov/corporate-information/foi/14568-LPA.pdf>. Paper copies of the available records are available upon request.

Certain material responsive to your request is exempt from disclosure pursuant to exemption (2.a.) of the Code.

Please refer to the above FOI reference number in any future correspondence relating to your request.

Very truly yours,



Daniel D. Duffy
FOI Administrator

*225 Park Avenue South, 17th Floor
New York, NY 10003
T: 212 435 3642
F: 212 435 7555*

THIS AGREEMENT SHALL NOT BE BINDING UPON
THE PORT AUTHORITY UNTIL DULY EXECUTED BY
AN EXECUTIVE OFFICER THEREOF AND DELIVERED
TO THE LESSEE BY AN AUTHORIZED
REPRESENTATIVE OF THE PORT AUTHORITY



Lease No. ANA-041

AGREEMENT OF LEASE

THIS AGREEMENT OF LEASE, dated the 1st day of October, 1983, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority"), a body corporate and politic, established by Compact between the States of New Jersey and New York with the consent of the Congress of the United States of America, and having an office at 1 World Trade Center, in the Borough of Manhattan, City, County and State of New York, and FEDERAL EXPRESS CORPORATION (hereinafter called "the Lessee"), a corporation of the State of Delaware and having an office and place of business at Building No. 55, Newark International Airport, New Jersey, whose representative is Mr. William Wilson, its Vice President, Properties and Facilities

WITNESSETH, That:

The Port Authority and the Lessee for and in consideration of the rents, covenants and mutual agreements hereinafter contained, hereby covenant and agree as follows:

Section 1. Letting

(a) The Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority at Newark International Airport (sometimes hereinafter referred to as "the Airport") in the City of Elizabeth, County of Union, and State of New Jersey, the following described premises: The land shown in stipple on the drawing attached hereto, hereby made a part hereof and marked "Exhibit A", together with the fixtures, improvements

and other property of the Port Authority located therein, thereon or thereunder, all of the foregoing being sometimes hereinafter referred to as "the site", and all structures, improvements, additions, buildings and facilities located, constructed or installed or to be located, constructed or installed therein, thereon or thereunder, all of the foregoing being hereinafter collectively referred to as "the premises".

(b) Except to the extent required for the performance of any of the obligations of the Lessee hereunder, nothing contained in this Agreement shall grant to the Lessee any rights whatsoever in the air space above the premises more than 168.6 feet above mean sea level at Sandy Hook, New Jersey, as established by the United States Coast and Geodetic Survey.

Section 2. Construction by the Lessee

(a) The Lessee shall, prior to its submission to the Port Authority of the plans and specifications hereinafter provided for, submit to the Port Authority for its consent, the Lessee's comprehensive plan for the development of the premises, including but not limited to renderings, layouts, locations, models, estimated commencement and completion dates, and preliminary functional plans.

Without limiting the above, the Lessee agrees that said comprehensive plan shall include the construction on and under the site of:

(i) A package handling and sorting building consisting of approximately 95,000 square feet of floor space, the foregoing building, together with all associated and related areas and facilities, being hereinafter called "the Package Handling Building",

(ii) All appropriate lines, pipes, mains, cables, manholes, wires, conduits and other facilities required in connection with or relating to the mechanical, utility, electrical, storm sewer, sanitary sewer, telephone, fire alarm, fire protection, gas and other systems needed for the Package Handling Facility, as hereinafter defined, including all necessary relocations, the foregoing being hereinafter called "the Utility Lines",

(iii) All necessary ground and elevated roadways and ramps and pedestrian circulation areas, the foregoing roadways, ramps and circulation areas, together with all associated and related areas and facilities, being hereinafter called "the Circulation Areas",

(iv) All necessary aircraft ramp and apron areas, the foregoing ramp and apron areas, together with all associated and related areas and facilities, being hereinafter called "the Ramp and Apron Areas",

(v) Appropriate landscaping, the foregoing landscaping, together with all associated and related areas, being hereinafter called "the Landscaping",

(vi) The demolition of all existing buildings, improvements and structures on the site,

(vii) All taxiways, the foregoing taxiways, together with all associated and related areas and facilities, being hereinafter called "the Exclusive Taxiways".

All of the foregoing work covered shall be constructed by the Lessee on the premises and off the premises where required, and shall be and become a part of the premises under the Lease and is sometimes referred to herein as the "Package Handling Facility".

The Lessee shall keep the comprehensive plan covered by this paragraph (a) up to date and shall submit to the Port Authority for its prior approval any amendment, revision or modification thereof.

(b) (1) The Lessee agrees at its sole cost and expense to design and to construct the Package Handling Facility, such design and construction being sometimes herein-after collectively referred to as "the construction work".

(2) Prior to the commencement of the construction work, the Lessee shall submit to the Port Authority for the Port Authority's approval complete plans and specifications therefor. The Port Authority may refuse to grant approval with respect to construction work if, in its opinion, any of the proposed construction work as set forth in said plans and specifications (all of which shall be in such detail as may reasonably permit the Port Authority to make a determination as to whether the requirements hereinafter referred to are met) shall:

(i) Be unsafe, unsound, hazardous or improper for the use and occupancy for which it is designed, or

(ii) Not comply with the Port Authority's requirements for harmony of external architecture of similar existing or future improvements at the Airport, or

(iii) Not comply with the Port Authority's requirements with respect to external and interior building materials and finishes of similar existing or future improvements at the Airport, or

(iv) Not provide for sufficient clearances for taxiways, runways and apron areas, or

(v) Be designed for use for purposes other than those authorized under the Agreement, or

(vi) Set forth ground elevations or heights other than those prescribed by the Port Authority, or

(vii) Not provide adequate and proper circulation areas, or

(viii) Not be at locations or not be oriented in accordance with the Lessee's approved comprehensive plan, or

(ix) Not comply with the enactments, ordinances, resolutions and regulations of governmental authority in regard to the construction and maintenance of buildings and structures and in regard to health and fire protection which would be applicable if the Port Authority were a private corporation to the extent that the Port Authority finds it practicable so to do, or

(x) Permit aircraft to overhang the boundary of the premises, except when entering or leaving the premises, or

(xi) Be in violation or contravention of any other provisions and terms of this Agreement, or

(xii) Not comply with all applicable governmental laws, ordinances, enactments, resolutions, rules and orders, or

(xiii) Not comply with all applicable requirements of the National Board of Fire Underwriters and the Fire Insurance Rating Organization of New Jersey, or

(xiv) Not comply with the Port Authority's requirements with respect to landscaping, or

(xv) Not comply with Port Authority's requirements and standards with respect to noise, air pollution, water pollution or other types of pollution, or

(xvi) Not comply with the construction limitations set forth in Exhibit A.

(c) All construction work shall be done in accordance with the following terms and conditions:

(1) The Lessee hereby assumes the risk of loss or damage to all of the construction work prior to the completion thereof and the risk of loss or damage to all property of the

Port Authority arising out of or in connection with the performance of the construction work. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the construction work and the property of the Port Authority without cost or expense to the Port Authority. The Lessee shall itself and shall also require its contractors to indemnify and hold harmless the Port Authority, its Commissioners, officers, agents, employees and representatives from and against all claims and demands, just or unjust, of third persons (including employees, officers, agents and representatives of the Port Authority) arising or alleged to arise out of the performance of the construction work and for all expenses incurred by it and by them in the defense, settlement or satisfaction thereof, including without limitation thereto, claims and demands for death, for personal injury or for property damage, direct or consequential, whether they arise from the acts or omissions of the Lessee, of any contractors of the Lessee, of the Port Authority, or of third persons, or from acts of God or of the public enemy, or otherwise, (including claims of the City of Newark against the Port Authority pursuant to the provisions of the Basic Lease whereby the Port Authority has agreed to indemnify the City against claims), excepting only claims and demands which result solely from affirmative wilful acts done by the Port Authority, its Commissioners, officers, agents, representatives and employees with respect to the construction work.

(2) Prior to engaging or retaining an architect or architects for the construction work, the name or names of said architect or architects shall be submitted to the Port Authority for its approval. The Port Authority shall have the right to disapprove any architect who may be unacceptable to it. All construction work shall be done in accordance with plans and specifications to be submitted to and approved by the Port Authority prior to the commencement of the construction work, and until such approval has been obtained the Lessee shall continue to resubmit plans and specifications as required. Upon approval of such plans and specifications by the Port Authority, the Lessee shall proceed diligently at its sole cost and expense to perform the construction work. All construction work, including workmanship and materials, shall be of first class quality. The Lessee shall redo, replace or construct at its own cost and expense, any construction work not done in accordance with the approved plans and specifications, the provisions of this Section 2 or any further requirements of the Port Authority. The Lessee shall expend not less than \$11,000,000 with respect to the construction work hereunder. The Lessee shall complete the construction work no later than September 1, 1985.

(3) Prior to entering into a contract for any part of the construction work, the Lessee shall submit to the Port Authority for its approval the names of the contractors to whom the Lessee proposes to award said contracts. The Port Authority shall have the right to disapprove any contractor who may be unacceptable to it. The Lessee shall include in all such contracts such provisions and conditions as may be reasonably required by the Port Authority. Without limiting the generality of the foregoing all of the Lessee's construction contracts shall provide as follows: "If (i) the Contractor fails to perform any of his obligations under the Contract, including his obligation to the Lessee to pay any claims lawfully made against him by any materialman, subcontractor or workman or other third person which arises out of or in connection with the performance of the Contract or (ii) any claim (just or unjust) which arises out of or in connection with the Contract is made against the Lessee or (iii) any subcontractor under the Contract fails to pay any claims, lawfully made against him by any materialman, subcontractor, workman or other third persons which arises out of or in connection with the Contract or if in the Lessee's opinion any of the aforesaid contingencies is likely to arise, then the Lessee shall have the right, in its discretion, to withhold out of any payment (final or otherwise and even though such payments have already been certified as due) such sums as the Lessee may deem ample to protect it against delay or loss or to assume the payment of just claims of third persons, and to apply such sums in such manner as the Lessee may deem proper to secure such protection or satisfy such claims. All sums so applied shall be deducted from the Contractor's compensation. Omission by the Lessee to withhold out of any payment, final or otherwise, a sum for any of the above contingencies, even though such contingency has occurred at the time of such payment, shall not be deemed to indicate that the Lessee does not intend to exercise its right with respect to such contingency. Neither the above provisions for rights of the Lessee to withhold and apply monies nor any exercise, or attempted exercise of, or omission to exercise such rights by the Lessee shall create any obligation of any kind to such materialmen, subcontractors, workmen or other third persons. Until actual payment is made to the Contractor, his right to any amount to be paid under the Contract (even though such amount has already been certified as due) shall be subordinate to the rights of the Lessee under this provision."

The Lessee shall file with the Port Authority a copy of its contracts with its contractors prior to start of the construction work.

(4) The Lessee shall furnish or require its architect to furnish a full time resident engineer during the construction period. The Lessee shall require certification by a licensed engineer of all pile driving data and of all controlled concrete work and such other certifications as may be requested by the Port Authority from time to time.

(5) The Lessee agrees to be solely responsible for any plans and specifications used by it and for any loss or damages resulting from the use thereof, notwithstanding that the same have been approved by the Port Authority and notwithstanding the incorporation therein of Port Authority recommendations or requirements. Notwithstanding the requirement for approval by the Port Authority of the contracts to be entered into by the Lessee or the incorporation therein of Port Authority requirements or recommendations, and notwithstanding any rights the Port Authority may have reserved to itself hereunder, the Port Authority shall have no liabilities or obligations of any kind to any contractors engaged by the Lessee or for any other matter in connection therewith and the Lessee hereby releases and discharges the Port Authority, its Commissioners, officers, representatives and employees of and from any and all liability, claims for damages or losses of any kind, whether legal or equitable, or from any action or cause of action arising or alleged to arise out of the performance of any construction work pursuant to the contracts between the Lessee and its contractors. Any warranties contained in any construction contract entered into by the Lessee for the performance of the construction work hereunder shall be for the benefit of the Port Authority as well as the Lessee.

(6) The Port Authority shall have the right, through its duly designated representatives, to inspect the construction work and the plans and specifications thereof, at any and all reasonable times during the progress thereof and from time to time, in its discretion, to take samples and perform testing on any part of the construction work, such taking of samples and testing to not unduly or unreasonably delay the construction work.

(7) The Lessee agrees that it shall deliver to the Port Authority two (2) sets of "as built" microfilm drawings of the construction work mounted on aperture cards, all of which shall conform to the specifications of the Port Authority (the receipt of a copy of said specifications prior to the execution of this Lease being hereby acknowledged by the Lessee), and the Lessee shall during the term of this Lease keep said drawings current showing thereon any changes or modifications which may be made. (No changes or modifications shall be made without prior Port Authority consent.)

(8) The Lessee shall, if requested by the Port Authority, take all reasonable measures to prevent erosion of the soil and the blowing of sand during the performance of the construction work, including but not limited to the fencing of the premises or portions thereof or other areas and the covering of open areas with asphaltic emulsion or similar materials as the Port Authority may direct.

(9) Title to any soil, dirt, sand or other matter (hereinafter in this item (9) collectively called "the matter") excavated by the Lessee during the course of the construction work shall vest in the Port Authority and the matter shall be delivered by the Lessee at its expense to any location (on or off the Airport) as may be designated by the Port Authority. The entire proceeds, if any, of the sale or other disposition of the matter shall belong to the Port Authority. Notwithstanding the foregoing the Port Authority may elect by prior written notice to the Lessee to waive title to all or portions of the matter in which event the Lessee at its expense shall dispose of the same without further instruction from the Port Authority.

(10) The Lessee shall pay or cause to be paid all claims lawfully made against it by its contractors, subcontractors, materialmen and workmen, and all claims lawfully made against it by other third persons arising out of or in connection with or because of the performance of the construction work, and shall use its best efforts to cause its contractors and subcontractors to pay all such claims lawfully made against them, provided, however, that nothing herein contained shall be construed to limit the right of the Lessee to contest any claim of a contractor, subcontractor, materialman, workman and/or other person and no such claim shall be considered to be an obligation of the Lessee within the meaning of this Section unless and until the same shall have been finally adjudicated. The Lessee shall use its best efforts to resolve any such claims and shall, keep the Port Authority fully informed of its actions with respect thereto.

(11) The Lessee in its own name as assured and with the Port Authority as an additional assured shall procure and maintain comprehensive general liability insurance, including automotive (covering owned, hired and non-owned automobiles), including but not limited to premises-operations, products completed-operations (explosion, collapse and underground property damages coverage), personal injury and independent contractors, with a contractual liability endorsement covering the obligations assumed by the Lessee pursuant to subparagraphs (1) and (5) of this paragraph (c) which shall be in addition to all policies of insurance otherwise required by this Agreement or the Lessee may provide such insurance by requiring each contractor engaged by it for the construction work to procure and maintain such insurance including such contractual liability endorsement, said insurance, whether procured by the Lessee or by a contractor engaged by it as aforesaid, not to contain any care, custody or control exclusions, and not to contain any exclusion for bodily injury to or sickness, disease or death of any employee of the Lessee or of any of its contractors which would conflict with or in any way impair coverage under the contractual liability endorsement. The said policy or policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Lessee thereunder with respect to any claims or actions against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority, but such endorsement shall not limit, vary or affect the protections afforded the Port Authority thereunder as an additional assured. Said insurance shall be in not less than the following amounts:

(i) Bodily Injury Liability

For injury to or wrongful death to one person	\$5,000,000
For injury or wrongful death to more than one person for any one occurrence (including contractual)	\$5,000,000
Aggregate Products Completed Operations	\$5,000,000

(ii) Property Damage Liability

For all damage arising out of injury to or destruction of property in any one occurrence	\$5,000,000
Aggregate Products Completed Operations	\$5,000,000
Aggregate Premises- Operations	\$5,000,000

Aggregate Protective\$5,000,000

Aggregate Contractual\$5,000,000

The insurance required hereunder shall be maintained in effect during the performance of the construction work and shall be in compliance with and subject to the provisions of paragraph (c) of Section 15 hereof.

(12) The Lessee shall be under no obligation to reimburse the Port Authority for expenses incurred by the Port Authority in connection with its normal review and approval of the original plans and specifications submitted by the Lessee pursuant to this Section. The Lessee however agrees to pay to the Port Authority upon its demand the expenses incurred by the Port Authority in connection with any additional review for approval of any changes, modifications or revisions of the original plans and specifications which may be proposed by the Lessee for the Port Authority's approval. The expenses of the Port Authority for any such additional review and approval shall be computed on the basis of direct payroll time expended in connection therewith plus 100%. Wherever in this Lease reference is made to "direct payroll time", costs computed thereunder shall include a prorata share of the cost to the Port Authority of providing employee benefits, including, but not limited to, pensions, hospitalization, medical and life insurance, vacations and holidays. Such computations shall be in accordance with the Port Authority's accounting principles as consistently applied at the time of the computation.

(13) The Lessee shall prior to the commencement of construction and at all times during construction submit to the Port Authority all engineering studies with respect to construction and samples of construction materials as may be required at any time and from time to time by the Port Authority.

(14) The Lessee shall procure and maintain Builder's Risk (All Risk) Completed Value Insurance covering the construction work during the performance thereof including material delivered to the premises but not attached to the realty. Such insurance shall be in compliance with and subject to the applicable provisions of Section 13 hereof and shall name the Port Authority, the City of Newark, the Lessee and its contractors and subcontractors as additional assureds and such policy shall provide that the loss shall be adjusted with and payable to the Lessee. Such proceeds shall be used by the Lessee for the repair, replacement or rebuilding of the construction work and any excess shall be used by the Lessee in completing the construction work and any remaining excess shall be paid over to the Port Authority.

(15) The Lessee shall at the time of submitting the comprehensive plan to the Port Authority as provided in paragraph (a) hereof submit to the Port Authority its forecasts of the number of people who will be working at various times during the term of the Lease at the premises, the expected utility demands, noise profiles and such other information as the Port Authority may reasonably require. The Lessee shall continue to submit its latest forecasts and such other information as may be required as aforesaid as the Port Authority shall from time to time and at any time request.

(16) The Lessee shall execute and submit for the Port Authority's approval a Construction Application or Applications in the form prescribed by the Port Authority covering the construction work or portions thereof. The Lessee shall comply with all the terms and provisions of the approved Construction Applications. In the event of any inconsistency between the terms of any Construction Application and the terms of this Lease, the terms of this Lease shall prevail and control.

(17) Nothing contained in this Lease shall grant or be deemed to grant to any contractor, architect, supplier, subcontractor or any other person engaged by the Lessee or any of its contractors in the performance of any part of the construction work any right of action or claim against the Port Authority, its Commissioners, officers, agents and employees with respect to any work any of them may do in connection with the construction work. Nothing contained herein shall create or be deemed to create any relationship between the Port Authority and any such contractor, architect, supplier, subcontractor or any other person engaged by the Lessee or any of its contractors in the performance of any part of the construction work and the Port Authority shall not be responsible to any of the foregoing for any payments due or alleged to be due thereto for any work performed or materials purchased in connection with the construction work.

(18) Without limiting any of the terms and conditions of this Agreement the Lessee understands and agrees that it will put into effect prior to the commencement of any construction work an affirmative action program and minority business entrepreneur program in accordance with the provisions of Section 51 and Section 51A of this Agreement. The provisions of said Section 51 and Section 51A of this Agreement shall be applicable to the Lessee's contractor or contractors as well as the Lessee and the Lessee shall include the provisions of said Sections 51 and 51A within all of its construction contracts so as to make said provisions and undertakings the direct obligation of the construction contractor or contractors. The Lessee and its contractor shall furnish to the Port Authority such data as the Port Authority may request at any time and from time to time regarding the affirmative action program and minority business entrepreneur program of the Lessee and its contractor and the Lessee shall make and put into effect such modifications and additions thereto as may be directed by the Port Authority to effectuate the goals of affirmative action and minority business entrepreneur program.

(d) The Lessee may wish to commence construction of portions of the construction work prior to the approval by the Port Authority of its plans and specifications pursuant to paragraph (b) hereof, and if it does it shall submit a written request to the Port Authority setting forth the work it proposes then to do. The Port Authority shall have full and complete discretion as to whether or not to permit the Lessee to proceed with said work. If the Port Authority has no objection to the Lessee's proceeding with the work, it shall do so by writing a letter to the Lessee to such effect. If the Lessee performs the work covered by said letter it agrees all such work shall be performed subject to and in accordance with all of the provisions of the approval letter and subject to and in accordance with the following terms and conditions:

(1) The performance by the Lessee of the work covered by any request as aforesaid will be at its sole risk and if for any reason the plans and specifications for the construction work or any part thereof are not approved by the Port Authority or if the approval thereof calls for modifications or changes in the work undertaken by

the Lessee under any approval granted by the Port Authority pursuant to this paragraph (d), the Lessee will, as directed by the Port Authority, at its sole cost and expense, either restore the area affected to the condition existing prior to the commencement of any such work or make such modifications and changes in any such work as may be required by the Port Authority.

(2) Nothing contained in any approval hereunder shall constitute a determination or indication by the Port Authority that the Lessee has complied with the applicable governmental laws, ordinances, enactments, resolutions, rules and orders, including but not limited to those of the City of Elizabeth, which may pertain to the work to be performed.

(3) The approved work will be performed in accordance with and subject to the terms, indemnities and provisions of the Lease covering the construction work and with the terms and conditions of any Construction Application which the Port Authority may request the Lessee to submit even though such Construction Application may not have, at the time of the approval under this paragraph (d), been approved by the Port Authority.

(4) No work under any such approval shall affect or limit the obligations of the Lessee under all prior approvals with respect to its construction of the construction work.

(5) The Lessee shall comply with all requirements, stipulations and provisions as may be set forth in the letters of approval.

(6) In the event that the Lessee shall at any time during the construction of any portion of the construction work under the approval granted by the Port Authority pursuant to this paragraph (d) fail, in the opinion of the General Manager of New Jersey Airports of the Port Authority, to comply with all of the provisions of this Lease with respect to the construction work, the Construction Application or the approval letter covering the same or be, in the opinion of the said General Manager of New Jersey Airports, in breach of any of the provisions of this Lease, the Construction Application or the approval letter covering the same, the Port Authority shall have the right, acting through said General Manager of New Jersey Airports, to cause the Lessee to cease all or such part of the construction work as is being performed in violation of this Lease, the Construction Application or the approval letter. Upon such written direction from the General Manager of New Jersey Airports, the Lessee shall promptly cease construction of the portion of the construction work specified. The Lessee shall thereupon submit to the Port Authority for its written approval the Lessee's proposal for making modifications, corrections or changes in or to the construction work that has been or is to be performed so that the same will comply with the provisions of this Lease, the Construction Application and the approval letter covering the construction work. The Lessee shall not commence construction of the portion of the construction work that has been halted until such written approval has been received.

(7) It is hereby expressly understood and agreed that neither the field engineer covered by paragraph (e) hereof nor the General Manager of New Jersey Airports mentioned in subparagraph (6) above has any authority to approve any plans and specifications of the Lessee with respect to the construction work, to approve the construction by the Lessee of any portion of the construction work or to agree to any variation by the Lessee from

compliance with the terms of this Lease, or the Construction Application or the approval letter with respect to the construction work. Notwithstanding the foregoing, should the field engineer or the General Manager of New Jersey Airports give any directions or approvals with respect to the Lessee's performance of any portion of the construction work which are contrary to the provisions of this Lease, the Construction Application or the approval letter, said directions or approvals shall not affect the obligations of the Lessee as set forth herein nor release or relieve the Lessee from the strict compliance therewith. It is hereby further understood and agreed that the Port Authority has no duty or obligation of any kind whatsoever to inspect or police the performance of the construction work by the Lessee and the rights granted to the Port Authority hereunder shall not create or be deemed to create such a duty or obligation. Accordingly, the fact that the General Manager of New Jersey Airports has not exercised the Port Authority's right to require the Lessee to cease its construction of all or any part of the construction work shall not be or be deemed to be an agreement or acknowledgment on the part of the Port Authority that the Lessee has in fact performed such portion of the construction work in accordance with the terms of the Lease, the Construction Application or the approval letter nor shall such fact be or be deemed to be a waiver by the Port Authority from the requirement of strict compliance by the Lessee with the provisions of the Lease, the Construction Application and the approval letter with respect to the construction work.

(8) Without limiting the discretion of the Port Authority hereunder, the Port Authority hereby specifically advises the Lessee that even if the Port Authority hereafter in the exercise of its discretion wishes to grant approvals under this paragraph (d), it may be unable to do so, so as to permit the Lessee to continue work without interruption following its completion of the work covered by any prior approval hereunder. The

Lessee hereby acknowledges that if it commences work pursuant to this paragraph (d), it shall do so with full knowledge that there may not be continuity by it in the performance of its construction work under the procedures of this paragraph (d).

(9) No prior approval of any work in connection with the Package Handling Facility shall create or be deemed to create any obligation on the part of the Port Authority to permit subsequent work to be performed in connection therewith prior to the approval by the Port Authority of the Lessee's complete plans and specifications therefor.

(e) The Lessee will give the Port Authority fifteen (15) days' notice prior to the commencement of construction. The Port Authority will assign to the construction work a full time field engineer or engineers. The Lessee shall pay to the Port Authority for the services of said engineer or engineers, the sum of Ex. 2.a.) for each day or part thereof that the engineer or engineers are so assigned. Nothing contained herein shall affect any of the provisions of paragraph (h) hereof or the rights of the Port Authority hereunder. This Agreement for the services of said field engineer may be revoked at any time by either party on thirty (30) days' written notice to the other, but if revoked by the Lessee it shall continue during the period construction under any partial approvals pursuant to paragraph (d) hereof is performed.

(f) (1) The construction work shall be constructed in such a manner that there will be at all times a minimum of air pollution, water pollution or any other type of pollution and a minimum of noise emanating from, arising out of or resulting from the operation, use or maintenance of any portion thereof by the Lessee and from the operations of the Lessee under this Agreement. Accordingly, and in addition to all other obligations imposed on the Lessee under this Agreement and without diminishing, limiting,

modifying or affecting any of the same, the Lessee shall be obligated to construct as part of the construction work hereunder such structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the foregoing and each of the foregoing shall be and become a part of the construction work and all of the foregoing shall be covered under the comprehensive plan of the Lessee submitted under paragraph (a) hereof and shall be part of the construction work hereunder.

(2) Notwithstanding the provisions of subparagraph (1) above and in addition thereto, the Port Authority hereby reserves the right from time to time and at any time during the term of the Lease to require the Lessee, subsequent to the completion of the construction work to design and construct at its sole cost and expense such further reasonable structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the objectives as set forth in the first sentence of said subparagraph (1). All locations, the manner, type and method of construction and the size of any of the foregoing shall be determined by the Port Authority. The Port Authority's determination shall not be unreasonable and capricious. The Lessee shall submit for Port Authority approval its plans and specifications covering the required work and upon receiving such approval shall proceed diligently to construct the same. All other provisions of this Section 2 with respect to the construction work shall apply and pertain with like effect to any work which the Lessee is obligated to perform pursuant to this paragraph (f) and upon completion of each portion of such work it shall be and become a part of the construction work. The obligations assumed by the Lessee under this paragraph (f) are a special inducement and consideration to the Port Authority in granting this Lease to the Lessee.

(g) Title to all the construction work shall pass to the Port Authority as the same or any part thereof is erected, constructed or installed.

(h) (1) When the construction work is substantially completed and ready for use the Lessee shall advise the Port Authority to such effect and shall deliver to the Port Authority a certificate by an authorized officer of the Lessee certifying that the construction work has been constructed in accordance with the approved plans and specifications and the provisions of this Lease and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders. Thereafter, the construction work will be inspected by the Port Authority and if the same has been completed as certified by the Lessee, a certificate to such effect shall be delivered to the Lessee, subject to the condition that all risks thereafter with respect to the construction and installation of the same and any liability therefor for negligence or other reason shall be borne by the Lessee. The Lessee shall not use or permit the use of the construction work or any portion thereof for the purposes set forth in the Lease until such certificate is received from the Port Authority, and the Lessee shall not use or permit the use of the construction work or any portion thereof even if such certificate is received if the Port Authority states in any such certificate that the same cannot be used until other specified portions are completed.

(2) The term "Completion Date" for the purpose of this Lease shall mean the date appearing on the certificate issued by the Port Authority pursuant to subparagraph (1) of this paragraph (h) after the substantial completion of the construction work.

(i) The Lessee understands that there may presently be communications and utility lines and conduits located on or under the premises which do not, and may not in the future, serve the premises. The Lessee agrees at its sole cost and expense, if directed by the Port Authority so to do, to relocate and reinstall such communications and utility lines and conduits on the premises or off the premises as directed by the Port Authority and to restore all affected areas (such work being hereinafter collectively called "the

relocation work"). The Lessee shall perform the relocation work subject to and in accordance with all the terms and provisions of this Section 2 and the relocation work shall be and become a part of the construction work, it being understood, however, that the relocation work shall not be or become a part of the premises hereunder.

Section 3. Term

(a) The term of the letting shall commence on the date the Lessee's contractor enters on any portion of the site for the purpose of performing the construction work, or May 1, 1984, whichever date first occurs.

(b) Unless sooner terminated, the term of the letting hereunder shall expire as to all of the premises on the last day of the month during which the twenty-fifth (25th) anniversary of the Completion Date as defined in Section 2 hereof occurs, or on August 31, 2010, whichever date first occurs.

(c) If the Port Authority shall not give possession of the premises on the date set forth in paragraph (a) hereof by reason of the failure or refusal of any occupant thereof to deliver possession thereof to the Port Authority or by reason of any cause or condition beyond the control of the Port Authority, the Port Authority shall not be subject to any liability for the failure to give possession on said date. No such failure to give possession on the date hereinabove specified shall in any wise affect the validity of this Agreement or the obligations of the Lessee hereunder, nor shall the same be construed in any wise to extend the term beyond the date stated in paragraph (b) hereof. Tender shall be made by notice given at least five (5) days prior to the effective date of the tender. In the event that notice of tender of the premises is not given for possession to commence on or before May 1, 1985, then either party hereto may cancel this Agreement upon thirty (30) days' written notice to the other party, and upon such notice this Agreement shall be deemed cancelled, except that each party shall and does release and discharge the other party from any and all claims or demands based on this Agreement or a breach or alleged breach thereof.

(d) For purposes of this Lease, the date the Lessee's contractor enters any portion of the site for purposes of commencing construction shall be deemed to be the date on which the Lessee's contractor enters any portion of the site and brings vehicles and equipment upon the site which are to be used for construction.

Section 4. I. Ground Rental

(a) The Lessee agrees to pay to the Port Authority the following Ground Rentals for the premises:

(1) For the portion of the term of the Lease commencing on the Completion Date or September 1, 1985, whichever date first occurs, to the last day of the month preceding the month in which the eleventh anniversary of the said commencement date occurs, a Ground Rental for the premises at the annual rate of

Ex. 2.a. subject to adjustment as provided in paragraph (b) hereof. The aforesaid annual Ground Rental of

Ex. 2.a. is made up of two factors, one a constant factor in the amount of

Ex. 2.a. and the other a variable factor in the amount of

Ex. 2.a. The variable factor aforesaid represents the Airport Services portion of the annual Ground Rental, and such variable factor of the annual Ground Rental is hereinafter referred to as the "Airport Services Factor" and is subject to adjustment as provided in paragraph (b) hereof.

(2) For the portion of the term of the Lease from the first day of the month during which the eleventh (11th) anniversary of the commencement of the Ground Rental provided for in subparagraph (1) above occurs to the last day of the month preceding the month in which the twenty-first anniversary of the commencement date of the Ground Rental provided for in subparagraph (1) above occurs, a Ground Rental for the premises at an annual rate consisting of two factors, one a constant factor in the amount of

and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (1) above as the same shall have been adjusted in accordance with paragraph (b) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (2), and which shall be the Airport Services Factor in effect on the date of the commencement of the Ground Rental provided for in this subparagraph (2) and which shall be subject to further adjustment as provided in paragraph (b) hereof;

(3) For the portion of the term from the first day of the month in which the twenty-first anniversary of the commencement date of the Ground Rental provided in subparagraph (1) above occurs to the expiration date of the term of the letting under the Lease, a Ground Rental for the premises at an annual rate consisting of two factors, one a constant factor in the amount of

Ex. 2.a.

and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (1) above, as the same shall have been adjusted in accordance with paragraph (b) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (3), and which shall be the Airport Services Factor in effect on the date of the commencement of the Ground Rental provided for in this subparagraph (3), and which shall be subject to further adjustment as provided in paragraph (b) hereof.

(b) The Airport Services Factor set forth in subparagraph (1) of paragraph (a) above is the final Airport Services Factor which would be in effect for the calendar year 1982 if the term of the letting hereunder commenced on the date of the execution of this Agreement (assumed to be prior to December, 1983) and if the Lessee commenced payment of the Ground Rental on such date. For the calendar year 1983 and for each and every calendar year thereafter the Airport Services Factor shall be adjusted in accordance with the provisions of Schedule A attached hereto and hereby made a part hereof. For the portion of the term specified in subparagraph (a)(1) the constant factor of shall remain unchanged; for the portion of the term specified in subparagraph (a)(2) above the constant factor of shall remain unchanged; for the portion of the term specified in subparagraph (a)(3) above the constant factor of shall remain unchanged.

(c) The Ground Rental for each portion of the term as set forth in paragraph (a) above shall be payable by the Lessee in advance in equal monthly installments on the first day of each said portion of the term and on the first day of each and every calendar month thereafter during said portion of the term. In the event any said portion of

the term shall commence on a day other than the first day of a month, the monthly installment due on said day shall be the monthly installment prorated on a daily basis using the actual number of days in said month. In the event any said portion of the term shall expire on a day other than the last day of a month, the monthly installment for said month shall be the monthly installment prorated on a daily basis using the actual number of days in the said month. The commencement dates of the Ground Rental for each portion of the term as set forth in paragraph (a) above are herein each referred to as "the Ground Rental commencement date" with respect to the applicable portion of the term hereunder.

(d) The Lessee understands and agrees that, the final Airport Services Factor for the calendar year preceding the calendar year in which the date of expiration falls may not be determined for some months after the expiration date of the Lease and the final Airport Services Factor for the calendar year in which the date of expiration falls will not be determined for some months after the expiration date of the Lease and that the Lessee's obligations to pay any deficiency in the Ground Rental for such calendar years or portions thereof or the Port Authority's obligation to pay a refund in said Ground Rental resulting from the determination of the final Airport Services Factor for such calendar years or portions thereof shall survive such expiration of the Lease and shall remain in full force and effect until such deficiency or refund, if any, is paid. The Lessee hereby acknowledges that neither the survival of the obligation with respect to any such deficiency or refund nor any other provision of this Agreement shall grant or shall be deemed to grant any rights whatsoever to the Lessee to have the term of the Lease extended for any period beyond the expiration date of the Lease as provided in Section 3 hereof. The Lessee further understands that the Airport Services Factor in effect for the calendar year in which the applicable Ground Rental commencement date falls as determined in accordance with paragraph (b) hereof shall be the Airport Services Factor paid by the Lessee at the applicable Ground Rental commencement date.

(e) If any installment of Ground Rental payable hereunder shall be for less than a full calendar month, then the Ground Rental payment for the portion of the month for which said payment is due shall be the monthly installment prorated on a daily basis using the actual number of days in that said month.

II. Abatement

(a) In the event the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of Ground Rental, the constant factor of the Ground Rental for each square foot of land the use of which is denied the Lessee, shall be reduced for each calendar day or major fraction thereof the abatement remains in effect, as follows: (it being understood that there shall be no abatement of Ground Rental under the Lease for any portion of the premises or for any portion of the term except as specifically provided in this Agreement):

(i) for the portion of the term set forth in subparagraph (a)(1) above, at the daily rate of Ex. 2.a.

(ii) for the portion of the term set forth in subparagraph (a)(2) above, at the daily rate of Ex. 2.a.

(iii) for the portion of the term set forth in subparagraph (a)(3) above, at the daily rate of Ex. 2.a.

(b) In addition, the Airport Services Factor of the Ground Rental shall be reduced for each calendar day or major fraction thereof the abatement remains in effect, for each square foot of land the use of which is denied the Lessee at the daily rate of Ex. 2.a. subject to adjustment as provided herein. No abatement of the Airport Services Factor shall be for other than land area.

The aforesaid abatement rate of Ex. 2.a. per diem (hereinafter called "the variable rate") is based upon the variable factor in the amount of

per annum, also called "the Airport Services Factor", and shall be adjusted as hereinafter provided, and which is based on the final Airport Services Factor which would be in effect for the calendar year 1982 if the term of the letting hereunder commenced on the date of the execution of this Agreement (assumed to be prior to December, 1983) and if the Lessee commenced payment of the Ground Rental on such date. After the close of the

calendar year in which the first Ground Rental commencement date (as set forth in subparagraph (a)(1) above) falls and after the close of each calendar year thereafter, the Port Authority will adjust the variable rate, upwards or downwards, as provided in Schedule A. The resultant variable rate shall constitute the final variable rate for the calendar year for which the adjustment is being made. It shall also constitute the tentative variable rate for the calendar year in which such rate is calculated and for the following year until the next succeeding final variable rate is calculated.

(c) If there has been an abatement during a calendar year, any excess in the amount by which the Airport Services Factor is reduced for any calendar year resulting from the adjustment of the variable rate shall be paid to the Port Authority by the Lessee within thirty (30) days after demand therefor and any deficiency in said amount determined on the basis of an adjusted variable rate shall be credited against future Ground Rentals, such credit to be made within thirty (30) days following the adjustment of the variable rate.

(d) The Lessee understands that while the final variable rate for the calendar year in which the expiration date of the Lease falls will not be determined for some months after such expiration and, if in fact there was an abatement during said calendar year, that the Lessee's obligation to pay any excess in the amount by which the Airport Services Factor may have been abated for said calendar year or the Port Authority's obligation to pay any deficiency in said amount resulting from the determination of the final variable rate for said calendar year shall survive such expiration of the Lease and shall remain in full force and effect until such excess or deficiency, if any, is paid. The Lessee hereby specifically acknowledges that neither the survival of the obligation with respect to any such excess or deficiency nor any other provision of the Lease shall grant or shall be deemed to grant any rights whatsoever to the Lessee to have the term of the Lease extended for any period beyond the expiration date of the Lease as provided in Section 3 hereof.

Section 5. Late Charges

If the Lessee should fail to pay any amount required to be paid by the Lessee under this Agreement when due to the Port Authority, including without limitation any payment of Ground Rental or other rental or any payment of other fees, amounts or charges or if any such amount is found to be due as the result of an audit, then, in such event, the Port Authority may impose (by statement, bill or otherwise) a late charge with respect to each such unpaid amount for each late charge period (herein below described) during the entirety of which such amount remains unpaid, each such late charge not to exceed an amount equal to eight-tenths of one percent of such unpaid amount for each late charge period. There shall be twenty-four late charge periods on a calendar year basis; each late charge period shall be for a period of at least fifteen (15) calendar days except one late charge period each calendar year may be for a period of less than fifteen (but not less than thirteen) calendar days. Without limiting the generality of the foregoing, late charge periods in the case of amounts found to have been owing to the Port Authority as the result of Port Authority audit findings shall consist of each late charge period following the date the unpaid amount should have been paid under this Agreement. Each late charge shall be payable immediately upon demand made at any time therefor by the Port Authority. No acceptance by the Port Authority of payment of any unpaid amount or of any unpaid late charge amount shall be deemed a waiver of the right of the Port Authority of payment of any late charge or late charges payable under the provisions of this Section with respect to such unpaid amount. Each late charge shall be and become additional rent, recoverable by the Port Authority in the same manner and with like remedies as if it were originally a part of the rental as set forth in Section 4 hereof. Nothing in this Section is intended to, or shall be deemed to, affect, alter, modify or diminish in any way (i) any rights of the Port Authority under this Agreement, including without limitation the Port Authority's rights set forth in Section 23 of this Agreement or (ii) any obligations of the Lessee under this Agreement. In the event that any late charge imposed pursuant to this Section shall exceed a legal maximum applicable to such late charge, then, in such event, each such late charge payable under this Agreement shall be payable instead at such legal maximum.

Section 6. Use of Premises

The Lessee hereby agrees to and shall use the premises for the following purposes and for activities reasonably required for such purposes and for such purposes and activities only:

(a) For the reception, sorting, temporary storage and distribution of the Lessee's air cargo and, on an occasional basis and as an incident thereto, other cargo of the Lessee;

(b) For loading and unloading operations in connection with the Lessee's operations hereunder;

(c) For the parking, storage, maintenance, repair, cleaning and servicing of aircraft operated by the Lessee and mobile equipment used by the Lessee in connection therewith, and for the maintenance and repair of personal property operated by the Lessee in connection with its operations hereunder;

(d) For the storage of aircraft parts and supplies;

(e) For business and administrative offices and storerooms and employees' locker rooms in connection with the Lessee's operations hereunder;

(f) For the parking of passenger automobiles used by the officers, employees, invitees and business visitors of the Lessee.

(g) For any other purpose or activity which the Port Authority may, from time to time, expressly authorize in advance and in writing.

Section 7. Ingress and Egress

(a) The Lessee, its officers, employees, customers, patrons, invitees, contractors, suppliers of material and furnishers of services, shall have the right of ingress and egress between the premises and the city streets or public ways outside the Airport by means of such roadways as shall be existing as of the Completion Date, to be used in common with others having rights of passage within the Airport, provided, however, that the Port Authority may from time to time substitute other reasonably equivalent means of ingress and egress.

(b) The Lessee shall have the right of ingress and egress between the premises and the Public Landing Area at the Airport, by means of existing taxiways to be used in common with others having rights of passage thereon, provided, however, that the Port Authority may from time to time substitute other reasonably equivalent means of ingress and egress.

(c) The use of all roadways and taxiways shall be subject to the rules and regulations of the Port Authority which are now in effect or which may hereafter be promulgated for the safe and efficient operation of the Airport. In addition to the rights of closure granted above, the Port Authority may, at any time, temporarily or permanently close, or consent to or request the closing of, any such roadway, taxiway and any other area at the Airport presently or hereafter used as such, so long as a means of ingress and egress reasonably equivalent to that provided in paragraphs (a) and (b) above remains available to the Lessee. The Lessee hereby releases and discharges the Port Authority its successors and assigns, of and from any and all claims, demands or causes of action which the Lessee may now or at any time hereafter have against any of the foregoing, arising or alleged to arise out of the closing of any street, roadway, taxiway or other area used as such whether within or outside the Airport, provided, a reasonable equivalent means of ingress and egress is available. The Lessee shall not do or permit anything to be done which will interfere with the free access and passage of others to space adjacent to the premises or in any streets, ways and walks near the premises.

Section 8. Compliance with Governmental Requirements

(a) The Lessee shall comply with all laws and ordinances and governmental rules, regulations and orders now or at any time during the term of this Lease which as a matter of law are applicable to or which affect the operations of the Lessee at the premises hereunder and the Airport, and the Lessee shall, in accordance with and subject to the provisions of Section 20 hereof, make any and all structural and non-structural improvements, alterations or repairs of the premises that may be required at any time hereafter by any such present or future law, rules, regulation, requirement, order or direction.

(b) The Lessee shall procure from all governmental authorities having jurisdiction over the operations of the Lessee hereunder and shall maintain in full force and effect throughout the term of this Agreement all licenses, certificates, permits or other authorization which may be necessary for the conduct of such operations. "Governmental authority" shall not be construed as intending to include The Port Authority of New York and New Jersey, the Lessor under this Agreement.

(c) The obligation of the Lessee to comply with governmental requirements is provided herein for the purpose of assuring proper safeguards for the protection of persons and property on the premises. Such provision is not to be construed as a submission by the Port Authority to the application to itself of such requirements or any of them.

(d) The Lessee shall comply with the enactments, ordinances, resolutions and regulations of local governmental authority in regard to the construction and maintenance of buildings and structures and in regard to health and fire protection which would be applicable if the Port Authority were a private corporation to the extent that the Port Authority finds it practicable so to do, except in cases where the Port Authority either notifies the Lessee that it need not comply with or directs it not to comply with any such enactments, ordinances, resolutions or regulations. The Lessee shall, for the Port Authority's information, deliver to the Port Authority promptly after receipt of any notice, warning, summons, or other legal process for the enforcement of any such enactment, ordinance, resolution or regulation a true copy of the same. Any

direction by the Port Authority to the Lessee not to comply with any such enactment, ordinance, resolution or regulation shall be given only pursuant to a resolution duly adopted by the Board of Commissioners of the Port Authority or by an authorized committee of its Board and if any such direction is given by the Port Authority to the Lessee, the Port Authority to the extent that it may lawfully do so, shall indemnify and hold the Lessee harmless from and against all claims, actions, damages, liabilities, fines, penalties, costs and expenses suffered or incurred by the Lessee as a result of noncompliance with such enactment, ordinance, resolution or regulation.

In the event of compliance with any such enactment, ordinance, resolution or regulation on the part of the Lessee, acting in good faith, commenced after such delivery to the Port Authority but prior to the receipt by the Lessee of a written direction from the Port Authority not to comply (and thereafter discontinued) such compliance shall not constitute a breach of this Agreement, although the Port Authority thereafter directs the Lessee not to comply. Nothing herein contained shall release or discharge the Lessee from compliance with any other provision hereof respecting governmental requirements.

(e) The Lessee shall have such time within which to comply with the aforesaid laws, ordinances, rules and regulations as the authorities enforcing the same shall allow.

Section 9. Rules and Regulations

(a) The Lessee covenants and agrees to observe and obey (and to require its officers, employees, guests, invitees, and others doing business with it to observe and obey) the existing Rules and Regulations of the Port Authority and such reasonable future Rules and Regulations and amendments and supplements thereto for the government of the conduct and operations of the Lessee and others on the premises as may from time to time during the letting be promulgated by the Port Authority for reasons of safety, health, sanitation or good order. The obligation of the Lessee to require such observance and obedience on the part of its guests, invitees, business visitors, shall obtain only while such persons are on the premises. The Port Authority agrees that except in cases of emergency, it will give notice to the Lessee of every such future rule or regulation adopted by it at least ten (10) days before the Lessee shall be required to comply therewith.

(b) If a copy of the Rules and Regulations is not attached, then the Port Authority will notify the Lessee thereof by delivery of a copy, or by making a copy available at the office of the Secretary of the Port Authority.

Section 10. Various Obligations of the Lessee

(a) The Lessee shall conduct its operations hereunder in an orderly and proper manner, considering the nature of such operations so as not to annoy, disturb or be offensive to others at or off the Airport. The Lessee shall take all reasonable measures (1) to eliminate or reduce as low as possible vibrations tending to damage any equipment, structure, building or portion of a building which is on the premises, or is a part thereof, or is located elsewhere on or off the Airport; and (2) to keep the sound level of its operations as low as possible.

(b) The Lessee shall use its best efforts to conduct all its operations at the premises in a safe and careful manner, following in all respects the best practices of the air cargo industry in the United States.

(c) The Port Authority shall have the right to object to the Lessee regarding the conduct and demeanor of the employees of the Lessee whereupon the Lessee will take all steps reasonably necessary to remove the cause of the objection. If requested by the Port Authority the Lessee shall supply and shall require its employees to wear or carry badges or other suitable means of identification, which shall be subject to the prior and continuing approval of the General Manager of the Airport.

(d) The Lessee shall control all vehicular traffic on the roadways or other areas within the premises and shall take all precautions reasonably necessary to promote the safety of all persons on the premises. The Lessee shall employ such means as may be necessary to direct the movement of vehicular traffic within the premises to prevent traffic congestion on the public roadways leading to the premises.

(e) The Lessee shall remove from the Airport or otherwise dispose of in a manner approved by the General Manager of the Airport all garbage, debris, and other waste materials (whether solid or liquid) arising out of its occupancy of the premises or out of its operations. Any such which may be temporarily stored in the open, shall be kept in suitable garbage and waste receptacles, the same to be made of metal or other suitable material, and equipped with tight-fitting covers, and

to be of a design safely and properly to contain whatever material may be placed therein. The Lessee shall use extreme care when effecting removal of all such waste materials, and shall effect such removal at such times and by such means as first approved by the Port Authority. No such garbage, debris, or other waste materials shall be or be permitted to be thrown, discharged or deposited into or upon the waters at or bounding the Airport.

(f) From time to time and as often as reasonably required by the Port Authority, the Lessee shall conduct pressure, water-flow, and other appropriate tests of the fire-extinguishing system and apparatus which constitute a part of the premises. The Lessee shall keep in proper functioning order all fire-fighting equipment on the premises and the Lessee shall at all times maintain on the premises adequate stocks of fresh, usable chemicals for use in such system and apparatus. The Lessee shall notify the Port Authority prior to conducting such tests. If requested by the Port Authority, the Lessee shall furnish the Port Authority with a copy of written reports of such tests.

(g) It is the intention of the parties hereto that noise caused by aircraft engine operations shall be held to a minimum considering the nature of the Lessee's operations. To this end the Lessee will conduct its operations in such a manner as to keep the noise produced by aircraft engines to a minimum and where appropriate shall employ noise arresting and noise reducing devices that are suitable. Aircraft testing and aircraft run-ups will be conducted only in such areas as shall meet with the prior and continuing approval of the Port Authority. The obligations assumed by the Lessee under this paragraph (g) shall not diminish, limit, modify or affect all other obligations of the Lessee with respect to noise under this Agreement.

(h) In its use of the premises, the Lessee shall use its best efforts to minimize jet or prop blast interference to aircraft operating on or to buildings and structures now located on or which in the future may be located on areas adjacent to the premises. In the event the Port Authority determines at any time and from time to time that the Lessee has not so minimized the jet or prop blast interference, it may serve a notice to the Lessee to such effect and if the condition is not corrected to the satisfaction of the Port Authority within thirty days after the service of said notice, the Lessee hereby covenants and agrees to erect and maintain at its own expense such structure or structures as may be necessary to minimize the said jet or prop blast interference, subject, however, to the prior written approval of the Port

Authority as to the type, manner, method and cost of construction. The obligations assumed by the Lessee under this paragraph shall not diminish, limit, modify or affect all other obligations of the Lessee with respect to interference under this Agreement.

(i) The Lessee agrees that it will not erect, construct or maintain or otherwise create or continue any obstacle or so park or store any aircraft or other object on the premises so as to create any obstacle that will hamper or interfere with the free, orderly, unobstructed and uninterrupted passage of vehicles, aircraft or of the wings or other integral part of aircraft of any type, nature or description, while such vehicle is operating or aircraft is taxiing or being transported or towed along any runways, taxiways and roads outside of and adjacent to the premises.

(j) In addition to compliance by the Lessee with all laws, ordinances, governmental rules, regulations and orders now or at any time in effect during the term of the letting hereunder which as a matter of law are applicable to the operation, use or maintenance by the Lessee of the premises or the operations of the Lessee under this Agreement (the foregoing not to be construed as a submission by the Port Authority to the application to itself of such requirements or any of them), the Lessee agrees that it shall exercise the highest degree of safety and care and shall conduct all its operations under the Agreement and shall operate, use and maintain the premises in accordance with the highest standards and in such manner that there will be at all times a minimum of air pollution, water pollution or any other type of pollution and a minimum of noise emanating from, arising out of or resulting from the operation, use or maintenance of the premises by the Lessee and from the operations of the Lessee under this Agreement. The Port Authority hereby reserves the right from time to time and at any time during the term of the Lease to require the Lessee, and the Lessee agrees to design and construct at its sole cost and expense such reasonable structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the objectives as set forth in the first sentence of this paragraph. All locations, the manner, type and method of construction and the size of any of the foregoing shall be determined by the Port

Authority, with the Lessee to have an opportunity to consult with the Port Authority with respect to the foregoing. The Lessee shall submit for Port Authority approval its plans and specifications covering the required work and upon receiving such approval shall proceed diligently to construct the same.

The obligations assumed by the Lessee under this paragraph (j) shall continue throughout the term of this Lease and shall not be limited, affected, impaired or in any manner modified by the fact that the Port Authority shall have approved any Construction Application and supporting plans, specifications and contracts covering construction work and notwithstanding the incorporation therein of the Port Authority's recommendations or requirements and notwithstanding that the Port Authority may have at any time during the term of the Lease consented to or approved any particular procedure or method of operation which the Lessee may have proposed or the Port Authority may have itself prescribed the use of any procedure or method. The agreement of the Lessee to assume the obligations under this paragraph (j) is a special inducement and consideration to the Port Authority in entering into this Lease with the Lessee.

(k) The Lessee shall periodically inspect, clean out and maintain the oil separators serving the premises which are located on the premises and the oil separators located outside the premises if they exclusively serve the premises.

→ Section 11. Prohibited Acts

(a) The Lessee shall commit no unlawful nuisance, waste or injury on the premises, and shall not do or permit to be done anything which may result in the creation or commission or maintenance of such nuisance, waste or injury on the premises.

(b) The Lessee shall not create nor permit to be caused or created upon the premises any obnoxious odors or smokes, or noxious gases or vapors. The creation of exhaust fumes by the operation of the internal-combustion engines or aircraft engines of other types, so long as such engines are maintained and are being operated in a proper manner, shall not be a violation of this paragraph (b).

(c) The Lessee shall not do or permit to be done anything which may interfere with the effectiveness or accessibility of the drainage and sewerage system, water system, communications system, electrical, fire-protection system, sprinkler system, alarm system, fire hydrants and hoses and other systems, if any, installed or located on, under, or in the premises.

(d) The Lessee shall not do or permit to be done any act or thing upon the premises (1) which will invalidate or conflict with any fire insurance, extended coverage or rental insurance policies covering the premises or any part thereof, or the Airport, or any part thereof, or (2) which in the opinion of the Port Authority, may constitute an extrahazardous condition, so as to increase the risks normally attendant upon the operations contemplated by Section 6 hereof. The Lessee shall promptly observe, comply with and execute the provisions of any and all present and future rules and regulations, requirements, orders and directions of the National Board of Fire Underwriters and the Fire Insurance Rating Organization of New Jersey, or of any other board or organization exercising or which may exercise similar functions, which may pertain or apply to the operations of the Lessee on the premises, and the Lessee shall, subject to and in accordance with the provisions of Section 20 hereof, make any and all structural and nonstructural improvements, alterations or repairs of the premises required at any time hereafter by any such present or future rule, regulation, requirement, order or direction. If by reason of any failure on the part of the Lessee to comply with the provisions of this paragraph any fire insurance rate, extended coverage or rental insurance rate on the premises or any part thereof, or on the Airport or any part thereof, shall at any time be higher than it would be if the premises were properly used for the purposes permitted by Section 6 hereof, then the Lessee shall pay to the Port Authority, as an item of additional rental, that part of all insurance premiums paid by the Port Authority which shall have been charged because of such violation or failure by the Lessee.

(e) The Lessee shall not dispose of nor permit any one to dispose of any waste material taken from its aircraft (whether liquids or solid) by means of the toilets, manholes, sanitary sewers or storm sewers in the premises except after treatment in installations or equipment included in plans and specifications submitted to and approved by the Port Authority.

(f) The Lessee shall not keep or store during any 24-hour period flammable liquids within any enclosed portion of the premises (other than in rooms or areas expressly constructed for the storage of such liquids) in excess of the Lessee's working requirements during the said 24-hour period. Any such liquids having a flash point of less than 110 degrees Fahrenheit shall be kept and stored in safety containers of a type approved by the Underwriters Laboratories or the Factory Mutual Insurance Association.

(g) The Lessee shall prevent access by persons or vehicles (unless duly authorized by the Port Authority) to the Public Ramp and Apron Area, Public Passenger Ramp and Apron Area and Public Landing Area from the premises except for aircraft, which aircraft shall be equipped with radio receivers tuned to control tower frequencies and adequately manned. Such aircraft may be towed by a motor vehicle or such other means as may be approved by the Port Authority. The Lessee shall prevent such access by such means as the Port Authority shall approve. Such prevention shall be accomplished on a 24-hour, seven day week basis.

→ (h) The Lessee shall not install, maintain or operate, or permit the installation, maintenance or operation on the premises of any vending-machine or device designed to dispense or sell food, beverages, tobacco, tobacco products or merchandise of any kind, whether or not included in the above categories, or of any restaurant, cafeteria, kitchen, stand or other establishment of any type for the preparation, dispensing or sale of food, beverages, tobacco, tobacco products or merchandise of any kind, whether or not included in the above categories, or of any equipment or device for the furnishing to the public of service of any kind, including therein, without limitation thereto, telephone pay stations.

The Port Authority, by itself or by contractors, lessees or permittees, shall have the exclusive right to install, maintain and receive the revenues from all coin-operated or other vending machines or devices installed by it and operated on the premises for the sale of merchandise of all types or for the rendering of services, provided, however, that no such machine or device shall be installed except upon the request of the Lessee. If the Port Authority does not install and maintain any such machine that the Lessee may reasonably request, the Lessee shall have the right to do so, provided, however, (1) that the Lessee shall pay or cause to be paid to the Port Authority each month for each machine upon the same basis for the preceding month as any concessionaire, permittee or licensee of the Port Authority then operating machines at the Airport for the sale of similar merchandise or the rendering of similar services, and (2) that in the event the Lessee exercises such right the Port Authority, at any time thereafter, on ninety (90) days' notice to the Lessee, may substitute for the Lessee's machines other machines selling similar merchandise or services operated by the Port Authority or by its licensee, permittee or concessionaire, and thereupon the Lessee shall remove its machines.

(i) The Lessee shall not use or permit the use of any structural supporting member of the building or roof or any part thereof for the storage of any material or equipment, or hoist, lift, move or support any material or equipment or other weight or load, by means of said trusses or structural supporting members, unless the same were specifically designed for such use and included in the Lessee's plans and specifications for the construction work and approved by the Port Authority pursuant to Section 2 hereof.

(j) The Lessee shall not overload any floor on the premises, and shall repair, replace or rebuild any floor, including supporting members, damaged by overloading. Nothing in this paragraph or elsewhere in this Agreement shall be or be construed to be a representation by the Port Authority of the weight any floor or paved area will bear.

(k) The Lessee shall not use or permit the use of the premises for the sale of tickets to the general public for air transportation either upon its own aircraft or the aircraft of others.

(l) The Lessee shall not use any cleaning materials having a harmful corrosive effect, on any part of the premises.

(m) The Lessee shall not fuel or defuel aircraft or other equipment in the enclosed portions of the premises without prior approval of the General Manager of the Airport, provided, however, that the Lessee shall not be prohibited from using gasoline or other fuel in such enclosed portions where necessary in repairing and testing component parts, and in such event the Lessee shall take all precautions reasonably necessary to minimize the hazard created by such use.

(n) The Lessee shall not start or operate any engine or any item of automotive equipment in any enclosed space on the premises unless such space is adequately ventilated and unless such engine is equipped with a proper spark-arresting device which has been approved by the Port Authority.

(o) The Lessee shall not operate or cause to be operated aircraft engines in any portions of the premises other than for the purpose of taxiing aircraft to and from the premises or in connection with authorized aircraft maintenance on the premises.

(p) The Lessee shall not keep or store aviation fuel on the premises except that fueling equipment may be operated on the premises in accordance with all the provisions of this Agreement and with the Port Authority Rules and Regulations pertaining thereto.

Section 12. Care, Maintenance, Rebuilding and Repair by the Lessee

(a) The Lessee shall, throughout the term of this Lease, assume the entire responsibility and shall relieve the Port Authority from all responsibility for all repair, rebuilding and maintenance whatsoever in the premises, whether such repair, rebuilding or maintenance be ordinary or extraordinary, partial or entire, inside or outside, foreseen or unforeseen, structural or otherwise, and without limiting the generality of the foregoing, the Lessee shall:

(1) Keep at all times in a clean and orderly condition and appearance, the premises and all the Lessee's fixtures, equipment and personal property

which are located in any part of the premises which is open to or visible by the general public;

(2) Remove all snow and ice and perform all other activities and functions necessary or proper to make the premises available for use by the Lessee;

(3) Take good care of the premises and maintain the same at all times in good condition; perform all necessary preventive maintenance, including but not limited to painting (the exterior of the premises and areas visible to the general public to be painted only in colors which have been approved by the Port Authority such approval not to be unreasonably withheld); and make all repairs and replacements, and do all rebuilding, inside and outside, ordinary and extraordinary, partial and entire, foreseen and unforeseen, structural or otherwise, which repairs, rebuilding and replacements by the Lessee shall be in quality and class not inferior to the original in materials and workmanship; and to pay promptly the cost and expense of such repairs, replacements and maintenance;

(4) Provide and maintain all obstruction lights and similar devices on the premises, and provide and maintain all fire protection and safety equipment and all other equipment of every kind and nature required by any law, rule, ordinance, resolution or regulation of the type and nature described in Sections 8 and 9 of this Agreement. The Lessee shall enter into and keep in effect through the term of the Lease a contract or contracts with a central station alarm company acceptable to the Port Authority to provide continuous and automatic surveillance of the fire protection system on the premises. The Lessee shall insure that all fire alarm signals with respect to the premises shall also be transmitted to the Airport's police emergency alarm board or to such other location on the Airport as the General Manager of the Airport may direct. The Lessee's obligations hereunder shall in no way create any obligation whatsoever on the part of the Port Authority.

(5) Take such anti-erosion measures and maintain the landscaping at all times in good condition, including but not limited to periodic replanting, as the Port Authority may require, and perform and maintain such other landscaping with respect to all portions of the premises not paved or built upon as the Port Authority may require;

(6) Be responsible for the maintenance and repair of all utility service lines, including but not limited to, service lines for the supply of water, electric power and telephone conduits and lines, sanitary sewers and storm sewers, located upon the premises or off the premises if serving the premises exclusively;

(7) Be responsible for appropriate lighting of all ramp and apron areas and for the maintenance and repair of all access roadways, taxiways and ramp and apron areas located upon the premises.

(8) Repair any damage to the paving or other surface of the premises caused by any oil, gasoline, grease, lubricants or other flammable liquids and substances having a corrosive or detrimental effect thereon.

(b) In the event the Lessee fails to commence so to maintain, clean, repair, replace, rebuild or paint within a period of thirty (30) days after notice from the Port Authority so to do in the event that the said notice specifies that the required work to be accomplished by the Lessee includes maintenance and/or repair other than preventive maintenance, or within a period of one hundred eighty (180) days if the said notice specifies that the work to be accomplished by the Lessee involves preventive maintenance only, or fails diligently to continue to completion the repair, replacement, rebuilding or painting of all of the premises required to be repaired, replaced, rebuilt or painted by the Lessee under the terms of this Agreement, the Port Authority may, at its option, and in addition to any other remedies which may be available to it, repair, replace, rebuild or paint all or any part of the premises included in the said notice, and the cost thereof shall be payable by the Lessee upon demand, accompanied by a statement of costs.

Section 13. Insurance

The Lessee shall during the term of this Agreement, insure and keep insured to the extent of 100% of the replacement value thereof, all buildings, structures, improvements, installations, facilities and fixtures now or in the future located on the premises against such hazards and risks as may now or in the future be included under the standard Form of Fire Insurance Policy of the State of New Jersey and also against damage or loss by windstorm, cyclone, tornado, hail, explosion, riot, civil commotion, aircraft, vehicles and smoke, under the Standard Form of Fire Insurance Policy of New Jersey and the form of extended coverage endorsement prescribed as of the effective date of the said insurance by the Rating Organization having jurisdiction, and also covering nuclear property losses and contamination hazards and risks (if such coverage is or becomes available) and boiler and machinery hazards and risks in a separate insurance policy or policies or as an additional coverage endorsement to the aforesaid policies in the form as may now or in the future be prescribed as of the effective date of said insurance by the Rating Organization having jurisdiction and/or the Superintendent of Insurance of the State of New Jersey and the Lessee shall furthermore provide additional insurance with respect to the premises covering any other property risk that the Port Authority may at any time during the term of this Agreement cover by carrier or self-insurance covered by appropriate reserves at other similarly used locations at the Airport upon written notice to the Lessee to such effect.

The aforesaid insurance coverages and renewals thereof shall insure the Port Authority, the Lessee and the City of Newark, as their interests may appear, and shall provide that the loss, if any, shall be adjusted with and payable to the Port Authority.

In the event the premises or any part thereof shall be damaged by any casualty against which insurance is carried pursuant to this Section 13, the Lessee shall promptly furnish to the Port Authority such information and data as may be necessary to enable the Port Authority to adjust the loss.

The policies or certificates representing insurance covered by this Section and by Section 2(c)(14) shall be delivered by the Lessee to the Port Authority at least fifteen (15) days prior to the commencement date of the term of the letting, and each policy or certificate

delivered shall bear the endorsement of or be accompanied by evidence of payment of the premium thereof and, also, a valid provision obligating the insurance company to furnish the Port Authority and the City of Newark ten (10) days' advance notice of the cancellation, termination, change or modification of the insurance evidenced by said policy or certificate. Renewal policies or certificates shall be delivered to the Port Authority at least ten (10) days before the expiration of the insurance which such policies are to renew.

Regardless, however, of the persons whose interests are insured, the proceeds of all policies covered by this Section 13 shall be applied as provided in Section 14; and the word "insurance" and all other references to insurance in said Section 14 shall be construed to refer to the insurance which is the subject matter of this Section 13, and to refer to such insurance only.

The insurance covered by this Section 13 and by Section 2(c)(14) shall be written by companies approved by the Port Authority, the Port Authority covenanting and agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to the form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If at any time the Port Authority so requests, a certified copy of each of the said policies shall be delivered to the Port Authority.

Section 14. Damage to or Destruction of Premises

(a) Removal of Debris. If the premises, or any part thereof, shall be damaged by fire, the elements, the public enemy or other casualty, the Lessee shall promptly remove all debris resulting from such damage from the premises, and to the extent, if any, that the removal of debris under the circumstances is covered by insurance the proceeds thereof shall be made available to and be used by the Lessee for such purpose.

(b) Minor Damage. If the premises, or any part thereof, shall be damaged by fire, the elements, the public enemy or other casualty but not rendered untenable or unusable for a period of ninety days, the premises shall be repaired with due diligence in accordance with the plans and specifications for the premises as they existed prior to

such damage by and at the expense of the Lessee and if such damage is covered by insurance, the proceeds thereof shall be made available to and be used by the Lessee for that purpose.

(c) Major Damage to or Destruction of the Premises.

If the premises, or any part thereof shall be destroyed or so damaged by fire, the elements, the public enemy or other casualty as to be untenable or unusable for ninety days, or if within ninety days after such damage or destruction the Lessee notifies the Port Authority in writing that in its opinion said premises will be untenable or unusable for ninety days then: The Lessee shall proceed with due diligence to make the necessary repairs or replacements to restore such premises in accordance with the plans and specifications for the premises as the same existed prior to such damage or destruction; or with the approval in writing of the Port Authority make such other repairs, replacements or changes as may be desired by the Lessee. If such destruction or damage was covered by insurance, the proceeds thereof shall be made available to and used by the Lessee for such restoration.

The obligation of the Lessee to repair or replace shall be limited to the amount of the insurance proceeds provided the Lessee has carried insurance to the extent and in accordance with Section 13 hereof. Any excess of the proceeds of insurance over the costs of the restoration shall be retained by the Port Authority.

The parties hereby stipulate that neither the provisions of Title 46:8-6 and 46:8-7 of the Revised Statutes of New Jersey nor those of any other similar statute shall extend or apply to this Agreement.

Section 15. Indemnity and Liability Insurance

(a) The Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents, employees and representatives from all claims and demands of third persons including but not limited to claims and demands for death or personal injuries, or for property damages, arising out of the use or occupancy of the premises by the Lessee or out of any other acts or omissions of the Lessee, its officers, employees, guests, invitees and business visitors on the premises, including claims and demands of the City of Newark against the Port Authority pursuant to the provisions of the Basic Lease, whereby the Port Authority has agreed to indemnify the City against claims.

(b) In addition to the obligations set forth in paragraph (a) of this Section and all other insurance required under this Agreement, the Lessee in its own name as assured and including the Port Authority as an additional insured shall maintain and pay the premiums during the term of this Agreement on a policy or policies of comprehensive general liability insurance, including automotive and covering bodily-injury and property damage liability, broadened to include or equivalent separate policies covering airport operator's liability under an airport liability policy, none of the foregoing to contain care, custody or control exclusions, and providing for coverage in the limits set forth below. The said policy or policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority, but such endorsement shall not limit, vary, change, or affect the protections afforded the Port Authority thereunder as an additional insured. The said policy or policies of insurance shall also provide or contain a contractual liability endorsement covering the obligations assumed by the Lessee under paragraph (a) hereof.

	<u>Minimum Limits</u>
Comprehensive General Liability	
Bodily Injury Liability:	
For injury to or wrongful death of one or more than one person in any one occurrence:	\$10,000,000
Property Damage Liability (including but not limited to aircraft in the care, custody and control of the Lessee)	
For all damages arising out of injury to or destruction of property in any one occurrence:	\$10,000,000
Comprehensive Automobile Liability	
Bodily Injury Liability:	
For injury to or wrongful death of more than one person in any one accident:	\$ 5,000,000
Property Damage Liability:	
For all damages arising out of injury to or destruction of property in any one occurrence;	\$ 5,000,000

Notwithstanding the foregoing, it is specifically understood and agreed that the Port Authority shall have the right upon notice to the Lessee given from time to time and at any time to require the Lessee to increase any or all of the foregoing limits and the Lessee shall promptly comply therewith and shall promptly submit a certificate or certificates evidencing the same to the Port Authority.

(c) As to the insurance required by the provisions of this Section and Section 2(c)(11), a certified copy of each of the policies or a certificate or certificates evidencing the existence thereof, or binders, shall be delivered to the Port Authority. As to insurance required by Section 2(c)(11) delivery shall be made at least five (5) days prior to the commencement of construction. As to insurance required by this Section, delivery shall be made at least fifteen days prior to the use of any portion of the premises by the Lessee. In the event any binder is delivered, it shall be replaced within thirty (30) days by a certified copy of the policy or a certificate. Each such copy or certificate shall contain a valid provision or endorsement that the policy may not be cancelled, terminated, changed or modified without giving fifteen (15) days' written advance notice thereof to the Port Authority. Each such copy or certificate shall contain an additional endorsement providing that the insurance carrier shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority. Any renewal policy shall be delivered to the Port Authority at least fifteen (15) days prior to the expiration of each expiring policy, except for any policy expiring after the date of expiration of the term of this Agreement. The aforesaid insurance shall be written by a company or companies approved by the Port Authority, the Port Authority agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to the form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If the Port Authority at any time so requests, a certified copy of each of the policies shall be delivered to the Port Authority.

Section 16. Signs

(a) Except with the prior written approval of the Port Authority, the Lessee shall not erect, maintain or display any signs or any advertising at or on the exterior parts of the premises or in the premises so as to be visible from outside the premises or at or on any other portion of the Airport outside the premises. Interior signs affecting public safety and security shall be in accordance with established Port Authority standards.

(b) Upon the expiration or termination of the letting, the Lessee shall remove, obliterate or paint out, as the Port Authority may direct, any and all signs and advertising on the premises or elsewhere on the Airport and in connection therewith shall restore the portion of the premises and the Airport affected by such signs or advertising to good condition. In the event of a failure on the part of the Lessee so to remove, obliterate or paint out each and every such sign or advertising and so to restore the premises and the Airport, the Port Authority may perform the necessary work and the Lessee shall pay the cost thereof to the Port Authority on demand, accompanied by a statement of costs.

Section 17. Obstruction Lights

The Lessee shall install, maintain and operate at its own expense such obstruction lights on the premises as the Federal Aviation Administration may direct or as the General Manager of the Airport may reasonably direct, and shall energize such lights daily for a period commencing thirty (30) minutes before sunset and ending thirty (30) minutes after sunrise (as sunset and sunrise may vary from day to day throughout the year) and for such other period as may be directed or requested by the Control Tower of the Airport.

Section 18. Additional Rent and Charges

If the Port Authority is required or elects to pay any sum or sums or incurs any obligations or expense by reason of the failure, neglect or refusal of the Lessee to perform or fulfill any one or more of the conditions, covenants or agreements contained in this Agreement or as a result of an act or omission of the Lessee contrary to the said conditions, covenants and agreements, the Lessee agrees to pay the sum or

sums so paid or the expense so incurred, including all interest, costs, damages and penalties, and the same may be added to any installment of rent thereafter due hereunder, and each and every part of the same shall be and become additional rent, recoverable by the Port Authority in the same manner and with like remedies as if it were originally a part of the rent as set forth in Section 4 hereof.

(b) For all purposes under this Section and in any suit, action or proceeding of any kind between the parties hereto, any receipt showing any payment of sum or sums by the Port Authority for any work done or material furnished shall be prima facie evidence against the Lessee that the amount of such payment was necessary and reasonable. Should the Port Authority elect to use its operating and maintenance staff in performing any work and to charge the Lessee with the cost of same, any time report of any employee of the Port Authority showing hours of labor or work allocated to any such work, or any stock requisition of the Port Authority showing the issuance of materials for use in the performance thereof, shall likewise be prima facie evidence against the Lessee that the amount of such charge was necessary and reasonable.

Section 19. Rights of Entry Reserved

(a) The Port Authority, by its officers, employees, agents, representatives and contractors shall have the right at all reasonable times to enter upon the premises for the purpose of inspecting the same, for observing the performance by the Lessee of its obligations under this Agreement, and for the doing of any act or thing which the Port Authority may be obligated or have the right to do under this Agreement or otherwise.

(b) Without limiting the generality of the foregoing, the Port Authority, by its officers, employees, agents, representatives, and contractors, and furnishers of utilities and other services, shall have the right, for its own benefit, for the benefit of the Lessee, or for the benefit of others than the Lessee at the Airport, to maintain existing and future utility, mechanical, electrical and other systems and to enter upon the premises at all reasonable times to make such repairs, replacements or alterations as may, in the opinion of the Port Authority,

be deemed necessary or advisable and, from time to time, to construct or install over, in or under the premises new systems or parts thereof and to use the premises for access to other parts of the Airport otherwise not conveniently accessible; provided, however, that in the exercise of such rights of access, repair, alteration or new construction the Port Authority shall not unreasonably interfere with the use and occupancy of the premises by the Lessee.

(c) In the event that any property of the Lessee shall obstruct the access of the Port Authority, its employees, agents or contractors to any of the existing or future utility, mechanical, electrical and other systems and thus shall interfere with the inspection, maintenance or repair of any such system, the Lessee shall move such property, as directed by the Port Authority, in order that the access may be had to the system or part thereof for its inspection, maintenance or repair, and, if the Lessee shall fail to so move such property after direction from the Port Authority to do so, the Port Authority may move it and the Lessee hereby agrees to pay the cost of such moving upon demand, accompanied by a statement of costs.

(d) Nothing in this Section shall or shall be construed to impose upon the Port Authority any obligations so to construct or maintain or to make repairs, replacements, alterations or additions, or shall create any liability for any failure so to do. The Lessee is and shall be in exclusive control and possession of the premises and the Port Authority shall not in any event be liable for any injury or damage to any property or to any person happening on or about the premises nor for any injury or damage to the premises nor to any property of the Lessee or of any other person located in or thereon (other than those occasioned by the affirmative acts of the Port Authority, its employees, agents and representatives).

(e) At any time and from time to time during ordinary business hours within the six (6) months next preceding the expiration of the letting, the Port Authority, for and by its agents and employees, whether or not accompanied by prospective lessees, occupiers or users of the premises, shall have the right to enter thereon for the purpose of exhibiting and viewing all parts of the same, and during such six-month

period the Port Authority may place and maintain on the premises the usual "To Let" signs, which signs the Lessee shall permit to remain without molestation.

(f) If, during the last month of the letting, the Lessee shall have removed all or substantially all its property from the premises, the Port Authority may immediately enter and alter, renovate and redecorate the premises.

(g) The exercise of any or all of the foregoing rights by the Port Authority or others shall not be or be construed to be an eviction of the Lessee nor be made the grounds for any abatement of rental nor any claim or demand for damages, consequential or otherwise.

Section 20. Other Construction by the Lessee

Except as otherwise expressly provided herein in Section 2 hereof, the Lessee shall not erect any structures, make any improvements or do any construction on the premises or alter, modify, or make additions, improvements, repairs to or replacements of any structure now existing or built at any time during the letting, or install any fixture (other than trade fixtures, removable without material damage to the freehold, any such damage to be immediately repaired by the Lessee) without the prior written approval of the Port Authority and in the event any construction, improvement, alteration, modification, repair or replacement or addition is made without such approval, then upon reasonable notice so to do, the Lessee will remove the same, or at the option of the Port Authority cause the same to be changed to the satisfaction of the Port Authority. In case of any failure on the part of the Lessee to comply with such notice, the Port Authority may effect the removal or change and the Lessee shall pay the cost thereof to the Port Authority.

Without limiting the generality of the foregoing paragraph the Lessee acknowledges and agrees that any Notes and associated reference lines set forth on Exhibit A to the Lease shall not constitute or be deemed to constitute or imply that approval of the Port Authority will be granted to any proposed construction by the Lessee nor shall the same grant or be deemed to grant any right or permission to the Lessee now or in the future to erect any structures, make any improvements or do any other construction work in the premises, including but not limited to repairs to or replacements of, any structure now existing or built at any time during the letting or install any fixtures on the premises, including but not limited to paving, and that the provisions of the foregoing paragraph of this Section shall be read and construed as if there were no Notes and associated reference lines on Exhibit A and that any which were placed on such Exhibit are solely and exclusively for the benefit of the Port Authority.

Section 21. Assignment and Sublease

(a) The Lessee shall not sell, convey, transfer, mortgage, pledge or assign this Agreement, or the letting or any part thereof without the prior written consent of the Port Authority, except that the Lessee may assign this Agreement and the letting hereunder in its entirety to a person, firm or corporation which is a Scheduled Aircraft Operator, and which is and continues to be wholly owned and controlled by the Lessee, or which wholly owns and controls the Lessee, or which is wholly owned and controlled by a person, firm or corporation which wholly owns and controls the Lessee, or into which the Lessee is merged or consolidated, if the corporation which becomes the tenant under the Lease has a financial standing as of the date of the merger, consolidation or assignment at least as good as that of the Lessee (by which is meant that its working capital, its current assets, its ratio of fixed assets to fixed liabilities and its net worth shall be at least as favorable as that of the Lessee), provided, however, that no such assignment, sale or transfer pursuant to this Section 21(a) shall be effective until an agreement of assignment and assumption in the form annexed hereto as "Exhibit B" has been executed by the Port Authority, the Lessee and the proposed assignee. "Control" as used in this Section 21(a) shall mean legal and beneficial ownership by one person, firm or corporation of all interest in another firm, or ownership by one person, firm or corporation of all of the capital stock and voting rights of another corporation.

(b) The Lessee shall not sublet the premises or any part thereof without the prior written consent of the Port Authority.

(c) If the Lessee assigns, sells, conveys, transfers, mortgages, sublets or pledges in violation of paragraphs (a) or (b) of this Section or if the premises are occupied by anybody other than the Lessee, the Port Authority may collect rent from any assignee, sublessee or anyone who claims a right to this Agreement or letting or who occupies the premises, and the Port Authority shall apply the net amount collected to the rental herein reserved; but no such collection shall be deemed a waiver by the Port Authority of the covenants contained in paragraphs (a) and (b) of this Section or an acceptance by the Port Authority of any such assignee, sublessee, claimant or occupant as the Lessee, nor a release of the Lessee by the Port Authority from the further performance by the Lessee of the covenants contained herein.

(d) The Lessee further covenants and agrees that it will not use or permit any person whatsoever to use the premises or any portion thereof for any purpose other

than as provided in Section 6 of this Agreement. Except as provided in this Agreement or otherwise permitted in writing by the Port Authority, the Lessee shall not permit the premises to be used or occupied by any person other than its own officers, employees, contractors, representatives, guests, visitors, and business invitees.

Section 22. Condemnation

(a) Definitions

As used in this Section 22, the phrase, "temporary interest", when used with reference to real property, shall mean an interest in such real property entitling the owner of such interest to the possession of such property (whether or not such interest includes or is co-extensive with an interest of the Lessee therein under this Agreement), for an indefinite term or for a term terminable at will or at sufferance or for a term measured by a war or an emergency or other contingency or for a fixed term expiring prior to the expiration date of this Lease; and the phrase "permanent interest", when used with reference to real property, shall mean an interest in such real property entitling the owner of such interest to possession thereof, other than a temporary interest as above defined, including among others a fee simple and an interest for a term of years expiring on or after the expiration of this Agreement.

As used in this Section with reference to any premises leased to the Lessee for its exclusive use or with reference to the Public Landing Area, the phrase "a material part" shall mean such a part of the said premises or said Public Landing Area that the Lessee cannot continue to carry on its normal operations at the Airport without using such part.

(b) Condemnation or Taking of a Permanent Interest in All or any Part of the Premises or All or a Material Part of the Public Landing Area

Upon the acquisition by condemnation or the exercise of the power of eminent domain by anybody having a superior power of eminent domain of a permanent interest in all or any part of the premises or of a permanent interest in all or a material part of the Public Landing Area (any such acquisition under this Section 22 hereinafter referred to as a "taking"), the Port Authority shall purchase from the Lessee, and the Lessee shall sell to the Port Authority, the Lessee's leasehold interest (excluding any personal property whatsoever) in the premises, except that in the event of a taking of less than all of the said premises, the Port Authority shall purchase and the Lessee shall sell only so much of the Lessee's leasehold

interest in the premises as are taken. The sole and entire consideration to be paid by the Port Authority to the Lessee shall be an amount equal to the unamortized capital investment (as defined in Section 44(p) hereof), if any, of the Lessee in the premises or, in the event of a taking of less than all of the said premises, an amount equal to the unamortized capital investment (as defined in Section 44(p) hereof), if any of the Lessee in so much of the premises as are taken. However, the Port Authority shall purchase and the Lessee shall sell only if the consideration paid by the Port Authority therefor will constitute "unamortized Port Authority funds other than bond proceeds or Federal or State grants expended for capital improvements at the Newark Marine and Air Terminals", within the meaning of said phrase as used in Section 26, I, D of the Basic Lease or if an amount not less than such consideration can otherwise be retained by the Port Authority (and not be required to be paid to The City of Newark) out of the damages or award in respect to such taking without violation of any obligation of the Port Authority to The City of Newark under the Basic Lease. Such purchase and sale shall take effect as of the date upon which such body having superior power of eminent domain obtains possession of any such permanent interest in the premises or in the Public Landing Area, as the case may be, and in that event, the Lessee (except with respect to its personal property), shall not have any claim or right to claim or be entitled to any portion of the amount which may be awarded as damages or paid as a result of such taking, and all rights to damages, if any, of the Lessee (except for damages to its personal property) by reason thereof are hereby assigned to the Port Authority.

If, however, the amount to be paid by the Port Authority (the unamortized capital investment as defined in Section 44(p) hereof, if any, of the Lessee in the premises) for such leasehold interest will not constitute "unamortized Port Authority funds other than bond proceeds or Federal or State grants, expended for capital improvements at the Newark Marine and Air Terminals", within the meaning of said phrase as used in Section 26, I, D of the Basic Lease or if an amount not less than such consideration cannot otherwise be retained by the Port Authority (and not be required to be paid to The City of Newark) out of the damages or award in respect to such taking without violation of any obligation of the Port Authority to The City of Newark under the Basic Lease, then the aforesaid agreement to purchase

and sell said leasehold interest shall be null and void; and in any such event, the Lessee shall have the right to appear and file its claim for damages in the condemnation or eminent domain proceedings, to participate in any and all hearings, trials and appeals therein, and to receive such amount as it may lawfully be entitled to receive as damages or payment as a result of such taking, because of its leasehold interest in the premises up to but not in excess of an amount equal to the unamortized capital investment (as defined in Section 44(p) hereof), if any, of the Lessee in the premises. The Port Authority and the Lessee hereby agree that as full and final settlement of any sum that may be due as rent or otherwise for the balance of the term of this Lease, the Lessee will pay to the Port Authority the excess, if any, which the Lessee may be entitled to receive over the foregoing sum. If there be no excess, any sum that may be due as rent or otherwise for the balance of the term of this Lease shall abate.

In the event of the taking of all of the premises and if the Lessee has no unamortized capital investment (as defined in Section 44(p) hereof) in the premises at the time of the taking, then the aforesaid agreement to purchase and sell said leasehold interest shall be null and void; and in that event, this Lease and all rights granted by this Lease to the Lessee to use or occupy the premises for its exclusive use or for its use in common with others at the Airport and all rights, privileges, duties and obligations of the parties in connection therewith or arising thereunder shall terminate as of the date of the taking, and in that event, the Lessee (except with respect to its personal property) shall not have any claim or right to claim or be entitled to any portion of the amount which may be awarded as damages or paid as a result of such taking, and all rights to damages, if any, of the Lessee (except for damages to its personal property) by reason thereof are hereby assigned to the Port Authority

In the event that the taking covers only a material part of the premises, then the Lessee and the Port Authority shall each have an option exercisable by notice given within ten (10) days after the effective date of such taking to terminate the letting hereunder with respect to the premises not taken, as of the date of such taking and such termination shall be effective as if the date of such taking were the original date of expiration hereof. If the Port Authority exercises this option, it shall purchase from the Lessee the Lessee's leasehold interest

(excluding any personal property whatsoever) in the premises not taken for a consideration equal to the unamortized capital investment (as defined in Section 44(p) hereof, if any, of the Lessee in the premises not taken. If the letting of the entire premises is not terminated, the settlement or abatement of rentals after the date possession is taken by the body having a superior power of eminent domain shall be in accordance with Section 4 hereof.

(c) Condemnation or Taking of a Permanent Interest
in Less Than a Material Part of the Public
Landing Area

Upon the acquisition by condemnation or the exercise of the power of eminent domain by a body having a superior power of eminent domain of a permanent interest in less than a material part of the Public Landing Area, the Port Authority and the Lessee each shall have the right to appear and file claims for damages, to the extent of their respective interests, in the condemnation or eminent domain proceedings, to participate in any and all hearings, trials and appeals therein, and receive and retain such amount as they may lawfully be entitled to receive and retain as damages or payment as a result of such taking. However, if at the time of such taking the Lessee has no unamortized capital investment (as defined in Section 44(p) hereof) in the premises, in that event, the Lessee (except with respect to its personal property) shall not have any claim or right to claim or be entitled to any portion of the amount which may be awarded as damages or paid as a result of such taking, and all rights to damages, if any, of the Lessee (except for damages to its personal property) by reason thereof are hereby assigned to the Port Authority.

(d) Condemnation or Taking of a Temporary
Interest in All or Any Part of the Premises
or All or a Material Part of the Public
Landing Area

Upon acquisition by condemnation or the exercise of the power of eminent domain by a body having a superior power of eminent domain of a temporary interest in all or any part of the premises or of a temporary interest in all or a material part of the Public Landing Area, there shall be no abatement of any rental payable by the Lessee to the Port Authority under the provisions of this Agreement but the Lessee shall have the right to claim and in the event of an award therefor shall be entitled to retain the amount which may be awarded as damages

or paid as a result of the condemnation or other taking of such temporary interest, provided, that the Lessee shall be obligated to pay over to the Port Authority all such payments as may be made to the Lessee as damages or in satisfaction of such claim, after deduction of (a) reasonable expenses incurred by the Lessee in the prosecution of such claim; (b) an amount equal to the unamortized capital investment (as defined in Section 44(p) hereof), if any, of the Lessee in the premises or in the event of a taking of less than all of the said premises, an amount equal to such unamortized capital investment in the premises as are taken, to the extent in either case that the same is to be amortized over the period of the taking; and (c) the then present capitalized value of the Lessee's obligation for rentals thereafter payable during the period of the taking in respect to the demised premises, or, in the event of a taking of less than all of the said premises, in respect to the premises so taken.

In the event that the taking covers a material part but less than all of the demised premises, then the Lessee and the Port Authority shall each have an option, exercisable by notice given within ten (10) days after the effective date of such taking to suspend the term of the letting of such of the premises as are not so taken during the period of the taking, and, in that event, the rentals for such premises shall abate for the period of the suspension. If the Port Authority exercises this option, it shall purchase from the Lessee the Lessee's leasehold interest (excluding any personal property whatsoever) in the premises not taken for the period of suspension for a consideration equal to the unamortized capital investment (as defined in Section 44(p) hereof), if any, of the Lessee in such premises which is to be amortized over the period of such suspension.

(e) Condemnation or Taking of a Temporary
Interest in Less than a Material Part of
the Public Landing Area

Upon the acquisition by condemnation or the exercise of the power of eminent domain by a body having a superior power of eminent domain of a temporary interest in less than a material part of the Public Landing Area, the Lessee shall not have any claim or right to claim or be entitled to any portion of the amount which may be awarded as damages or paid as a result of such condemnation or taking, and all rights to damages, if any, of the Lessee, including consequential damages, by reason of such condemnation or taking, are hereby assigned to the Port Authority.

Section 23. Termination by the Port Authority

(a) If any one or more of the following events shall occur, that is to say:

(1) The Lessee shall become insolvent or shall take the benefit of any present or future insolvency statute, or shall make a general assignment for the benefit of creditors, or file a voluntary petition in bankruptcy or a petition or answer seeking an arrangement or its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or statute of the United States or of any state thereof, or consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property; or

(2) By order or decree of a court the Lessee shall be adjudged bankrupt or an order shall be made approving a petition filed by any of its creditors or by any of the stockholders of the Lessee, seeking its reorganization or the

readjustment of its indebtedness under the federal bankruptcy laws or under any law or statute of the United States or of any state thereof, provided that if any such judgment or order is stayed or vacated within sixty (60) days after the entry thereof, any notice of cancellation shall be and become null, void and of no effect; or

(3) By or pursuant to, or under authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, agency or officer having jurisdiction, a receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of the Lessee, and such possession or control shall continue in effect for a period of thirty (30) days; or

(4) The Lessee shall voluntarily abandon, desert or vacate the premises or discontinue its operations at the Airport, or after exhausting or abandoning any right of further appeal, the Lessee shall be prevented for a period of thirty (30) days by action of any governmental agency other than the Port Authority having jurisdiction thereof, from conducting its operations at the Airport, regardless of the fault of the Lessee; or

(5) Any lien is filed against the premises because of any act or omission of the Lessee and shall not be discharged or bonded within thirty (30) days after the Lessee has received notice thereof; or

(6) The letting hereunder or the interest or estate of the Lessee under this Agreement shall be transferred directly by the Lessee or shall pass to or devolve upon, by operation of law or otherwise, any other person, firm or corporation; or

(7) A petition under any part of the federal bankruptcy laws or an action under any present or future insolvency law or statute shall be filed against the Lessee and shall not be dismissed or stayed within thirty (30) days after the filing thereof; or

(8) Except as otherwise provided in paragraph (a) of Section 21 hereof, the Lessee shall, without the prior written approval of the Port Authority, become a possessor or merged corporation in a merger, a constituent corporation in a consolidation, or a corporation in dissolution; or

(9) The Lessee shall fail duly and punctually to pay the rentals or fees or to make any other payment required hereunder when due to the Port Authority; or

(10) The Lessee shall fail to keep, perform and observe each and every other promise, covenant and agreement set forth in this Agreement on its part to be kept, performed, or observed, within twenty (20) days after receipt of notice of default thereunder from the Port Authority (except where fulfillment of its obligation requires activity over a period of time, and the Lessee shall have commenced to perform whatever may be required for fulfillment within twenty (20) days after receipt of notice and continues such performance without interruption except for causes beyond its control);

then upon the occurrence of any such event or at any time thereafter during the continuance thereof, the Port Authority may upon fifteen (15) days' notice terminate the rights of the Lessee hereunder and the letting, such termination to be effective upon the date specified in such notice. Such right of termination and the exercise thereof shall be and operate as a conditional limitation.

(b) If any of the events enumerated in subparagraph (a) of this Section shall occur prior to the commencement of the term of the letting hereunder, the Lessee shall not be entitled to enter into possession of the premises and the Port Authority upon the occurrence of any such event or at any time thereafter during the continuance thereof by twenty-four (24) hours' notice may cancel the interest of the Lessee under this Agreement, such cancellation to be effective upon the date specified in such notice.

(c) No acceptance by the Port Authority of rentals fees, charges or other payments in whole or in part for any period or periods after a default of any of the terms, covenants and

conditions hereof to be performed, kept or observed by the Lessee shall be deemed a waiver of any right on the part of the Port Authority to terminate the letting, except that no claim of default for non-payment shall be asserted under this Section 23 with respect to any installment of rental, fee, charge or other payment to the extent the same has been accepted by the Port Authority.

(d) No waiver by the Port Authority of any default on the part of the Lessee in performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by the Lessee shall be or be construed to be a waiver by the Port Authority of any other or subsequent default in performance of any of the said terms, covenants and conditions.

(e) The rights of termination described above shall be in addition to any other rights of termination provided in this Agreement and in addition to any rights and remedies that the Port Authority would have at law or in equity consequent upon any breach of this Agreement by the Lessee, and the exercise by the Port Authority of any right of termination shall be without prejudice to any other such rights and remedies.

Section 24. Right of Re-entry

The Port Authority shall, as an additional remedy upon the giving of a notice of termination as provided in Section 23 hereof, have the right to re-enter the premises and every part thereof upon the effective date of termination without further notice of any kind, and may regain and resume possession either with or without the institution of summary or any other legal proceedings or otherwise. Such re-entry, or regaining or resumption of possession, however, shall not in any manner affect, alter or diminish any of the obligations of the Lessee under this Agreement, and shall in no event constitute an acceptance of surrender.

Section 25. Waiver of Redemption

The Lessee hereby waives any and all rights to recover or regain possession of the premises and all rights of redemption, granted by or under any present or future law in the event it is evicted or dispossessed for any cause, or in the event the Port Authority obtains possession of the premises in any lawful manner.

Section 26. Survival of the Obligations of the Lessee

(a) In the event that the letting shall have been terminated in accordance with a notice of termination as provided in Section 23 hereof, or the interest of the Lessee cancelled pursuant thereto, or in the event that the Port Authority has re-entered, regained or resumed possession of the premises in accordance with the provisions of Section 24 hereof, all the obligations of the Lessee under this Agreement shall survive such termination or cancellation, or re-entry, regaining or resumption of possession and shall remain in full force and effect for the full term of the letting under this Agreement, and the amount or amounts of damages or deficiency shall become due and payable to the Port Authority to the same extent, at the same time or times and in the same manner as if no termination, cancellation, re-entry, regaining or resumption of possession had taken place. The Port Authority may maintain separate actions each month to recover the damage or deficiency then due or at its option and at any time may sue to recover the full deficiency less the proper discount, for the entire unexpired term.

(b) The amount of damages for the period of time subsequent to termination or cancellation (or re-entry, regaining or resumption of possession) on account of the Lessee's rental obligations, shall be the sum of the following:

(1) On account of the constant factor of the Lessee's Ground Rental obligation, the amount of the total of the constant factor of all annual Ground Rentals less the amount attributable to the constant factor in the installments of said annual Ground Rentals payable prior to the effective date of termination except that the credit to be allowed for the amount attributable to the constant factor in the installment payable on the first day of the month in which the termination is effective shall be prorated for the part of the month the letting remains in effect, on the basis of the actual number of days in the month;

(2) On account of the Airport Services Factor of the Lessee's Ground Rental obligation, an amount equal to the product resulting from multiplying the tentative Airport Services Factor in effect at the time such termination or cancellation (or re-entry, regaining or resumption of possession) occurs by the number of full years remaining in the balance of the term, provided, however, that if only a portion of a year remains in the balance of the term or if a portion of a year in addition to a number of full years remains in the balance of the term, an amount shall be added to the product determined hereinabove which amount shall be equal to the product resulting from multiplying the aforementioned tentative Airport Services Factor by a fraction the numerator of which is the number of days in such portion of a year and the denominator of which is the actual number of days in the year.

(3) An amount equal to all expenses reasonably incurred by the Port Authority in connection with regaining possession and restoring and reletting the demised premises, for legal expenses, putting the premises in order including, without limitation, cleaning, decorating and restoring (on failure of the Lessee to restore), maintenance and brokerage fees.

Section 27. Reletting by the Port Authority

The Port Authority upon termination or cancellation pursuant to Section 23 hereof, or upon any re-entry, regaining or resumption of possession pursuant to Section 24 hereof, may occupy the premises or may relet the premises, and shall have the right to permit any person, firm or corporation to enter upon the premises and use the same. Such reletting may be of part only of the premises or a part thereof together with other space, and for a period of time the same as or different from the balance of the term hereunder remaining, and on the terms and conditions the same as or different from those set forth in this Agreement. The Port Authority shall also, upon termination or cancellation pursuant to the said Section 23, or upon its re-entry, regaining or resumption of possession pursuant to the said

Section 24, have the right to repair or to make structural or other changes in the premises and the suitability thereof for the purpose of the Lessee under this Agreement, without affecting, altering or diminishing the obligations of the Lessee hereunder. In the event either of any reletting or of any actual use and occupancy by the Port Authority (the mere right of the Port Authority to use and occupy not being sufficient however) there shall be credited to the account of the Lessee against its survived obligations hereunder any net amount remaining after deducting from the amount actually received from any lessee, licensee, permittee or other occupier in connection with the use of the said premises or portion thereof during the balance of the letting as the same is originally stated in this Agreement, or from the market value of the occupancy of such portion of the premises as the Port Authority may during such period actually use and occupy, all expenses, costs and disbursements incurred or paid by the Port Authority in connection therewith. No such reletting shall be or be construed to be an acceptance of a surrender.

Section 28. Remedies to be Non-Exclusive

All remedies provided in this Agreement shall be deemed cumulative and additional and not in lieu of or exclusive of each other or of any other remedy available to the Port Authority or to the Lessee at law or in equity, and the exercise of any remedy, or the existence herein of other remedies or indemnities shall not prevent the exercise of any other remedy.

Section 29. Surrender

The Lessee covenants and agrees to yield and deliver peaceably to the Port Authority possession of the premises on the date of cessation of the letting, whether such cessation be by termination, expiration or otherwise, promptly and in good condition.

Section 30. Acceptance of Surrender of Lease

No agreement of surrender or to accept a surrender shall be valid unless and until the same shall have been reduced to writing and signed by the duly authorized

representatives of the Port Authority and of the Lessee. Except as expressly provided in this Section, neither the doing of, nor any omission to do, any act or thing, by any of the officers, agents or employees of the Port Authority, shall be deemed an acceptance of a surrender of the letting or of this Agreement.

Section 31. Effect of Basic Lease

This Agreement shall, in any event, terminate with the termination or expiration of the Basic Lease with the City of Newark which covers the premises, such termination to be effective on such date and to have the same effect as if the term of the letting had on that date expired.

Section 32. Removal of Property

All personal property (including trade fixtures) removable without injury to the premises, which are installed by the Lessee in or on the premises leased to the Lessee pursuant to the Agreement, shall be deemed to be and remain the property of the Lessee. All such property may at the Lessee's option be removed by the Lessee from the premises at any time during the term of this Lease and shall, unless otherwise agreed in writing by the parties hereto, be removed by the Lessee on or before the expiration or other termination of the term of this Lease. If the Lessee shall fail to remove its property on or before the termination or expiration of this Agreement, the Port Authority may remove such property to a public warehouse for deposit or retain the same in its own possession, and sell the same at public auction, the proceeds of which shall be applied first to the expenses of removal, storage and sale, second to any sums owed by the Lessee to the Port Authority, with any balance remaining to be paid to the Lessee; if the expenses of such removal, storage and sale shall exceed the proceeds of sale, the Lessee shall pay such excess to the Port Authority upon demand.

Section 33. Brokerage

The Lessee represents and warrants that no broker has been concerned on its behalf in the negotiation of this Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from any claim for commission or brokerage made by any and all persons, firms or corporations whatsoever for services rendered to the Lessee in connection with the negotiation or execution of this Agreement.

Section 34. Limitation of Rights and Privileges Granted

(a) No greater rights or privileges with respect to the use of the premises or any part thereof are granted or intended to be granted to the Lessee by this Agreement, or by any provision thereof, than the rights and privileges expressly and specifically granted hereby.

(b) The premises are let to the Lessee and the Lessee takes the same subject to all the following: (i) easements, restrictions, reservations, covenants and agreements, if any, to which the premises may be subject, rights of the public in and to any public street, (ii) rights, if any, of any enterprise, public or private which is engaged in furnishing heating, lighting, power, telegraph, telephone, steam, or transportation services and of the City of Elizabeth and State of New Jersey; (iii) permits, licenses, regulations and restrictions, if any, of the United States, the City of Elizabeth or State of New Jersey, or other governmental authority.

(c) The Lessee acknowledges that it has not relied upon any representation or statement of the Port Authority or its Commissioners, officers, employees or agents as to the condition of the premises or the suitability thereof for the operations permitted on the premises by this Agreement. Without limiting any obligation of the Lessee to commence operations hereunder at the time and in the manner stated elsewhere in this Agreement, the Lessee agrees that no portion of the premises will be used initially or at any time during the letting which is in a condition unsafe or improper for the conduct of the Lessee's operations hereunder so that there is material risk of injury or damage to life or property. The Lessee shall take possession of the premises in the condition they are in as of the commencement of the term of the letting hereunder.

Section 35. Notices

Except where expressly required or permitted herein to be oral, all notices, directions, requests, consents and approvals required to be given to or by either party shall be in writing, and all such notices and requests shall be personally delivered to the duly designated officer or representative of such party or delivered to the office of such officer or representative during regular business hours, or forwarded to him or to the party at such address by registered or certified mail. The Lessee shall from time to time designate in writing an office within the Port of New York District and an officer or representative whose regular place of business is at such office upon whom notices and requests may be served. Until further notice, the Port Authority hereby designates its Executive Director, and the Lessee designates the person named on the first page hereof as their officers upon whom notices and requests may be served, and the Port Authority designates its office at One World Trade Center, New York, New York 10048, and the Lessee designates its office at Hangar 55, Newark International Airport, Newark, New Jersey 07114, Attn: Vice-President, Properties and Facilities Dept., as their respective offices where notices and requests may be served. If mailed, the notices herein required to be served shall be deemed effective and served as of the date of the registered or certified mailing thereof.

Section 36. Facilities Non-Discrimination

(a) Without limiting the generality of any of the provisions of the Agreement, the Lessee, for itself, its successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, sex, creed, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the premises, (2) that in the construction of any improvements on, over, or under the premises and the furnishing of services thereon, no person on the grounds of race, sex, color, creed, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended, and any other present or future laws, rules, regulations, orders or directions of the United States of America with respect thereto which from time to time may be applicable to the Lessee's operations at the Airport whether by reason of agreement between the Port Authority and the United States Government or otherwise.

(b) The Lessee shall include the provisions of paragraph (a) of this Section in every agreement or concession it may make pursuant to which any person or persons, other than the Lessee, operates any facility at the Airport providing services to the public and shall also include therein a provision granting the Port Authority a right to take such action as the United States may direct to enforce such provisions.

(c) The Lessee's noncompliance with the provisions of this Section shall constitute a material breach of this Agreement. In the event of the breach by the Lessee of any of the above non-discrimination provisions the Port Authority may take any appropriate action to enforce compliance; or in the event such noncompliance shall continue for a period of twenty (20) days after receipt of written notice from the Port Authority, the Port Authority shall have the right to terminate this Agreement and the letting hereunder with the same force and effect as a termination under the Section of this Agreement providing for termination for default by the Lessee in the performance or observance of any other term or provision of this Agreement; or may pursue such other remedies as may be provided by law; and as to any or all of the foregoing, the Port Authority may take such action as the United States may direct.

(d) The Lessee shall indemnify and hold harmless the Port Authority from any claims and demands of third persons including the United States of America resulting from the Lessee's noncompliance with any of the provisions of this Section and the Lessee shall reimburse the Port Authority for any loss or expense incurred by reason of such noncompliance.

(e) Nothing contained in this Section shall grant or shall be deemed to grant to the Lessee the right to transfer or assign this Agreement, to make any agreement or concession of the type mentioned in paragraph (b) hereof, or any right to perform any construction on the premises.

Section 37. Affirmative Action

In addition to and without limiting the provisions of Section 2(c)(18) and Sections 51 and 51A hereof, the Lessee assures that it has undertaken an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

Section 38. Place of Payments

All payments required of the Lessee by this Agreement shall be made at the office of the Treasurer of the Port Authority, One World Trade Center, New York, New York 10048, or to such other officer or address as may be substituted therefor.

Section 39. Construction and Application of Terms

(a) The Section and paragraph headings, if any, in this Agreement, are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of any provision hereof.

(b) The terms, provisions and obligations contained in the Exhibits attached hereto, whether there set out in full or as amendments of, or supplements to provisions elsewhere in the Agreement stated, shall have the same force and effect as if herein set forth in full.

Section 40. Non-liability of Individuals

No Commissioner, director, officer, agent or employee of either party shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or of any supplement, modification or amendment to this Agreement or because of any breach thereof, or because of its or their execution or attempted execution.

Section 41. No Services by the Port Authority

The Port Authority shall not be obligated to provide any utilities or services whatsoever, including ground transportation services, with respect to the premises nor to police the same or keep the same free from snow, ice or otherwise unobstructed and available for use by the Lessee. Notwithstanding the foregoing the Port Authority may elect to provide extermination service in the enclosed portions of the premises for which the Lessee agrees to pay its pro rata share of the reasonable cost thereof, upon demand.

Section 42. Outside Utility Lines

The Port Authority, shall, if and to the extent required, bring appropriate roadway access stubs and service lines for the supply of cold water, electric power, telephone (limited to four telephone conduits) and sanitary and storm sewers to such locations, at the perimeter of the premises or to other locations off the premises as the Port Authority shall determine. The Lessee at its sole cost and expense is hereby obligated to tie its utility lines and roadways into such locations at or near the perimeter of the premises where such utility service lines and roadway access stubs will be brought by the Port Authority hereunder. The Port Authority shall have no obligation to make available any service lines or roadway access stubs to any location prior to receiving certification from a responsible officer of the Lessee that all of the construction work has been substantially completed and that the Lessee is ready to tie its Utility Lines and Circulation Areas into the service lines and roadway access stubs to be furnished by the Port Authority.

Section 43. Automobile Parking

Except as provided in Section 6 hereof, the Lessee shall prevent all persons from parking automobiles on the premises, except that automobiles may be permitted to be on the premises for a reasonable period of time for the purpose of discharging or picking up passengers and for official and special purposes.

Section 44. Definitions

The following terms, when used in this Agreement, shall, unless the context shall require otherwise, have the respective meanings given below:

(a) "Airport" shall mean the land and premises in the County of Essex and State of New Jersey, which are westerly of the right of way of the Central Railroad of New Jersey and are shown upon the exhibit attached to the agreement between the City of Newark and the Port Authority referred to in paragraph (b) below, said exhibit being marked "Exhibit 'A'" as contained within the limits of a line of crosses appearing on said exhibit and designated "Boundary of Terminal Area in City of Newark", and lands contiguous thereto which may have been heretofore or may hereafter be acquired by the Port Authority to use for air terminal purposes.

(b) "Basic Lease" shall mean the Agreement between the City of Newark and the Port Authority dated October 22, 1947 as the same from time to time may have been or may be supplemented or amended. Said Agreement, dated October 22, 1947, has been recorded in the Office of the Register of Deeds for the County of Essex on October 30, 1947, in Book E-110 of Deeds at pages 242, et seq.

(c) "Agreement" shall mean this agreement of lease.

(d) "Lease" shall mean this Agreement of lease.

(e) "Letting" shall mean the letting under this Agreement for the original term stated herein, and shall include any extension thereof.

(f) "Premises" shall mean and include the land, the buildings, structures and other improvements thereon (whether constructed by the Lessee, the Port Authority or others), the equipment permanently affixed or permanently located therein, such as electrical, plumbing, sprinkler, fire protection and fire alarm, heating, steam, sewage, drainage, refrigerating, communications, gas and other systems, and their pipes, wires, mains, lines, tubes, conduits, equipment and fixtures, and all paving, drains, culverts, ditches and catch-basins.

(g) "Public Landing Area" shall mean the area of land at the Airport including runways, taxiways and the areas between and adjacent to runways and taxiways, designated and made available from time to time by the Port Authority for the landing and taking-off of aircraft.

(h) "Public Ramp and Apron Area" shall mean the area adjacent to the Public Landing Area designated and made available from time to time by the Port Authority for common use for the loading and unloading of passengers or cargo to or from aircraft using the Public Landing Area.

(i) "Runways" (including approaches thereto) shall mean the portion of the Airport used for the purpose of the landing and taking-off of aircraft.

(j) "General Manager" or "General Manager of the Airport" shall mean the person or persons from time to time designated by the Port Authority to exercise the powers and functions vested in the said Manager by this Agreement; and until further notice from the Port Authority to the Lessee it shall mean the person holding the office of and designated as General Manager, New Jersey Airports.

(k) "Taxiways" shall mean the portion of the Airport used for the purpose of the ground movement of aircraft to, from and between the runways, the Public Ramp and Apron Area, the aircraft parking and storage space and other portions of the Airport (not including, however, any taxiways, the exclusive use of which is granted to the Lessee or any other person by lease, permit or otherwise).

(l) "Aircraft Operator" shall mean (a) a Person owning one or more aircraft which are not leased or chartered to any other person for operation, and (b) a Person to whom one or more aircraft are leased or chartered for operation-- whether the aircraft so owned, leased or chartered are military or non-military, or are used for private business, pleasure or governmental business, or for carrier or non-carrier operations, or for scheduled or non-scheduled operations or otherwise. Said phrase shall not mean the pilot of an aircraft unless he is also the owner or lessee thereof or a person to whom it is chartered.

(m) "Civil Aircraft Operator" shall mean a Person engaged in civil transportation by aircraft or otherwise operating aircraft for civilian purposes, whether governmental or private. If any such Person is also engaged in the operation of aircraft for military, naval or air force purposes, he shall be deemed to be a Civil Aircraft Operator only to the extent that he engages in the operation of aircraft for civilian purposes.

(n) "Scheduled Aircraft Operator" shall mean a Civil Aircraft Operator engaged in transportation by aircraft operated wholly or in part on regular flights to and from the Airport in accordance with published schedules; but so long as the Federal Aviation Act of 1958, as amended, or any similar federal statute providing for the issuance of Foreign Air Carrier Permits or Certificates of Public Convenience and Necessity or Certificates for all-cargo air service or substantially similar permits or certificates, is in effect, no person shall be deemed to be a Scheduled Aircraft Operator within the meaning of this Lease unless he also holds such a permit or certificate.

(o) "Noise costs" as used herein, shall be deemed to include but not be limited to any and all costs, liabilities, obligations, damages and expenses arising or alleged to arise out of any claim or demand resulting from or alleged to result from noise from or in connection with the operation or use of the Airport, or from flights of aircraft to or from the Airport, or from aircraft thereon, or from any alleged trespasses, nuisances, taking or any other cause of action and from any liability or responsibility imposed upon the Port Authority in connection with any of the foregoing which may be assessed, levied, incurred, charged or imposed upon the Port Authority including any and all monies paid or expenses incurred or judgments paid or settlements made with any third parties in connection therewith including all costs and expenses of litigation or settlement and reasonable attorneys' fees.

(p) "Unamortized Capital Investment" shall mean for purposes of this Lease, the amount of the Lessee's investment in the premises arising out of the performance by the Lessee of the construction work pursuant to and as set forth in Section 2 of this Lease with respect to the Packing Handling Facility after deduction therefrom of an amount equivalent to an allowance for depreciation and amortization. Such allowance will be computed on a straight-line basis from the date of the completion of the Package Handling Facility to the end of the average useful life (as determined under sound accounting practices) or the end of the Lease, whichever is the shorter.

The foregoing computation to be made shall not take into consideration the effect of accelerated amortization, if any, granted to or taken by the Lessee on its books or otherwise under the provisions of Section 168(a) of Title 26 USCA or similar legislation hereafter enacted.

For purposes of this paragraph (p), the Lessee's investment in the premises shall be equal to the sum of: (i) the amounts paid by the Lessee to independent contractors for work actually performed and labor and materials actually furnished in connection with the construction of the Package Handling Facility; and (ii) the payments made and expenses incurred by the Lessee, in connection with such construction, for engineering, architectural, professional and consulting services and the supervision of construction, provided, however, that such payments and expenses pursuant to this item (ii) shall not exceed 10% of the amounts described in item (i); in each case, as the above-mentioned amounts, payments and expenses are evidenced, from time to time, by certificates of a responsible fiscal officer of the Lessee, sworn to before a Notary Public and delivered to the Port Authority, which certificates shall (a) set forth, in reasonable detail, the amounts paid to specified independent contractors, the payments made to

other specified persons and the other expenses incurred by the Lessee, which have not previously been reported in certificates delivered to the Port Authority, (b) have attached thereto reproduction copies or duplicate originals of the invoices of such independent contractors and other persons acknowledging the receipt by them of such amounts and payments, and (c) certify that the amounts, payments and expenses therein set forth constitute portions of the Lessee's investment in the premises for the purposes of this Lease.

Section 45. Common Use of the Airport

The Port Authority hereby grants to the Lessee the right to use at any time during the term of this Agreement, in common with others whom the Port Authority may authorize so to do, the Public Aircraft Facilities (as hereinafter defined) for or in connection with Aircraft operated by the Lessee, for the purposes for which such facilities are provided, and all common and public roads, roadways and other means of access as they may from time to time be provided by the Port Authority to or from the Public Aircraft Facilities and all other existing common and public areas, space, facilities and conveniences and such additional common and public areas, space, facilities and conveniences as may from time to time be provided by the Port Authority at the Airport, at the time and times and for the purpose and purposes for which they are provided and subject to the terms and conditions (including the payment of fees or other charges which may now or in the future be imposed for said use) upon which they are made available therewith.

Section 46. Expansion, Maintenance and Operation of Public Aircraft Facilities

Pursuant to the Federal Airport Act and Regulations thereunder, the Port Authority has filed with the Administrator of the Federal Aviation Agency a revised Master Plan (layout) of the Airport as shown on Port Authority Drawing No. NA72-36.

Nothing contained herein shall be construed as a representation or agreement by the Port Authority that the Master Plan (layout) as revised will not be further changed or modified from time to time or abandoned. Drawing No. NA72-36 expresses the Port Authority's tentative plans only as of the date hereof and it is understood that such plans are subject to change at the discretion of the Port Authority. In addition to the facilities shown on the Master Plan (layout), the Port Authority may from time to time provide other and extended Public Aircraft Facilities, the costs of which additional and/or extended facilities and other costs shall constitute additional costs of providing the Public Aircraft Facilities (a factor in establishing the flight fees as provided in the schedule attached hereto, hereby made a part hereof and marked "Schedule C") if such additional costs result from any one or more of the following factors:

(a) Technical advances in aircraft design;

(b) Orders or requirements of governmental authorities which are pertinent to the Lessee's aircraft operations or are related to the issuance to the Port Authority of federal grants or loans in aid of the Airport;

(c) Orders issued by a court of competent jurisdiction requiring the acquisition by the Port Authority of additional lands or the making of compensation to owners of adjoining lands for the taking thereof or where a constructive taking has been found;

(d) All costs, expenses, damages and judgments incurred by or imposed upon the Port Authority because of or as constituting noise costs (as the words "noise costs" are defined in paragraph (o) of Section 44 hereof). The Port Authority agrees to give to the Lessee prompt notice of any claim made against it or the institution of any suit seeking or demanding noise costs damage. The Lessee shall have a right to join in the defense of any such claim or suit.

(e) Casualty damage requiring new capital expenditures to the extent that such damage is not covered in insurance; and

(f) Expenditures made by the Port Authority in addition to those resulting from the foregoing factors where the additional expenditures are such that would have been made by a reasonably prudent Airport Operator. Cost Factors (including all elements of cost incurred or accrued) as set forth in Schedule C, as necessary in providing the Public Aircraft Facilities, are hereby agreed to and accepted as expenses incurred by a reasonably prudent Airport Operator.

For the purposes of this Agreement, the term "Public Aircraft Facilities" shall include such of the following facilities as now exist and shall, from time to time, be constructed, provided and maintained by the Port Authority at the Airport for public and common use for the following purposes regardless of whether or not they are actually used or usable in whole or in part by the Lessee:

- (a) Public Ramp and Apron Area
- (b) Runways
- (c) Taxiways

(d) Facilities incidental to the Runways, Public Ramp and Apron Area, Aircraft Parking and Storage space and Taxiways by which is meant facilities and equipment for the monitoring of aircraft noise decibels and facilities for the purpose of controlling or assisting arrivals, departures and operations of Aircraft using the Airport, such as control towers, signals, beacons, wind indicators, floodlights, landing lights, boundary lights, construction lights, radio and electronic aids or other aids to operations, navigation or ground control of Aircraft whether or not of a type herein mentioned and even though located at sites located away from the other Public Aircraft Facilities or outside the Airport.

The designation by the Port Authority by Rules or Regulations, promulgated pursuant to Section 9 hereof, of the particular portions of the Public Ramp and Apron Area for use by the Aircraft of particular Aircraft Operators or for use by particular types of Aircraft or for use for particular operations shall not affect the status of such Area as Public Aircraft Facilities.

In addition to anything hereinbefore contained, to the extent that the present and future air traffic needs of the New York-New Jersey Port District and economic and technical changes in transportation by aircraft justify and subject to available land and commensurate with the reasonably prudent operation of the Airport, and so far as economically practicable in the light of the flight fees that the Lessee and other lessees of space at the Airport pay and subject to the ability of the Port Authority to finance such construction and maintenance, the Port Authority during the term of this

Agreement shall provide reasonably suitable Public Aircraft Facilities for such traffic needs. The Port Authority shall maintain such Public Aircraft Facilities, as and when provided, in a manner consistent with the operation of the Airport by a reasonably prudent Airport Operator.

Section 47. Use of Public Aircraft Facilities

The Public Aircraft Facilities shall be available for use by the Lessee, in common with other aircraft operators authorized by the Port Authority to use such facilities, for and in connection with aircraft developing a stress in rigid pavement (if rigid pavement is used) no greater than that caused by the DC 8-50 Series with a maximum gross weight of 325,000 pounds or in connection with Aircraft for which the thickness of flexible pavement (if flexible pavement is used) is no greater than that necessary for the above designated aircraft.

The Public Aircraft Facilities may, in the sole discretion of the Port Authority, also be made available for use by Aircraft other than that mentioned above or included in the aforesaid categories provided such Aircraft, in the Port Authority's sole judgment, will not cause undue wear and tear to and may safely use the Public Aircraft Facilities.

Notwithstanding any of the foregoing, the use of the Public Aircraft Facilities shall be subject to existing Port Authority Rules and Regulations and such further reasonable rules and regulations as the Port Authority may from time to time promulgate pursuant to Section 9 hereof including, without limitation thereto, such further rules and regulations as impose other or different restrictions as to the types, weights or characteristics of Aircraft which may use the same. The Port Authority by such rules and regulations may forbid or limit the use of the Public Aircraft Facilities by Aircraft for reasons other than herein set forth, even though such Aircraft meet the requirements of this Section with respect to Maximum Weight for Take-off.

Section 48. Flight Fees

(a) Commencing on the Completion Date (hereinafter called the "Schedule C Date") and throughout the term of this Agreement, the Lessee shall pay to the Port Authority the flight fees established by the Port Authority from time to time in accordance with the provisions of Schedule C, for each and every takeoff of each and every Aircraft operated by the Lessee. The said flight fee shall be a fee (per thousand pounds of Maximum Weight for Take-off) prorated to the nearest hundred pounds.

The said flight fee is made up to two factors, a P.A.F. Charge Factor and an Airport Services Charge Factor, as set forth in Schedule C. The Lessee understands that the tentative flight fee set forth in Schedule C at the rate of \$2.6475 per thousand pounds of Maximum Weight for Take-off consists of a tentative P.A.F. Charge Factor of Ex.2.a. per thousand pounds which is the final P.A.F. Charge Factor which would be in effect for the calendar year 1982 if the Lessee commenced payment of the flight fee on the commencement date of the term of the letting hereunder, and consists of a tentative Airport Services Charge Factor of Ex. 2.a. per thousand pounds which is the final Airport Services Charge Factor which would be in effect for the calendar year 1982 if the Lessee commenced payment of the flight fee on the commencement date of the term of the letting hereunder. For the calendar year 1983 and for each and every calendar year thereafter the P.A.F. Charge Factor and the Airport Services Charge Factor shall be adjusted in accordance with the provisions of Schedule C.

(b) "Maximum Weight for Take-off" when used with reference to Aircraft shall mean the Maximum Weight at which such Aircraft is authorized to take-off from the Airport by the Federal Governmental Agency or Agencies having jurisdiction, under conditions of zero wind velocity and standard atmosphere, on the least restricted Runway which is available for take-off by such Aircraft under the Rules and Regulations of the Port Authority, provided, that Runways shall be deemed to be available for use under the Rules and Regulations of the Port Authority, within the meaning of this definition, in cases where they are not actually available for periods of less than forty-eight (48) hours because of snow, ice or other temporary emergency conditions. If such Maximum Weight is not specified by such Agency or Agencies, then said phrase shall mean the highest Maximum Authorized Weight for Take-off of other Aircraft of the same type and model at the time of take-off.

(c) Commencing no later than the 20th day of the month following the month during which the Schedule C Date occurs and no later than the 20th day of each and every month thereafter during the term of this Agreement, including the month following the expiration of this Agreement, the Lessee shall furnish to the Port Authority a statement duly certified by an authorized officer of the Lessee certifying the number of take-offs by type of Aircraft operated by the Lessee during the preceding calendar month. The Lessee shall pay to the Port Authority at the time it is obligated to furnish to the Port Authority the foregoing statement the flight fees payable by the Lessee for its Aircraft operations during the preceding calendar month computed on the basis of said operations and the flight fees determined in accordance with Schedule C. The flight fees payable by the Lessee hereunder shall be in addition to any and all rents, charges and fees imposed upon and payable by the Lessee under the Lease. The flight fees shall be payable by the Lessee whether or not the Lessee uses any or all of the Public Aircraft Facilities in addition to the runways.

Section 49. Fuel Gallonage Fees

(a) Effective as of the Completion Date, the Lessee shall pay to the Port Authority, in monthly installments, for each and every gallon of fuel delivered by the Airport's fuel system operator to aircraft operated by the Lessee, either through the Fuel System or by truck distribution or partly by the Fuel System and partly by truck or any combination of both, a fuel gallonage fee determined in accordance with the provisions of Schedule D, attached hereto and hereby made a part hereof. Fuel may be delivered to the Bulk Fuel Storage facilities and to the fuel system at the Airport only by a supplier of aviation fuel who is a fuel storage permittee at the Airport.

The said gallonage fee is made up of two factors, a Systems Charge Component and an Airport Services Charge Component, as set forth in Schedule D. The Lessee understands that the tentative gallonage fee set forth in Schedule D at the rate of Ex.2.a. per gallon consists of a tentative Systems Charge Component of Ex.2.a. per gallon which is the final Systems Charge Component which would be in effect for the calendar year 1982 if the Lessee commenced payment of the gallonage fee on the commencement date of the term of the letting hereunder, and consists of a tentative Airport Services Charge Component of Ex.2.a. per gallon which is the final Airport Services Charge Component which would be in effect for the calendar year 1982 if the Lessee commenced payment of the gallonage fee on the commencement date of the term of the letting hereunder. For the calendar year 1983 and for each and every calendar year thereafter the Systems Charge Component and the Airport Services Charge Component shall be adjusted in accordance with the provisions of Schedule D.

(b) The Lessee shall pay to the Port Authority or its independent contractor, as the case may be, an additional charge for defueling services performed at the Airport for the Lessee of Ex.2.a. for each and every gallon of fuel removed from such aircraft by the Port Authority or its said independent contractor, as the case may be, at the Airport, provided, however, that the Port Authority or its said independent contractor, as the case may be, shall make no charge if such defueling is necessitated because of the negligence of the Port Authority or its independent contractor.

Section 50. Quiet Enjoyment

The Port Authority covenants and agrees that as long as it remains the lessee of the Airport the Lessee, upon paying all rentals and fees hereunder and performing all the covenants, conditions and provisions of this Agreement on its part to be performed, shall and may peacefully and quietly have and enjoy the premises free of any act or acts of the Port Authority except as expressly agreed upon in this Agreement.

Section 51. Affirmative Action Guidelines
Equal Employment Opportunity

I. As a matter of policy the Port Authority hereby requires the Lessee and the Contractor shall require the Contractor, as hereinafter defined, to comply with the provisions set forth hereinafter. These provisions are similar to the conditions for bidding on Federal government contracts adopted by the Office of Federal Contract Compliance and effective May 8, 1978.

The Lessee as well as each bidder, contractor or subcontractor of the Lessee (herein collectively referred to as "the Contractor") must fully comply with the following conditions set forth in this Section as to each construction trade to be used on the construction work or any portion thereof (said conditions being herein called "Bid Conditions"). The Lessee hereby commits itself to the goals for minority and female utilization set forth below and all other requirements, terms and conditions of the Bid Conditions. The Lessee shall likewise require the Contractor to commit itself to the said goals for minority and female utilization set forth below and all other requirements, terms and conditions of the Bid Conditions by submitting a properly signed bid.

II. The Lessee and the Contractor shall each appoint an executive of its company to assume the responsibility for the implementation of the requirements, terms and conditions of the following Bid Conditions:

(a) The goals for minority and female participation, expressed in percentage terms for the Contractor's aggregate workforce in each trade on all construction work are as follows:

- | | |
|-----------------------------|------|
| (1) Minority participation: | 32% |
| (2) Female participation: | 6.9% |

These goals are applicable to all the Contractor's construction work performed in the premises.

The Contractor's specific affirmative action obligations required herein of minority and female employment and training must be substantially uniform throughout the length of the contract, and in each trade, and the Contractor shall make a good faith effort to employ minorities and women evenly on each of its projects. The transfer of minority or female employees or trainees from contractor to contractor or from project to project for the sole purpose of meeting the Contractor's goals shall be a violation of the contract. Compliance with the goals will be measured against the total work hours performed.

(b) The Contractor shall provide written notification to the Lessee and the Lessee shall provide written notification to the Manager of the Equal Opportunity Programs Unit of the Port Authority within 10 working days of award of any construction subcontract in excess of \$75,000 at any tier for construction work. The notification shall list the name, address and telephone number of the subcontractor; employer identification number; estimated starting and completion dates of the subcontract; and the geographical area in which the subcontract is to be performed.

(c) As used in these specifications:

- (1) "Employer identification number" means the Federal Social Security number used on the Employer's Quarterly Federal Tax Return, U. S. Treasury Department Form 941;
- (2) "Minority" includes:
 - (i) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);
 - (ii) Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish Culture or origin, regardless of race);
 - (iii) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and
 - (iv) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).

(d) Whenever the Contractor, or any subcontractor at any tier, subcontracts a portion of the construction work involving any construction trade, it shall physically include in each subcontract in excess of \$10,000 those provisions which include the applicable goals for minority and female participation.

(e) The Contractor shall implement the specific affirmative action standards provided in subparagraphs (1) through (16) of paragraph (h) hereof. The goals set forth above are expressed as percentages of the total hours of

employment and training of minority and female utilization the Contractor should reasonably be able to achieve in each construction trade in which it has employees in the premises. The Contractor is expected to make substantially uniform progress toward its goals in each craft during the period specified.

(f) Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the Contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the Contractor's obligations hereunder.

(g) In order for the nonworking training hours of apprentices and trainees to be counted in meeting the goals, such apprentices and trainees must be employed by the Contractor during the training period, and the Contractor must have made a commitment to employ the apprentices and trainees at the completion of their training, subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U. S. Department of Labor.

(h) The Contractor shall take specific affirmative actions to ensure equal employment opportunity ("EEO"). The evaluation of the Contractor's compliance with these provisions shall be based upon its effort to achieve maximum results from its actions. The Contractor shall document these efforts fully, and shall implement affirmative action steps at least as extensive as the following:

(1) Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the Contractor's employees are assigned to work. The Contractor, where possible, will assign two or more women to each phase of the construction project. The Contractor, shall specifically ensure that all foremen, superintendents, and other supervisory personnel at the premises are aware of and carry out the Contractor's obligation to maintain such a working environment, with specific attention to minority or female individuals working at the premises.

(2) Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations when the Contractor or its unions have employment opportunities available, and maintain a record of the organizations' responses.

(3) Maintain a current file of the names, addresses and telephone numbers of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by the union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefor, along with whatever additional actions the Contractor may have taken.

(4) Provide immediate written notification to the Lessee when the union or unions with which the Contractor has a collective bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other information that the union referral process has impeded the Contractor's efforts to meet its obligations.

(5) Develop on-the-job training opportunities and/or participate in training programs for the area which expressly include minorities and women, including upgrading programs and apprenticeship and trainee programs relevant to the Contractor's employment needs, especially those programs funded or approved by the Department of Labor. The Contractor shall provide notice of these programs to the sources compiled under subparagraph (2) above.

(6) Disseminate the Contractor's EEO policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Contractor in meeting its EEO obligations; by including it in any policy manual and collective bargaining agreement; by publicizing it in the Contractor's newspaper, annual report, etc.; by specific review of the policy with all management personnel and with all minority and female employees at least one a year; and by posting the Contractor's EEO policy on bulletin boards accessible to all employees at each location where construction work is performed.

(7) Review, at least every six months the Contractor's EEO policy and affirmative action obligations hereunder with all employees having any responsibility for hiring, assignment, layoff, termination or other employment decisions including specific review of these items with on-premises supervisory personnel such as Superintendents, General Foremen, etc., prior to the initiation of construction work at the premises. A written record shall be made and maintained identifying the time and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.

(8) Disseminate the Contractor's EEO policy externally by including it in any advertising in the news media, specifically including minority and female news media, and providing written notification to and discussing the Contractor's EEO policy with other Contractors and Subcontractors with whom the Contractor does or anticipates doing business.

(9) Direct its recruitment efforts, both oral and written, to minority, female and community organizations, to schools with minority and female students and to minority and female recruitment and training organizations and to State-certified minority referral agencies serving the Contractor's recruitment area and employment needs. Not later than one month prior to the date for the acceptance of applications for apprenticeship or other training by any recruitment source, the Contractor shall send written notification to organizations such as the above, describing the openings, screening procedures, and tests to be used in the selection process.

(10) Encourage present minority and female employees to recruit other minority persons and women and, where reasonable, provide after school, summer and vacation employment to minority and female youth both on the premises and in other areas of a Contractor's workforce.

(11) Tests and other selection requirements shall comply with 41 CFR Part 60-3.

(12) Conduct, at least every six months, an inventory and evaluation at least of all minority and female personnel for promotional opportunities and encourage these employees to seek or to prepare for, through appropriate training, etc., such opportunities.

(13) Ensure that seniority practices, job classifications, work assignments and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the EEO policy and the Contractor's obligations hereunder are being carried out.

(14) Ensure that all facilities and company activities are nonsegregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.

(15) Document and maintain a record of all solicitations of offers for subcontracts from minority and female construction contractors and suppliers, including circulation of solicitations to minority and female contractor associations and other business associations.

(16) Conduct a review, at least every six months, of all supervisors' adherence to and performance under the Contractor's EEO policies and affirmative action obligations.

(i) Contractors are encouraged to participate in voluntary associations which assist in fulfilling one or more of their affirmative action obligations (subparagraphs (1)-(16) of Paragraph (h) above). The efforts of a contractor association, joint contractor-union, contractor-community, or other similar group of which the Contractor is a member and participant, may be asserted as fulfilling any one or more of its obligations under Paragraph (h) hereof provided that the Contractor actively participates in the group, makes every effort to assure that the group has a positive impact on the employment of minorities and women in the industry, ensures that the concrete benefits of the program are reflected in the Contractor's minority and female workforce participation, makes a good faith effort to meet its individual goals and timetables, and can provide access to documentation which demonstrates the effectiveness of actions taken on behalf of the Contractor. The obligation to comply, however, is the Contractor's and failure of such a group to fulfill an obligation shall not be a defense for the Contractor's non-compliance.

(j) A single goal for minorities and a separate single goal for women have been established. The Contractor, however, is required to provide equal employment opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and non-minority. Consequently, the Contractor may be in violation hereof if a particular group is employed in a substantially disparate manner (for example, even though the Contractor has achieved its goals for women generally, the Contractor may be in violation hereof if a specific minority group of women is under-utilized).

(k) The Contractor shall not use the goals and timetables or affirmative action standards to discriminate against any person because of race, color, religion, sex, or national origin.

(l) The Contractor shall not enter into any sub-contract with any person or firm debarred from Government contracts pursuant to Executive Order 11246.

(m) The Contractor shall carry out such sanctions and penalties for violation of this clause including suspension, termination and cancellation of existing subcontracts as may be imposed or ordered by the Lessee. Any Contractor who fails to carry out such sanctions and penalties shall be in violation hereof.

(n) The Contractor, in fulfilling its obligations hereunder shall implement specific affirmative action steps, at least as extensive as those standards prescribed in paragraph (h) hereof so as to achieve maximum results from its efforts to ensure equal employment opportunity. If the Contractor fails to comply with the requirements of these provisions, the Lessee shall proceed accordingly.

(o) The Contractor shall designate a responsible official to monitor all employment related activity to ensure that the company EEO policy is being carried out, to submit reports relating to the provisions hereof as may be required and to keep records. Records shall at least include for each employee the name, address, telephone numbers, construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status (e.g. mechanic, apprentice, trainee, helper, or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and location at which the work was performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, contractors shall not be required to maintain separate records.

(p) Nothing herein provided shall be construed as a limitation upon the application of any laws which establish different standards of compliance or upon the application of requirements for the hiring of local or other area residents (e.g., those under the Public Works Employment Act of 1977 and the Community Development Block Grant Program).

Section 51A. Minority Business Enterprises Program

As a matter of policy the Port Authority requires the Lessee and the Lessee shall require the general contractor to use every good faith effort to provide for meaningful participation by Minority Business Enterprises (MBE's) in the construction work. "Meaningful participation" shall mean that at least ten percent (10%) of the firms performing the construction work are MBE's. A Minority Business Enterprise shall mean a company or firm at least 51% of which is owned and controlled by a minority or minorities. A minority shall be as defined in Section 51(II)(c) hereof. Good faith efforts to include meaningful participation by MBE's shall include at least the following:

- a. Making plans and specifications for prospective construction work available to MBE's in sufficient time for review.
- b. Utilizing the list of eligible MBE's maintained by the Port Authority or seeking minorities from other sources for the purpose of soliciting bids for subcontractors.
- c. Encouraging the formation of joint ventures, partnerships or other similar arrangements among subcontractors, where appropriate, to insure that the Lessee and Contractor will meet their obligations hereunder.
- d. Insuring that provision is made to provide progress payments to MBE's on a timely basis.
- e. Not requiring bonds from and/or providing bonds and insurance for MBE's, where appropriate.

Section 52. Force Majeure

(a) The Port Authority shall not be liable for any failure, delay or interruption in performing its obligations hereunder due to causes or conditions beyond the control of the Port Authority. Further, the Port Authority shall not be liable unless the failure, delay or interruption shall result from failure on the part of the Port Authority to use reasonable care to prevent or reasonable efforts to cure such failure, delay or interruption.

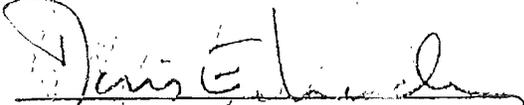
(b) No abatement, diminution or reduction of the rental, fees or other charges payable by the Lessee, shall be claimed by or allowed to the Lessee for any inconvenience, interruption, cessation or loss of business or other loss caused, directly or indirectly, by any present or future laws, rules, requirements, orders, directions, ordinances or regulations of the United States of America, or of the state, county or city governments, or of any other municipal, governmental or lawful authority whatsoever, or by priorities, rationing or curtailment of labor or materials, or by war or by any matter or thing resulting therefrom, or by any other cause or condition beyond the control of the Port Authority, nor shall this Agreement be affected by any such causes or conditions.

Section 53. Entire Agreement

This Agreement consists of the following: Sections 1 through 53, inclusive, Schedules A, C and D and Exhibits A and B. It constitutes the entire agreement of the parties on the subject matter hereof and may not be changed, modified, discharged or extended except by written instrument duly executed by the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed these presents the day and year first above written.

ATTEST:



SECRETARY

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

By 

(Title) Moran Sloane-Deputy Director of Aviation

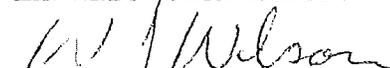
(Seal)

ATTEST:



Assistant Secretary

FEDERAL EXPRESS CORPORATION

By 

(Title) V. P. PROPERTIES AND FACILITIES
Vice President

(Corporate Seal)

APPROVED AS TO FORM

SCHEDULE A

The Lessee shall pay the Ground Rental at the rate and at the time stated in paragraph (a) of Item I of Section 4 of the Agreement to which this Schedule is attached (which Agreement is hereinafter sometimes called "the Lease"), as said rate is to be adjusted as of the Ground Rental commencement date, until the said rate is further adjusted, all as hereinafter provided. After the close of calendar year 1983 and after the close of each calendar year thereafter, the Port Authority will adjust the Airport Services Factor of the annual rental specified in paragraph (b) of Item I of Section 4 of the Agreement, upwards or downwards, as follows:

I. The Port Authority shall determine the total of the following major elements of costs actually incurred or accrued during the calendar year for which the adjustment is being made, in connection with Airport Services:

- (a) Fixed charges on Port Authority investment in Airport Services.
- (b) The Port Authority's cost of direct labor, materials, payments to contractors and suppliers and other costs for operation, maintenance, repairs and replacements charged directly to Airport Services, and the pro rata share of the cost of snow and ice removal; such costs, however, to exclude those charged to Port Authority non-revenue producing areas.
- (c) The Port Authority's cost of direct labor, materials, payments to contractors and suppliers and other costs charged directly to Policing and Traffic functions at the Airport (whether performed by the Airport Police Section or such other sections or other Port Authority organization unit or units as may hereafter perform the same or similar functions).
- (d) The Port Authority's cost of labor which was charged directly to the Airport Manager's Office (or such other Port Authority office or organization unit or units as may hereafter from time to time perform the same or similar functions).

II. The Port Authority shall also determine during the calendar year for which the adjustment is being made the percentage of total developed land area at the Airport occupied by the Lessee's premises.

III. The Port Authority will multiply the Airport Services Factor as stated in paragraph (b) of Item I of Section 4 of the Agreement by a fraction the numerator of which shall be the total of the major elements of costs actually incurred or accrued as determined under Paragraph I, subparagraphs (a) through (d) above and the denominator of which shall be the total of the major elements of costs actually incurred or accrued as determined for the year prior to the year for which the adjustment is being made (for the calendar year 1983 adjustment, it is hereby agreed said denominator shall be \$13,981,564); and the resulting product shall be multiplied by a fraction the numerator of which shall be the percentage determined in Paragraph II above and the denominator of which shall be the actual percentage of total developed land area occupied by the Lessee's premises determined for the year prior to the year for which the adjustment is being made (for the calendar year 1983 adjustment, it is hereby agreed said denominator shall be 01.924%).

IV. The resultant product shall constitute the final Airport Services Factor for the calendar year for which the adjustment is being made. It shall also constitute the tentative Airport Services Factor for the calendar year in which such factor is calculated. When the Ground Rental commencement date occurs, the Ground Rental shall be adjusted and the Airport Services Factor then in effect shall be the amount due and payable by the Lessee to the Port Authority. Thereafter the final Airport Services Factor shall be the amount due and payable by the Lessee to the Port Authority for the calendar year so adjusted and for the months which have elapsed since the end of that calendar year. The Lessee shall continue to make payments based on the new tentative Airport Services Factor until the same is further adjusted.

V. In the event more than one Airport Services Factor is in effect during the calendar year for reasons other than the adjustment pursuant to Paragraph IV hereof, the Port Authority will multiply each such Airport Services Factor by the fractions stated in Paragraph III above, except that the percentage to be used as the denominator of the second of the said fractions shall be the percentage in effect at the same time as each such Airport Services Factor is in effect.

VI. In the event more than one Airport Services Factor is in effect during a calendar year for reasons other than the adjustment pursuant to Paragraph IV hereof, resulting in more than one resultant product after the adjustments pursuant to Paragraph V hereof have been made, the resultant product of that adjustment involving the Airport Services Factor in effect at the end of the calendar year for which the adjustment is being made shall constitute the final Airport Services Factor for the portion of said calendar year during which said Airport Services Factor was in effect. It shall also constitute the

tentative Airport Services Factor for the calendar year in which such factor is calculated. All other resultant products shall each constitute the final Airport Services Factor for that portion of the calendar year for which the adjustment is being made during which the respective tentative Airport Services Factor was in effect.

VII. Any deficiency in the rentals and fees due to the Port Authority from the Lessee for any calendar year resulting from the adjustment of the Airport Services Factor of the rentals shall be paid to the Port Authority by the Lessee within thirty (30) days after demand therefor and any excess payments made by the Lessee determined on the basis of an adjusted Airport Services Factor shall be credited against future rentals, such credit to be made within thirty (30) days following the adjustment of the Airport Services Factor.

VIII. The following terms, when used in the Agreement, shall, unless the context shall require otherwise, have the respective meanings given below:

(a) "Airport Services" for the purpose of the Agreement shall mean such systems, non-revenue producing areas, operations and functions as may be related to serving the Airport from time to time during the term of the letting including without limitation thereto, air terminal highways (as so designated by the Port Authority from time to time), communications and signals, storm and sanitary sewers, water distribution, and other systems designed to provide utilitarian services to Airport areas, restricted use service highways, non-revenue producing space in structures, facilities, areas or subdivisions thereof necessary to the operations of the Airport, including without limitation thereto, Port Authority administrative, maintenance, policing and operations space.

(b) "Total Developed Land Square Feet on the Airport" shall mean all land within the Airport boundary as the same may be changed from time to time (exclusive, however, of land situated to the north and west of United States Routes 1-9) which is revenue-producing, including but not limited to all land under lease or permit, land actually developed for a specific use and all land specifically designated as part of the Public Aircraft Facilities.

(c) "Port Authority Investment" as used for the computation of fixed charges shall consist of:

A. Construction costs

- (1) payments to contractors and/or vendors and suppliers;
- (2) premiums or charges for Performance Bonds;
- (3) insurance premiums or charges;
- (4) direct payroll and expenses of Port Authority forces engaged in performance or supervision of construction work, charged in accordance with Port Authority accounting practice.

B. Engineering Services

- (1) payments to outside consultants and engineering firms;
- (2) direct payroll and expenses of Port Authority staff, charged in accordance with Port Authority accounting practice.

C. Land acquisition costs and cost of acquisition of any interest therein, including air rights whether by purchase, lease, condemnation or other taking for a purpose, use or otherwise.

D. Other direct costs charges in accordance with Port Authority accounting practice.

E. Liquidated overhead in lieu of the Port Authority's administration and overhead costs in the amount of ten percent (10%) of the sum of all other elements of cost included in Port Authority investment (including Financial Expense, "F" below).

F. Financial Expense on the foregoing computed in accordance with Port Authority accounting practice.

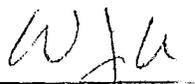
(d) "Fixed charges on Port Authority investment" shall mean amortization and interest on Port Authority investment in items completed subsequent to December 31, 1964. Such fixed charges shall be determined on the basis of an equal annual payment method. The interest factor used in determining the fixed charges for all of the foregoing shall be the weighted average coupon rate for the twelve months ending November 30 of each year, rounded to the nearest hundredth percent, on all long-term bonds outstanding, the proceeds of which were made available for construction at the Airport.

(e) The symbol "%" and the words "percentum" and "percent" whenever used herein or in the Agreement shall be deemed to be used synonymously and interchangeably.



For the Port Authority

Initialed:



For the Lessee
V. P. PROPERTIES AND FACILITIES

SCHEDULE C

I. (a) Commencing on the Schedule C Date as defined in Section 48 of Port Authority Agreement No. ANA-041 (hereinafter called "the Agreement") with Federal Express Corporation (hereinafter called "the Lessee") at Newark International Airport (hereinafter called "the Airport"), and continuing thereafter throughout the remainder of the term of the Agreement, the Lessee shall pay to the Port Authority a flight fee for each and every take-off made by any aircraft operated by the Lessee. For calendar year 1983 and for the months of 1984 prior to the further adjustment of the tentative flight fee to a finalized flight fee for calendar year 1983 as hereinafter provided, a tentative flight fee has been established for each and every take-off at the rate of \$2.6475 per thousand pounds of Maximum Weight for Take-Off, which tentative flight fee represents the summation of the following factors:

(1) A P.A.F. Charge Factor, which pertains to the Port Authority's snow removal operations and provision, operation, maintenance, servicing, repair and replacement of and to the Public Aircraft Facilities and Airport emergency services. (For calendar year 1983, Ex.2.a. per thousand pounds represents the tentative P.A.F. Charge Factor); and

(2) An Airport Services Charge Factor which pertains to the Port Authority's snow removal operations and provision, operation, maintenance, repair and replacement with respect to Airport Services. (For calendar year 1983, per thousand pounds represents the tentative Airport Services Charge Factor).

II. After the close of calendar year 1983 and after the close of each calendar year thereafter, the Port Authority will adjust the tentative flight fee for the applicable calendar year, upwards or downwards, to a finalized flight fee for each such calendar year, as follows:

(A) P.A.F. Charge Factor

(1) The Port Authority shall determine the total of the following major elements of costs actually incurred or accrued during calendar year 1983 or other calendar year for which the adjustment is being made in

connection with the Public Aircraft Facilities:

(a) fixed charges on Port Authority investment in Public Aircraft Facilities; and

(b) the Port Authority's cost of direct labor, materials, payments to contractors and suppliers, the Port Authority's cost charged to the Emergency Service Functions at the Airport (whether performed by the Airport Police Section or other section or sections or other Port Authority organization unit or units as may hereafter perform the same or similar functions), other costs for the operation, maintenance, repair and replacement of Public Aircraft Facilities, and the prorata share of the cost of snow and ice removal.

(2) The Port Authority will also determine the total Maximum Weight for Take-Off of all aircraft using the Airport during the calendar year for which the adjustment is being made except such aircraft as are not required to pay a flight fee, such as government flights, etc.

(3) The Port Authority will multiply the sum of **Ex.2.a.** representing the tentative P.A.F. Charge Factor by a fraction the numerator of which shall be the total of the actual elements of cost described in subparagraphs (a) and (b) of the preceding paragraph (A) (1) and the denominator of which shall be the total of the actual elements of cost actually incurred or accrued as determined for the year prior to the year for which the adjustment is being made (for the calendar year 1983 adjustment, it is hereby agreed said denominator shall be **Ex.2.a.**, the resulting product shall then be multiplied by a fraction, the numerator of which shall be the total Maximum Weight for Take-Off of all aircraft using the Airport during the calendar year prior to the year for which the adjustment is being made (for the calendar year 1983 adjustment, it is hereby agreed said numerator shall be 12,801,339,000 pounds) and the denominator of which shall be the total Maximum Weight for Take-Off determined in the preceding paragraph (A) (2); and the resultant product shall be the final P.A.F. Charge Factor of the finalized flight fee for the calendar year for which the adjustment is being made.

(B) Airport Services Charge Factor

(1) The Port Authority shall determine the total of the following major elements of cost actually incurred or accrued during the calendar year for which adjustment is being made in connection with Airport Services:

(a) Fixed charges on Port Authority Investment in Airport Services.

(b) The Port Authority's cost of direct labor, materials, payments to contractors and suppliers and other costs for operation, maintenance, repairs and replacements charged directly to Airport Services, and the pro rata share of the cost of snow and ice removal; such costs, however, to exclude those charged to Port Authority non-revenue producing areas.

(c) The Port Authority's cost of direct labor, materials, payments to contractors and suppliers and other costs charged directly to Policing and Traffic functions at the Airport (whether performed by the Airport Police Section or such other sections or other Port Authority organization unit or units or may hereafter perform the same or similar functions).

(d) The Port Authority's cost of labor which was charged directly to the Airport Manager's Office (or such other Port Authority office or organization unit or units as may hereafter from time to time perform the same or similar functions).

(2) The Port Authority shall also determine the percentage of total developed land area at the Airport occupied by the Public Aircraft Facilities during the calendar year for which the adjustment is being made.

(3) The Port Authority will multiply the sum of Ex.2.a. representing the tentative Airport Services Charge Factor by a fraction the numerator of which shall be the total of the actual major elements of costs determined under the preceding paragraph (B) (1) and the denominator of which shall be the total of the major elements of costs actually incurred or accrued as determined for the year prior to the year for which the adjustment is being made (for the calendar year 1983 adjustment, it is hereby agreed said denominator

shall be : **Ex.2.a.** , the resulting product shall be multiplied by a fraction the numerator of which shall be the total Maximum Weight for Take-Off of all aircraft using the Airport during the calendar year prior to the year for which the adjustment is being made (for the calendar year 1983 adjustment, it is hereby agreed said numerator shall be **Ex.2.a.** pounds) and the denominator of which shall be the total Maximum Weight for Take-Off determined in paragraph (A) (2) above, and that product shall then be multiplied by a fraction the numerator of which shall be the percentage determined in paragraph (B) (2) above and the denominator of which shall be the actual percentage of total developed land area occupied by the Public Aircraft Facilities determined for the year prior to the year for which the adjustment is being made (for the calendar year 1983 adjustment, it is hereby agreed said denominator shall be **Ex.2.a.**

(4) The resultant product shall be the final Airport Services Charge Factor of the finalized flight fee for the calendar year for which the adjustment is being made.

(C) The final P.A.F. Charge Factor and the final Airport Services Charge Factor as determined above shall be added together and the sum thereof shall constitute the finalized flight fee for the calendar year for which the adjustment is being made. It shall also constitute the tentative flight fee for the calendar year in which such adjustment is calculated, and such flight fee will be expressed in cents per thousand pounds of Maximum Weight for Take-Off. The finalized flight fee shall be multiplied by the total Maximum Weight for Take-Off (in thousands of pounds) of all aircraft operated by the Lessee which took off from the Airport during the calendar year for which the adjustment is made and for the calendar months which have elapsed since the close of said calendar year. The resultant product shall constitute the total flight fee charges payable by the Lessee to the Port Authority for the Airline's use of the Public Aircraft Facilities during the calendar year for which the adjustment is being made, and for the months which have elapsed since the close of the said calendar year. The Lessee shall continue to make payments based on the new tentative flight fee until the same is further adjusted.

Any deficiency due to the Port Authority from the Lessee for any calendar year resulting from adjustment of the flight fee shall be paid to the Port Authority by the Lessee within thirty (30) days after demand therefor and any excess payments made by the Lessee determined on the basis of an adjusted flight fee shall be credited against future flight fee charges, such credit to be made within thirty (30) days following the adjustment of the flight fee.

(D) All percentage shares calculated under this Schedule C shall be expressed in decimals to the nearest ten thousandth.

(E) All flight fees payable under the Agreement shall be expressed in cents per thousand pounds of Maximum Weight for Take-Off to the nearest ten-thousandth of a cent.

III. The following terms, when used in the Agreement shall, unless the context shall require otherwise, have the respective meanings given below:

(a) "Airport Services" for the purpose of the Agreement shall mean such systems, non-revenue producing areas, operations and functions as may be related to serving the Airport from time to time during the term of the letting including without limitation thereto, air terminal highways (as so designed by the Port Authority from time to time), communications and signals, storm and sanitary sewers, water distribution, and other systems designed to provide utilitarian services to Airport areas, restricted use service highways, non-revenue producing space in structures, facilities, areas or subdivisions thereof necessary to the operations of the Airport, including without limitation thereto, Port Authority administrative, maintenance, policing and operations space.

(b) "Port Authority Investment" as used for the computation of fixed charges shall consist of:

A. Construction costs

- (1) payments to contractors and/or vendors and suppliers;
- (2) premiums or charges for Performance Bonds;

(3) insurance premiums or charges;

(4) direct payroll and expenses of Port Authority forces engaged in performance or supervision of construction work, charged in accordance with Port Authority accounting practice.

B. Engineering Services

(1) payments to outside consultants and engineering firms;

(2) direct payroll and expenses of Port Authority staff, charged in accordance with Port Authority accounting practice.

C. Land acquisition costs and cost of acquisition of any interest therein, including air rights whether by purchase, lease, condemnation or other taking for a purpose, use or otherwise.

D. Other direct costs charged in accordance with Port Authority accounting practice.

E. Liquidated overhead in lieu of the Port Authority's administration and overhead costs in the amount of ten percent (10%) of the sum of all other elements of cost included in Port Authority investment (including Financial Expense, "F", below).

F. Financial Expense on the foregoing computed in accordance with Port Authority accounting practice.

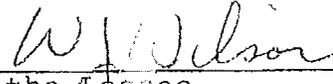
(c) "Fixed charges on Port Authority investment" shall mean amortization and interest on Port Authority investment in items completed subsequent to December 31, 1964. Such fixed charges shall be determined on the basis of an equal annual payment method. The interest factor used in determining the fixed charges for all of the foregoing shall be the weighted average coupon rate for the twelve months ending November 30 of each year, rounded to the nearest hundredth percent, on all long-term bonds outstanding the proceeds of which were made available for construction at the Airport.

(d) The symbol "%" and the words "percentum" and "percent" whenever used herein or in the Agreement shall be deemed to be used synonymously and interchangeably.



For the Port Authority

Initialed:



For the Lessee
V. P. PROPERTIES AND FACILITIES

SCHEDULE D

I. (a) Commencing on the Schedule C Date as defined in Section 48 of Port Authority Agreement No. ANA-041 (hereinafter called "the Agreement") with Federal Express Corporation (hereinafter called "the Lessee") at Newark International Airport (hereinafter called "the Airport"), and continuing thereafter throughout the remainder of the term of the Agreement, the Lessee through its supplier of aviation fuel shall pay to the Port Authority a gallonage fee for each gallon of fuel delivered by the Airport's fuel system operator to aircraft operated by the Lessee. For calendar year 1983 and for the months of 1984 prior to the further adjustment of the tentative gallonage fee to a finalized gallonage fee for calendar year 1983 as hereinafter provided, a tentative gallonage fee has been established at the rate of \$0.0631 for each gallon of fuel delivered to aircraft operated at the Airport by lessees of the Port Authority, which tentative gallonage fee represents the summation of the following components:

(1) A System Charge Component, which pertains to the Port Authority's provision, operation, maintenance, servicing, repair and replacement of and to the Fuel System. (For calendar year 1983, \$0.06033 per gallon represents the tentative System Charge Component).

(2) An Airport Services Charge Component, which pertains to the Port Authority's snow removal operations and provision, operation, maintenance, repair and replacement with respect to Airport Services. (For calendar year 1983, Ex.2.a. per gallon represents the tentative Airport Services Charge Component).

II. After the close of the calendar year 1983 and after the close of each calendar year thereafter, the Port Authority will adjust the tentative gallonage fee for the applicable calendar year, upwards or downwards, to a finalized gallonage fee for each such calendar year, as follows:

(A) System Charge Component

(1) The Port Authority will determine the total of the following costs actually incurred or accrued during the calendar year for which the adjustment is being made:

(a) Fixed charges on Port Authority investment in the Fuel System; and

(b) The Port Authority's cost of direct labor, materials, payments to contractors and suppliers (other than the contractors referred to in subdivision (c) below), other costs for operation, maintenance, repairs and replacements charged directly to the Fuel System, and the pro rata share of the cost of snow and ice removal.

(c) Ex.2.a of the contract amounts paid or payable to an independent contractor who shall have operated the Fuel System.

(2) The Port Authority will multiply the sum of \$0.06033 per gallon representing the tentative System Charge Component by a fraction the numerator of which shall be the sum of the costs determined under paragraph (A) (1) above and the denominator of which shall be the sum of the cost determined for the year prior to the year for which the adjustment is being made (for the calendar year 1983 adjustment, it is hereby agreed said denominator shall be Ex.2.a). It will then multiply the resulting product by a fraction the numerator of which shall be the actual number of gallons of fuel delivered through the Fuel System to all aircraft at the Airport during the year prior to the year for which the adjustment is being made (for the calendar year 1983 adjustment, it is hereby agreed said numerator shall be 184,361,420 gallons) and the denominator of which shall be the actual number of gallons of fuel delivered through the Fuel System to all aircraft at the Airport during the calendar year for which the adjustment is being made; and the resulting product shall be the final System Charge Component of the finalized gallonage fee for the calendar year for which the adjustment is being made.

(B) Airport Services Charge Factor

(1) The Port Authority shall determine the total of the major elements of cost actually incurred or accrued

during the calendar year for which the adjustment is being made, as such major elements are described in paragraph II(B)(1), subparagraphs (a) through (d) in Schedule C attached to the Agreement.

(2) The Port Authority shall also determine the percentage of total developed land area at the Airport occupied by the Bulk Storage area during the calendar year for which the adjustment is being made.

(3) The Port Authority will multiply the sum of representing the tentative Airport Services Charge Component by a fraction the numerator of which shall be the total of the items described in the preceding paragraph (B)(1) and the denominator of which shall be the total of the major elements of costs actually incurred or accrued as determined for the year prior to the year for which the adjustment is being made (for the calendar year 1983 adjustment, it is hereby agreed said denominator shall be Ex.2.a. ; it will then multiply the resulting product by a fraction the numerator of which shall be the actual number of gallons of fuel delivered through the Fuel System to all aircraft at the Airport during the year prior to the year for which the adjustment is being made (for the calendar year 1983 adjustment, it is agreed said numerator shall be Ex.2.a. gallons) and the denominator of which shall be the actual number of gallons of fuel delivered through the Fuel System to all aircraft at the Airport during the calendar year for which the adjustment is being made; and that product will then be multiplied by a fraction the numerator of which shall be the percentage share determined in paragraph (B)(2) above, and the denominator of which shall be the percentage of total developed land area at the Airport occupied by the Bulk Storage area determined for the year prior to the year for which the adjustment is being made (for the calendar year 1983 adjustment, it is hereby agreed said denominator shall be

(4) The resulting product shall be the final Airport Services Charge Component of the finalized gallonage for the calendar year for which the adjustment is being made.

(C) The final System Charge Component and the final Airport Services Charge Component as determined above shall be added together and the sum thereof shall constitute the finalized gallonage fee for the calendar year for which the adjustment is being made. It shall also constitute the tentative gallonage fee for the calendar year in which the adjustment is calculated and such gallonage fee shall be expressed in cents per gallon. The finalized gallonage fee shall be multiplied by the total number of gallons of fuel delivered by the Airport's fuel system operator to aircraft operated by the Lessee during the calendar year for which the adjustment is being made and during the calendar months which have elapsed since the close of the calendar year for which the adjustment is being made. The resultant product shall constitute the total fuel gallonage fees due and payable by the Lessee to the Port Authority for the calendar year so adjusted, and for the months which have elapsed since the close of the calendar year. The Lessee shall continue to make payments based on the new tentative gallonage fee until the same is further adjusted.

Any deficiency due to the Port Authority from the Lessee for a calendar year resulting from adjustment of the gallonage fee shall be paid to the Port Authority by the Lessee within thirty (30) days after demand therefor and any excess payments made by the Lessee determined on the basis of an adjusted gallonage fee shall be credited against future gallonage fees such credit to be made within thirty (30) days following adjustment of the gallonage fee.

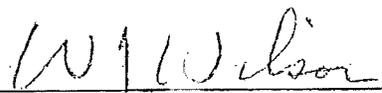
(D) All percentage shares calculated under this Schedule D shall be expressed in decimals to the nearest ten-thousandth.

(E) All gallonage fee charges calculated under this Schedule D shall be expressed in cents per gallon of aircraft fuel to the nearest ten-thousandth of a cent.



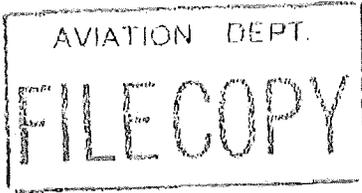
For the Port Authority

Initialed:



For the Lessee
W. P. PROPERTIES AND FACILITIES

THIS SUPPLEMENTAL AGREEMENT SHALL BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY



Newark International Airport
Lease No. ANA-041
Supplement No. 1

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT made as of October 1, 1983 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and FEDERAL EXPRESS CORPORATION (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, by an agreement of lease dated as of the 1st day of October, 1983 (hereinafter referred to as "the Lease") the Port Authority leased and granted to the Lessee certain premises at Newark International Airport (hereinafter called "the Airport") as more particularly described in the Lease and,

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects as hereinafter provided;

NOW, THEREFORE, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of October 1, 1983, as follows:

1. The last three lines of paragraph (a) of Section 1 of the Lease is hereby amended to read as follows:

"installed therein, thereon and thereunder, all of the foregoing (except as hereinafter specifically provided) being hereinafter collectively referred to as 'the premises'."

2. Section 2 of the Lease is hereby amended as follows:

(a) Paragraph (a) thereof is hereby amended by deleting the period at the end of subparagraph (vii) thereof and by inserting a comma in lieu thereof and adding immediately following said subparagraph (vii), new subparagraphs (viii) and (ix) to read as follows:

"(viii) The construction and installation of additions and modifications to the Fuel System (as hereinafter defined), including but not limited to Distribution Facilities and Terminal Distribution Units

(as such terms are defined in Section 49A hereof) and under, and pipelines, fuel main and stubs necessary or required to tie into the Fuel System at the Airport to accommodate and serve the premises and all aircraft gate positions located or to be located at the premises,

(ix) Automotive fuel storage and dispensing facilities, the foregoing together with all associated and related facilities being hereafter called 'the automotive fuel facilities.'

(b) The first full paragraph at the top of page 4 of the Lease is hereby amended to read as follows:

"All of the foregoing work shall be constructed by the Lessee on the premises and off the premises where required, and where constructed on the premises shall be and become part of the premises under the Lease, except for the items covered in subparagraph (viii) above which shall not be part of the premises under the Lease (although part of the construction work as defined below), and is sometimes referred to herein as the 'Package Handling Facility'."

(c) Items (i) and (ii) of paragraph (c) (11) of said Section 2 of the Lease is hereby amended to read as follows:

"(i) Bodily Injury Liability

For injury to or wrongful death
to one person.....\$10,000,000

For injury or wrongful death to
more than one person for any
one occurrence (including
contractual).....\$10,000,000

Aggregate Products
Completed Operations.....\$10,000,000

(ii) Property Damage Liability

For all damage arising out of
injury to or destruction of
property in any one
occurrence.....\$10,000,000

Aggregate Products Completed
Operations.....\$10,000,000

Aggregate Premises-
Operations.....\$10,000,000

Aggregate Protective... \$10,000,000

Aggregate Contractual \$10,000,000".

3. Section 6 of the Lease is hereby amended by adding at the end thereof a new paragraph (h) to read as follows:

"(h) As to the automotive fuel facilities, for the receipt, storage and dispensing of automotive fuel for automotive vehicles and equipment used by the Lessee in performing the operations authorized hereunder."

4. Paragraph (a) of section 48 of the Lease is hereby amended to read as follows:

"(a) Commencing on the Completion Date (hereinafter sometimes called the 'Schedule C Date') and continuing up to and including December 31, 1998, the Lessee shall pay to the Port Authority the flight fees established by the Port Authority from time to time in accordance with the provisions of Schedule C, for each and every take-off of each and every aircraft operated by the Lessee. The said flight fee shall be a fee (per thousand pounds of Maximum Weight for Take-off) prorated to the nearest hundred pounds.

The said flight fee is made up to two factors, a P.A.F. Charge Factor and an Airport Services Charge Factor, as set forth in Schedule C. It is recognized that the flight fee provisions contained in Schedule C are effective through December 31, 1998. It is hereby agreed that for the portion of the term hereunder subsequent to December 31, 1998, the Port Authority and the Lessee shall negotiate in good faith toward the establishment of provisions covering the determination of the flight fees payable by the Lessee for the portion of the term commencing January 1, 1999 through the expiration date of the term of the letting hereunder, and upon the establishment of the same the Lessee shall pay flight fees in accordance with said provisions for said portion of the term. If the parties do not reach such agreement, the Lessee shall pay flight fees in accordance with the Port Authority's Schedule of Charges for said portion of the term commencing January 1, 1999."

5. Paragraph (a) of Section 49 of the Lease is hereby amended to read as follows:

"(a) Effective as of the Completion Date up to and including December 31, 1998 the Lessee shall pay to the Port Authority, in monthly installments, for each and

every gallon of fuel delivered to the Lessee either through the Fuel System or partly by the Fuel System or by truck or any combination of both a fuel distribution or partly by the Fuel System or by truck or any combination of both a fuel determined in accordance with the provisions of Schedule D, attached hereto and hereby made a part of this Agreement, may be delivered to the Bulk Fuel Storage Facility and to the fuel system at the Airport on the behalf of a fuel storage permittee at the Airport herein defined. It is recognized that the fuel gallonage fee provisions contained in Schedule D, attached hereto and hereby made a part of this Agreement, is hereby agreed that for the portion of the term subsequent to December 31, 1998 the Port Authority shall negotiate in good faith toward the establishment of provisions covering the determination of the fuel gallonage fees payable by the Lessee for the portion of the term commencing January 1, 1999 and upon the establishment of the same the Lessee shall pay fuel gallonage fees in accordance with the provisions for said portion of the term. If the parties do not reach such agreement, the Lessee shall pay fuel gallonage fees in accordance with the Port Authority's Schedule of Charges for said portion of the term commencing January 1, 1999.

"The Port Authority shall tender to each of the Airline Lessees' (including the Lessee's) suppliers of aviation fuel as designated by each Airline Lessee a fuel storage permit permitting each such supplier to store for reasonable periods of time in the fuel storage facilities aviation fuel of each grade used by each Airline Lessee, with commingling as hereinbefore provided, for delivery into aircraft of said Airline Lessee either through the Fuel System or by truck distribution or partly by the Fuel System and partly by truck or any combination of both in a quantity equal to a five-day supply thereof (determined currently upon the basis of estimates as aforesaid) for said Lessee (less the quantity of such grade then being stored by an Airline Lessee under its fuel storage permit as hereinafter provided) and all other Airline Lessees using such grade (less the quantity of such grade then being stored by the Airline Lessees under their fuel storage permits as hereinafter provided). Any such supplier permittee may also be permitted to store in the fuel storage facilities aviation fuel of such grade used by general aviation aircraft operators with commingling as hereinbefore provided. In addition to and without limiting the foregoing, the Port Authority shall, at the option of each Airline Lessee (including the Lessee), tender to the Airline Lessee itself a fuel storage permit permitting the Airline Lessee to store

for reasonable periods of time in fuel storage facilities aviation fuel of each grade used by the Airline Lessee, with commingling as hereinbefore provided, for delivery into aircraft of the Airline Lessee either through the Fuel System or by truck distribution or partly by the Fuel System and partly by truck or any combination of both in a quantity equal to a five-day supply thereof (determined currently upon the basis of estimates as aforesaid) for the Lessee (less the quantity of such grade then being stored by the Lessee's suppliers for the use of the Lessee under such suppliers' fuel storage permit). In addition to the foregoing the Port Authority shall have the right to issue to Fixed Base Operators, as hereinafter defined, fuel storage permits permitting such Fixed Base Operators to store in the fuel storage facilities aviation fuel of such grade used by general aviation aircraft operators with commingling as hereinbefore provided. The term 'Fixed Base Operator' shall mean the persons or organizations designated as such from time to time by the Port Authority to perform fueling services for private, corporate or itinerant aircraft or helicopters or for air taxis.

"Any such permits to store aviation fuel whether issued to any Aircraft Operator (including the Lessee) or to a supplier of any Aircraft Operator, as aforesaid, or both, or to a Fixed Base Operator are herein referred to as 'fuel storage permits' and the holders of such fuel storage permits are herein referred to as 'fuel storage permittees'. Each such fuel storage permittee shall have title to all fuel stored pursuant to its fuel storage permit.

"Any such fuel storage permit shall be subject to the following conditions and shall take effect upon acceptance by the fuel storage permittee:

"(1) That the fuel storage permittee shall pay to the Port Authority gallonage fees, for each and every gallon of aviation fuel stored by it and delivered to aircraft, as such gallonage fees are determined by the Port Authority to be payable in accordance with the provisions of the fuel storage permit and this Section 49, as well as any and all defueling charges (in the case of a fuel storage permit issued to an Aircraft Operator) accruing from time to time under paragraph (c) hereof.

"(2) That if such permit is issued to an Airline Lessee, and if at any time thereafter the Airline Lessee ceases to use aviation fuel of any grade, or if the requirements of the Airline Lessee with respect to aviation fuel of any grade diminish, then and in such

event, the amount of aviation fuel of such grade which may be stored by the Airline Lessee under its fuel storage permit or for its account under the fuel storage permit of a supplier of the Airline Lessee in such tanks or temporary substitute or supplementary tanks may be reduced pro tanto.

"(3) That such aviation fuel shall be delivered to and stored in such tank or tanks as the Port Authority may direct, and shall from time to time be transferred from tank to tank as the Port Authority may direct, provided, that there shall be no commingling as between different grades, or as between bonded and non-bonded aviation fuel.

"(4) That the receipt, storage and delivery of aviation fuel in and from the said tanks shall be as provided in this Section and in Section 49B hereof.

"(5) That the fuel storage permittee shall comply with all specifications, standards and procedures set forth in Exhibit Z, the contents of which Exhibit shall be incorporated in the fuel storage permit.

"If for any reason a supplier of the Airline Lessee who is a fuel storage permittee shall fail to make the payment as above provided, the Airline Lessee shall pay the gallonage fees promptly upon the delivery of the aviation fuel to aircraft operated by the Airline Lessee, for each and every gallon of aviation fuel delivered to said aircraft".

6. There shall be inserted in the Lease immediately following Section 49 thereof the following new Sections 49A, entitled "Fuel Storage and Distribution System", 49B entitled "Operation and Maintenance of the Fuel Storage and Distribution System" and 49C entitled "Airline Lessees" to read as follows:

"Section 49A. Fuel Storage and Distribution System

(a) The Port Authority has built and constructed an Aviation Fuel Storage and Distribution System hereinafter referred to as 'the Fuel System'.

The Port Authority hereby reserves the right in its discretion, and from time to time, to enlarge or reduce or modify the Fuel System, to make changes in and to the design thereof and to make other changes which it may deem necessary or desirable.

As used in this Agreement and in Schedule D, the term 'Fuel System' shall mean and include the Bulk Storage Area (the location of which is shown on Exhibit D, attached hereto and hereby made a part hereof), the Distribution Facilities and the

Terminal Distribution Units.

The Bulk Storage Area shall include storage tanks and incidental physical facilities for the receiving, storing and dispensing of aviation fuel by pipeline including pumps and piping for unloading over-the-road fuel trucks, floating roof tanks and appurtenances within dike walls, pump section piping and manifolds, pumps, filter separators, controls and appurtenances for the transfer of fuel from the bulk storage tanks through the pipe distribution lines. This area shall also include such truck fuel stations as may be installed therein by the Port Authority.

Distribution Facilities shall mean and include fuel trucks, and/or all piping, manifolds and appurtenances from the Bulk Fuel Storage Area to the Terminal Distribution Units including pipelines, hydrant boxes, hydrant valves, surge suppressors, emergency shut-off system and related appurtenances.

The Terminal Distribution Units shall mean and include that portion of the underground pipelines, the hydrant boxes, hydrant outlets and/or hydrant hose carts and related facilities (including fuel distribution) of and appurtenant to such parts of the Fuel System (including without limitation thereto hydrant valves) as are required to be located within the area referred to as Area D in the Leases of the Airline Lessees of Passenger Terminal A, Passenger Terminal B and Passenger Terminal C and within Area D hereunder (including those constructed and installed by the Lessee as part of the construction work under Section 2 hereof) and as are required to be located within such other areas of the exclusive premises of other lessees at the Airport into which the Fuel System is or is to be extended as contemplated in this paragraph (a) and in subparagraph (b) below). For the purposes of this Lease 'Area D' shall mean the Ramp and Apron Areas, as defined in Section 2 hereof.

As part of the Fuel System, the Port Authority has installed hydrant outlets and supplied hydrant hose carts in said Area D of the Airline Lessees. Further, as part of the Fuel System the Lessee shall, as part of the construction work under Section 2 thereof, construct and install the necessary or appropriate modifications and additions to the Fuel System, including but not limited to additional underground pipelines, and Terminal Distribution Units, all as set forth in said Section 2, to accommodate the premises and all aircraft gate positions located or to be located at the premises, which modifications and additions shall be and become part of the Fuel System.

The Lessee agrees to furnish to the Port Authority upon demand the hydrant ramp positions located or to be located in Area D hereunder.

(b) The receipt, storage and distribution of aviation fuel shall mean the physical operations involved in transferring aviation fuel from trucks or pipeline connections or other types of fuel carriers to the fuel storage tanks, in storing such fuel in said tanks, and in transferring such fuel from said storage tanks to distribution trucks (if trucks are used) or to the Fuel System (if the Fuel System is used) or to both trucks and the Fuel System (if both are used) to the several Areas D of the Airline Leases (including Area D hereunder) and of other Aircraft Operators and to other areas at the Airport designated by the General Manager of the Airport and dispensing such fuel from said trucks when delivery has been made by trucks or from the hydrant outlets or hydrant hose carts when delivery is made by the Fuel System into the Aircraft of the Airline Lessees (including the Lessee) and other Aircraft Operators. It is understood and agreed that it shall be the responsibility of each of the Airline Lessees to deliver or cause to be delivered its aviation fuel requirement to the Bulk Storage Area by truck, pipeline or other common carrier of fuel to the connections provided in the Fuel System. The Port Authority will approve qualified fuel suppliers engaged by any of the Airline Lessees (including the Lessee) provided such fuel suppliers enter into fuel storage permits, as hereinafter defined.

The Airline Lessees (including the Lessee) shall be jointly and severally responsible for any loss or damage caused to the Fuel System, or to any of the fuel facilities or any appurtenances thereto, by them or it or any of them or by their or its suppliers or through their or through its suppliers' negligence, but nothing herein contained shall impose upon the Lessee responsibility for loss or damage to the Fuel System caused or occasioned solely by the affirmative acts of the Port Authority or of the independent contractor designated by the Port Authority. The obligation of the Airline Lessees (including the Lessee) as set forth herein, (in the event that the aforesaid loss or damage is covered by any contract of insurance under which the Port Authority is an insured and which contract of insurance is required under the agreement between the Port Authority and its independent contractor covering the operation of the Fuel System and is actually provided and maintained by said independent contractor) is hereby released to the extent that the loss is recouped by actual payment to the Port Authority of the proceeds of such insurance, provided, however, that, if this release shall invalidate any such policy of insurance or limit or void the Port Authority's rights thereunder, then this release shall be void and of no effect. Notwithstanding the foregoing, however, nothing herein shall obligate or shall be deemed to obligate the Port Authority to enter into any agreement with a contractor for the operation of the Fuel System in the future which would contain any requirement for insurance covering loss or damage to the Fuel System.

The Lessee shall have the right to purchase its aviation fuel from suppliers of its own choice and shall not be required to commingle its aviation fuel with aviation fuel of any different grade, but it may be required to commingle aviation fuel with aviation fuel owned by others, provided that such aviation fuel is of the same grade. As used in this Section 49A the word 'grade' shall be deemed to refer to octane rating, lead content and any other variable element which affects the character or quality of the fuel. Aviation fuel shall not be deemed to be of a different grade if the specifications of such fuel come within the maximum and minimum current standards allowed in the specifications provided in the Lessee's contract for the purchase of aviation fuel or within the current standards accepted from its suppliers within the continental United States under similar circumstances. Attached hereto and hereby made a part hereof is an Exhibit marked 'Exhibit Z' which sets forth grade specifications and quality standards with respect to the aviation fuel to be so stored as well as procedures for delivery and testing of aviation fuel. The Lessee shall comply with Exhibit Z and shall require each of its suppliers who may be delivering aviation fuel to the storage tanks on behalf of the Lessee to comply with Exhibit Z whether or not such supplier is a fuel storage permittee. Exhibit Z may be changed, modified or amended upon agreement of the Port Authority and a majority of the Airline Lessees as defined in Section 49C of the Lease.

Notwithstanding the foregoing, Airline Lessees (including the Lessee) shall not be required to commingle bonded aviation fuel with non-bonded aviation fuel, but may be required to commingle, in storage tanks reserved exclusively for bonded aviation fuel and designated as bonded storage tanks, bonded aviation fuel with bonded aviation fuel owned by others, provided that such bonded aviation fuel is of the same grade. As used in this Section 49A the words 'bonded aviation fuel' shall mean aviation fuel imported by the Lessee or its supplier under U.S. Customs Warehouse bond and as to which the said Lessee or its supplier has delivered to the Port Authority or its independent contractor, all necessary and appropriate certifications with respect to the grade and specifications of such bonded aviation fuel.

The fuel storage tanks and incidental facilities (including underground pipelines) constructed by the Port Authority or by the Lessee as required elsewhere in this Agreement shall be of such size, capacity and number so that either alone (if such tanks constitute the sole fuel storage facilities serving the Airline Lessees, including the Lessee) or in combination with any other fuel storage tanks or facilities, including any temporary substitutes or supplementary tanks or facilities, which are or may be installed elsewhere at the Airport by the Port Authority, shall be sufficient to provide at

all times adequate storage capacity for a five-days' supply of aviation fuel for all Airline Lessees (including the Lessee's commingling as hereinbefore provided).

At least ninety days prior to January 1, and ninety days prior to July 1 of each year the Lessee shall give to the Port Authority notice of the amount of aviation fuel which it expects to use at the Airport during the six months following such January 1 and July 1, respectively, specifying the estimated amount of each grade to be used and identifying each such grade which for the purposes of this Lease will be deemed to be used at a uniform rate. In determining what additional tanks and facilities, if any, are to be provided, the Port Authority shall be entitled to rely upon such estimate by the Lessee and upon similar estimates furnished by other Airline Lessees as to their requirements; but if the Port Authority in its judgment deems that the Lessee's estimate is unreasonably high, it shall notify the Lessee accordingly within thirty days, and in such event the Port Authority in its discretion, shall decide what amount of aviation fuel constitutes a reasonable five-day supply for the Lessee.

If and for so long as the tanks and incidental physical facilities of the Fuel System provided by the Port Authority are inadequate for the said five days' supply of aviation fuel with commingling hereinbefore provided or if and for so long as by reason of any accident to such tanks or incidental physical facilities or for any other reason such tanks and incidental physical facilities are not available for receiving, storing or dispensing aviation fuel, then the Port Authority may, at its option, provide temporary substitute facilities. It is hereby agreed that the Port Authority shall give the Lessee 90 days' written notice prior to the commencement of the construction of additional tanks and facilities as hereinprovided. In any such event, if the Port Authority fails to provide adequate substitute facilities, then the Lessee shall have the right to arrange for and obtain delivery of aviation fuel (only to the extent that facilities provided by the Port Authority are not adequate or available) by its suppliers directly to Area D, or directly to the site of the Lessee's aircraft as required for the Lessee's operations, it being understood however that all actual fueling involving delivery of the aviation fuel into aircraft to be operated by the Lessee shall be performed only by the Port Authority or its independent contractor. Except for aviation fuel so delivered to Area D or directly to the site of the Lessee's aircraft and except for such aviation fuel as may be involved in defueling operations, all aviation fuel owned by the Lessee or delivered to the Airport for use by the Lessee shall be delivered to and stored in the Fuel System including, but not limited to, the tanks and any temporary substitute or supplementary tanks provided by the Port Authority. The fuel storage tanks and incidental physical

facilities of the Fuel System as well as any temporary tanks and facilities and any supplementary tanks and facilities are hereinafter sometimes called 'the fuel storage facilities'.

"Section 49B Operation and Maintenance of the Fuel Storage and Distribution System

It is hereby recognized that the operation and maintenance of the Fuel System and the receipt, storage and distribution of aviation fuel at the Airport is currently being performed by Allied Aviation Service Company of New Jersey, Inc. the Port Authority's independent contractor pursuant to Port Authority Contract No. AN-652.

The Port Authority either will operate the Fuel System directly or will obtain an independent contractor of its choice who shall assume the entire responsibility for the operation of the Fuel System, the receipt, storage and distribution of aviation fuel stored in said storage tanks and incidental facilities and the performance of all minor and/or routine maintenance. All other maintenance of the Fuel System shall be performed by the Port Authority or, in its discretion, by its independent contractor and the costs of all such maintenance of whatsoever kind, shall be determined in accordance with the provisions of Schedule D. The independent contractor selected for the performance of the operation and maintenance aforesaid shall be chosen either through competitive bidding from a selected list of operators satisfactory to the Port Authority or by negotiation with an Operator satisfactory to the Port Authority. In the event that the proposed contract for the operation and maintenance of the Fuel System is put out for competitive bidding, the Port Authority nevertheless shall have no obligation to award the contract to the lowest bidder, but may select that bidder which in its sole judgment it deems best qualified to perform or it may reject all bids and select the Operator by direct negotiations as aforesaid.

The contract with the Operator shall be for a period of three years but the contract may provide for a reopening of the rates at the end of one year or longer period in order to adjust to rising labor costs.

The Lessee, not more than two hundred and ten (210) days nor less than one hundred and eighty (180) days prior to the termination date of the Port Authority's contract with the Operator, may make known to the Port Authority whether or not the performance of the Operator has been satisfactory to it. If no comment or objection is received from the Lessee within the time aforesaid, the Lessee shall be deemed to be satisfied with the performance of the Operator. If the Port Authority and a majority of the Airline Lessees (as defined in Section 49C hereof) are satisfied with the Operator's performance, the Port Authority shall proceed to negotiate with the same Operator for an extension of the original contract for an additional term of

three years with the same procedure to be followed not more than two hundred ten (210) days nor less than one hundred eighty (180) days prior to the expiration of each succeeding renewal term. If, however, the Operator's performance has not been satisfactory to a majority of the Airline Lessees or to the Port Authority or if the Port Authority is unable to negotiate a satisfactory renewal of the contract with the Operator, the Port Authority may negotiate with another Operator or Operators or submit the proposed contract for the renewal term to competitive bidding among a select list of Operators satisfactory to the Port Authority. The Port Authority will not include the original Operator or the Operator for the preceding contract period in the select list for the next succeeding term of the contract if the performance of the original Operator or the Operator for the preceding contract term was not satisfactory to a majority of the Airline Lessees. Thereafter, following such intervening term, the Port Authority may again negotiate with the original Operator or the Operator for any prior contract term or may include such Operator in the select list of Operators.

Any contract with an Operator hereunder shall contain a provision enabling the Port Authority either solely, or at the request of a majority of the Airline Lessees, to cancel the contract at any time upon ninety (90) days' prior notice to the Operator. The contract shall contain a further provision providing substantially that the contract is not only for the benefit of the Port Authority, but also for the benefit of all Airline Lessees of the Central Terminal Area Complex at the Airport and other lessees storing aviation fuel in the aviation fuel storage tanks of the Fuel System (including the Lessee).

If any period occurs, during which there is no Operator operating and maintaining the Fuel System, then for and during such period the Fuel System shall be operated and maintained directly by the Port Authority.

"Section 49C Airline Lessees

For the purposes of Sections 49, 49A, 49B and this Section 49C hereof:

(a) The term 'a majority of the Airline Lessees' as used in this Agreement shall be deemed to mean fifty percent (50%) of all Airline Lessees representing seventy-five percent (75%) of the total gallons of aviation fuel delivered into Aircraft during the 12 consecutive calendar months preceding notice of any action to be taken pursuant to this Agreement.

(b) The said terms 'Airline Lessee', 'Airline Lessees' and 'majority of Airline Lessees' shall mean and include any Aircraft Operator having a lease with the Port Authority covering exclusive premises at the Airport upon or into which

premises the Fuel System is or is to be extended and upon which premises Terminal Distribution Units are or are to be located, as contemplated in paragraphs (a) and (b) of Section 49A hereof."

7. Schedule C, attached hereto and hereby made a part hereof, and Schedule D, attached hereto and hereby made a part hereof, shall be deemed substituted in lieu of Schedules C and D attached to the Lease, and all references in the Lease, as hereby amended, to Schedule C and Schedule D shall be deemed to be references to Schedule C and Schedule D attached to this Supplemental Agreement.

8. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from any and all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation and execution of this Supplemental Agreement.

9. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Lessee with any liability, or held liable to it under any term or provision of this Supplemental Agreement, or because of its execution or attempted execution or because of any breach thereof.

10. As hereby amended, all of the terms, covenants, provisions, conditions and agreements of the Lease shall be and remain in full force and effect.

11. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed,

modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or this Supplemental Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first above written.

ATTEST:

Doris E. ...
Secretary

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

By *M. Sloane*
(Title) Morris Sloane-Deputy Director of Aviation
(Seal)

ATTEST:

George W. ...
Asst. Secretary

FEDERAL EXPRESS CORPORATION

By *Joseph C. ...* ✓
(Title) V. P. PROPERTIES AND FACILITIES
President
(Corporate Seal)

APPROVED
SLA 3/26/85
LEGAL DEPT

APPROVED:
FORM _____ TERMS _____
[Handwritten initials]

SCHEDULE C

I. (a) Commencing on the Schedule C Date as defined Section 48 of Port Authority Agreement No. ANA-041 (hereinafter called "the Agreement") with Federal Express Corporation (hereinafter called "the Lessee") at Newark International Airport (hereinafter called "the Airport"), and continuing up to and including December 31, 1998, the Lessee shall pay to the Port Authority a flight fee for each and every takeoff made by any aircraft operated by the Lessee. For calendar year 1984 a tentative flight fee has been established for each and every takeoff at the rate of Ex.2.a. per thousand pounds of Maximum Weight for TakeOff. It is understood that this flight fee is tentative only and represents the sum of the following factors:

(1) A P.A.F. Charge Factor, which pertains to the Port Authority's snow removal operations and provision, operation, maintenance, servicing, repair and replacement of and to the Public Aircraft Facilities and Airport emergency services. (For calendar year 1984, Ex.2.a. of the tentative flight fee of \$2.1860 per thousand pounds represents the tentative P.A.F. Charge Factor); and

(2) An Airport Services Charge Factor which pertains to the Port Authority's snow removal operations and provision, operation, maintenance, repair and replacement with respect to Airport Services. (For calendar year 1984, \$1.20302 per thousand pounds represents the tentative Airport Services Charge Factor).

II. It is hereby acknowledged that the Port Authority established a tentative flight fee for calendar year 1973 at the rate of \$0.6500 and that said fee has been adjusted each calendar year thereafter as hereinafter set forth, resulting in the tentative flight fee set forth in Section I hereof. After the close of calendar year 1984 and after the close of each calendar year thereafter, the Port Authority will adjust the tentative flight fee for the applicable calendar year, upwards or downwards, to a finalized flight fee for each such calendar year, as follows:

(A) P.A.F. Charge Factor

(1) The Port Authority shall determine the total of the following major elements of costs actually incurred or accrued during the calendar year for which the adjustment is being made in connection with the Public Aircraft Facilities:

(a) fixed charges on Port Authority investment in Public Aircraft Facilities; and

(b) the Port Authority's cost of direct labor, materials, payments to contractors and suppliers, the Port Authority's cost charged to the Emergency Service Functions at the Airport (whether performed by the Airport Police Section or other section or sections or other Port Authority organization unit or units as may hereafter perform the same or similar functions), other costs for the operation, maintenance, repair and replacement of Public Aircraft Facilities, and the pro rata share of the cost of snow and ice removal.

(2) The Port Authority shall also determine the total Maximum Weight for Take-Off of all aircraft using the Airport during the calendar year for which the adjustment is being made except such aircraft as are not required to pay a flight fee, such as government flights, etc.

(3) The Port Authority will multiply the sum of \$0.3130 representing the tentative P.A.F. Charge Factor for 1973 by a fraction the numerator of which shall be the total of the actual elements of cost described in subparagraphs (a) and (b) of the preceding paragraph (A)(1) and the denominator of which shall be Ex.2.a. the resulting product shall then be multiplied by a fraction, the numerator of which shall be Ex.2.a. pounds and the denominator of which shall be the total Maximum Weight for Take-Off determined in the preceding paragraph (A)(2); and the resultant product shall be the final P.A.F. Charge Factor of the finalized flight fee for the calendar year for which the adjustment is being made.

(B) Airport Services Charge Factor

(1) The Port Authority shall determine the total of the following major elements of cost actually incurred or accrued during the calendar year for which the adjustment is being made, as described in Paragraph I, subparagraphs (a) through (d) in Schedule A attached to this Agreement.

(2) The Port Authority shall also determine the percentage of total developed land area at the Airport occupied by the Public Aircraft Facilities during the calendar year for which the adjustment is being made.

(3) The Port Authority will multiply the sum of **Ex.2.a.** representing the tentative Airport Services Charge Factor of the tentative flight fee for calendar year 1973 by a fraction the numerator of which shall be the total of the actual major elements of costs determined under the preceding paragraph (B) (1) and the denominator of which shall be **Ex.2.a.**; the resulting product shall be multiplied by a fraction the numerator of which shall be **Ex.2.a.** pounds and the denominator of which shall be the total Maximum Weight for TakeOff determined in paragraph (A) (2) above; and that product shall then be multiplied by a fraction the numerator of which shall be the percentage determined in paragraph (B) (2) above and the denominator of which shall be

(4) The resultant product shall be the final Airport Services Charge Factor of the finalized flight fee for the calendar year for which the adjustment is being made.

(C) The final P.A.F. Charge Factor and the final Airport Services Charge Factor as determined above shall be added together and the sum thereof shall constitute the finalized flight fee for the calendar year for which the adjustment is being made. It shall also constitute the tentative flight fee for the calendar year in which such adjustment is calculated, and such flight fee will be expressed in cents per thousand pounds of Maximum Weight for TakeOff. The finalized flight fee shall be multiplied by the total Maximum Weight for TakeOff (in thousands of pounds) of all aircraft operated by the Lessee which took off from the Airport during the calendar year for which the adjustment is being made and during the calendar months which have elapsed since the close of said calendar year. The resultant product shall constitute the total flight fee charges payable by the Lessee to the Port Authority for the Lessee's use of the Public Aircraft Facilities during the calendar year for which the adjustment is being made, and for the months which have elapsed since the close of the said calendar year. The Lessee shall continue to make payments based on the new tentative flight fee until the same is further adjusted.

Any deficiency due to the Port Authority from the Lessee for any calendar year resulting from adjustment of the flight fee shall be paid to the Port Authority by the Lessee within thirty (30) days after demand therefor and any excess payments made by the Lessee determined on the basis of an adjusted flight fee shall be credited against future flight fee charges, such credit to be made within thirty (30) days following the adjustment of the flight fee. The calculation of the adjustment to the flight fee will be made for each calendar year thereafter by no later than April 30th of the following calendar year.

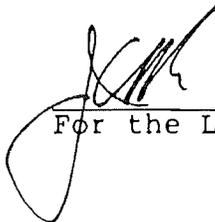
(D) All percentage shares calculated under this Schedule C shall be expressed in decimals to the nearest ten thousandth.

(E) All flight fees payable under the Agreement shall be expressed in cents per thousand pounds of Maximum Weight for TakeOff to the nearest ten-thousandth of a cent.



For the Port Authority

Initialed:



For the Lessee

APPROVED

SLA 3/26/85

LEGAL DEPT

SCHEDULE D

I. (a) Commencing on the Schedule C Date as defined in Section 48 of Port Authority Agreement No. ANA-041 (hereinafter called "the Agreement") with Federal Express Corporation (hereinafter called "the Lessee") at Newark International Airport (hereinafter called "the Airport"), and continuing up to and including December 31, 1998 the Lessee shall pay to the Port Authority a gallonage fee for each gallon of fuel delivered to aircraft operated by the Lessee. The Lessee either itself, if it is a fuel storage permittee, as defined in Section 49 of the Agreement, or through its supplier of aviation fuel, which supplier shall be a fuel storage permittee, and in the event the Lessee and its supplier are both fuel storage permittees, then solely the Lessee shall pay to the Port Authority said gallonage fee for each and every gallon of aviation fuel so delivered. For calendar year 1984 a tentative gallonage fee has been established at the rate of \$0.0569 for each gallon of fuel delivered to aircraft operated at the Airport by lessees of the Port Authority. It is understood that this gallonage fee is tentative only and represents the sum of the following components:

(1) A System Charge Component, which pertains to the Port Authority's provision, operation, maintenance, servicing, repair and replacement of and to the Fuel System. For calendar year 1984, per gallon represents the tentative System Charge Component.

(2) An Airport Services Charge Component, which pertains to the Port Authority's snow removal operations and provision, operation, maintenance, repair and replacement with respect to Airport Services. For calendar year 1984, per gallon represents the tentative Airport Services Charge Component.

II. It is hereby acknowledged that the Port Authority established a tentative gallonage fee for calendar year 1973 at the rate of and that said fee has been adjusted each calendar thereafter as hereinafter set forth, resulting in the tentative gallonage fee set forth in Section I hereof. After the close of the calendar year 1984 and after the close of each calendar year thereafter, the Port Authority will adjust the tentative gallonage fee for the applicable calendar year, upwards or downwards, to a finalized gallonage fee for each such calendar year, as follows:

(A) System Charge Component

(1) The Port Authority will determine the total of the following costs actually incurred or accrued during the calendar year for which the adjustment is being made:

(a) Fixed charges on Port Authority investment in the Fuel System; and

(b) The Port Authority's cost of direct labor, materials, payments to contractors and suppliers (other than the contractors referred to in subdivision (c) below), other costs for operation, maintenance, repairs and replacements charged directly to the Fuel System, and the pro rata share of the cost of snow and ice removal.

(c) Ex.2a of the contract amounts paid or payable to any independent contractor who shall have operated the Fuel System.

(2) The Port Authority will multiply the sum of Ex.2.a. per gallon representing the tentative System Charge Component for calendar year 1973 by a fraction the numerator of which shall be the sum of the costs determined under paragraph (A)(1) above and the denominator of which shall be Ex.2.a.

It will then multiply the resulting product by a fraction the numerator of which shall be Ex.2a gallons and the denominator of which shall be the actual number of gallons of fuel delivered through the Fuel System to all aircraft at the Airport during the calendar year for which the adjustment is being made; and the resulting product shall be the final System Charge Component of the finalized gallonage fee for the calendar year for which the adjustment is being made.

(B) Airport Services Charge Factor

(1) The Port Authority shall determine the total of the major elements of cost actually incurred or accrued during the calendar year for which the adjustment is being made, as such major elements are described in Paragraph I, subparagraphs (a) through (d) in Schedule A attached to the Agreement.

(2) the Port Authority shall also determine the percentage of total developed land area at the Airport occupied by the Bulk Storage area during the calendar year for which the adjustment is being made.

(3) The Port Authority will multiply the sum of representing the tentative Airport Services Charge Component for calendar year 1973 by a fraction the numerator of which shall be the total of the items described in the preceding paragraph (B)(1) and the denominator of which shall be Ex.2.a.; it will then multiply the resulting product by a fraction the numerator of which shall be Ex.2.a. and the denominator of which shall be the actual number of gallons of fuel delivered through the Fuel System to all aircraft at the Airport during the calendar year for which the adjustment is being made; and that product will then be multiplied by a fraction the numerator of which shall be the percentage share determined in paragraph (B)(2) above, and the denominator of which shall be Ex.2.a.

(4) The resulting product shall be the final Airport Services Charge Component of the finalized gallonage for the calendar year for which the adjustment is being made.

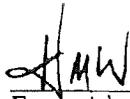
(C) The final System Charge Component and the final Airport Services Charge Component as determined above shall be added together and the sum thereof shall constitute the finalized gallonage fee for the calendar year for which the adjustment is being made. It shall also constitute the tentative gallonage fee for the calendar year in which the adjustment is calculated and such gallonage fee shall be expressed in cents per gallon. The finalized gallonage fee shall be multiplied by the total number of gallons of fuel delivered to aircraft operated by the Lessee at the Airport during the calendar year for which the adjustment is being made and during the calendar months which have elapsed since the close of said calendar year. The resultant product shall constitute the total fuel gallonage fees due and payable by the Lessee to the Port Authority for the calendar year so adjusted, and for the months which have elapsed since the close of the calendar year. The Lessee shall continue to make payments based on the new tentative gallonage fee until the same is further adjusted.

Any deficiency due to the Port Authority from the Lessee resulting from adjustment of the gallonage fee shall be paid to the Port Authority by the Lessee within thirty (30) days after demand therefor and any excess payments made by the Lessee

determined on the basis of an adjusted gallonage fee shall be credited against future gallonage fees such credit to be made within thirty (30) days following adjustment of the gallonage fee. The calculations of the adjustment to the gallonage fee will be made for each calendar year by no later than April 30 of the following calendar year.

(D) All percentage shares calculated under this Schedule D shall be expressed in decimals to the nearest ten-thousandth.

(E) All gallonage fee charges calculated under this Schedule D shall be expressed in cents per gallon of aircraft fuel to the nearest ten-thousandth of a cent.



For the Port Authority

Initialed:



For the Lessee

APPROVED
SLA 3/26/85

LEGAL DEPT

EXHIBIT Z**

Fueling Standards, Specifications and Delivery Procedures

1. The Lessee hereby appoints the Port Authority's independent contractor (hereinafter called "the Operator") as its agent to accept delivery on its behalf of aviation fuel delivered to the Airport by the Lessee or by its supplier. The Operator's authority and responsibility in such respect shall be limited to (a) accepting only such deliveries of aviation fuel of which the Operator has been notified in advance in writing by the Lessee or its supplier, through its duly authorized officers, employees or agents, and (b) checking each delivery of aviation fuel for quantity and, as set forth in paragraph 2 hereof, examining each delivery of aviation fuel. The Lessee shall accept the Operator's determination of the quantity of any delivery, except in the case of fraud, gross negligence or willful misconduct. The Operator shall acknowledge receipt of the aviation fuel so delivered and, after each such delivery, shall promptly forward to the Lessee a copy of its or its supplier's receipt for the aviation fuel so delivered.

2. At the time of each delivery of aviation fuel, the Operator shall perform simple visual tests (and make a record thereof) to ascertain the correct grades of aviation fuel delivered to it regardless of any delivery ticket or loading certificate (or similar document), including the bright and clear test, the color test, and the specific gravity test and such other tests as may be required by current standard industry practice. The Operator shall reject any aviation fuel which fails to meet such tests. All aviation fuel meeting such tests shall be taken into storage, at which time the Operator shall send a sample to an independent testing laboratory which shall perform the "8-point test" as defined in paragraph 9 hereof.

3. At the time of, or prior to, each delivery, the Lessee or its supplier shall deliver to the Operator at the Airport, (a) its delivery ticket or loading certificate (or similar document) which shall specify (i) the kind and grade of such aviation fuel, and (ii) the quantity thereof contained in the shipment being delivered to the Operator, and (iii) which shall state that if such aviation fuel is bonded aviation fuel that it is bonded aviation fuel, and (b) a certificate which shall state that such fuel meets ASTM specification D1655, as such specification may be amended from time to time for the kind and grade of such aviation fuel.

4. If any of the aviation fuel delivered by or on behalf of the Lessee, including bonded aviation fuel, is contaminated, fails to meet the "8-point test" or otherwise becomes unfit for aviation use (hereinafter referred to as "condemned aviation fuel"), the Operator shall cause the same to be separately stored. If the condemned aviation fuel becomes such because of the sole negligence of the Operator, its agents or employees, it shall be removed by the Operator at its expense from time to time so that it shall not interfere with the storage of any uncondemned aviation fuel. If the responsibility for the condemned aviation fuel is not so chargeable to the Operator, then it shall be removed or made usable by the Lessee or its supplier within 12 hours of notice of verification of its condemnation. If not so removed or made usable, then the Operator may remove the same, the expense of such removal to be paid by the Lessee. If any of the aviation fuel delivered by or on behalf of the Lessee is condemned aviation fuel when delivered and by reason thereof any other aviation fuel with which it has been commingled has become condemned aviation fuel, the Lessee (a) within 12 hours of notice of verification thereof, shall remove, or shall cause its supplier to remove, all such aviation fuel which has become condemned aviation fuel, and upon its failure to do so within such time, the Operator may remove the same, the expense of such removal to be paid by the Lessee, and (b) shall replace all aviation fuel which has become condemned aviation fuel, provided, however, that if the responsibility for the condemned aviation fuel shall be chargeable to the Operator as hereinabove set forth, it shall be removed by the Operator at its expense and the Operator shall replace all such condemned aviation fuel at its expense. When any condemned aviation fuel has been made usable by the Lessee or its supplier, the Lessee shall furnish, or cause the supplier to furnish, to the Operator a document similar to that provided for in paragraph 3 hereof.

5. Promptly after each delivery to it of aviation fuel, the Operator shall complete a receipt showing the date and time of such delivery, the quantity of such delivery and the grade and source of the aviation fuel delivered. Such receipt shall be in such form as shall be prepared by the Operator and shall be provided by the Operator.

6. The Operator shall accurately meter the amount of all aviation fuel delivered into aircraft of the Lessee. Promptly after such into-plane delivery by the Operator, the Operator shall complete, and have signed by an authorized employee of the Lessee, a dispensing ticket showing the grade

and quantity of aviation fuel delivered, the date so delivered, the number of the aircraft and the flight number. The dispensing ticket shall be in such form as shall be prepared by the Operator and shall be provided by the Operator. The Operator shall forward to the Lessee copies of the dispensing ticket, normally on the next succeeding day but never later than five days after into-plane delivery is made.

7. Promptly after each defueling, the Operator shall complete and obtain a defueling ticket signed by an authorized employee of the Lessee, showing the quantity, as determined by the Operator, and the grade, as asserted by the Lessee, of the aviation fuel so defueled. The defueling ticket shall be in the same form as the dispensing ticket, except that when used as a defueling ticket the same shall be indicated by prominent marking. The Operator shall forward to the Lessee copies of each defueling ticket, normally on the next succeeding day but never later than five days after each defueling.

8. Once each day, at approximately the same time, the Operator shall measure the quantity, by grade, of the Lessee's aviation fuel in the storage tanks and tenders and refueling vehicles but excluding line displacements, and shall keep accurate records of the same. Upon the Lessee's request, the Operator shall inform it of the amount of such fuel so measured. The Operator shall notify the Lessee, at least 48 hours in advance of the time when, in its opinion, additional deliveries of aviation fuel are required, and shall assist the Lessee in scheduling deliveries but the Operator shall have no responsibility whatever by reason of any such action or for failure to take any such action.

9. The "8-point test" shall consist of the following:

	<u>Specification</u>
1. Color, Saybolt, min.	Plus 16
2. API Gravity at 60°	37° - 51°
3. Flash Point, TCC, min.	100° F/Min.- 150° F/Max.
4. Copper Strip Corrosion, max.	No. 1
5. Freeze Point, ASTM D2386 max.	Jet - 40°C Jet A-1 - 47°C
6. Water Tolerance:	
Interface rating, max.	1(b)
Ml Change, max.	1.0
7. Distillation:	
10% Evaporated, max. Temp.	400°F

50% Evaporated, max. Temp.	450°F
95% Evaporated, max. Temp.	465°F
Final Boiling Point, max. Temp.	550°F
Residue, Max. %	1.5%
Loss, Max. %	1.5%

8. Water Separometer Index,
Modified Min. 85

** It is specifically understood and agreed that the contents of this Exhibit Z form a part of an agreement between the Port Authority's independent contractor and the Lessee, and, further, that neither this Exhibit nor anything contained herein shall limit, modify or alter any rights and remedies or obligations of the Port Authority or the Lessee under the Master Lease or constitute the Port Authority as a party to the said agreement between the contractor and the Lessee. It is further specifically understood and agreed that neither this Exhibit nor anything contained herein shall be deemed to impose any liability or responsibility of any type whatsoever on the part of the Port Authority for any failure of the Operator to perform or for any improper performance by the Operator of any of its obligations under the said agreement between the contractor and the Lessee.

HMW

For the Port Authority

Initialed:

[Signature]
For the Lessee

APPROVED

SLA 3/26/85

LEGAL DEPT

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.

On this 17th day of JUNE, 1985, before me, the subscriber, a notary public of New York, personally appeared MORRIS SLOANE the DEPUTY DIRECTOR OF AVIATION of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Commissioners.

Anita E. Westrich
(notarial seal and stamp)
ANITA E. WESTRICH
Notary Public, State of New York
No. 43-4556184
Qualified in Richmond County
Commission Expires March 30, 1987

STATE OF Tennessee }
COUNTY OF Shelby } ss.

On this 18th day of April, 1985, before me, the subscriber, a Notary Public, personally appeared Joseph C. McCarley III the Vice President of Federal Express Corporation

who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

Wicki L. Shirey
(notarial seal and stamp)

STATE OF _____ }
COUNTY OF _____ } ss.

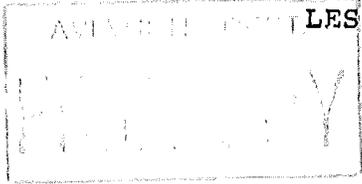
My Commission Expires Oct 20, 1985

Be it remembered that on this _____ day of _____, 19____, before me, the subscriber, a _____, personally appeared _____

who I am satisfied is the person named in and who executed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

(notarial seal and stamp)

THIS SUPPLEMENT SHALL NOT BE BINDING UPON THE
PORT AUTHORITY UNTIL DULY EXECUTED BY AN
EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE
LESSEE BY AN AUTHORIZED REPRESENTATIVE OF
THE PORT AUTHORITY



Port Authority Lease No. ANA-041

Supplement No. 2

THIS AGREEMENT made as of September 1, 1985 by and
between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(hereinafter referred to as "the Port Authority") and FEDERAL
EXPRESS CORPORATION (hereinafter referred to as "the Lessee"),

WITNESSETH, That:

WHEREAS, by an agreement of lease made as of the first
day of October, 1983 (which agreement of lease, as the same has
been heretofore supplemented and amended, is hereinafter called
"the Lease"), the Port Authority leased to the Lessee and the
Lessee hired and took from the Port Authority certain premises at
Newark International Airport (hereinafter called "the Airport")
as more particularly described in the Lease; and

WHEREAS, the Port Authority and the Lessee desire to
amend the Lease in certain respects as hereinafter provided;

NOW, THEREFORE, the Port Authority and the Lessee, in
consideration of the covenants and agreements herein contained,
hereby agree to amend the Lease, effective as of September 1,
1985, unless stated otherwise, as follows:

1. The Lessee and the Port Authority have agreed that
the Lessee shall terminate its occupancy of that part of the
premises shown in diagonal hatching on Exhibit E attached hereto
(the said part of the premises being hereinafter in this
Paragraph 1 called the "surrendered premises") and shall
surrender the same to the Port Authority effective as of August
31, 1985 at 11:59 o'clock P.M., which date and hour are
hereinafter collectively called "the effective date" for the
purposes of this Paragraph 1. The Port Authority is willing to
accept such surrender on the terms and conditions as follows:

(a) The Lessee has granted, bargained, sold,
surrendered and yielded up and does by these presents
grant, bargain, sell, surrender and yield up unto the
Port Authority, its successors and assigns, forever,
the surrendered premises and the term of years with
respect thereto under the Lease yet to come and has
given, granted and surrendered and by these presents
does give, grant and surrender to the Port Authority,
its successors and assigns, all the rights, rights of
renewal, licenses, privileges and options of the Lessee

granted by the Lease with respect to the surrendered premises, all to the intent and purpose that the said term under the Lease and the said rights of renewal, licenses, privileges and options with respect to the surrendered premises may be wholly merged, extinguished and determined on the effective date, with the same force and effect as if the said term were in and by the provisions of the Lease originally fixed to expire on the effective date;

TO HAVE AND TO HOLD the same unto the Port Authority, its successors and assigns forever.

(b) The Lessee hereby covenants on behalf of itself, its successors and assigns that (i) it has not done or suffered and will not do or suffer anything whereby the surrendered premises, or the Lessee's leasehold therein, has been or shall be encumbered as of the effective date in any way whatsoever; (ii) the Lessee is and will remain until the effective date the sole and absolute owner of the leasehold estate in the surrendered premises and of the rights, rights of renewal, licenses, privileges and options granted by the Lease with respect thereto and that the same are and will remain until the effective date free and clear of all liens and encumbrances of whatsoever nature; and (iii) the Lessee has full right and power to make this Agreement.

(c) All promises, covenants, agreements and obligations of the Lessee with respect to the surrendered premises, under the Lease or otherwise, which under the provisions thereof would have matured upon the date originally fixed in the Lease for the expiration of the term thereof, or upon the termination of the Lease prior to the said date, or within a stated period after expiration or termination, shall notwithstanding such provisions, mature upon the effective date and shall survive the execution and delivery of this Agreement.

(d) The Lessee has released and discharged and does by these presents release and discharge the Port Authority from any and all obligations of every kind, past, present or future on the part of the Port Authority to be performed under the Lease with respect to the surrendered premises. The Port Authority does by these presents release and discharge the Lessee from any and all obligations on the part of the Lessee to be performed under the Lease with respect to the surrendered premises for that portion of the term subsequent to the effective date; it being understood that nothing herein contained shall release, relieve or discharge the Lessee from any liability for rentals or

for other charges with respect to the surrendered premises that may be due or become due to the Port Authority for any period or periods prior to the effective date, or for breach of any other obligation on the Lessee's part to be performed under the Lease for or during such period or periods or maturing pursuant to subparagraph (c) above.

(e) In consideration of the making of this Agreement by the Port Authority and the above described release, the Lessee hereby agrees to terminate its occupancy of the surrendered premises and to deliver actual, physical possession of the surrendered premises to the Port Authority, on or before the effective date, in the condition required by the Lease upon surrender. The Lessee further agrees that it shall remove from the surrendered premises, prior to the effective date, all equipment, inventories, removable fixtures and other personal property of the Lessee or for which the Lessee is responsible. With respect to any such property not so removed, the Port Authority may at its option, as agent for the Lessee and at the risk and expense of the Lessee, remove such property to a public warehouse or may retain the same in its own possession and in either event, after the expiration of thirty (30) days, may sell or consent to the sale of the same at a public auction; the proceeds of any such sale shall be applied first to the expenses of removal, sale and storage, and second to any sums owed by the Lessee to the Port Authority; any balance remaining shall be paid to the Lessee. The Lessee shall pay to the Port Authority any excess of the total cost of removal, storage and sale over the proceeds of sale.

2. (a) Section 53 of the Lease shall be redesignated as "Section 54".

(b) There shall be deemed added to the Lease a new Section 53 to read as follows:

"Section 53. LCF PLANT

(I.) It is hereby expressly recognized that at the effective date of this Agreement there exists on a part of the premises, such part consisting of approximately 4.2 acres, a portion of the Port Authority's lime-cement flyash and coarse aggregate central mixing plant (said portion of the plant together with all related facilities being herein called the 'LCF Plant' and said part of the premises being herein called the 'LCF Plant Premises', consisting of the area as shown in stipple hatching on the drawing attached hereto, hereby made a part hereof and marked Exhibit F. It is further recognized that the parties have agreed that the LCF

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Plant Premises are not to be a part of the premises under the Lease during such period of time that the LCF Plant continues to be located on the LCF Plant Premises. Accordingly the parties have agreed that the LCF Plant Premises are to be surrendered to the Port Authority by the Lessee. Therefore, in order to accomplish the foregoing, the Lessee shall surrender the LCF Plant Premises to the Port Authority effective as of the date set for the commencement of the term of the letting (as set forth in Section 3 of the Lease) at 11:59 o'clock P.M., which date and hour are hereinafter collectively called 'the effective date' for the purposes of this Section 53. Such surrender shall be on the terms and conditions as follows:

(a) The Lessee has granted, bargained, sold, surrendered and yielded up and does by these presents grant, bargain, sell, surrender and yield up unto the Port Authority, its successors and assigns, forever, the LCF Plant Premises and the term of years with respect thereto under the Lease yet to come and has given, granted and surrendered and by these presents does give, grant and surrender to the Port Authority, its successors and assigns, all the rights, rights of renewal, licenses, privileges and options of the Lessee granted by the Lease with respect to the LCF Plant Premises, all to the intent and purpose that the said term under the Lease and the said rights of renewal, licenses, privileges and options with respect to the LCF Plant Premises may be wholly merged, extinguished and determined on the effective date, with the same force and effect as if the said term were in and by the provisions of the Lease originally fixed to expire on the effective date;

TO HAVE AND TO HOLD the same unto the Port Authority, its successors and assigns forever.

(b) The Lessee hereby covenants on behalf of itself, its successors and assigns that (i) it has not done or suffered and will not do or suffer anything whereby the LCF Plant Premises, or the Lessee's leasehold therein, has been or shall be encumbered as of the effective date in any way whatsoever; (ii) the Lessee is and will remain until the effective date the sole and absolute owner of the leasehold estate in the LCF Plant Premises and of the rights, rights of renewal, licenses, privileges and options granted by the Lease with respect thereto and that the same are and will remain until the effective date free and

clear of all liens and encumbrances of whatsoever nature; and (iii) the Lessee has full right and power to make this Agreement.

(c) Except as otherwise provided in this Section 53, the Lessee has released and discharged and does by these presents release and discharge the Port Authority from any and all obligations of every kind, past, present or future on the part of the Port Authority to be performed under the Lease with respect to the LCF Plant Premises. Except as otherwise provided in this Section 53, the Port Authority does by these presents release and discharge the Lessee from any and all obligations on the part of the Lessee to be performed under the Lease with respect to the LCF Plant Premises for that portion of the term subsequent to the effective date.

(d) In consideration of the making of this Agreement by the Port Authority and the above described release, the Lessee hereby agrees to deliver actual, physical possession of the LCF Plant Premises to the Port Authority, on or before the effective date.

(II.) With respect to the LCF Plant, the parties further agree:

(a) It is recognized that the Port Authority has entered into contracts (dated April, 1985 and May, 1988 and bearing Port Authority identification Nos. NIA-110.025 and NIA-220.027, respectively) with The Bellezza Company, Inc. (hereinafter called the 'LCF Plant Operator') whereby the LCF Plant Operator is responsible for the operation, maintenance, rehabilitation, repair, and replacement of the LCF Plant and whereby the LCF Plant Operator furnishes or has furnished the LCF mixes to various persons at the Airport, including but not limited to the Lessee.

(b) It is understood and agreed that in order to use the LCF Plant and the LCF Plant Premises it will be necessary for the Port Authority and its employees, representatives, agents, contractors, suppliers of material and furnishers of service to pass over portions of the Lessee's premises and the same are hereby made subject to such rights of access of said users. Said rights of access shall be exercised with due regard to the rights and needs of the Lessee.

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(c) The Lessee shall not be entitled to any fee or other payment from the Port Authority or any of its contractors or any of the users mentioned in subparagraph (b) above, nor shall the Lessee be entitled to any abatement, reduction or diminution of rental hereunder because of the provisions of this Section 53, or because of the LCF Plant or the use and operation thereof; it being expressly acknowledged and agreed that, as set forth in Section 4.I.(a)(1) of the Lease, (as amended by Supplement No 2 thereto) the Ground Rental payable by the Lessee during the portion of the term set forth therein shall reflect and constitute the full adjustment in rental for the Port Authority's and its contractors' use of the LCF Plant and the LCF Plant Premises, including the rights of access as herein described, until the LCF Removal Date.

(III) It is expressly recognized that effective as of April 1, 1987, for purposes of this Agreement, the term 'LCF Plant Premises' shall mean and consist of the area shown in cross hatch and stipple cross hatch on the drawing attached hereto, hereby made a part hereof and marked Exhibit G. With respect to said LCF Plant Premises the parties hereby agree:

(a) The Port Authority may at any time during the term of the Lease terminate its use of the LCF Plant and in such event it shall give the Lessee ninety (90) days' written notice. In addition the Lessee, at any time during the term of the letting under this Agreement after December 31, 1988, shall have the right to lease the LCF Plant Premises from the Port Authority as a part of the premises hereunder, such right to be exercisable upon ninety (90) days' written notice given by the Lessee to the Port Authority. The Port Authority shall remove the LCF Plant from the LCF Plant Premises within the aforesaid ninety (90) day period after its notice or the Lessee's notice, as the case may be. It is expressly recognized that the letting of the LCF Plant Premises to the Lessee will commence not later than September 1, 1992 and that the Port Authority will remove the LCF Plant from the LCF Plant Premises no later than August 31, 1992. In any event the actual date of the said removal of the LCF Plant shall be set forth in a written notice to the Lessee. As used herein the term 'LCF Removal Date' shall mean the said removal date of the LCF Plant, or August 31, 1992, whichever first occurs.

(b) Subparagraphs (a), (b) and (c) of Paragraph (II) above shall continue to apply with full force and effect with respect to the LCF Plant and the LCF Plant Premises as shown on said Exhibit G."

3. Effective as of September 1, 1985, all of the premises under the Lease, which as of September 1, 1985 consist of the area shown in stipple on Exhibit F, are also hereinafter sometimes called 'Area A'.

4. (a) Effective as of April 1, 1987, in addition to the premises heretofore let to the Lessee under the Lease, the letting as to which shall continue in full force and effect, the Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority the area shown in stipple hatch on the sketch attached hereto, hereby made a part hereof and marked 'Exhibit G', together with the fixtures, improvements and other property, if any, of the Port Authority located or to be located therein or thereon (other than any part of the LCF Plant), the said area, fixtures, improvements and other property, if any of the Port Authority located or to be located therein or thereon, to be and become part of Area A (as defined in Paragraph 3 above) of the premises under the Lease, let to the Lessee, subject to and in accordance with all the terms, provisions and covenants of the Lease as hereby amended for and during all the residue and remainder of the term of the letting under the Lease. The parties acknowledge and agree that the area added to the premises pursuant to this subparagraph (a) constitutes non-residential real property.

(b) Effective as of November 1, 1987, in addition to the premises heretofore let to the Lessee under the Lease, the letting as to which shall continue in full force and effect, the Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority the areas shown in stipple on the drawing attached hereto, hereby made a part hereof and marked 'Exhibit H', together with the fixtures, improvements and other property, if any, of the Port Authority located or to be located therein or thereon, the said area, fixtures, improvements and other property, if any of the Port Authority located or to be located therein or thereon, to and become part of the premises under the Lease, as hereby amended, and designated herein as and hereinafter called "Area B", let to the Lessee, subject to and in accordance with all the terms, provisions and covenants of the Lease as hereby amended for and during all the residue and remainder of the term of the letting under the Lease. The parties acknowledge and agree that the areas added to the premises pursuant to this subparagraph (b) constitute non-residential real property.

(c) Effective as of November 1, 1988, in addition to the premises heretofore let to the Lessee under the Lease, the letting as to which shall continue in full force and effect, the Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority the area shown in stipple on the drawing attached hereto, hereby made a part hereof and marked 'Exhibit I', together with the fixtures, improvements and other property, if any, of the Port Authority located or to

be located therein or thereon, the said area, fixtures, improvements and other property, if any of the Port Authority located or to be located therein or thereon, to and become part of Area B of the premises under the Lease, as hereby amended, let to the Lessee, subject to and in accordance with all the terms, provisions and covenants of the Lease as hereby amended for and during all the residue and remainder of the term of the letting under the Lease. The parties acknowledge and agree that the areas added to the premises pursuant to this subparagraph (c) constitute non-residential real property.

(d) If the Port Authority shall not give possession of the areas described in subparagraphs (a), (b) and (c) above on the dates set forth in this Paragraph 4 by reason of the failure or refusal of any occupant thereof to deliver possession thereof to the Port Authority or by reason of any cause or condition beyond the control of the Port Authority, the Port Authority shall not be subject to any liability for the failure to give possession on said date. No such failure to give possession on the date hereinabove specified shall in any wise affect the validity of this Agreement or the obligations of the Lessee hereunder, nor shall the same be construed in any wise to extend the term beyond the date stated in Paragraph (b) of Section 3 of the Lease. Tender shall be made by notice given at least five (5) days prior to the effective date of the tender. In the event that notice of tender of the said areas is not given for possession to commence on or before three hundred sixty-five (365) days after the effective date for the commencement of the letting thereof, then this Agreement with respect to the letting of the areas described in this Paragraph 4 shall be deemed cancelled, except that each party shall and does release and discharge the other party from any and all claims or demands based on this Agreement, or a breach or alleged breach thereof.

(e) The Lessee acknowledges that it has not relied upon any representation or statement of the Port Authority or its Commissioners, officers, employees and agents as to the suitability of the areas added to the premises pursuant to this Paragraph 4 for the operations permitted thereon by the Lease and agrees to take the said areas and to use the same in their 'as is' condition at the time of the commencement of the letting hereunder. Without limiting any of the obligations of the Lessee under the Lease, the Lessee agrees that no portion of the premises under the Lease will be used initially or at any time during the letting thereof which is in a condition unsafe or improper for the conduct of the Lessee's operations under the Lease, as hereby amended, so that there is a possibility of injury or damage to life or property.

5. Section 4 of the Lease is hereby amended as follows:

(a) Paragraphs I.(a) and (b) of said Section 4 are hereby amended to read as follows:

"(a) The Lessee agrees to pay to the Port Authority the following Ground Rentals for the premises, consisting of Area A Ground Rentals for Area A (hereinafter referred to as the 'Area A Ground Rental') and Area B Ground Rentals for Area B (hereinafter referred to as the 'Area B Ground Rental') (the Area A Ground Rental and the Area B Ground Rental being sometimes collectively referred to as the 'Ground Rental') as follows:

(1) For the portion of the term of the Lease commencing on September 1, 1985 to and including March 31, 1987, Area A Ground Rental at the annual rate of

The aforesaid annual Area A Ground Rental of

is made up of two factors, one a constant factor in the amount of

and the other the Airport Services Factor in the amount of

The variable factor aforesaid represents the Airport Services portion of the annual Area A Ground Rental, and such variable factor of the annual Area A Ground Rental is hereinafter referred to as the 'Airport Services Factor' and is subject to adjustment as provided in paragraph (b) hereof.

(2) For the portion of the term of the Lease commencing on April 1, 1987 to and including August 31, 1996, Area A Ground Rental at the annual rate of

subject to adjustment as provided in paragraph (b) hereof. The aforesaid annual Area A Ground Rental of

is made up of two factors, one a constant factor in the amount of

and the other a variable factor in the amount of

The Airport Services Factor is subject to adjustment as provided in paragraph (b) hereof.

(3) For the portion of the term of the Lease from September 1, 1996 to and including August 31, 2006, Area A Ground Rental at an annual rate

Ex.2.a.

consisting of two factors, one a constant factor in the amount of Ex.2.a.

and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (2) above as the same shall have been adjusted in accordance with paragraph (b) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (3), and which shall be the Airport Services Factor in effect on the date of the commencement of the Area A Ground Rental provided for in this subparagraph (3) and which shall be subject to further adjustment as provided in paragraph (b) hereof.

(4) For the portion of the term from September 1, 2006 to and including the expiration date of the term of the letting under the Lease, Area A Ground Rental at an annual rate consisting of two factors, one a constant factor in the amount of

Ex.2.a. and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (2) above, as the same shall have been adjusted in accordance with paragraph (b) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (4), and which shall be the Airport Services Factor in effect on the date of the commencement of the Ground Rental provided for in this subparagraph (4), and which shall be subject to further adjustment as provided in paragraph (b) hereof.

"(5) (i) For the portion of the term of the Lease commencing on November 1, 1987 to and including October 31, 1988, Area B Ground Rental at the annual rate of

The aforesaid annual Area B Ground Rental of

is made up of two factors, one a constant factor in the amount of

Ex.2.a.

and the other the Airport Services Factor in the amount of

The variable factor aforesaid represents the Airport Services portion of the annual Area B Ground Rental, and such variable factor of the annual Area B Ground Rental is herein referred to

as the 'Airport Services Factor' and is subject to adjustment as provided in paragraph (b) hereof.

(ii) For the portion of the term of the Lease commencing on November 1, 1988 to and including August 31, 1992, Area B Ground Rental at the annual rate of

. The aforesaid annual Area B Ground Rental of

is made up of two factors, one a constant factor in the amount of

Ex.2.a.

and the other a variable factor in the amount of

The Airport Services Factor is subject to adjustment as provided in paragraph (b) hereof.

(iii) For the portion of the term of the Lease commencing on September 1, 1992 and continuing to and including August 31, 1997, an Area B Ground Rental at the annual rate consisting of two factors, one a constant factor in the amount equal to the Adjusted-1 Constant Factor which shall be determined as provided in paragraph (f) below, and the other a variable factor in the amount set forth in sub-subparagraph (ii) of this subparagraph (5) as the same shall have been adjusted in accordance with paragraph (b) hereof for each calendar year preceding the commencement date of the portion of the term specified in this sub-subparagraph (iii), and which shall be the Airport Services Factor in effect on the date of the commencement of the Area B Ground Rental provided for in this sub-subparagraph (iii) and which shall be subject to further adjustment as provided in paragraph (b) hereof.

(iv) For the portion of the term of the Lease from September 1, 1997 to and including August 31, 2002, an Area B Ground Rental at an annual rate consisting of two factors, one a constant factor in an amount equal to the Adjusted-2 Constant Factor which shall be determined as provided in paragraph (f) below, and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in sub-subparagraph (ii) of this subparagraph (5) as the same shall have been adjusted in accordance with paragraph (b) hereof for each calendar year preceding the commencement

date of the portion of the term specified in this sub-subparagraph (iv), and which shall be the Airport Services Factor in effect on the date of the commencement of the Area B Ground Rental provided for in this sub-subparagraph (iv) and which shall be subject to further adjustment as provided in paragraph (b) hereof.

(v) For the portion of the term from September 1, 2002 to and including August 31, 2007, an Area B Ground Rental at an annual rate consisting of two factors, one a constant factor in an amount equal to the Adjusted-3 Constant Factor which shall be determined as provided in paragraph (f) below, and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in sub-subparagraph (ii) of this subparagraph (5) as the same shall have been adjusted in accordance with paragraph (b) hereof for each calendar year preceding the commencement date of the portion of the term specified in this sub-subparagraph (v), and which shall be the Airport Services Factor in effect on the date of the commencement of the Area B Ground Rental provided for in this sub-subparagraph (v), and which shall be subject to further adjustment as provided in paragraph (b) hereof.

(vi) For the portion of the term from September 1, 2007 to and including the expiration date of the term of the letting under the Lease, an Area B Ground Rental at an annual rate consisting of two factors, one a constant factor in an amount equal to the Adjusted-4 Constant Factor which shall be determined as provided in paragraph (f) below, and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in sub-subparagraph (ii) of this subparagraph (5) as the same shall have been adjusted in accordance with paragraph (b) hereof for each calendar year preceding the commencement date of the portion of the term specified in this sub-subparagraph (vi), and which shall be the Airport Services Factor in effect on the date of the commencement of the Ground Rental provided for in this sub-subparagraph (vi), and which shall be subject to further adjustment as provided in paragraph (b) hereof.

(b) (1) The Airport Services Factor set forth in subparagraphs (1) and (2) of paragraph (a) above and in subparagraphs (5)(i) and (ii) of said paragraph (a) is the final Airport Services Factor which would be in effect for the calendar year 1982 if the term of the letting hereunder commenced on the date of the execution of this Agreement (assumed to be prior to December 1983) and if the Lessee commenced payment of the Ground Rental on such date. For the calendar year 1983 and for each and every calendar year thereafter the Airport Services Factor shall be adjusted in accordance with the provisions of Schedule A attached hereto and hereby made a part hereof. For the portion of the term specified in subparagraph (a)(1), the constant factor of Ex.2.a shall remain unchanged; for the portion of the term specified in subparagraph (a)(2), the constant factor of Ex.2.a shall remain unchanged; for the portion of the term specified in subparagraph (a)(3), the constant factor of shall remain unchanged; for the portion of the term specified in subparagraph (a)(4) above the constant factor of Ex.2.a shall remain unchanged; for the portion of the term specified in subparagraph (5)(i) of said paragraph (a), the constant factor of shall remain unchanged; for the portion of the term specified in subparagraph (5)(ii) of said paragraph (a), the constant factor of Ex.2.a shall remain unchanged; for the portions of the term specified in subparagraphs (5)(iii), (iv), (v) and (vi) of said paragraph (a), the constant factor, after the same has been determined in accordance with paragraph (f) below, shall remain unchanged for the applicable portion of the term specified therein."

(b) There shall be deemed added to Item I of said Section 4 of the Lease a new paragraph "(f)" immediately following paragraph "(e)" thereof to read as follows:

"(f) CPI Adjustment of the constant factor of the Area B Ground Rental.

(1) "CPI" or "Consumer Price Index" or "Index" shall mean the Consumer Price Index for all Urban Consumers, New York, N.Y. Northeastern, N.J., All Items (1967-100) published by the Bureau of Labor Statistics of the United States Department of Labor.

The Port Authority shall during the term of this Agreement ascertain the CPI for the month of August of each of calendar years 1987, 1992, 1997, 2002 and 2007 after the same have been published.

"Base Index" shall mean the CPI for the month of August, 1987.

The Port Authority shall give the Lessee written notice of its determination of the various items determined by it under this paragraph (f), as more fully set forth in subparagraph (2) below.

In the event the Consumer Price Index shall hereafter be converted to a different standard reference base, the parties shall use such conversion factor, formula or table for converting the CPI as may be published by the United States Department of Labor. In the event the Consumer Price Index is discontinued or ceases to be published by the United States Department of Labor, such other appropriate index shall be substituted as may be agreed to by the parties hereto as properly reflecting changes in the value of the current United States money in a manner similar to that established in the Consumer Price Index. In the event of the failure of the parties to so agree, the Port Authority may select and use such index as it deems appropriate, provided however, that the foregoing shall not preclude the Lessee from contesting the Port Authority's selection.

(2) The constant factor of the Area B Ground Rental applicable to the portions of the term set forth in subparagraphs (a)(5)(iii), (iv), (v) and (vi) above, and therein referred to as the Adjusted-1 Constant Factor, the Adjusted-2 Constant Factor, the Adjusted-3 Constant Factor and the Adjusted-4 Constant Factor, shall be determined as follows:

(i) For the portion of the term commencing September 1, 1992 and expiring on August 31, 1997 set forth in subparagraph (a)(5)(iii) above, the constant factor of the Area B Ground Rental, herein called the 'Adjusted-1 Constant Factor', shall be in an amount equal to the greater of (aa) the amount of Ex.2.a.

, or (bb) the product obtained by multiplying the said amount of by a fraction the numerator of which shall be the CPI for the month of August, 1992 and the denominator of which shall be the Base Index; provided, however, that the Adjusted-1 Constant Factor shall not exceed the amount of

(ii) For the portion of the term commencing September 1, 1997 and expiring on August 31, 2002 set forth in subparagraph (a)(5)(iv) above the constant

factor of the Area B Ground Rental herein called the 'Adjusted-2 Constant Factor', shall be in an amount equal to the greater of (aa) the amount of the Adjusted-1 Constant Factor or (bb) the product obtained by multiplying the Adjusted-1 Constant Factor by a fraction the numerator of which shall be the CPI for the month of August, 1997 and the denominator of which shall be the Base Index; provided, however, that the Adjusted-2 Constant Factor shall not exceed the amount of

Ex.2.a.

(iii) For the portion of the term commencing September 1, 2002 and expiring on August 31, 2007 set forth in subparagraph (a)(5)(v) above, the constant factor of the Area B Ground Rental, herein called the 'Adjusted-3 Constant Factor', shall be in an amount equal to the greater of (aa) the amount of the Adjusted-2 Constant Factor, or (bb) the the product obtained by multiplying the Adjusted-2 Constant Factor by a fraction the numerator of which shall be the CPI for the month of August, 2002 and the denominator of which shall be the Base Index; provided, however, that the Adjusted-3 Constant Factor shall not exceed the amount of

Ex.2.a.

(iv) For the portion of the term commencing September 1, 2007 and expiring on the expiration date of the term of the letting under the Lease set forth in subparagraph (a)(5)(vi) above, the constant factor of the Area B Ground Rental, herein called the 'Adjusted-4 Constant Factor' shall be in an amount equal to the greater of (aa) the amount of the Adjusted-3 Constant Factor, or (bb) the the product obtained by multiplying the said Adjusted-3 Constant Factor by a fraction the numerator of which shall be the CPI for the month of August, 2007 and the denominator of which shall be the Base Index; provided, however, that the Adjusted-4 Constant Factor shall not exceed the amount of

Ex.2.a.

(c) Paragraph (c) of Item I of Section 4 of the Lease shall be deemed amended by inserting the designation " (1)" before the first sentence thereof, and by adding at the end thereof a new subparagraph ("2") reading as follows:

"(2) With respect to the CPI adjustments of the constant factor of the Area B Ground Rental called for under this Section 4, the Port Authority shall send to the Lessee the following notices (which are hereinafter each referred to as the 'Adjustment Notice'): Within forty-five (45) days after August 31 of each of the

years 1992, 1997, 2002 and 2007, an Adjustment Notice setting forth the amount of the Adjusted-1 Constant Factor, the Adjusted-2 Constant Factor, the Adjusted-3 Constant Factor and the Adjusted-4 Constant Factor, respectively, applicable during the immediately succeeding portion of the term.

For each portion of the term as set forth in subparagraphs (a)(5)(iii), (iv), (v) and (vi) above, the Lessee shall continue payments of the Area B Ground Rental based on the constant factor of the Area B Ground Rental applicable for the immediately preceding portion of the term until the determination of the CPI Adjustment of the constant factor pursuant to paragraph (f) hereof. Within ten (10) days after the date of the Adjustment Notice, the Lessee shall pay to the Port Authority any deficiency in the Area B Ground Rental resulting from the aforesaid CPI Adjustment in the constant factor of the Area B Ground Rental pursuant to paragraph (f), and thereafter, commencing with the month immediately following the month in which said CPI Adjustment Notice was sent and continuing monthly thereafter the Lessee shall pay the Area B Ground Rental at the times and amounts stated in subparagraph (1) of this paragraph (c) for the payment of Ground Rental and at the annual rate consisting of the Adjusted-1 Constant Factor, Adjusted-2 Constant Factor, Adjusted-3 Constant Factor or Adjusted-4 Constant Factor, as the case may be, as aforesaid, and the Airport Services Factor in accordance with and as set forth in subparagraphs (5) (iii)-(iv) in paragraph (a) above."

(d) Subparagraphs (a) and (b) of Item II of Section 4 of the Lease are hereby amended to read as follows:

"(a) (1) Effective from and after September 1, 1985, in the event the Lessee shall at any time by the provisions of this Agreement become entitled to an abatement of Area A Ground Rental, the constant factor of the Area A Ground Rental for each square foot of land the use of which is denied the Lessee shall be reduced for each calendar day or major fraction thereof the abatement remains in effect, as follows: (it being understood that there shall be no abatement for any portion of the term except as specifically provided herein):

(i) for the portions of the term set forth in subparagraphs (a)(1) and (a)(2) above, for each square foot of land of Area A at the daily rate of

Ex.2.a.

(ii) for the portion of the term set forth in subparagraph (a)(3) above, for each square foot of land of Area A at the daily rate of Ex.2.a.

(iii) for the portion of the term set forth in subparagraph (a)(4) above, for each square foot of land of Area A at the daily rate of Ex.2.a.

In addition, the Airport Services Factor of the Area A Ground Rental shall be reduced for each calendar day or major fraction thereof the abatement remains in effect, for each square foot of land of Area A the use of which is denied the Lessee at the daily rate of _____ subject to adjustment as provided herein, for the portion of the term set forth in subparagraph (a)(1) above; at the daily rate of _____ subject to adjustment as provided herein, for the portions of the term set forth in subparagraphs (a)(2), (a)(3) and (a)(4) above. No abatement of the Airport Services Factor shall be for space other than land area.

(2) Effective from and after November 1, 1987, in the event the Lessee shall at any time become entitled to an abatement of Area B Ground Rental, the constant factor of the Area B Ground Rental for each square foot of land the use of which is denied the Lessee shall be reduced for each calendar day or major portion thereof the abatement remains in effect, as follows: (it being understood that there shall be no abatement for any portion of the term except as specifically provided herein):

(i) for the portion of the term set forth in subparagraphs (a)(5)(i) for each square foot of land of Area B at the daily rate of Ex.2.a.

(ii) for the portion of the term set forth in subparagraph (a)(5)(ii) for each square foot of land of Area B at the daily rate of Ex.2.a.

(iii) for the portions of the term set forth in subparagraph (a)(5)(iii), (iv), (v) and (vi) above, at the daily rate of Ex.2.a. appropriately adjusted to reflect any and all CPI Adjustments of the constant factor of the Area B Ground Rentals in accordance with paragraph (f) hereof.

In addition, the Airport Services Factor of the Area B Ground Rental shall be reduced for each calendar day or major fraction thereof the abatement remains in effect, for each square foot of land of Area B the use of which is denied the Lessee at the daily

rate of Ex.2.a., subject to adjustment as provided herein, for the portion of the term set forth in subparagraph (a)(5)(i) above, and at the daily rate of Ex.2.a., subject to adjustment as provided herein, for the portions of the term set forth in subparagraphs (a) (5)(ii), (iii), (iv), (v) and (vi) above. No abatement of the Airport Services Factor shall be for space other than land area.

(b) The aforesaid abatement rate of Ex.2.a. per diem (hereinafter called 'the variable rate') is based upon the variable factor with respect to the Area A Ground Rental in the amount of Ex.2.a.

Ex.2.a. per annum, also called the Airport Services Factor and shall be adjusted as hereinafter provided. The aforesaid abatement rate of Ex.2.a. per diem (hereinafter called 'the variable rate') is based upon the variable factor with respect to the Area A Ground Rental in the amount of Ex.2.a.

Ex.2.a. per annum, also called the Airport Services Factor and shall be adjusted as hereinafter provided. The aforesaid abatement rate of Ex.2a per diem (hereinafter called 'the variable rate') is based upon the variable factor with respect to the Area B Ground Rental in the amount of Ex.2.a.

Ex.2.a. per annum, also called the Airport Services Factor and shall be adjusted as hereinafter provided. The aforesaid rate of Ex.2.a. per diem (hereinafter called the 'variable rate') is based upon the variable factor with respect to the Area B Ground Rental in the amount of Ex.2.a.

Ex.2.a. per annum, also called the Airport Services Factor and shall be adjusted as hereinafter provided. After the close of the calendar year 1983 and after the close of each calendar year thereafter, the Port Authority will adjust the variable rate, upwards or downwards, by the same percentage as the Airport Services Factor is adjusted upwards or downwards, as provided in Schedule A. The resultant variable rate shall constitute the final variable rate for the calendar year for which the adjustment is being made. It shall also constitute the tentative variable rate for the calendar year in which such rate is calculated and for the following year until the next succeeding final variable rate is calculated."

6. Effective November 1, 1987, the first line of paragraph (f) of Section 44 of the Lease shall be deemed amended to read as follows:

"'Premises' shall mean and include Area A and Area B and the".

7. (a) Effective upon the day immediately following the LCF Removal Date, (as defined in Section 53 of the Lease as herein amended) in addition to the premises heretofore let to the Lessee under the Lease, the letting as to which shall continue in full force and effect, the Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority the area shown in cross hatch and stipple cross hatch on Exhibit G, together with the fixtures, improvements and other property, if any, of the Port Authority located or to be located therein or thereon (other than any part of the LCF Plant), the said area, fixtures, improvements and other property, if any of the Port Authority located or to be located therein or thereon, to be and become part of Area A of the premises under the Lease, let to the Lessee, subject to and in accordance with all the terms, provisions and covenants of the Lease for and during all the residue and remainder of the term of the letting under the Lease. The parties acknowledge and agree the area added to the premises under this subparagraph (a) constitutes non-residential real property.

(b) Effective upon the day immediately following the LCF Removal Date (as defined in Section 53 of the Lease as herein amended) in addition to the premises heretofore let to the Lessee under the Lease, the letting as to which shall continue in full force and effect, the Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority the area shown in diagonal hatch on Exhibit H, together with the fixtures, improvements and other property, if any, of the Port Authority located or to be located therein or thereon (other than any part of the LCF Plant) the said area, fixtures, improvements and other property, if any of the Port Authority located or to be located therein or thereon, to be and become part of Area B of the premises under the Lease, as hereby amended, let to the Lessee, subject to and in accordance with all the terms, provisions and covenants of the Lease as hereby amended for and during all the residue and remainder of the term of the letting under the Lease. The parties acknowledge and agree that the area added to the premises pursuant to this subparagraph (b) constitutes non-residential real property.

(c) If the Port Authority shall not give possession of the areas described in subparagraphs (a) and (b) above on the date set forth therein by reason of the failure or refusal of any occupant thereof to deliver possession thereof to the Port Authority or by reason of any cause or condition beyond the control of the Port Authority, the Port Authority shall not be subject to any liability for the failure to give possession on said date. No such failure to give possession on the date

hereinabove specified shall in any wise affect the validity of this Agreement or the obligations of the Lessee hereunder, nor shall the same be construed in any wise to extend the term beyond the date stated in paragraph (b) of Section 3 of the Lease. Tender shall be made by notice given at least five (5) days prior to the effective date of the tender. In the event that notice of tender of the said areas is not given for possession to commence on or before three hundred sixty-five (365) days after the effective date for the commencement of the letting of said areas as set forth above, then this Agreement with respect to the letting of said areas shall be deemed cancelled, except that each party shall and does release and discharge the other party from any and all claims or demands based on this Agreement, or a breach or alleged breach thereof.

(d) The Lessee acknowledges that it has not relied upon any representation or statement of the Port Authority or its Commissioners, officers, employees and agents as to the suitability of the areas added to the premises pursuant to this Paragraph for the operations permitted thereon by the Lease and agrees to take the said areas and to use the same in their 'as is' condition at the time of the commencement of the letting hereunder. Without limiting any of the obligations of the Lessee under the Lease, the Lessee agrees that no portion of the premises under the Lease will be used initially or at any time during the letting thereof which is in a condition unsafe or improper for the conduct of the Lessee's operations under the Lease, as hereby amended, so that there is any possibility of injury or damage to life or property.

8. Effective on the day immediately following the LCF Removal Date (as defined in Section 53 of the Lease as herein amended):

(a) Paragraph I(a)(2) of Section 4 of the Lease, as previously amended, is hereby further amended to read as follows:

"(2) (i) For the portion of the term of the Lease commencing on April 1, 1987 to and including the LCF Removal Date, Area A Ground Rental at the annual rate of Ex.2.a.

subject to adjustment as provided in paragraph (b) hereof. The aforesaid annual Area A Ground Rental of Ex.2.a.

is made up of two factors, one a constant factor in the amount of Ex.2.a.

and the other a variable factor in the amount of Ex. 2.a.

The Airport Services Factor is subject to adjustment as provided in paragraph (b) hereof.

(ii) For the portion of the term of the Lease commencing on the day immediately following the LCF Removal Date and continuing to and including August 31, 1996 an Area A Ground Rental at an annual rate of

Ex.2.a.

subject to adjustment as provided in paragraph (b) hereof. The aforesaid annual Area A Ground Rental of

Ex.2.a.

is made up of two factors, one a constant factor in the amount of

Ex.2.a.

and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount of

Ex.2.a.

The Airport Services Factor is subject to adjustment as provided in paragraph (b) below."

(b) Paragraph I.(a)(5)(ii) of Section 4 of the Lease is hereby amended to read as follows:

"(ii) For the portion of the term of the Lease commencing on November 1, 1988 to and including the LCF Removal Date, Area B Ground Rental at the annual rate of

Ex.2.a. The aforesaid annual Area B Ground Rental of

is made up of two factors, one a constant factor in the amount of

subject to adjustment as provided in paragraph (b) hereof and the other a variable factor in the amount of

Ex.2.a.

The Airport Services Factor is subject to adjustment as provided in paragraph (b) hereof.

For the portion of the term commencing on the day immediately following the LCF Removal Date to and including August 31, 1992, Area B Ground Rental for the premises at the annual rate of

Ex.2.a.

The aforesaid annual Area B Ground Rental of

Ex.2.a.

is made up of two factors, one a constant factor in the amount of

Ex.2.a.

and the other the Airport

Services Factor in the amount of Ex.2.a.

The variable factor aforesaid represents the Airport Services portion of the annual Area B Ground Rental, and such variable factor of the annual Area B Ground Rental is hereinafter referred to as the 'Airport Services Factor' and is subject to adjustment as provided in paragraph (b) hereof."

9. Effective as of October 1, 1987, there shall be deemed added to the Lease new Sections 2A and 2B to read as follows:

"Section 2A. The Lessee's Expansion Work

(a) (1) The Lessee agrees at its sole cost and expense to design and construct the following construction work for the expansion of the premises resulting from the addition of the areas added to the premises pursuant to Paragraphs 4 and 7 of Supplement No. 2 to the Lease:

(i) All necessary, required or appropriate work for the grading and paving of the said areas;

(ii) All necessary, required or appropriate work for the construction of an aircraft taxiway connection between Taxiway RB and the premises, the foregoing being herein sometimes called the 'Taxiway Connection';

(iii) With respect to said areas, all appropriate lines, pipes, mains, cables, manholes, wires, conduits and other facilities required in connection with or relating to the mechanical, utility, electrical, storm services, sanitary services, fire alarm, fire protection and other systems including all necessary relocations, and all work necessary or required to tie the foregoing to the utility access stubs now existing which include water, electrical power, sanitary service lines, including all necessary valves and other equipment and accessories necessary to the use and operation of the heating, electrical, water and other utility systems which are to serve the premises, the foregoing being herein called the 'Utility Lines'; and

(iv) Appropriate landscaping for said areas.

(2) Each of the foregoing shall hereinafter be referred to as an 'Installation' and all Installations covered hereunder are sometimes hereinafter collectively referred to as the 'expansion work'.

All of the expansion work shall be constructed by the Lessee on the premises and off the premises where required, and where constructed on the premises shall be and become a part of the premises under the Lease, except for the 'Off-Premises Portions of the Taxiway Connection', as herein defined.

(3) It is understood and agreed that all of the Installations need not be constructed concurrently; and that the areas upon which said Installations are to be constructed are areas added to the premises at various effective dates as set forth in Paragraphs 4 and 7 of Supplement No. 2 to the Lease. Accordingly, the required approval by the Port Authority of the Lessee's plans and specifications under paragraph (b) hereof may be given Installation by Installation.

(4) It is recognized and agreed that a portion of the Taxiway Connection to be constructed by the Lessee shall be constructed off the premises and that said portion shall not be or become a part of the premises (said portion being herein called the 'Off-Premises Portion of the Taxiway Connection').

(b) (1) Prior to the commencement of the work, the Lessee shall submit to the Port Authority for the Port Authority's approval complete plans and specifications therefor. The Port Authority may refuse to grant approval with respect to the expansion work if, in its opinion, any of the proposed expansion work as set forth in said plans and specifications (all of which shall be in such detail as may reasonably permit the Port Authority to make a determination as to whether the requirements hereinafter referred to are met) shall:

(i) Be unsafe, unsound, hazardous or improper for the use and occupancy for which it is designed, or

(ii) Not comply with the Port Authority's requirements for harmony of external architecture of similar existing or future improvements at the Airport, or

(iii) Not comply with the Port Authority's requirements with respect to external and interior building materials and finishes of similar existing or future improvements at the Airport, or

(iv) Not provide for sufficient clearances for taxiways, runways and apron areas, or

(v) Be designed for use for purposes other than those authorized under the Agreement, or

(vi) Set forth ground elevations or heights other than those prescribed by the Port Authority, or

(vii) Not provide adequate and proper circulation areas, or

(viii) Not be at locations or not be oriented in accordance with the Lessee's approved comprehensive plan, or

(ix) Not comply with the enactments, ordinances, resolutions and regulations of governmental authority in regard to the construction and maintenance of buildings and structures and in regard to health and fire protection which would be applicable if the Port Authority were a private corporation to the extent that the Port Authority finds it practicable so to do, or

(x) Permit aircraft to overhang the boundary of the premises, except when entering or leaving the premises, or

(xi) Be in violation or contravention of any other provisions and terms of this Agreement, or

(xii) Not comply with all applicable governmental laws, ordinances, enactments, resolutions, rules and orders, or

(xiii) Not comply with all applicable requirements of the National Board of Fire Underwriters and the Fire Insurance Rating Organization of New Jersey, or

(xiv) Not comply with the Port Authority's requirements with respect to landscaping, or

(xv) Not comply with Port Authority's requirements and standards with respect to noise, air pollution, water pollution or other types of pollution, or

(xvi) Not comply with the American National Standard Specifications for Buildings and Facilities-Providing Accessibility and Usability for Physically Handicapped People, ANSI A117.1-1986.

(c) All expansion work shall be done in accordance with the following terms and conditions:

(1) The Lessee hereby assumes the risk of loss or damage to all of the expansion work prior to the

completion thereof and the risk of loss or damage to all property of the Port Authority, the Lessee or others arising out of or in connection with the performance of the expansion work. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the expansion work and the property of the Port Authority, the Lessee or others without cost or expense to the Port Authority or others. The Lessee shall itself and shall also require its contractors to indemnify and hold harmless the Port Authority, its Commissioners, officers, agents, representatives and employees from and against all claims and demands, just or unjust, of third persons arising or alleged to arise out of the performance of the expansion work and for all expenses incurred by it and by them in the defense, settlement or satisfaction thereof, including without limitation thereto, claims and demands for death, for personal injury or for property damage, direct or consequential, whether they arise from the acts or omissions of the Lessee, of any contractors of the Lessee, of the Port Authority, or of third persons, or from acts of God or of the public enemy, or otherwise, (including claims of the City of Newark against the Port Authority pursuant to the provisions of the Basic Lease whereby the Port Authority has agreed to indemnify the City against claims), excepting only claims and demands which result solely from affirmative wilful acts done by the Port Authority, its Commissioners, officers, agents, representatives and employees with respect to the expansion work.

If so directed, the Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such suit, claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance written permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority.

(2) Prior to engaging or retaining an architect or architects for the expansion work, the name or names of said architect or architects shall be submitted to the Port Authority for its approval. The Port Authority shall have the right to disapprove any architect who may be unacceptable to it. All expansion work shall be done in accordance with plans and specifications to be submitted to and approved by the Port Authority prior to the commencement of the expansion work, and until such approval has been obtained the Lessee shall continue to resubmit plans and specifications as required. Upon approval of such plans and specifications by the Port Authority, the Lessee shall proceed diligently at its sole cost and expense to perform the expansion work. All expansion work, including workmanship and materials, shall be of first class quality. The Lessee shall re-do, replace or construct at its own cost and expense, any expansion work not done in accordance with the approved plans and specifications, the provisions of this Section

2A or any further requirements of the Port Authority. The Lessee shall complete the expansion work no later than December 31, 1988.

(3) Prior to entering into a contract for any part of the expansion work, the Lessee shall submit to the Port Authority for its approval the names of the contractors to whom the Lessee proposes to award said contracts. The Port Authority shall have the right to disapprove any contractor who may be unacceptable to it. The Lessee shall include in all such contracts such provisions and conditions as may be reasonably required by the Port Authority. Without limiting the generality of the foregoing all of the Lessee's construction contracts shall provide as follows: "If (i) the Contractor fails to perform any of his obligations under the Contract, including his obligation to the Lessee to pay any claims lawfully made against him by any materialman, subcontractor or workman or other third person which arises out of or in connection with the performance of the Contract or (ii) any claim (just or unjust) which arises out of or in connection with the Contract is made against the Lessee or (iii) any subcontractor under the Contract fails to pay any claims, lawfully made against him by any materialman, subcontractor, workman or other third persons which arises out of or in connection with the Contract or if in the Lessee's opinion any of the aforesaid contingencies is likely to arise, then the Lessee shall have the right, in its discretion, to withhold out of any payment (final or otherwise and even though such payments have already been certified as due) such sums as the Lessee may deem ample to protect it against delay or loss or to assume the payment of just claims of third persons, and to apply such sums in such manner as the Lessee may deem proper to secure such protection or satisfy such claims. All sums so applied shall be deducted from the Contractor's compensation. Omission by the Lessee to withhold out of any payment, final or otherwise, a sum for any of the above contingencies, even though such contingency has occurred at the time of such payment, shall not be deemed to indicate that the Lessee does not intend to exercise its right with respect to such contingency. Neither the above provisions for rights of the Lessee to withhold and apply monies nor any exercise, or attempted exercise of, or omission to exercise such rights by the Lessee shall create any obligation of any kind to such materialmen, subcontractors, workmen or other third persons. Until actual payment is made to the Contractor, his right to any amount to be paid under the Contract (even though such amount has already been certified as due) shall be subordinate to the rights of the Lessee under this provision."

The Lessee shall file with the Port Authority a copy of its contracts with its contractors prior to start of the expansion work.

(4) The Lessee shall furnish or require its architect to furnish a full time resident engineer during the construction period. The Lessee shall require certification by a

licensed engineer of all pile driving data and of all controlled concrete work and such other certifications as may be requested by the Port Authority from time to time.

(5) The Lessee agrees to be solely responsible for any plans and specifications used by it and for any loss or damages resulting from the use thereof, notwithstanding that the same have been approved by the Port Authority and notwithstanding the incorporation therein of Port Authority recommendations or requirements. Notwithstanding the requirement for approval by the Port Authority of the contracts to be entered into by the Lessee or the incorporation therein of Port Authority requirements or recommendations, and notwithstanding any rights the Port Authority may have reserved to itself hereunder, the Port Authority shall have no liabilities or obligations of any kind to any contractors engaged by the Lessee or for any other matter in connection therewith and the Lessee hereby releases and discharges the Port Authority, its Commissioners, officers, representatives and employees of and from any and all liability, claims for damages or losses of any kind, whether legal or equitable, or from any action or cause of action arising or alleged to arise out of the performance of any expansion work pursuant to the contracts between the Lessee and its contractors. Any warranties contained in any construction contract entered into by the Lessee for the performance of the expansion work hereunder shall be for the benefit of the Port Authority as well as the Lessee and the contract shall so provide.

(6) The Port Authority shall have the right, through its duly designated representatives, to inspect the expansion work and the plans and specifications thereof, at any and all reasonable times during the progress thereof and from time to time, in its discretion, to take samples and perform testing on any part of the expansion work.

(7) The Lessee agrees that it shall deliver to the Port Authority two (2) sets of "as built" microfilm drawings of the expansion work mounted on aperture cards, all of which shall conform to the specifications of the Port Authority (the receipt of a copy of said specifications prior to the execution hereof being hereby acknowledged by the Lessee), and the Lessee shall during the term of this Lease keep said drawings current showing thereon any changes or modifications which may be made. (No changes or modifications shall be made without prior Port Authority consent.)

(8) The Lessee shall, if requested by the Port Authority, take all reasonable measures to prevent erosion of the soil and the blowing of sand during the performance of the expansion work, including but not limited to the fencing of the premises or portions thereof or other areas and the covering of open areas with asphaltic emulsion or similar materials as the Port Authority may direct.

(9) Title to any soil, dirt, sand or other matter (hereinafter in this item (9) collectively called 'the matter') excavated by the Lessee during the course of the expansion work shall vest in the Port Authority and the matter shall be delivered by the Lessee at its expense to any location (on or off the Airport) as may be designated by the Port Authority. The entire proceeds, if any, of the sale or other disposition of the matter shall belong to the Port Authority. Notwithstanding the foregoing the Port Authority may elect by prior written notice to the Lessee to waive title to all or portions of the matter in which event the Lessee at its expense shall dispose of the same without further instruction from the Port Authority.

(10) The Lessee shall pay or cause to be paid all claims lawfully made against it by its contractors, subcontractors, materialmen and workmen, and all claims lawfully made against it by other third persons arising out of or in connection with or because of the performance of the expansion work, and shall cause its contractors and subcontractors to pay all such claims lawfully made against them, provided, however, that nothing herein contained shall be construed to limit the right of the Lessee to contest any claim of a contractor, subcontractor, materialman, workman and/or other person and no such claim shall be considered to be an obligation of the Lessee within the meaning of this Section unless and until the same shall have been finally adjudicated. The Lessee shall use its best efforts to resolve any such claims and shall, keep the Port Authority fully informed of its actions with respect thereto. Nothing herein contained shall be deemed to constitute consent to the creation of any liens or claims against the premises nor to create any rights in said third persons against the Port Authority.

(11) The Lessee in its own name as assured and including the Port Authority as an additional assured shall procure and maintain Comprehensive General Liability insurance, including but not limited to premises-operations, products-completed operations, explosion, collapse and underground property damages, personal injury and independent contractors, with a broad form property damage endorsement and with a contractual liability endorsement covering the obligations assumed by the Lessee pursuant to subparagraphs (1) and (5) of this paragraph (c), and Comprehensive Automobile Liability insurance covering owned, non-owned and hire vehicles, which shall be in addition to all policies of insurance otherwise required by this Agreement or the Lessee may provide such insurance by requiring each contractor engaged by it for the construction work to procure and maintain such insurance including such contractual liability endorsement, said insurance, whether procured by the Lessee or by a contractor engaged by it as aforesaid, not to contain any care, custody or control

exclusions, and not to contain any exclusion for bodily injury to or sickness, disease or death of any employee of the Lessee or of any of its contractors which would conflict with or in any way impair coverage under the contractual liability endorsement. The said policy or policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority, and that said protections shall also pertain and apply with respect to any claim or action against the Port Authority by the Lessee, but such endorsement shall not limit, vary or affect the protections afforded the Port Authority thereunder as an additional assured. Said insurance shall be in not less than the following amounts:

(i) Bodily Injury Liability

For injury to or wrongful death to one person.....	\$25,000,000.00
For injury or wrongful death to more than one person for any one occurrence.....	\$25,000,000.00
Aggregate Products-Completed Operations.....	\$25,000,000.00

(ii) Property Damage Liability

For all damage arising out of injury to or destruction of property in any in any one occurrence.....	\$25,000,000.00
Aggregate Products-Completed Operations.....	\$25,000,000.00
Aggregate Premises-Operations.....	\$25,000,000.00
Aggregate Contractual.....	\$25,000,000.00

The insurance required hereunder shall be maintained in effect during the performance of the expansion work and shall be in compliance with and subject to the provisions of paragraph (c) of Section 15 of the Lease.

The Lessee shall also procure and maintain in effect, or cause to be procured and maintained in effect Workers Compensation Insurance required by law.

(12) The Lessee shall be under no obligation to reimburse the Port Authority for expenses incurred by the Port Authority in connection with its normal review and approval of the original plans and specifications submitted by

the Lessee pursuant to this Section. The Lessee however agrees to pay to the Port Authority upon its demand the expenses incurred by the Port Authority in connection with any additional review for approval of any changes, modifications or revisions of the original plans and specifications which may be proposed by the Lessee for the Port Authority's approval. The expenses of the Port Authority for any such additional review and approval shall be computed on the basis of direct payroll time expended in connection therewith plus 100%. Wherever in this Lease reference is made to "direct payroll time", costs computed thereunder shall include a pro rata share of the cost to the Port Authority of providing employee benefits, including, but not limited to, pensions, hospitalization, medical and life insurance, vacations and holidays. Such computations shall be in accordance with the Port Authority's accounting principles as consistently applied prior to the execution of this Lease.

(13) The Lessee shall prior to the commencement of construction and at all times during construction submit to the Port Authority all engineering studies with respect to construction and samples of construction materials as may be required at any time and from time to time by the Port Authority.

(14) The Lessee shall procure and maintain Builder's Risk (All Risk) Completed Value Insurance covering the expansion work during the performance thereof including material delivered to the site but not attached to the realty. Such insurance shall be in compliance with and subject to the applicable provisions of Section 13 hereof and shall name the Port Authority, the City of Newark, the Lessee and its contractors and subcontractors as additional assureds and such policy shall provide that the loss shall be adjusted with and payable to the Lessee. Such proceeds shall be used by the Lessee for the repair, replacement or rebuilding of the construction work and any excess shall be paid over to the Port Authority.

(15) The Lessee shall submit to the Port Authority its forecasts of the number of people who will be working at various times during the term of the Lease at the premises, the expected utility demands of the Installations, noise profiles and such other information as the Port Authority may require. The Lessee shall continue to submit its latest forecasts and such other information as may be required as aforesaid as the Port Authority shall from time to time and at any time request.

(16) The Lessee shall execute and submit for the Port Authority's approval a Construction Application or Applications in the form prescribed by the Port Authority covering the expansion work or portions thereof. The Lessee shall comply with all the terms and provisions of the approved Construction Applications. In the event of any inconsistency between the terms of any Construction Application and the terms of this Lease, the terms of this Lease shall prevail and control.

(17) Nothing contained in this Lease shall grant or be deemed to grant to any contractor, architect, supplier, subcontractor or any other person engaged by the Lessee or any of its contractors in the performance of any part of the expansion work any right of action or claim against the Port Authority, its Commissioners, officers, agents and employees with respect to any work any of them may do in connection with the Expansion work. Nothing contained herein shall create or be deemed to create any relationship between the Port Authority and any such contractor, architect, supplier, subcontractor or any other person engaged by the Lessee or any of its contractors in the performance of any part of the expansion work and the Port Authority shall not be responsible to any of the foregoing for any payments due or alleged to be due thereto for any work performed or materials purchased in connection with the expansion work.

(18) Without limiting any of the terms and conditions of this Lease, the Lessee understands and agrees that it shall put into effect prior to the commencement of any Expansion Work an affirmative action program and Minority Business Enterprise (MBE) program and Women-owned Business Enterprise (WBE) program in accordance with the provisions of Schedule E, attached hereto and hereby made a part hereof. The provisions of said Schedule E of this Lease shall be applicable to the Lessee's contractor or contractors and subcontractors at any tier of construction as well as to the Lessee itself and the Lessee shall include the provisions of said Schedule E within all of its construction contracts so as to make said provisions and undertakings the direct obligation of the construction contractor or contractors and subcontractors at any tier of construction. The Lessee shall and shall require its said contractor, contractors and subcontractors to furnish to the Port Authority such data, including but not limited to compliance reports relating to the operation and implementation of the affirmative action, MBE and WBE programs called for hereunder as the Port Authority may request at any time and from time to time regarding the affirmative action, Minority Business Enterprises and Women-owned Business Enterprises programs of the Lessee and its contractor, contractors, and subcontractors at any tier of construction, and the Lessee shall and shall also require that its contractor, contractors and subcontractors at any tier of construction make and put into effect such modifications and additions thereto as may be directed by the Port Authority pursuant to the provisions hereof and said Schedule E to effectuate the goals of affirmative action and Minority Business Enterprise and Women-owned Business Enterprise programs. For purposes of this Section 2A, as used in said Schedule E the term "construction work" shall mean the expansion work under this Section 2A.

(i) In addition to and without limiting any terms and provisions of this Lease, the Lessee shall provide in its contracts and all subcontracts

covering the expansion work or any portion thereof,
that:

(aa) The contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status, and shall undertake or continue existing programs of affirmative action to ensure that minority group persons are afforded equal employment opportunity without discrimination. Such programs shall include, but not be limited to, recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff, termination, rates of pay or other forms of compensation, and selections for training or retraining, including apprenticeships and on-the-job training;

(bb) At the request of either the Port Authority or the Lessee, the contractor shall request such employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding and which is involved in the performance of the contract with the Lessee to furnish a written statement that such employment agency, labor union or representative shall not discriminate because of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will cooperate in the implementation of the contractor's obligations hereunder;

(cc) The contractor will state, in all solicitations or advertisements for employees placed by or on behalf of the contractor in the performance of the contract, that all qualified applicants will be afforded equal employment opportunity without discrimination because of race, creed, color, national origin, sex, age, disability or marital status;

(dd) The contractor will include the provisions of subparagraphs (aa) through (cc) of this paragraph in every subcontract or purchase order in such a manner that such provisions will be binding upon each subcontractor or vendor as to its work in connection with the contract;

(ee) 'Contractor' as used herein shall include each contractor and subcontractor at any tier of construction.

(d) The Lessee may wish to commence construction of portions of an Installation prior to the approval by the Port Authority of its plans and specifications pursuant to paragraph (b) hereof, and if it does it shall submit a written request to the Port Authority setting forth the work it proposes then to do. The Port Authority shall have full and complete discretion as to whether or not to permit the Lessee to proceed with said work. If the Port Authority has no objection to the Lessee's proceeding with the work, it shall do so by writing a letter to the Lessee to such effect. If the Lessee performs the work covered by said letter it agrees all such work shall be performed subject to and in accordance with all of the provisions of the approval letter and subject to and in accordance with the following terms and conditions:

(1) The performance by the Lessee of the work covered by any request as aforesaid will be at its sole risk and if for any reason the plans and specifications for the Installation of which the work is a part are not approved by the Port Authority or if the approval thereof calls for modifications or changes in the work undertaken by the Lessee under any approval granted by the Port Authority pursuant to this paragraph (d), the Lessee will, as directed by the Port Authority, at its sole cost and expense, either restore the area affected to the condition existing prior to the commencement of any such work or make such modifications and changes in any such work as may be required by the Port Authority.

(2) Nothing contained in any approval hereunder shall constitute a determination or indication by the Port Authority that the Lessee has complied with the applicable governmental laws, ordinances, enactments, resolutions, rules and orders, including but not limited to those of the City of Elizabeth, which may pertain to the work to be performed.

(3) The approved work will be performed in accordance with and subject to the terms, indemnities and provisions of the Lease covering the expansion work and with the terms and conditions of any Construction Application which the Port Authority may request the Lessee to submit even though such Construction Application may not have, at the time of the approval under this paragraph (d), been approved by the Port Authority.

(4) No work under any such approval shall affect or limit the obligations of the Lessee under all prior approvals with respect to its construction of the Expansion Work.

(5) The Lessee shall comply with all requirements, stipulations and provisions as may be set forth in the letters of approval.

(6) In the event that the Lessee shall at any time during the construction of any portion of the expansion work under the approval granted by the Port Authority pursuant to this paragraph (d) fail, in the opinion of the General Manager of New Jersey Airports of the Port Authority, to comply with all of the provisions of this Lease with respect to the expansion work, the Construction Application or the approval letter covering the same or be, in the opinion of the said General Manager of New Jersey Airports in breach of any of the provisions of this Lease, the Construction Application or the approval letter covering the same, the Port Authority shall have the right, acting through said General Manager of New Jersey Airports to cause the Lessee to cease all or such part of the expansion work as is being performed in violation of this Lease, the Construction Application or the approval letter. Upon such written direction from the General Manager of New Jersey Airports, the Lessee shall promptly cease construction of the portion of the expansion work specified. The Lessee shall thereupon submit to the Port Authority for its written approval the Lessee's proposal for making modifications, corrections or changes in or to the expansion work that has been or is to be performed so that the same will comply with the provisions of this Lease, the Construction Application and the approval letter covering the expansion work. The Lessee shall not commence construction of the portion of the expansion work that has been halted until such written approval has been received.

(7) It is hereby expressly understood and agreed that neither the field engineer covered by paragraph (e) hereof nor the General Manager of New Jersey Airports mentioned in subparagraph (6) above has any authority to approve any plans and specifications of the Lessee with respect to the expansion work, to approve the construction by the Lessee of any portion of the expansion work or to agree to any variation by the Lessee from compliance with the terms of this Lease, or the Construction Application or the approval letter with respect to the expansion work. Notwithstanding the foregoing, should the field engineer or the General Manager of New Jersey Airports give any directions or approvals with respect to the Lessee's performance of any portion of the expansion work which are contrary to the provisions of this Lease, the Construction Application or the approval letter, said directions or approvals shall not affect the obligations of the Lessee as set forth herein nor release or relieve the Lessee from the strict compliance therewith. It is hereby further understood and agreed that the Port Authority has no duty or obligation of any kind whatsoever to inspect or police the performance of the expansion work by the Lessee and the rights granted to the Port Authority hereunder shall not create or be deemed to create such a duty or obligation. Accordingly, the fact that the General Manager of New Jersey Airports has not exercised the Port Authority's right to require the Lessee to cease its construction of all or any part of the expansion work shall not be or be deemed to be an agreement or acknowledgment on the part of the Port Authority

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that the Lessee has in fact performed such portion of the expansion work in accordance with the terms of the Lease, the Construction Application or the approval letter nor shall such fact be or be deemed to be a waiver by the Port Authority from the requirement of strict compliance by the Lessee with the provisions of the Lease, the Construction Application and the approval letter with respect to the expansion work.

(8) Without limiting the discretion of the Port Authority hereunder, the Port Authority hereby specifically advises the Lessee that even if the Port Authority hereafter in the exercise of its discretion wishes to grant approvals under this paragraph (d), it may be unable to do so, so as to permit the Lessee to continue work without interruption following its completion of the work covered by any prior approval hereunder. The Lessee hereby acknowledges that if it commences work pursuant to this paragraph (d), it shall do so with full knowledge that there may not be continuity by it in the performance of its expansion work under the procedures of this paragraph (d).

(9) No prior approval of any work in connection with any installation work shall create or be deemed to create any obligation on the part of the Port Authority to permit subsequent work to be performed in connection with such Installation prior to the approval by the Port Authority of the Lessee's complete plans and specifications thereof.

(e) The Lessee will give the Port Authority fifteen (15) days' notice prior to the commencement of construction. The Port Authority will assign to the expansion work a full time field engineer or engineers. The Lessee shall pay to the Port Authority for the services of said engineer or engineers, the sum of Two Hundred Forty-five Dollars and No Cents (\$245.00) for each day or part thereof that the engineer or engineers are so assigned. Nothing contained herein shall affect any of the provisions of paragraph (h) hereof or the rights of the Port Authority hereunder. This Agreement for the services of said field engineer may be revoked at any time by either party on thirty (30) days' written notice to the other, but if revoked by the Lessee it shall continue during the period construction under any partial approvals pursuant to paragraph (d) hereof is performed.

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(f) (1) The expansion work shall be constructed in such a manner that there will be at all times a minimum of air pollution, water pollution or any other type of pollution and a minimum of noise emanating from, arising out of or resulting from the operation, use or maintenance of the premises by the Lessee and from the operations of the Lessee under this Agreement. Accordingly, and in addition to all other obligations imposed on the Lessee under this Agreement and without diminishing, limiting, modifying or affecting any of the same, the Lessee shall be obligated to construct as part of the expansion work hereunder such structures, fences, equipment,

will have the right to

devices and other facilities as may be necessary or appropriate to accomplish the foregoing and each of the foregoing shall be and become a part of the premises it affects and all of the foregoing shall be part of the expansion work hereunder.

(2) Notwithstanding the provisions of subparagraph (1) above and in addition thereto, the Port Authority hereby reserves the right from time to time and at any time during the term of the Lease to require the Lessee, subsequent to the completion of the expansion work to design and construct at its sole cost and expense such further reasonable structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the objectives as set forth in the first sentence of said subparagraph (1). All locations, the manner, type and method of construction and the size of any of the foregoing shall be determined by the Port Authority. The Lessee shall submit for Port Authority approval its plans and specifications covering the required work and upon receiving such approval shall proceed diligently to construct the same. All other provisions of this Section 2A with respect to the expansion work shall apply and pertain with like effect to any work which the Lessee is obligated to perform pursuant to this paragraph (f) and upon completion of each portion of such work it shall be and become a part of the premises. The obligations assumed by the Lessee under this paragraph (f) are a special inducement and consideration to the Port Authority in granting this Lease to the Lessee.

(g) Title to all expansion work shall pass to the Port Authority as the same or any part thereof is erected, constructed or installed.

(h) (1) When each Installation of the expansion work is substantially completed and ready for use the Lessee shall advise the Port Authority to such effect and shall deliver to the Port Authority a certificate signed by an authorized officer of the Lessee and also signed by the Lessee's licensed architect or engineer certifying that such Installation has been constructed strictly in accordance with the approved plans and specifications and the provisions of this Lease and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders. Thereafter, such Installation will be inspected by the Port Authority and if the same has been completed as certified by the Lessee and by the Lessee's licensed architect or engineer as aforesaid, a certificate to such effect shall be delivered to the Lessee, subject to the condition that all risks thereafter with respect to the construction and installation of the same and any liability therefor for negligence or other reason shall be borne by the Lessee. The Lessee shall not use or permit the use of any Installation or any portion thereof for the purposes set forth in the Lease until such certificate is received from the Port Authority and the Lessee shall not use or permit the use of any Installation or any portion thereof even if such certificate is received if the Port Authority states in any

such certificate that the same cannot be used until other specified Installation portions are completed.

(2) The term 'Completion Date' for the purposes of this Lease shall mean the date appearing on the last certificate issued by the Port Authority pursuant to subparagraph (1) of this paragraph (h) after the substantial completion of the expansion work.

(j) (1) The Lessee acknowledges that it will be continuing its operations at the premises under this Lease during the period of time it is performing the expansion work hereunder. The Lessee further acknowledges that this may involve among other things inconvenience, noise, dust, interference and disturbance to the Lessee in its operations at the premises as well as to its customers, patrons, invitees and employees and possibly other risks as well. The Lessee hereby expressly assumes all of the foregoing risks and agrees that there will be no reduction or abatement of any of the rentals, fees or charges payable by the Lessee under this Lease on account of its performance of the expansion work and that the performance of the expansion work shall not constitute an eviction or constructive eviction of the Lessee nor be grounds for any abatement of rents, fees or charges payable by the Lessee under this Lease nor give rise to or be the basis of any claim or demand by the Lessee against the Port Authority, its Commissioners, officers, employees or agents for damages, consequential or otherwise, under this Lease.

(k) It is hereby recognized that the Port Authority and the Lessee have prior to the execution of Supplement No. 2 to the Lease entered into a Letter Agreement dated October 1, 1987 pursuant to which the Lessee commenced the performance of certain work, described therein as the 'Taxiway Connection Work', covering the construction of an aircraft taxiway connection at the Airport between Taxiway RB and the premises under the Lease, and that the Taxiway Connection Work constitutes part of the Lessee's expansion work under this Section 2A and referred herein as the Taxiway Connection.

It is hereby agreed that all of the provisions of this Lease shall supersede and take the place of said Letter Agreement with respect to the Taxiway Connection Work, which shall continue in full force and effect, and except that all requirements of the Port Authority given in connection with or as set forth in said Letter Agreement or as Riders or Exhibits thereto or in connection with Construction Application NFE-12, and, without limiting the foregoing, except for the provisions of paragraphs 26 through 30 set forth therein which shall also continue in full force and effect.

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Section 2B. Port Authority Reimbursement for the Off-Premises Portion of the Taxiway Connection

(a) As used herein the term 'the Off-Premises Taxiway Connection Cost' shall mean the sum of the following actually paid by the Lessee to the extent that the inclusion of the same is permitted by generally accepted accounting practices consistently applied:

(i) amounts actually paid by the Lessee to independent contractors for work actually performed and labor and materials actually furnished in connection with the construction of the Off-Premises Portion of the Taxiway Connection; and

(ii) amounts actually paid and costs incurred by the Lessee in connection with the construction of the Off-Premises Portion of the Taxiway Connection for engineering, architectural, professional and consulting services and supervision of construction for the Off-Premises Portion of the Taxiway Connection provided, however, payments under this item (ii) shall not exceed ten percent (10%) of the amounts paid under item (i) above.

(b) The Port Authority shall reimburse the Lessee for the Off-Premises Taxiway Connection Cost up to an amount of \$475,000 as follows: Upon the Completion Date of the Taxiway Connection, as certified by the certificate issued by the Port Authority pursuant to paragraph (h) of Section 2A hereof, the Lessee shall submit to the Port Authority a certificate certifying the Off-Premises Taxiway Connection Cost as of the date of the said certificate as nearly as may be ascertained to such date and representing payments actually made as of such date. As further payments are made by the Lessee in connection with determining the amounts which constitute the Off-Premises Taxiway Connection Cost, additional certificates shall be submitted to the Port Authority by the Lessee certifying as to each additional certificate the Off-Premises Taxiway Connection Cost as of the date of each such additional certificate as nearly as may be ascertained to such date. Each of the said ~~certificates~~ ^{CORPORATE} certificates shall be signed by a responsible ~~fiscal~~ officer of the Lessee, sworn to before a notary public and shall set forth a representation by the Lessee that it shall apply the Port Authority's reimbursement payment only to the Off-Premises Taxiway Connection Cost and for no other purpose whatsoever. In delivering the certificates required to be delivered by the Lessee hereunder, the Lessee shall therein separately certify the sum of (i) the amounts of actual payments made by the Lessee to its independent contractors for work actually performed and labor and materials actually furnished for the Off-Premises Portion of the Taxiway Connection and (ii) the amounts of actual payments made by the Lessee in connection with the Off-Premises Portion of

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the Taxiway Connection for engineering, architectural, professional, consulting services and supervision of construction. It is understood and agreed that the Lessee shall use its best judgment in its allocation and breakdown of costs as between the Off-Premises Portion of the Taxiway Connection and the portion of the Taxiway Connection located on the premises. Each such certificate shall also (a) set forth, in reasonable detail, with respect to the Off-Premises Taxiway Connection Cost, the amounts paid to specified independent contractors and the amounts paid to other specified persons and third parties which have not previously been reported in certificates delivered to the Port Authority; (b) have attached thereto reproduction copies or duplicate originals of the invoices of such independent contractors and other persons and for such invoices an acknowledgment by such independent contractors and other persons of the receipt by them of such amounts and payments; (c) certify that the amounts, payments and expenses therein set forth constitute portions of the Off-Premises Taxiway Connection Cost; and (d) contain the Lessee's certification that the work for which payment is requested has been accomplished, that the amounts requested have been paid to the Lessee's contractors, and, subject to the concurrence of the Port Authority, that said work is in place and has a value of not less than the amount requested to be paid. Each such certificate shall also set forth the total cumulative payments made by the Lessee as aforesaid from the commencement of the construction work to the date of the certificate, and each such certificate shall also contain a certification by the Lessee that each portion of the expansion work covered by said certificate has been performed strictly in accordance with the terms of the Lease.

When the amounts which constitute the Off-Premises Taxiway Connection Cost have been entirely and completely paid and finally determined by the Lessee, the Lessee shall submit a final certificate to the Port Authority which certificate shall be certified by a responsible ~~fiscal~~ ^{CORPORATE} officer of the Lessee and which shall set forth in reasonable detail the amounts constituting the Off-Premises Taxiway Connection Cost as finally determined by the Lessee. Said final certificate shall contain a representation by the Lessee that the entire and complete Off-Premises Taxiway Connection Cost has been paid, that there are no outstanding liens, mortgages, conditional bills of sale or other encumbrances of any kind and that there are no unpaid claims of any kind whatsoever with respect to the Off-Premises Taxiway Connection.

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(c) Within thirty (30) days after the delivery of a duly submitted final certificate by the Lessee (setting forth its final statement of the Off-Premises Taxiway Connection Cost, including its final allocation and breakdown of costs as between the cost of the Taxiway Connection Work located on the premises and the Off-Premises Taxiway Connection Cost) the Port Authority shall pay to the Lessee the Off-Premises Taxiway Connection Cost, but in no event shall the Port Authority's payment exceed the

amount of It is understood that at the election of the Port Authority no payment will be made if the Port Authority's inspection or audit does not substantiate the contents of any of said certificates and until such matters have been resolved to the satisfaction of the Port Authority, but the Port Authority shall have no obligation to conduct any such inspection or audit at such time. The certificate shall also contain such further information and documentation with respect to the Off-Premises Taxiway Connection Cost as the Port Authority from time to time may¹ require.

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(d) The Lessee shall set forth in its final certificate its final statement of the Off-Premises Taxiway Connection Cost. After submitting said final certificate, the Lessee shall submit no further certificate hereunder with respect to the cost of the Off-Premises Portion of the Taxiway Connection. The entire obligation of the Port Authority under this Section 2B to reimburse the Lessee for the Off-Premises Taxiway Connection Cost shall be limited in amount not to exceed a total of Ex.2a to be paid to the Lessee pursuant to the certificate of the Le submitted in accordance with this paragraph.

(e) The Port Authority shall have the right by its agents, employees and representatives to audit and inspect during regular business hours after the submission of the final certificate called for in subparagraph (b) hereof, the books and records and other data of the Lessee relating to the Off-Premises Taxiway Connection Cost and the construction of the Taxiway Connection, as aforesaid, it being specifically understood that the Port Authority shall not be bound by any prior audit or inspection conducted by it. The Lessee agrees to keep such books, records and other data within the Port of New York District, but the Lessee shall not be required to maintain any such books, records and other data for more than five (5) years after it has delivered the final certificate called for under paragraph (b) above.

10. Effective January 1, 1988:

(a) Paragraph (a) of Section 15 of the Lease is hereby amended to read as follows:

"(a) (1) The Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents, employees and representatives from and against (and shall reimburse the Port Authority for the Port Authority's costs and expenses including legal expenses incurred in connection with the defense of) all claims and demands of third persons including but not limited to claims and demands for death or personal injuries, or for property damages, arising out of any default of the Lessee in performing or observing any term or provision of this Agreement, or out of the use

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or occupancy of the premises by the Lessee or out of any other acts or omissions of the Lessee, its officers, employees, guests, invitees and business visitors on the premises or elsewhere at the Airport, or out of the acts or omissions of others on the premises with the consent of the Lessee, including claims and demands of the City of Newark against the Port Authority pursuant to the provisions of the Basic Lease, whereby the Port Authority has agreed to indemnify the City against claims.

(2) If so directed, the Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such suit, claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority."

(b) The second sentence of paragraph (b) of Section 15 of the Lease is hereby amended to read as follows:

"The aforesaid policy or policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority, and that said protections shall also pertain and apply with respect to any claim or action against the Port Authority by the Lessee, but such endorsement shall not limit, vary, change, or affect the protections afforded the Port Authority thereunder as an additional insured."

(c) The "Minimum Limits" set forth in paragraph (b) of said Section 15 are hereby amended to read as follows:

"	<u>Minimum Limits</u>
Comprehensive General Liability	
Bodily Injury Liability:	
For injury to or wrongful death of one or more than one person in any one occurrence:	\$100,000,000

Property Damage Liability:
 (including but not limited
 to aircraft in the care,
 custody and control of the
 Lessee) for all damages
 arising out of injury or
 destruction of property
 in any one occurrence: \$100,000,000

Comprehensive Automobile Liability:
 Bodily Injury Liability:
 For injury to or wrongful
 death of one or more than one
 person in any one occurrence: \$25,000,000

Property Damage Liability:
 For all damages arising out
 out of injury to or
 destruction of property in
 any one occurrence: \$25,000,000".

(d) The final subparagraph of paragraph (b) of Section 15 of the Lease is hereby amended to read as follows:

"All insurance coverages and policies required under this Section may be reviewed by the Port Authority for adequacy of terms, conditions and limits of coverage at any time and from time to time during the term of the letting hereunder. The Port Authority may, at any such time, require additions, deletions, amendments or modifications to the above-scheduled insurance requirements, or may require such other and additional insurance, in such reasonable amounts, against such other insurable hazards, as the Port Authority may deem required."

11. (a) Without limiting any other rights of termination of the Port Authority under the Lease, it is hereby understood and agreed between the Lessee and the Port Authority that the Port Authority shall have the right at any time, without cause, upon ~~thirty (30)~~ days' prior written notice to the Lessee, to terminate the Lease and the letting thereunder with respect to the portions of the premises shown in stipple and in diagonal hatching on the sketch attached hereto, hereby made a part hereof and marked "Exhibit J". The said portions of the premises are herein in this Paragraph collectively called "the Terminated Portion". It is understood that the Port Authority shall exercise its right to terminate hereunder only in the event that the Terminated Portion is needed for any of the following reasons: (i) in connection with the facilitation of .

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aeronautical requirements of the Airport or (ii) because of the need to accommodate the operational characteristics of new aircraft or new versions of existing aircraft, or (iii) the requirements of the Federal Aviation Administration or any other governmental agency or governmental body having jurisdiction, or (iv) changes with respect to the Public Aircraft Facilities made in accordance with Section 46 of the Lease.

(b) Effective as of the date and time (hereinafter in this Paragraph called the "Effective Date") stated in the notice aforesaid from the Port Authority to the Lessee specified in paragraph (a) hereof, the Lessee has terminated and does by these presents terminate its rights in the Terminated Portion and the term of years with respect thereto under the Lease and all the rights, rights of renewal, licenses, privileges and options of the Lessee granted by the Lease all to the intent that the same may be wholly merged, extinguished and determined on the Effective Date with the same force and effect as if said term were fixed to expire on the Effective Date.

TO HAVE AND TO HOLD the same to the Port Authority its successors and assigns forever.

(c) The Lessee hereby covenants on behalf of itself, its successors and assigns that it has not done anything whereby the Terminated Portion or the Lessee's leasehold therein has been or shall be encumbered as of the Effective Date in any way and that the Lessee is and will remain until the Effective Date the sole and absolute owner of the leasehold estate in the Terminated Portion. All promises, covenants, agreements and obligations of the Lessee with respect to the Terminated Portion, which under the provisions of the Lease would have matured upon the date originally fixed in the Lease for the expiration of the term thereof, or upon the termination of the Lease prior to the said date, or within a stated period after expiration or termination shall, notwithstanding such provisions, mature upon the Effective Date. The Lessee has released and discharged and does by these presents release and discharge the Port Authority from any and all obligations on the part of the Port Authority to be performed under the Lease with respect to the Terminated Portion for that portion of the term subsequent to the Effective Date. The Port Authority does by these presents release and discharge the Lessee from any and all obligations on the part of the Lessee to be performed under the Lease with respect to the Terminated Portion for that portion of the term subsequent to the Effective Date it being understood that nothing herein contained shall release, relieve or discharge the Lessee from any liability for rentals or for other charges that may be due or become due to the Port Authority for any period or periods prior to the Effective Date or for breach of any other obligation on the Lessee's part to be performed under the Lease for or during such period or periods or maturing pursuant to this paragraph.

(d) The Lessee hereby agrees to terminate its occupancy of the Terminated Portion and to deliver actual, physical possession of the Terminated Portion to the Port Authority, on or before the Effective Date, in the condition required by the Lease upon surrender. The Lessee further agrees that it shall remove from the Terminated Portion, prior to the Effective Date, all equipment, inventories, removable fixtures and other personal property of the Lessee, for which the Lessee is responsible. With respect to any such property not so removed, the Port Authority may at its option, as agent for the Lessee and at the risk and expense of the Lessee remove such property to a public warehouse or may retain the same in its own possession and in either event, after the expiration of thirty (30) days, may sell or consent to the sale of the same at a public auction; the proceeds of any such sale shall be applied first to the expense of removal, sale and storage, and second to any sums owed by the Lessee to the Port Authority; any balance remaining shall be paid to the Lessee. The Lessee shall pay to the Port Authority any excess of the total cost of removal, storage and sale over the proceeds of sale.

The Lessee hereby acknowledges that each and every term, provision and condition of the Lease shall continue to apply to the premises remaining after the termination of the Terminated Portion.

(e) (1) From and after the Effective Date as defined the Lessee shall be entitled to an abatement of the Ground Rental in accordance with and pursuant to Section 4 of the Lease. In addition to the foregoing, in the event the Port Authority elects to terminate the letting as to the Terminated Portion as herein provided, the Port Authority shall pay to the Lessee, an amount equal to the Lessee's Unamortized Capital Investment in the Terminated Portion, as hereinafter defined; provided, however, that the total amount of the Unamortized Capital Investment in 'the Terminated Portion' shall in no event exceed Five Hundred Thousand Dollars and No Cents (\$500,000.00). The Lessee's Unamortized Capital Investment in the Terminated Portion shall mean for the purposes of the Lease the sum of (i) the portion of the Lessee's Unamortized Capital Investment (as defined in paragraph (p) of Section 44 of the Lease) arising out of the construction work performed by the Lessee pursuant to Section 2 of the Lease with respect to that part of the Terminated Portion shown in stipple on Exhibit J; and (ii) the portion of the Lessee's Expansion Work Unamortized Capital Investment (as defined in subparagraph (e)(2) of this Paragraph 11) arising out of the expansion work performed by the Lessee pursuant to Section 2A of the Lease with respect to that part of the Terminated Portion shown in diagonal hatch on Exhibit J.

(2) The "Expansion Work Unamortized Capital Investment" shall mean for purposes of the Lease, the amount of the Lessee's investment in the premises arising out of the performance by the Lessee of the expansion work pursuant to and

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as set forth in Section 2A of the Lease, as hereby amended, after deduction therefrom of an amount equivalent to an allowance for depreciation and amortization. Such allowance will be computed on a straight-line basis from the date of the completion of the expansion work to the end of the average useful life (as determined under sound accounting practices) or the end of the Lease, whichever is shorter. It is hereby agreed that for purposes of determining the Lessee's Expansion Work Unamortized Capital Investment in the Terminated Portion, such allowance will be computed on a straight-line basis from the completion date of that part of the expansion work performed on the area shown in diagonal hatch on Exhibit J (as provided in Section 2A hereof) to the day before the eighteenth (18th) anniversary of said completion date.

The foregoing computation to be made shall not take into consideration the effect of accelerated amortization, if any, granted to or taken by the Lessee on its books or otherwise under the provisions of Section 168(a) of Title 26 USCA or similar legislation hereafter enacted.

For purposes of this Paragraph, the Lessee's investment in the premises arising out of the expansion work shall be equal to the sum of: (i) the amounts paid by the Lessee to independent contractors for work actually performed and labor and materials actually furnished in connection with the expansion work as set forth in and pursuant to Section 2A of the Lease; and (ii) the payments made and expenses incurred by the Lessee, in connection with such construction, for engineering, architectural, professional and consulting services and the supervision of construction, provided, however, that such payments and expenses pursuant to this item (ii) shall not exceed 10% of the amounts described in item (i); in each case, as the above-mentioned amounts, payments and expenses are evidenced, from time to time, by certificates of a responsible ~~fiscal~~ CORPORATE officer of the Lessee, sworn to before a Notary Public and delivered to the Port Authority, which certificates shall (a) set forth, in reasonable detail, the amounts paid to specified independent contractors, the payments made to other specified persons and the other expenses incurred by the Lessee, which have not previously been reported in certificates delivered to the Port Authority, (b) have attached thereto reproduction copies or duplicate originals of the invoices of such independent contractors and other persons acknowledging the receipt by them of such amounts and payments, and (c) certify that the amounts, payments and expenses therein set forth constitute portions of the Lessee's investment in the premises arising out of the performance of the expansion work as set forth in Section 2A of this Lease. All records of the Lessee with respect to the foregoing shall be kept at all times within the Port District for a period of five (5) years after the termination or expiration of the Lease and shall be subject to the audit and inspection of the Port Authority, its employees and representatives.

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12. Effective January 1, 1988, Section 48 of the Lease, as previously amended, is hereby further amended by adding at the end thereof a new paragraph "(d)" reading as follows:

"(d) Without limiting any of the foregoing provisions of this Section or any of the provisions of Schedule C, the Port Authority, commencing after December 31, 1987, may from time to time during 1988 and during each succeeding calendar year, but no more frequently than quarterly, notify the Lessee whether and to what extent the payments due to the Port Authority resulting from the tentative flight fee established pursuant to Schedule C will be likely to exceed or be less than the payments which would result from the estimated finalized fee as described in Paragraph II of Schedule C for such year for the period during such year as designated by the Port Authority's notice. If such notice is given the Lessee shall pay a new tentative flight fee established by the Port Authority and set forth in said notice until the same is further adjusted in accordance with this paragraph or Schedule C."

13. Effective January 1, 1988, Section 49 of the Lease, as previously amended, is hereby further amended by adding at the end thereof a new paragraph "(c)" reading as follows:

"(c) Without limiting any of the foregoing provisions of this Section or any of the provisions of Schedule D, the Port Authority, commencing after December 31, 1987, may from time to time during 1988 and during each succeeding calendar year, but no more frequently than quarterly, notify the Lessee whether and to what extent the payments due to the Port Authority resulting from the tentative fuel fee established pursuant to Schedule D will be likely to exceed or be less than the payments which would result from the estimated finalized fee as described in Paragraph II of Schedule D for such year for the period during such year as designated by the Port Authority's notice. If such notice is given the Lessee shall pay a new tentative fuel fee established by the Port Authority and set forth in said notice until the same is further adjusted in accordance with this paragraph or Schedule D."

14. The figure "01.924%" appearing on the last line of Paragraph III on page 2 of said Schedule A attached to the Lease shall be deemed deleted therefrom and there shall be deemed substituted in lieu thereof at each of the following times the following words and figures effective as of the following effective dates:

- (a) As of September 1, 1985, the figure "01.632%";
- (b) As of April 1, 1987, the figure "01.814%";
- (c) As of November 1, 1987, the words and figures "Area A = 01.814% and Area B = 00.160%";
- (d) As of November 1, 1988, the words and figures "Area = 01.814% and Area B = 00.628%";
- (e) As of the day immediately following the LCF Removal Date, the words and figures "Area A = 01.923% and Area B = 00.828%";
- (f) As of the Effective Date with respect to the Terminated Portion as defined in Paragraph 11(b) hereof, the words and figures "Area A = 01.856% and Area B = 00.823%".

15. The first sentence of Section 54 as redesignated pursuant to Paragraph 2 of this Supplemental Agreement, shall be deemed amended to read as follows:

"This Agreement consists of the following Sections 1 through 54, inclusive, Schedules A, C, D and E, and Exhibits A, B, C, D, E, F, G, H, I and J."

16. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from any and all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation and execution of this Supplemental Agreement.

17. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Lessee with any liability, or held liable to it under any term or provision of this Supplemental Agreement, or because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof.

18. As hereby amended, all of the terms, covenants, provisions, conditions and agreements of the Lease shall be and remain in full force and effect.

19. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or this Supplemental Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents, as of the date first above written.

Dated: as of September 1, 1985

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

Edo Bertomeo
Secretary

By *[Signature]*

(Title) ASSISTANT DIRECTOR OF AVIATION
(Seal)

ATTEST:

FEDERAL EXPRESS CORPORATION

Nancy Spurlin
Assistant Secretary

By *[Signature]* 1-31-89

(Title) VICE President
(Corporate Seal)

*Approved P. Sker 7/18/89
legal Dept
Approved: REW 3/9/89*

APPROVED:
FORM TERMS
[Signatures]
J.P.

SCHEDULE E

PART I

Affirmative Action Guidelines - Equal Employment Opportunity

I. As a matter of policy the Port Authority hereby requires the Lessee and the Lessee shall require the Contractor, as hereinafter defined, to comply with the provisions set forth hereinafter and in Section 2A (c)(18) of Port Authority Agreement No. ANA-041 (herein called "the Lease") with Federal Express Corporation (herein called "the Lessee"). These provisions are similar to the conditions for bidding on federal government contracts adopted by the Office of Federal Contract Compliance and effective May 8, 1978.

The Lessee as well as each bidder, contractor or subcontractor of the Lessee (herein collectively referred to as "the Contractor") must fully comply with the following conditions set forth in this Schedule as to each construction trade to be used on the construction work or any portion thereof (said conditions being herein called "Bid Conditions"). The Lessee hereby commits itself to the goals for minority and female utilization set forth below and all other requirements, terms and conditions of the Bid Conditions. The Lessee shall likewise require the Contractor to commit itself to the said goals for minority and female utilization set forth below and all other requirements, terms and conditions of the Bid Conditions by submitting a properly signed bid.

II. The Lessee and the Contractor shall each appoint an executive of its company to assume the responsibility for the implementation of the requirements, terms and conditions of the following Bid Conditions:

(a) The goals for minority and female participation, expressed in percentage terms for the Contractor's aggregate workforce in each trade on all construction work are as follows:

(1) Minority participation: 32%

(2) Female participation: 6.9%

These goals are applicable to all the Contractor's construction work performed in and for the premises.

The Contractor's specific affirmative action obligations required herein of minority and female

employment and training must be substantially uniform throughout the length of the contract, and in each trade, and the Contractor shall make good faith efforts to employ minorities and women evenly on each of its projects. The transfer of minority or female employees or trainees from contractor to contractor or from project to project for the sole purpose of meeting the Contractor's goals shall be a violation of the contract. Compliance with the goals will be measured against the total work hours performed.

(b) The Contractor shall provide written notification to the Lessee and the Lessee shall provide written notification to the Manager of the Equal Opportunity Programs Unit of the Port Authority within 10 working days of award of any construction subcontract in excess of \$10,000 at any tier for construction work. The notification shall list the name, address and telephone number of the subcontractor; employer identification number; estimated starting and completion dates of the subcontract; and the geographical area in which the subcontract is to be performed.

(c) As used in these specifications:

(1) "Employer identification number" means the Federal Social Security number used on the Employer's Quarterly Federal Tax Return, U.S. Treasury Department Form 941;

2) "Minority" includes:

(i) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);

(ii) Hispanic (all persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American culture or origin, regardless of race);

(iii) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and

(iv) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and

participation or community identification).

(d) Whenever the Contractor, or any subcontractor at any tier, subcontracts a portion of the construction work involving any construction trade, it shall physically include in each subcontract in excess of \$10,000 those provisions which include the applicable goals for minority and female participation.

(e) The Contractor shall implement the specific affirmative action standards provided in subparagraphs (1) through (16) of paragraph (h) hereof. The goals set forth above are expressed as percentages of the total hours of employment and training of minority and female utilization the Contractor should reasonably be able to achieve in each construction trade in which it has employees in the premises. The Contractor is expected to make substantially uniform progress toward its goals in each craft during the period specified.

(f) Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the Contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the Contractor's obligations hereunder.

(g) In order for the nonworking training hours of apprentices and trainees to be counted in meeting the goals, such apprentices and trainees must be employed by the Contractor during the training period, and the Contractor must have made a commitment to employ the apprentices and trainees at the completion of their training, subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor.

(h) The Contractor shall take specific affirmative actions to ensure equal employment opportunity ("EEO"). The evaluation of the Contractor's compliance with these provisions shall be based upon its effort to achieve maximum results from its actions. The Contractor shall document these efforts fully, and shall implement affirmative action steps at least as extensive as the following:

(1) Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the Contractor's employees are assigned to work. The Contractor, where possible, will assign two or more women to each phase of the construction project. The Contractor, shall specifically ensure that all foremen, superintendents, and other supervisory personnel at the premises are aware of and carry out the Contractor's obligation to maintain such a working environment, with specific attention to minority or female individuals working at the premises.

(2) Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations when the Contractor or its unions have employment opportunities available, and maintain a record of the organizations' responses.

(3) Maintain a current file of the names, addresses and telephone numbers of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by the union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefor, along with whatever additional actions the Contractor may have taken.

(4) Provide immediate written notification to the Lessee when the union or unions with which the Contractor has a collective bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other information that the union referral process has impeded the Contractor's efforts to meet its obligations.

(5) Develop on-the-job training opportunities and/or participate in training programs for the area which expressly include minorities and women, including upgrading programs and apprenticeship and trainee programs relevant to the Contractor's employment needs, especially those programs funded or approved by the Department of Labor. The Contractor shall provide notice of these programs to the sources compiled under subparagraph (2) above.

(6) Disseminate the Contractor's EEO policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Contractor in meeting its EEO obligations; by including it in any policy manual and collective bargaining agreement; by publicizing it in the Contractor's newspaper, annual report, etc.; by specific review of the policy with all management personnel and with all minority and female employees at least one a year; and by posting the Contractor's EEO policy on bulletin boards accessible to all employees at each location where construction work is performed.

(7) Review, at least every six months the Contractor's EEO policy and affirmative action obligations hereunder with all employees having any responsibility for hiring, assignment, layoff, termination or other employment decisions including specific review of these items with on-premises supervisory personnel such as Superintendents, General Foremen, etc., prior to the initiation of construction work at the premises. A written record shall be made and maintained identifying the time and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.

(8) Disseminate the Contractor's EEO policy externally by including it in any advertising in the news media, specifically including minority and female news media, and providing written notification to and discussing the Contractor's EEO policy with other Contractors and Subcontractors with whom the Contractor does or anticipates doing business.

(9) Direct its recruitment efforts, both oral and written, to minority, female and community organizations, to schools with minority and female students and to minority and female recruitment and training organizations and to State-certified minority referral agencies serving the Contractor's recruitment area and employment needs. Not later than one month prior to the date for the acceptance of applications for apprenticeship or other training by any recruitment source, the Contractor shall send written notification to organizations such as the above, describing the openings, screening procedures, and tests to be used in the selection process.

(10) Encourage present minority and female employees to recruit other minority persons and women and, where reasonable, provide after school, summer and

vacation employment to minority and female youth both on the premises and in other areas of a Contractor's workforce.

(11) Tests and other selection requirements shall comply with 41 CFR Part 60-3.

(12) Conduct, at least every six months, an inventory and evaluation at least of all minority and female personnel. For promotional opportunities and encourage these employees to seek or to prepare for, through appropriate training, etc., such opportunities.

(13) Ensure that seniority practices, job classifications, work assignments and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the EEO policy and the Contractor's obligations hereunder are being carried out.

(14) Ensure that all facilities and company activities are nonsegregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.

(15) Document and maintain a record of all solicitations of offers for subcontracts from minority and female construction contractors and suppliers, including circulation of solicitations to minority and female contractor associations and other business associations.

(16) Conduct a review, at least every six months, of all supervisors' adherence to and performance under the Contractor's EEO policies and affirmative action obligations.

(i) Contractors are encouraged to participate in voluntary associations which assist in fulfilling one or more of their affirmative action obligations (subparagraphs (1)-(16) of Paragraph (h) above). The efforts of a contractor association, joint contractor-union, contractor-community, or other similar group of which the Contractor is a member and participant, may be asserted as fulfilling any one or more of its obligations under Paragraph (h) hereof provided that the Contractor actively participates in the group, makes every effort to assure that the group has a positive impact on the employment of minorities and women in the industry, ensures that the concrete benefits of the program are reflected in the Contractor's minority and female workforce participation, makes good faith efforts to meet its individual goals and timetables,

and can provide access to documentation which demonstrates the effectiveness of actions taken on behalf of the Contractor. The obligation to comply, however, is the Contractor's and failure of such a group to fulfill an obligation shall not be a defense for the Contractor's non-compliance.

(j) A single goal for minorities and a separate single goal for women have been established. The Contractor, however, is required to provide equal employment opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and non-minority. Consequently, the Contractor may be in violation hereof if a particular group is employed in a substantially disparate manner (for example, even though the Contractor has achieved its goals for women generally, the Contractor may be in violation hereof if a specific minority group of women is under-utilized).

(k) The Contractor shall not use the goals and timetables or affirmative action standards to discriminate against any person because of race, color, religion, sex, or national origin.

(l) The Contractor shall not enter into any subcontract with any person or firm debarred from Government contracts pursuant to Executive Order 11246.

(m) The Contractor shall carry out such sanctions and penalties for violation of this clause including suspension, termination and cancellation of existing subcontracts as may be imposed or ordered by the Lessee. Any Contractor who fails to carry out such sanctions and penalties shall be in violation hereof.

(n) The Contractor, in fulfilling its obligations hereunder shall implement specific affirmative action steps, at least as extensive as those standards prescribed in paragraph (h) hereof so as to achieve maximum results from its efforts to ensure equal employment opportunity. If the Contractor fails to comply with the requirements of these provisions, the Lessee shall proceed accordingly.

(o) The Contractor shall designate a responsible official to monitor all employment related activity to ensure that the company EEO policy is being carried out, to submit reports relating to the provisions hereof as may be required and to keep records. Records shall at least include for each employee the name, address, telephone numbers, construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status (e.g. mechanic, apprentice, trainee, helper, or laborer), dates of changes in status, hours worked per week in the indicated trade,

rate of pay, and location at which the work was performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, contractors shall not be required to maintain separate records.

(p) Nothing herein provided shall be construed as a limitation upon the application of any laws which establish different standards of compliance or upon the application of requirements for the hiring of local or other area residents (e.g., those under the Public Works Employment Act of 1977 and the Community Development Block Grant Program).

PART II

MINORITY BUSINESS ENTERPRISES/WOMEN-OWNED BUSINESS ENTERPRISES

As a matter of policy the Port Authority requires the Lessee and the Lessee shall itself and shall require the general contractor or other construction supervisor and each of the Lessee's contractors to use every good faith effort to provide for meaningful participation by Minority Business Enterprises (MBEs) and Women-owned Business Enterprises (WBEs) in the construction work pursuant to the provisions of this Schedule E and in accordance with Section 2A 2(c)(18) of the Lease. For purposes hereof, Minority Business Enterprise (MBE) shall mean any business enterprise which is at least fifty-one percentum owned by, or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by citizens or permanent resident aliens who are minorities and such ownership is real, substantial and continuing. For the purposes hereof, Women-owned Business Enterprise (WBE) shall mean any business enterprise which is at least fifty-one percentum owned by, or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by women and such ownership is real, substantial and continuing. A minority shall be as defined in paragraph II(c) of Part I of this Schedule E. "Meaningful participation" shall mean that at least twelve percent (12%) of the total dollar value of the construction contracts (including subcontracts) covering the construction work are for the participation of Minority Business Enterprises and that at least two percent (2%) of the total dollar value of the construction contracts (including subcontracts) are for the participation of Women-owned Business Enterprises. Good faith efforts to include meaningful participation by MBEs and WBEs shall include at least the following.

(a) Dividing the work to be subcontracted into smaller portions where feasible.

(b) Actively and affirmatively soliciting bids for subcontracts from MBEs and WBEs, including circulation of solicitations to minority and female contractor associations. The Contractor shall maintain records detailing the efforts made to provide for meaningful MBE and WBE participation in the work, including the names and addresses of all MBEs and WBEs contacted and, if any such MBE or WBE is not selected as a joint venturer or subcontractor, the reason for such decision.

(c) Making plans and specifications for prospective construction work available to MBEs and WBEs in sufficient time for review.

(d) Utilizing the list of eligible MBEs and WBEs maintained by the Port Authority or seeking minorities and women from other sources for the purpose of soliciting bids for subcontractors.

(e) Encouraging the formation of joint ventures, partnerships or other similar arrangements among subcontractors, where appropriate, to insure that the Lessee and Contractor will meet their obligations hereunder.

(f) Insuring that provision is made to provide progress payments to MBEs and WBEs on a timely basis.

(g) Not requiring bonds from and/or providing bonds and insurance for MBEs and WBEs, where appropriate.



For the Port Authority

Initialed:



For the Lessee

1-31-89

THIS SUPPLEMENT SHALL NOT BE BINDING UPON
THE PORT AUTHORITY UNTIL DULY EXECUTED BY
AN EXECUTIVE OFFICER THEREOF AND DELIVERED
TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE
OF THE PORT AUTHORITY



Port Authority Lease No. ANA-041
Supplement No. 3
Facility: Newark International
Airport

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, made as of June 1, 1992, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority"), and FEDERAL EXPRESS CORPORATION (hereinafter called "the Lessee");

WITNESSETH, That

WHEREAS, the Port Authority and the Lessee as of October 1, 1983 entered into an agreement of lease (which agreement of lease, as the same has been heretofore supplemented or amended, is hereinafter called "the Lease"), covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called "the Airport") as therein set forth; and

WHEREAS, the Port Authority and the Lessee desire to add to the premises under the Lease and to amend the Lease in certain other respects as hereinafter provided;

NOW, THEREFORE, for and in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree, effective as of June 1, 1992 unless otherwise stated, as follows:

1. (a) In addition to the premises heretofore let to the Lessee, the Port Authority hereby lets to the Lessee and the Lessee hereby hires and takes from the Port Authority at the Airport the outside area located immediately to the west of the premises, which area is shown in crosshatching on the drawing attached hereto, hereby made a part hereof and marked "Exhibit K" and is hereinafter referred to as and designated "Area AA", to be used for the parking of aircraft owned, leased or operated by the

Lessee in connection with its operations under the Lease and for no other purposes whatsoever, together with all the structures, fixtures, improvements and other property of the Port Authority located or to be located or to be constructed therein, thereon or thereunder, all of the said area, structures, fixtures, improvements and other property being hereinafter collectively referred to as "the added premises," to be and become a part of the premises under the Lease.

(b) It is expressly recognized that Exhibit K which shows the added premises hereunder is a preliminary exhibit and is so marked, and further that the said Exhibit K is based on a preliminary description of the area shown thereon and does not contain a precise metes and bounds description and gives only a rough approximation of the area comprising the added premises. The Port Authority and the Lessee hereby agree that upon the Port Authority's determination of the actual metes and bounds of the added premises, the final version thereof shall be prepared and shall be set forth in a further Supplemental Agreement which shall be prepared by the Port Authority and submitted to the Lessee for execution and shall have attached thereto the final version of Exhibit K which shall be deemed to show the added premises with retroactive effect. The Lessee agrees to execute the said Supplemental Agreement and return the same to the Port Authority within ten (10) days of its receipt thereof.

(c) The Lessee hereby acknowledges that it has not relied upon any representation or statement of the Port Authority or its Commissioners, officers, employees or agents as to the condition of the added premises or the suitability thereof for the operations permitted on the added premises by this Supplemental Agreement. The Lessee, prior to the execution of this Supplemental Agreement, has thoroughly examined the added premises and determined them to be suitable for the Lessee's operations hereunder and the Lessee hereby agrees to take the added premises in their "as is" condition as of the commencement of the term of the letting of the added premises hereunder. Without limiting any obligation of the Lessee to commence operations hereunder at the time and in the manner stated elsewhere in this Agreement, the Lessee agrees that no portion of the added premises will be used initially or at any time during the letting which is in a condition unsafe or improper for the conduct of the Lessee's operations hereunder so that there is possibility of injury or damage to life or property. It is hereby understood and agreed that whenever reference is made in the Lease to the condition of the added premises as of the commencement of the term of the letting thereof, the same shall not be deemed to mean, with respect to the portion

of the added premises not altered or improved after the date of this Supplemental Agreement, the condition of said portion of the added premises as of the effective date of this Supplemental Agreement and, with respect to any portion of the added premises altered or improved pursuant to the Construction Work performed under Paragraph 2 hereof during the term of the Agreement, the same shall be deemed to mean the condition existing after the completion of the same.

(d) The parties acknowledge that the added premises under the Lease constitute non-residential real property.

(e) Except to the extent required for the performance of any of the obligations of the Lessee hereunder, nothing contained in this Supplemental Agreement shall grant to the Lessee any rights whatsoever in the air space above the added premises more than 168.6 feet above mean sea level at Sandy Hook, New Jersey, as established by the United States Coast and Geodetic Survey.

2. (a) (1) The Lessee shall, prior to its submission to the Port Authority of the plans and specifications hereinafter provided for, submit to the Port Authority for its consent, the Lessee's comprehensive plan for the development of the added premises, including but not limited to, renderings, layouts, locations, estimated commencement and completion dates, and preliminary functional plans, which plan shall include:

(i) the construction on and under the added premises of aircraft parking facilities of no less than 250,000 square feet, including a taxiway connector to and from the premises, all site preparation work, including removal of sand surcharge in accordance with item (12) of subparagraph 2(c) hereof, and the providing of all utilities to the added premises at the Lessee's sole cost and expense, together with all appropriate lines, pipes, mains, cables, manholes, wires, conduits and other facilities required in connection with or relating to the mechanical, utility, electrical, storm sewer, sanitary sewer, other systems needed for the aircraft parking facilities, including all necessary relocations; and

(ii) all necessary roadways and ramps; and

(iii) appropriate landscaping.

(2) All of the foregoing and any other work which the Lessee includes in its comprehensive plan which is consented to by the Port Authority shall hereinafter be collectively referred

to as "the Construction Work."

(3) All of the foregoing work shall be constructed by the Lessee on the added premises and off the added premises where required and when constructed on the added premises shall be and become a part of the premises under the Lease.

(4) The Lessee shall keep the comprehensive plan covered by this Paragraph 2 up to date and shall submit to the Port Authority for its prior approval any amendment, revision or modification thereof.

(b) (1) The Lessee hereby agrees that the design and performance of the Construction Work shall be at the Lessee's sole cost and expense.

(2) Prior to the commencement of the Construction Work, the Lessee shall submit to the Port Authority for the Port Authority's approval an Alteration Application (hereinafter called the "Alteration Application") setting forth complete plans and specifications therefor. The Port Authority may refuse to grant approval with respect to the Construction Work if, in its opinion, any of the proposed Construction Work as set forth in said plans and specifications (all of which shall be in such detail as may reasonably permit the Port Authority to make a determination as to whether the requirements hereinafter referred to are met) shall:

(i) Be unsafe, unsound, hazardous or improper for the use and occupancy for which it is designed, or

(ii) Not comply with the Port Authority's requirements for harmony of external architecture of similar existing or future improvements on the Airport, or

(iii) Not comply with the Port Authority's requirements with respect to external and interior building materials and finishes of similar existing or future improvements at the Airport, or

(iv) Be designed for uses or purposes other than those authorized under this Supplemental Agreement, or

(v) Set forth ground elevations or heights other than those prescribed by the Port Authority, or

(vi) Not provide adequate and proper roadways and ramps, or

(vii) Not be at locations or not be oriented in accordance with the Lessee's approved comprehensive plan, or

(viii) Not comply with the provisions of the Basic Lease, including without limiting the generality thereof, the provisions of the Basic Lease providing that the Port Authority will conform to the enactments, ordinances, resolutions and regulations of the City of Newark and its various departments, boards and bureaus in regard to the construction and maintenance of buildings and structures and in regard to health and fire protection which would be applicable if the Port Authority were a private corporation to the extent that the Port Authority finds it practicable so to do, or

(ix) Be in violation or contravention of any other provisions and terms of this Supplemental Agreement, or

(x) Not comply with all applicable governmental laws, ordinances, enactments, resolutions, rules and orders, or

(xi) Not comply with all applicable requirements of the National Board of Fire Underwriters and the Fire Insurance Rating Organization of New Jersey, or

(xii) Not comply with the Port Authority's requirements with respect to landscaping, or

(xiii) Not comply with the Port Authority's requirements and standards with respect to noise, air pollution, water pollution or other types of pollution, or

(xiv) Not comply with the construction limitations, if any, set forth in Exhibit K, or

(xv) Not comply with the American National Standard Specifications for Making Buildings and Facilities Accessible to and Usable by Physically-Handicapped People or other such applicable requirements.

(c) All Construction Work shall be performed subject to and in accordance with the following terms and conditions:

(1) The Lessee hereby assumes the risk of loss or damage to all of the Construction Work prior to the completion thereof and the risk of loss or damage to all property of the Port Authority arising out of or in connection with the performance of

the Construction Work. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the Construction Work and the property of the Port Authority without cost or expense to the Port Authority. The Lessee shall itself and the Lessee shall also require its contractors to indemnify and hold harmless the Port Authority, its Commissioners, officers, agents and employees from and against all claims and demands, just or unjust, of third persons (including employees, officers, and agents of the Port Authority) arising or alleged to arise out of the performance of the Construction Work and for all expenses incurred by it and by them in the defense, settlement or satisfaction thereof, including without limitation thereto, claims and demands for death, for personal injury or for property damage, direct or consequential, whether they arise from the acts or omissions of the Lessee, of any contractors of the Lessee, of the Port Authority, or of third persons, or from acts of God or of the public enemy, or otherwise, (including claims of the City of Newark against the Port Authority pursuant to the provisions of the Basic Lease whereby the Port Authority has agreed to indemnify the City against claims), excepting only claims and demands which result solely from affirmative wilful acts done by the Port Authority, its Commissioners, officers, agents and employees with respect to the Construction Work.

(2) If so directed, the Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such suit, claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance written permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority.

(3) Prior to engaging or retaining an architect or architects for the Construction Work, the name or names of said architect or architects shall be submitted to the Port Authority for its approval. The Port Authority shall have the right to disapprove any architect who may be unacceptable to it. All Construction Work shall be done in accordance with plans and specifications to be submitted to and approved by the Port Authority prior to the commencement of the Construction Work, and until such approval has been obtained the Lessee shall continue to resubmit plans and specifications as required. Upon approval of such plans and specifications by the Port Authority, the Lessee shall proceed to perform the Construction Work. All Construction Work, including workmanship and materials, shall be of first class

quality. The Lessee shall re-do, replace or construct any Construction Work not done in accordance with the approved plans and specifications, the provisions of this Letter Agreement or any further requirements of the Port Authority.

(4) The Construction Work shall be commenced no later than October 1, 1992 and shall be completed no later than April 30, 1994. The Lessee shall expend a minimum of Ex.2.a. in the performance of the Construction Work. In the event the Lessee fails to complete the Construction Work by July 31, 1994 and such failure is not caused by the Port Authority, the Port Authority shall have the right to terminate the letting of the added premises, in which event this Supplemental Agreement shall then be null and void and the Lessee shall surrender the added premises to the Port Authority with no further obligation on the part of the Port Authority to the Lessee.

(5) Prior to entering into a contract for any part of the Construction Work, the Lessee shall submit to the Port Authority for its approval the names of the contractors to whom the Lessee proposes to award said contracts. The Port Authority shall have the right to disapprove any contractor who may be unacceptable to it. The Lessee shall include in all such contracts such provisions and conditions as may be reasonably required by the Port Authority. Without limiting the generality of the foregoing all of the Lessee's construction contracts shall provide as follows: "If (i) the Contractor fails to perform any of his obligations under the Contract, including his obligation to the Lessee to pay any claims lawfully made against him by any materialman, subcontractor or workman or other third person which arises out of or in connection with the performance of the Contract or (ii) any claim (just or unjust) which arises out of or in connection with the Contract is made against the Lessee or (iii) any subcontractor under the Contract fails to pay any claims, lawfully made against him by any materialman, subcontractor, workman or other third persons which arises out of or in connection with the Contract or if in the Lessee's opinion any of the aforesaid contingencies is likely to arise, then the Lessee shall have the right, in its discretion, to withhold out of any payment (final or otherwise and even though such payments have already been certified as due) such sums as the Lessee may deem ample to protect it against delay or loss or to assume the payment of just claims of third persons, and to apply such sums in such manner as the Lessee may deem proper to secure such protection or satisfy such claims. All sums so applied shall be deducted from the Contractor's compensation. Omission by the Lessee to withhold out of any payment, final or otherwise, a sum for any of the above contingencies, even though such

contingency has occurred at the time of such payment, shall not be deemed to indicate that the Lessee does not intend to exercise its right with respect to such contingency. Neither the above provisions for rights of the Lessee to withhold and apply monies nor any exercise, or attempted exercise of, or omission to exercise such rights by the Lessee shall create any obligation of any kind to such materialmen, subcontractors, workmen or other third persons. Until actual payment is made to the Contractor, his right to any amount to be paid under the Contract (even though such amount has already been certified as due) shall be subordinate to the rights of the Lessee under this provision."

(6) The Lessee shall file with the Port Authority a copy of its contracts with its contractors prior to start of the Construction Work.

(7) The Lessee shall furnish or require its architect to furnish a full time resident engineer or full time resident architect during the period of its performance of the Construction Work. The Lessee shall require certification by a licensed engineer of all pile driving data and of all controlled concrete work and such other certifications as may be requested by the Port Authority from time to time.

(8) The Lessee agrees to be responsible for any plans and specifications used by it and for any loss or damages resulting from the use thereof, notwithstanding that the same have been approved by the Port Authority and notwithstanding the incorporation therein of Port Authority recommendations or requirements. Notwithstanding the requirement for approval by the Port Authority of the contracts to be entered into by the Lessee or the incorporation therein of Port Authority requirements or recommendations, and notwithstanding any rights the Port Authority may have reserved to itself hereunder, the Port Authority shall have no liabilities or obligations of any kind to any contractors engaged by the Lessee or for any other matter in connection therewith and the Lessee hereby releases and discharges the Port Authority, its Commissioners, officers, representatives and employees of and from any and all liability, claims for damages or losses of any kind, whether legal or equitable, or from any action or cause of action arising or alleged to arise out of the performance of any Construction Work pursuant to the contracts between the Lessee and its contractors. Any warranties contained in any construction contract entered into for the performance of the Construction Work hereunder shall be for the benefit of the Port Authority as well as the Lessee, and the contract shall so provide.

(9) The Port Authority shall have the right, through its duly designated representatives, to inspect the Construction Work and the plans and specifications thereof, at any and all reasonable times during the progress thereof and from time to time, in its discretion, to take samples and perform testing on any part of the Construction Work.

(10) The Lessee agrees that it shall deliver to the Port Authority two (2) sets of "as built" microfilm drawings of the Construction Work mounted on aperture cards, all of which shall conform to the specifications of the Port Authority (the receipt of a copy of said specifications prior to the execution of this Letter Agreement being hereby acknowledged by the Lessee), and the Lessee shall keep said drawings current showing thereon any changes or modifications which may be made. (No changes or modifications shall be made without prior Port Authority consent.)

(11) The Lessee shall, if requested by the Port Authority, take all reasonable measures to prevent erosion of the soil and the blowing of sand during the performance of the Construction Work, including but not limited to, the fencing of the added premises or portions thereof or other areas and the covering of open areas with asphaltic emulsion or similar materials as the Port Authority may direct.

(12) Title to any soil, dirt, sand or other matter (hereinafter in this item [12] collectively called "the matter") excavated by the Lessee during the course of the Construction Work shall vest in the Port Authority and the matter shall be delivered by the Lessee at its expense to any location on or off the Airport as may be designated by the Port Authority. The entire proceeds, if any, of the sale or other disposition of the matter shall belong to the Port Authority. ~~Notwithstanding the foregoing the Port Authority may elect by prior written notice to the Lessee to waive title to all or portions of the matter in which event the Lessee at its expense shall dispose of the same without further instruction from the Port Authority.~~

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(13) The Lessee shall pay or cause to be paid all claims lawfully made against it by its contractors, subcontractors, materialmen and workmen, and all claims lawfully made against it by other third persons arising out of or in connection with or because of the performance of the Construction Work, and shall cause its contractors and subcontractors to pay all such claims lawfully made against them, provided, however, that nothing herein contained shall be construed to limit the right of the Lessee to contest any claim of a contractor, subcontractor, materialman, workman or other person and no such claim shall be

considered to be an obligation of the Lessee within the meaning of this item (13) unless and until the same shall have been finally adjudicated. The Lessee shall use its best efforts to resolve any such claims and shall keep the Port Authority fully informed of its actions with respect thereto. Nothing herein contained shall be deemed to constitute consent to the creation of any liens or claims against the added premises or the premises nor to create any rights in said third persons against the Port Authority.

(14) The Lessee in its own name as insured and including the Port Authority as additional named insured shall procure and maintain Comprehensive General Liability insurance, including but not limited to, premises-operations, products-completed operations, explosion, collapse and underground property damages, personal injury and independent contractors, with a broad form property damage endorsement, and with a contractual liability endorsement covering the obligations assumed by the Lessee pursuant to items (1) and (8) of this subparagraph (c) and Paragraph 6 hereof and the obligations required of the Lessee's contractors pursuant to item (1) of this subparagraph (c), and Comprehensive Automobile Liability insurance covering owned, non-owned and hired vehicles and including automatic coverage for newly acquired vehicles, the foregoing shall be in addition to all policies of insurance otherwise required by the Agreement, or the Lessee may provide such insurance by requiring each contractor engaged by it for the Construction Work to procure and maintain such insurance in the contractor's name as insured and with the Port Authority as additional named insured including such contractual liability endorsement, said insurance, whether procured by the Lessee or by a contractor engaged by it as aforesaid, not to contain any care, custody or control exclusions, and not to contain any exclusion for bodily injury to or sickness, disease or death of any employee of the Lessee or of any of its contractors which would conflict with or in any way impair coverage under the contractual liability endorsement. The said policy or policies of insurance shall also provide or contain an endorsement providing that the protection afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Port Authority, and that said protection shall also pertain and apply with respect to any claim or action against the Port Authority by the Lessee, but such endorsement shall not limit, vary or affect the protection afforded the Port Authority thereunder as an additional insured. Said insurance shall be in not less than the following amounts:

Comprehensive General Liability

Minimum Limits

Combined single limit per
occurrence for death, bodily injury
and property damage liability.....\$10,000,000

Comprehensive Automobile Liability

Combined single limit per
occurrence for death, bodily injury
and property damage liability.....\$10,000,000

The insurance required hereunder shall be maintained in effect during the performance of the Construction Work.

(15) With respect to the insurance required hereunder and under item (19) hereof, a certified copy of each of the policies or a certificate or certificates evidencing the existence thereof, or binders, shall be delivered to the Port Authority at least fifteen (15) days prior to the commencement of the Construction Work or any portion thereof. In the event any binder is delivered, it shall be replaced within thirty (30) days by a certified copy of the policy or a certificate. Each such copy or certificate shall bear the endorsement of or be accompanied by evidence of payment of the premium thereof and, also, contain a valid provision or endorsement that the policy may not be canceled, terminated, changed or modified without giving thirty (30) days' written advance notice thereof to the Port Authority. Each such copy and each such certificate with respect to the insurance required under this item (15) shall contain an additional endorsement providing that the insurance carrier shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority. The aforesaid policies of insurance shall be written by a company or companies approved by the Port Authority, the Port Authority agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority agreeing not to act unreasonably hereunder.

(16) The Lessee shall also procure and maintain in effect, or cause to be procured and maintained in effect Workers Compensation Insurance and Employer's Liability Insurance as required by law.

(17) The Lessee shall be under no obligation to reimburse the Port Authority for expenses incurred by the Port Authority in connection with its normal review and approval of the original plans and specifications submitted by the Lessee pursuant to this Paragraph. The Lessee, however, agrees to pay to the Port Authority upon its demand the expenses incurred by the Port Authority in connection with any additional review for approval of any changes, modifications or revisions of the original plans and specifications which may be proposed by the Lessee for the Port Authority's approval. The expenses of the Port Authority for any such additional review and approval shall be computed on the basis of direct payroll time expended in connection therewith plus 100%. Wherever in this Supplemental Agreement reference is made to "direct payroll time," costs computed thereunder shall include a pro rata share of the cost to the Port Authority of providing employee benefits, including but not limited to, pensions, hospitalization, medical and life insurance, vacations and holidays. Such computations shall be in accordance with the Port Authority's accounting principles as consistently applied prior to the execution of this Supplemental Agreement.

(18) The Lessee shall prior to the commencement of the Construction Work and at all times during performance of the Construction Work submit to the Port Authority all engineering studies with respect to the Construction Work and samples of construction materials as may be required at any time and from time to time by the Port Authority.

(19) The Lessee shall procure and maintain Builder's Risk (All Risk) Completed Value Insurance covering the Construction Work during the performance thereof including material delivered to the added premises but not attached to the realty. Such insurance shall be in compliance with and subject to the applicable provisions set forth herein and shall name the Port Authority, the City of Newark and the Lessee's contractors and subcontractors as additional named insureds and such policy shall provide that the loss shall be adjusted with and payable to the Lessee. Such proceeds shall be used by the Lessee for the repair, replacement or rebuilding of the Construction Work and any excess shall be paid over to the Port Authority. The policies or certificates representing insurance covered by this item (19) shall be delivered by the Lessee to the Port Authority at least fifteen

(15) days prior to the commencement of construction of any of the Construction Work, and each policy or certificate delivered shall bear the endorsement of or be accompanied by evidence of payment of the premium thereof and, also, a valid provision obligating the insurance company to furnish the Port Authority thirty (30) days' advance notice of the cancellation, termination, change or modification of the insurance evidenced by said policy or certificate. Renewal policies or certificates shall be delivered to the Port Authority at least thirty (30) days before the expiration of the insurance which such policies are to renew.

(20) The insurance covered by item (19) hereof shall be written by companies approved by the Port Authority, the Port Authority covenanting and agreeing not to withhold its approval unreasonably. If at any time any of the insurance policies shall be or become unsatisfactory to the Port Authority as to form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Port Authority, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Port Authority covenanting and agreeing not to act unreasonably hereunder. If at any time the Port Authority so requests, a certified copy of each of the said policies shall be delivered to the Port Authority.

(21) The Lessee shall at the time of submitting the Alteration Application to the Port Authority as provided in subparagraph (a) hereof submit to the Port Authority upon request therefor its forecasts of the number of people who will be working at various times at the added premises, the expected utility demands of the added premises, noise profiles and such other information as the Port Authority may require. The Lessee shall continue to submit its latest forecasts and such other information as may be required as aforesaid as the Port Authority shall from time to time and at any time request.

(22) The Lessee shall comply with all the terms and provisions of the Alteration Application as approved by the Port Authority. In the event of any inconsistency between the terms of any Alteration Application and the terms of this Supplemental Agreement, the terms of this Supplemental Agreement shall prevail and control.

(23) Nothing contained in this Supplemental Agreement shall grant or be deemed to grant to any contractor, architect, supplier, subcontractor or any other person engaged by the Lessee or any of its contractors in the performance of any part of the Construction Work any right of action or claim against the Port Authority, its Commissioners, officers, agents and employees

with respect to any work any of them may do in connection with the Construction Work. Nothing contained herein shall create or be deemed to create any relationship between the Port Authority and any such contractor, architect, supplier, subcontractor or any other person engaged by the Lessee or any of its contractors in the performance of any part of the Construction Work and the Port Authority shall not be responsible to any of the foregoing for any payments due or alleged to be due thereto for any work performed or materials purchased in connection with the Construction Work.

(24) Without limiting any of the terms and conditions of this Supplemental Agreement, the Lessee understands and agrees that it shall put into effect prior to the commencement of any Construction Work an affirmative action program and Minority Business Enterprise (MBE) program and Women-owned Business Enterprise (WBE) program in accordance with the provisions of Schedule I, attached hereto and hereby made a part hereof. The provisions of said Schedule I shall be applicable to the Lessee's contractor or contractors and subcontractors at any tier of construction as well as to the Lessee itself and the Lessee shall include the provisions of said Schedule I within all of its construction contracts so as to make said provisions and undertakings the direct obligation of the construction contractor or contractors and subcontractors at any tier of construction. The Lessee shall and shall require its said contractor, contractors and subcontractors to furnish to the Port Authority such data, including but not limited to, compliance reports relating to the operation and implementation of the affirmative action, MBE and WBE programs called for hereunder as the Port Authority may request at any time and from time to time regarding the affirmative action, MBE and WBE programs of the Lessee and its contractor, contractors, and subcontractors at any tier of construction, and the Lessee shall and shall also require that its contractor, contractors and subcontractors at any tier of construction make and put into effect such modifications and additions thereto as may be directed by the Port Authority pursuant to the provisions hereof and said Schedule I to effectuate the goals of affirmative action and MBE and WBE programs.

(25) As used in Schedule I the term "Construction Work" or "construction" shall mean the Construction Work and the term "premises" shall mean the added premises.

(26) In addition to and without limiting any terms and provisions of this Supplemental Agreement, the Lessee shall provide in its contracts and all subcontracts covering the Construction Work or any portion thereof, that:

(aa) The contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status, and shall undertake or continue existing programs of affirmative action to ensure that minority group persons are afforded equal employment opportunity without discrimination. Such programs shall include, but not be limited to, recruitment, employment, job assignment, promotion, upgrading, demotion, transfer, layoff, termination, rates of pay or other forms of compensation, and selections for training or retraining, including apprenticeships and on-the-job training;

(bb) At the request of either the Port Authority or the Lessee, the contractor shall request such employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding and which is involved in the performance of the contract with the Lessee to furnish a written statement that such employment agency, labor union or representative shall not discriminate because of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will cooperate in the implementation of the contractor's obligations hereunder;

(cc) The contractor will state, in all solicitations or advertisements for employees placed by or on behalf of the contractor in the performance of the contract, that all qualified applicants will be afforded equal employment opportunity without discrimination because of race, creed, color, national origin, sex, age, disability or marital status;

(dd) The contractor will include the provisions of subitems (aa) through (cc) of this item in every subcontract or purchase order in such a manner that such provisions will be binding upon each subcontractor or vendor as to its work in connection with the contract;

(ee) "Contractor" as used herein shall include each contractor and subcontractor at any tier of construction.

(d) The Lessee may wish to commence construction of portions of the Construction Work prior to the approval by the Port Authority of all of its plans and specifications for the Construction Work pursuant to subparagraph (b) hereof, and if it does it shall submit a written request to the Port Authority setting forth the work it proposes then to do. The Port Authority shall have full and complete discretion as to whether or not to

permit the Lessee to proceed with said work. If the Port Authority has no objection to the Lessee's proceeding with the work, it shall do so by writing a letter to the Lessee to such effect. If the Lessee performs the work covered by said letter it agrees all such work shall be performed subject to and in accordance with all of the provisions of the approval letter and subject to and in accordance with the following terms and conditions:

(1) The performance by the Lessee of the work covered by any request as aforesaid will be at its sole risk and if for any reason the plans and specifications for the Construction Work are not approved by the Port Authority or if the approval thereof calls for modifications or changes in the work undertaken by the Lessee under any approval granted by the Port Authority pursuant to this subparagraph (d), the Lessee will, as directed by the Port Authority, at its sole cost and expense, either restore the area affected to the condition existing prior to the commencement of any such work or make such modifications and changes in any such work as may be required by the Port Authority.

(2) Nothing contained in any approval hereunder shall constitute a determination or indication by the Port Authority that the Lessee has complied with the applicable governmental laws, ordinances, enactments, resolutions, rules and orders, including but not limited to, those of the City of Newark, which may pertain to the work to be performed.

(3) The approved work will be performed in accordance with and subject to the terms, indemnities and provisions of this Supplemental Agreement covering the Construction Work and with the terms and conditions of any Alteration Application which the Port Authority may request the Lessee to submit even though such Alteration Application may not have, at the time of the approval under this subparagraph (d), been approved by the Port Authority.

(4) No work under any such approval shall affect or limit the obligations of the Lessee under all prior approvals with respect to its construction of the Construction Work.

(5) The Lessee shall comply with all requirements, stipulations and provisions as may be set forth in the letters of approval.

(6) In the event that the Lessee shall at any time during the construction of any portion of the Construction Work under the approval granted by the Port Authority pursuant to this subparagraph (d) fail, in the opinion of the General Manager,

to comply with all of the provisions of this Supplemental Agreement with respect to the Construction Work, the Alteration Application or the approval letter covering the same or be, in the opinion of the General Manager, in breach of any of the provisions of this Supplemental Agreement, the Alteration Application or the approval letter covering the same, the Port Authority shall have the right, acting through said General Manager, to cause the Lessee to cease all or such part of the Construction Work as is being performed in violation of this Supplemental Agreement, the Alteration Application or the approval letter. Upon such written direction from the General Manager, the Lessee shall promptly cease construction of the portion of the Construction Work specified. The Lessee shall thereupon submit to the Port Authority for its written approval the Lessee's proposal for making modifications, corrections or changes in or to the Construction Work that has been or is to be performed so that the same will comply with the provisions of this Supplemental Agreement, the Alteration Application and the approval letter covering the Construction Work. The Lessee shall not commence construction of the portion of the Construction Work that has been halted until such written approval has been received.

(7) It is hereby expressly understood and agreed that any field engineer inspecting the Construction Work on behalf of the Port Authority would not have any authority to approve any plans and specifications of the Lessee with respect to the Construction Work, to approve the construction by the Lessee of any portion of the Construction Work or to agree to any variation by the Lessee from compliance with the terms of this Supplemental Agreement, or the Alteration Application or the approval letter with respect to the Construction Work. Notwithstanding the foregoing, should such field engineer or the General Manager give any directions or approvals with respect to the Lessee's performance of any portion of the Construction Work which are contrary to the provisions of this Supplemental Agreement, the Alteration Application or the approval letter, said directions or approvals shall not affect the obligations of the Lessee as set forth herein nor release or relieve the Lessee from the strict compliance therewith. It is hereby further understood and agreed that the Port Authority has no duty or obligation of any kind whatsoever to inspect or police the performance of the Construction Work by the Lessee and the rights granted the Port Authority hereunder shall not create or be deemed to create such a duty or obligation. Accordingly, the fact that the General Manager has not exercised the Port Authority's right to require the Lessee to cease its construction of all or any part of the Construction Work shall not be or be deemed to be an agreement or acknowledgment on the part of the Port Authority that the Lessee has in fact performed

such portion of the Construction Work in accordance with the terms of this Supplemental Agreement, the Alteration Application or the approval letter nor shall such fact be or be deemed to be a waiver by the Port Authority from the requirement of strict compliance by the Lessee with the provisions of this Supplemental Agreement, the Alteration Application and the approval letter with respect to the Construction Work.

(8) Without limiting the discretion of the Port Authority hereunder, the Port Authority hereby specifically advises the Lessee that even if the Port Authority hereafter in the exercise of its discretion wishes to grant approvals under this subparagraph (d), it may be unable to do so, so as to permit the Lessee to continue work without interruption following its completion of the work covered by any prior approval hereunder. The Lessee hereby acknowledges that if it commences work pursuant to this subparagraph (d), it shall do so with full knowledge that there may not be continuity by it in the performance of its Construction Work under the procedures of this subparagraph (d).

(9) No prior approval of any work in connection with the Construction Work shall create or be deemed to create any obligation on the part of the Port Authority to permit subsequent work to be performed in connection with such Construction Work prior to the approval by the Port Authority of the Lessee's complete plans and specifications thereof.

(10) "General Manager" shall mean the person or persons from time to time designated by the Port Authority to exercise the powers and functions vested in the said General Manager by this Supplemental Agreement; but until further notice from the Port Authority to the Lessee it shall mean the General Manager (or the temporary or Acting General Manager) of the Airport for the time being, or his duly designated representative or representatives.

(e) The Lessee will give the Port Authority fifteen (15) days' notice prior to the commencement of the Construction Work.

(f) (1) The Construction Work shall be constructed in such a manner that there will be at all times a minimum of air pollution, water pollution or any other type of pollution and a minimum of noise emanating from, arising out of or resulting from the operation, use or maintenance thereof by the Lessee. Accordingly, and in addition to all other obligations imposed on the Lessee under this Supplemental Agreement and without diminishing, limiting, modifying or affecting any of the same, the

Lessee shall be obligated to construct as part of the Construction Work hereunder such structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the foregoing and each of the foregoing shall be and become a part of Construction Work it affects and all of the foregoing shall be part of the Construction Work hereunder.

(2) Notwithstanding the provisions of item (1) above and in addition thereto, the Port Authority hereby reserves the right from time to time and at any time to require the Lessee, subsequent to the completion of the Construction Work or any portion thereof, to design and construct at its sole cost and expense such further reasonable structures, fences, equipment, devices and other facilities as may be necessary or appropriate to accomplish the objectives as set forth in the first sentence of said item (1). All locations, the manner, type and method of construction and the size of any of the foregoing shall be determined by the Port Authority. The Lessee shall submit for Port Authority approval its plans and specifications covering the required work and upon receiving such approval the Lessee shall proceed diligently to construct the same. All other provisions of this item (2) with respect to the Construction Work shall apply and pertain with like effect to any work which the Lessee is obligated to perform pursuant to this subparagraph (f) and upon completion of each portion of such work it shall be and become a part of the Construction Work. The obligations assumed by the Lessee under this subparagraph (f) are a special inducement and consideration to the Port Authority in entering into this Supplemental Agreement with the Lessee.

(g) Title to all portions of the Construction Work, except as otherwise specifically provided herein, shall pass, with respect to those portions performed in Essex County, to the City of Newark and, with respect to those portions performed in Union County, to the Port Authority, as the same or any part thereof is erected, constructed or installed.

(h) Neither the foregoing provisions of subparagraph (g) nor the provisions of item (12) of subparagraph (c) above shall affect the risks and obligations assumed by the Lessee hereunder nor release the Lessee from the performance of its removal and restoration obligations hereunder.

(i) (1) When the Construction Work is substantially completed and ready for use the Lessee shall advise the Port Authority to such effect and shall deliver to the Port Authority a certificate signed by an authorized officer of the Lessee and also signed by the Lessee's architect or engineer certifying that

the Construction Work has been constructed strictly in accordance with the approved plans and specifications and the provisions of this Supplemental Agreement and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders. Thereafter, the Construction Work will be inspected by the Port Authority and if the same has been completed as certified by the Lessee and the Lessee's architect or engineer, as aforesaid, a certificate to such effect shall be delivered to the Lessee, subject to the condition that all risks thereafter with respect to the construction and installation of the same and any liability therefor for negligence or other reason shall be borne by the Lessee.

(2) The date specified in the Port Authority certificate referred to in item (1) hereof covering the Construction Work shall be referred to in this Supplemental Agreement as the "Completion Date."

(3) Nothing in this subparagraph (i) shall affect or be deemed to have affected any of the other terms, conditions or risks set forth in this Supplemental Agreement.

(j) The Lessee understands that there may be communications and utility lines and conduits located on or under the added premises which do not, and may not in the future, serve the added premises. The Lessee agrees, if directed by the Port Authority so to do, to relocate and reinstall such communications and utility lines and conduits on the added premises or off the added premises as directed by the Port Authority and to restore all affected areas (such work being hereinafter collectively called "the relocation work"). The Lessee shall perform the relocation work subject to and in accordance with all the terms and provisions of this Paragraph 2 and the relocation work shall be and become a part of the Construction Work, it being understood, however, that the relocation work shall not be or become a part of the added premises.

(k) The Lessee acknowledges that it will be continuing its operations at the premises under the Lease during the period of time it is performing the Construction Work hereunder. The Lessee further acknowledges that this may involve among other things inconvenience, noise, dust, interference and disturbance to the Lessee in its operations at the premises as well as to its customers, patrons, invitees and employees, to others at the Airport and possibly other risks as well. The Lessee hereby expressly assumes all of the foregoing risks and agrees that there will be no reduction or abatement of any of the rentals, fees or charges payable by the Lessee under the Lease on account of the

Lessee's performance of the Construction Work and that the performance of the Construction Work shall not constitute an eviction or constructive eviction of the Lessee, nor give rise to or be the basis of any claim or demand by the Lessee against the Port Authority, its Commissioners, officers, employees or agents for damages, consequential or otherwise.

INITIAL
<i>[Signature]</i>
<i>[Signature]</i>

3. (a) (1) Commencing on a date ~~ninety (90)~~ ^{one hundred five (105)} days after the Completion Date, or August 15, 1994, whichever date first occurs, and continuing for a period up to and including August 31, 1997 (said period being hereinafter called the "Initial Period"), in addition to all other rentals, fees and charges payable to the Port Authority, the Lessee shall pay to the Port Authority rental for the added premises at the annual rate of **Ex.2.a**

SSN

, which annual rate is made up of two factors, one in the amount of **Ex.2.a**, which is a fixed factor, the other, an "Airport Services Factor," is a variable factor and presently represents **Ex.2.a**

The variable factor is subject to adjustment from time to time in accordance with Schedule A attached to the Lease. The Lessee shall pay said rental in advance in equal monthly installments, in the amount of **Ex.2.a**

on the first day of the Initial Period and on the first day of each calendar month thereafter during the Initial Period until further adjusted in accordance with item (2) hereof and Schedule A.

(2) After the close of calendar year 1992, the Port Authority will adjust the aforesaid Airport Services Factor representing **Ex.2.a** of the total rental payable by the Lessee under item (1) hereof, such adjustment to be made as provided in Schedule A.

(3) Except as provided in subparagraph 1 (b) hereof, the fixed factor of the said rental will remain unchanged throughout the Initial Period.

(b) For the period from September 1, 1997 to, and including August 31, 2002, the Lessee shall pay to the Port Authority rentals for the added premises at the annual rate of

Ex.2.a, which annual rate is made up of two factors, one in the amount of **Ex.2.a** which is a fixed

factor, the other, an "Airport Services Factor," is a variable factor and presently represents

Ex.2.a.

The variable factor is subject to adjustment from time to time in accordance with subparagraph (e) hereof and Schedule A. The Lessee shall pay said rental in advance in equal monthly installments in the amount of

Ex.2.a.

on September 1, 1997 and on the first day of each and every succeeding month, until such time as said annual rental has been adjusted in accordance with subparagraph (e) hereof and Schedule A, which adjusted annual rental shall remain in effect until the next such adjustment and the monthly installments payable after each such adjustment shall be equal to one-twelfth (1/12th) of the annual rental as so adjusted.

(c) For the period from September 1, 2002 to and including August 31, 2007, the Lessee shall pay to the Port Authority rentals for the added premises at the annual rate of

Ex.2.a.

which annual rate is made up of two factors, one in the amount of

Ex.2.a.

which is a fixed factor, the other, an "Airport Services Factor," is a variable factor and presently represents

Ex.2.a.

The variable factor is subject to adjustment from time to time in accordance with subparagraph (e) hereof and Schedule A. The Lessee shall pay said rental in advance in equal monthly installments in the amount of

on September 1, 2002 and on the first day of each and every succeeding month, until such time as said annual rental has been adjusted in accordance with subparagraph (e) hereof and Schedule A, which adjusted annual rental shall remain in effect until the next such adjustment and the monthly installments payable after each such adjustment shall be equal to one-twelfth (1/12th) of the annual rental as so adjusted.

(d) For the period from September 1, 2007 to and including August 31, 2010, the Lessee shall pay to the Port Authority rentals for the added premises at the annual rate of

Ex.2.a.

which annual rate is made up of two factors, one in the amount of

Ex.2.a.

which is a fixed factor, the other, an "Airport Services Factor," is a variable factor and presently represents

Ex.2.a.

The variable factor is subject to adjustment from time to time in

accordance with subparagraph (e) hereof and Schedule A. The Lessee shall pay said rental in advance in equal monthly installments in the amount of

Ex.2.a. on September 1, 2007 and on the first day of each and every succeeding month, until such time as said annual rental has been adjusted in accordance with subparagraph (e) hereof and Schedule A, which adjusted annual rental shall remain in effect until the next such adjustment and the monthly installments payable after each such adjustment shall be equal to one-twelfth (1/12th) of the annual rental as so adjusted.

(e) After the close of calendar year 1993 and after the close of each calendar year thereafter during the remainder of the letting of the added premises under the Lease, the Port Authority will adjust the Airport Services Factor then in effect representing

Ex.2.a. as then having been adjusted in accordance with item (2) of subparagraph (a) hereof, such adjustment to be made as provided in Schedule A.

(f) The fixed factor of the rentals set forth in subparagraphs (a), (b), (c) and (d) hereof will remain unchanged during the respective periods set forth in said subparagraphs, but the total rentals payable by the Lessee hereunder shall vary from time to time as the Airport Services Factor is adjusted.

(g)(1) If at any time the Lessee shall become entitled to an abatement of rental for the use of the added premises by the provisions of this Agreement, the abatement of the fixed factor of the rental shall be computed as follows for the portion of the added premises the use of which is denied to the Lessee (it being understood that there shall be no abatement of rental under the Lease for any portion of the added premises or for any portion of the term except as specifically provided in this Agreement):

(i) during the Initial Period, the abatement shall be made at the daily rate of **Ex.2.a.** or each square foot of the added premises the use of which is denied to the Lessee as compared with the entire added premises.

(ii) for the period from September 1, 1997 to August 31, 2002, the abatement shall be made at the daily rate of **Ex.2.a.** each square foot of the added premises the use of which is denied to the Lessee as compared with the entire added premises.

(iii) for the period from September 1, 2002 to August 31, 2007, the abatement shall be made at the daily rate of

Ex.2.a. for each square foot of the added premises the use of which is denied to the Lessee as compared with the entire added premises.

(iv) for the period from September 1, 2007 to August 31, 2010, the abatement shall be made at the daily rate of **Ex.2.a.** for each square foot of the added premises the use of which is denied to the Lessee as compared with the entire added premises.

(2) The aforesaid fixed factors, as so reduced, will thereafter remain unchanged throughout the remainder of the respective portion of the term of the letting of the added premises hereunder.

(3) With respect to the Airport Services Factor constituting a portion of the rentals set forth above, as the same shall have then been adjusted as provided in subparagraph 1 (b) and Schedule A, an amount shall be determined by multiplying the daily rate of by each square foot of the added premises the use of which is denied the Lessee, which amount so determined shall then be adjusted as provided in Schedule A hereof, the result of which adjustment constituting the amount by which the Airport Services Factor then in effect shall be abated.

4. The parties hereby agree that the security deposit required under that certain agreement of lease by and between the parties dated as of June, 1992 and bearing Port Authority Agreement No. ANA-639 shall also be security for the performance of all obligations of the Lessee at the Airport, including but not limited to, its obligations under this Agreement of Lease.

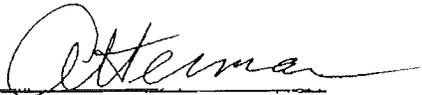
5. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from any and all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation and execution of this Supplemental Agreement.

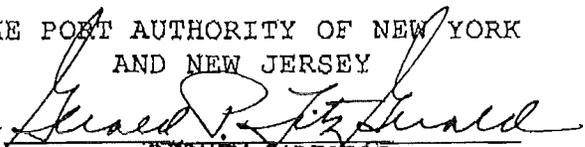
6. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Lessee with any liability, or held liable to it under any term or provision of this Supplemental Agreement, or because of its execution or attempted execution or because of any breach thereof.

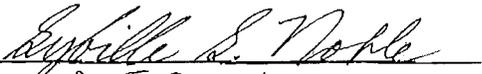
7. As hereby amended, all of the terms, covenants, provisions, conditions and agreements of the Lease shall be and remain in full force and effect.

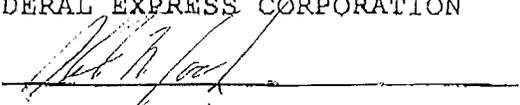
8. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or this Supplemental Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first above written.

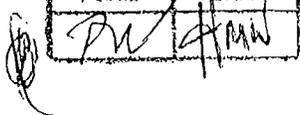
ATTEST:

Secretary

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY
By 
DEPUTY DIRECTOR
(Title) OF AVIATION
(Seal)

ATTEST:

ASST. Secretary

FEDERAL EXPRESS CORPORATION
By 
(Title) VICE President
(Corporate Seal)

APPROVED
AS TO LEGAL FORM
SSN 7/7/92
LEGAL DEPT.

APPROVED:
FORM / TERMS


EXEMPTION (4)

DRAWINGS OF NON-PUBLIC AREAS

SCHEDULE I

AFFIRMATIVE ACTION-EQUAL OPPORTUNITY--MINORITY BUSINESS
ENTERPRISES--WOMEN OWNED BUSINESS ENTERPRISES REQUIREMENTS

PART I. Affirmative Action Guidelines - Equal
Employment Opportunity

I. As a matter of policy the Port Authority hereby requires the Lessee and the Lessee shall require the Contractor, as hereinafter defined, to comply with the provisions set forth in this Schedule I. The provisions set forth in this Part I are similar to the conditions for bidding on federal government contracts adopted by the Office of Federal Contract Compliance and effective May 8, 1978.

The Lessee as well as each bidder, contractor and subcontractor of the Lessee and each subcontractor of a contractor at any tier of construction (herein collectively referred to as "the Contractor") must fully comply with the following conditions set forth herein as to each construction trade to be used on the Construction Work or any portion thereof (said conditions being herein called "Bid Conditions"). The Lessee hereby commits itself to the goals for minority and female utilization set forth below and all other requirements, terms and conditions of the Bid Conditions. The Lessee shall likewise require the Contractor to commit itself to the said goals for minority and female utilization set forth below and all other requirements, terms and conditions of the Bid Conditions by submitting a properly signed bid.

II. The Lessee and the Contractor shall each appoint an executive of its company to assume the responsibility for the implementation of the requirements, terms and conditions of the following Bid Conditions:

(a) The goals for minority and female participation, expressed in percentage terms for the Contractor's aggregate workforce in each trade on all Construction Work are as follows:

- | | |
|-----------------------------|------|
| (1) Minority participation: | |
| Laborers | 40% |
| Non-laborers | 30% |
| (2) Women | 6.9% |

These goals are applicable to all the Contractor's Construction Work performed in and for the premises.

The Contractor's specific affirmative action obligations required herein of minority and female employment and training must be substantially uniform throughout the length of the contract, and in each trade, and the Contractor shall make good faith efforts to employ minorities and women evenly on each of its projects. The transfer of minority or female employees or trainees from contractor to contractor or from project to project for the sole purpose of meeting the Contractor's goals shall be a violation of the contract. Compliance with the goals will be measured against the total work hours performed.

(b) The Contractor shall provide written notification to the Lessee and the Lessee shall provide written notification to the Manager of the Equal Opportunity Programs Unit of the Port Authority within 10 working days of award of any construction subcontract in excess of \$10,000 at any tier for Construction Work. The notification shall list the name, address and telephone number of the subcontractor; employer identification number; estimated starting and completion dates of the subcontract; and the geographical area in which the subcontract is to be performed.

(c) As used in these specifications:

(1) "Employer identification number" means the Federal Social Security number used on the Employer's Quarterly Federal Tax Return, U.S. Treasury Department Form 941:

(2) "Minority" includes:

(i) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);

(ii) Hispanic (all persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South the Lessee culture or origin, regardless of race);

(iii) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and

(iv) the Lessee Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).

(d) Whenever the Contractor, or any subcontractor at any tier, subcontracts a portion of the Construction Work involving any construction trade, it shall physically include in each subcontract in excess of \$10,000 those provisions which include the applicable goals for minority and female participation.

(e) The Contractor shall implement the specific affirmative action standards provided in subparagraphs (1) through (16) of Paragraph (h) hereof. The goals set forth above are expressed as percentages of the total hours of employment and training of minority and female utilization the Contractor should reasonably be able to achieve in each construction trade in which it has employees in the premises. The Contractor is expected to make substantially uniform progress toward its goals in each craft during the period specified.

(f) Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the Contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the Contractor's obligations hereunder.

(g) In order for the nonworking training hours of apprentices and trainees to be counted in meeting the goals, such apprentices and trainees must be employed by the Contractor during the training period, and the Contractor must have made a commitment to employ the apprentices and trainees at the completion of their training subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor.

(h) The Contractor shall take specific affirmative actions to ensure equal employment opportunity ("EEO").

The evaluation of the Contractor's compliance with these provisions shall be based upon its good faith efforts to achieve maximum results from its actions. The Contractor shall document these efforts fully, and shall implement affirmative action steps at least as extensive as the following:

(1) Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the Contractor's employees are assigned to work. The Contractor, where possible, will assign two or more women to each Phase of the construction project. The Contractor, shall specifically ensure that all foremen, superintendents, and other supervisory personnel at the premises are aware of and carry out the Contractor's obligation to maintain such a working environment, with specific attention to minority or female individuals working at the premises.

(2) Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations when the Contractor or its unions have employment opportunities available, and maintain a record of the organizations' responses.

(3) Maintain a current file of the names, addresses and telephone numbers of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by the union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefor, along with whatever additional actions the Contractor may have taken.

(4) Provide immediate written notification to the Lessee when the union or unions with which the Contractor has a collective bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other information that the union referral process has impeded the Contractor's efforts to meet its obligations.

(5) Develop on-the-job training opportunities and/or participate in training programs for the area which expressly include minorities and women, including upgrading programs and apprenticeship and training programs relevant to the Contractor's employment needs, especially those programs funded or approved by the Department of Labor. The Contractor shall provide notice of these programs to the sources compiled under subparagraph (2) above.

(6) Disseminate the Contractor's EEO Policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Contractor in meeting its EEO obligations; by including it in any policy manual and collective bargaining agreement; by publicizing it in the Contractor's newspaper, annual report, etc.; by specific review of the policy with all management personnel and with all minority and female employees at least once a year; and by posting the Contractor's EEO policy on bulletin boards accessible to all employees at each location where Construction Work is performed.

(7) Review, at least every six months the Contractor's EEO policy and affirmative action obligations hereunder with all employees having any responsibility for hiring, assignment, layoff, termination or other employment decisions including specific review of these items with on-premises supervisory personnel such as Superintendents, General Foremen, etc., prior to the initiation of Construction Work at the premises. A written record shall be made and maintained identifying the time and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.

(8) Disseminate the Contractor's EEO policy externally by including it in any advertising in the news media, specifically including minority and female news media, and providing written notification to and discussing the Contractor's EEO policy with other Contractors and Subcontractors with whom the Contractor does or anticipates doing business.

(9) Direct its recruitment efforts, both oral and written, to minority, female and community organizations, to schools with minority and female students and to minority and female recruitment and training organizations and to State-certified minority referral agencies serving the Contractor's recruitment area and employment needs. Not later than one month prior to the date for the acceptance of Application for apprenticeship or other training by any recruitment source, the Contractor shall send written notification to organizations such as the above, describing the openings, screening procedures, and tests to be used in the selection process.

(10) Encourage present minority and female employees to recruit other minority persons and women and, where

reasonable, provide after school, summer and vacation employment to minority and female youth both on the premises and in other areas of a Contractor's workforce.

(11) Tests and other selecting requirements shall comply with 41 CFR Part 60-3.

(12) Conduct, at least every six months, an inventory and evaluation at least of all minority and female personnel for promotional opportunities and encourage these employees to seek or to prepare for, through appropriate training, etc., such opportunities.

(13) Ensure that seniority practices, job classifications, work assignments and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the EEO policy and the Contractor's obligations hereunder are being carried out.

(14) Ensure that all facilities and company activities are nonsegregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.

(15) Document and maintain a record of all solicitations of offers for subcontracts from minority and female construction contractors and suppliers, including circulation of solicitations to minority and female contractor associations and other business associations.

(16) Conduct a review, at least every six months, of all supervisors' adherence to and performance under the Contractor's EEO policies and affirmative action obligations.

(i) Contractors are encouraged to participate in voluntary associations which assist in fulfilling one or more of their affirmative action obligations (subparagraphs (1)-(16) of Paragraph (h) above). The efforts of a contractor association, joint contractor-union, contractor-community, or other similar group of which the Contractor is a member and participant, may be asserted as fulfilling any one or more of its obligations under Paragraph (h) hereof provided that: the Contractor actively participates in the group, makes good faith efforts to assure that the group has a positive impact on the employment of minorities and

women in the industry, ensures that the concrete benefits of the program are reflected in the Contractor's minority and female workforce participation, makes good faith efforts to meet its individual goals and timetables, and can provide access to documentation which demonstrates the effectiveness of actions taken on behalf of the Contractor. The obligation to comply, however, is the Contractor's and failure of such a group to fulfill an obligation shall not be a defense for the Contractor's non-compliance.

(j) A single goal for minorities and a separate single goal for women have been established. The Contractor, however, is required to provide equal employment opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and non-minority. Consequently, the Contractor may be in violation hereof if a particular group is employed in a substantially disparate manner (for example, even though the Contractor has achieved its goals for women generally, the Contractor may be in violation hereof if a specific minority group of women is underutilized).

(k) The Contractor shall not use the goals and timetables or affirmative action standards to discriminate against any person because of race, color, religion, sex or national origin.

(l) The Contractor shall not enter into any subcontract with any person or firm debarred from Government contracts pursuant to Executive Order 11246.

(m) The Contractor shall carry out such sanctions and penalties for violation of this clause including suspension, termination and cancellation of existing subcontracts as may be imposed or ordered by the Lessee. Any Contractor who fails to carry out such sanctions and penalties shall be in violation hereof.

(n) The Contractor, in fulfilling its obligations hereunder shall implement specific affirmative action steps, at least as extensive as those standards prescribed in paragraph (h) hereof so as to achieve maximum results from its efforts to ensure equal employment opportunity. If the Contractor fails to comply with the requirements of these provisions, the Lessee shall proceed accordingly.

(o) The Contractor shall designate a responsible official to monitor all employment related activity to ensure that the company EEO policy is being carried out, to submit reports relating to the provisions hereof as may be required and to keep records. Records shall at least include for each employee the name, address, telephone numbers, construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status (e.g. mechanical apprentice, trainee, helper, or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and location at which the Work was performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, contractors shall not be required to maintain separate records.

(p) Nothing herein provided shall be construed as a limitation upon the application of any laws which establish different standards of compliance or upon the application of requirements for the hiring of local or other area residents (e.g., those under the Public Works Employment Act of 1977 and the Community Development Block Grant Program).

(q) Without limiting any other obligation, term or provision under the Letter Agreement or the Lease, the Contractor shall cooperate with all federal, state or local agencies established for the purpose of implementing affirmative action compliance programs and shall comply with all procedures and guidelines established or which may be established by the Port Authority.

PART II. MINORITY BUSINESS ENTERPRISES/WOMEN-OWNED BUSINESS ENTERPRISES

As a matter of policy the Port Authority requires the Lessee and the Lessee shall itself and shall require the general contractor or other construction supervisor and each of the Lessee's contractors to use every good faith effort to provide for meaningful participation by Minority Business Enterprises (MBEs) and Women-owned Business Enterprises (WBEs) in the Construction Work pursuant to the provisions of this Schedule I. For purposes hereof, Minority Business Enterprise (MBE) shall mean any business enterprise which is at least fifty-one percentum owned by, or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by citizens or permanent resident

aliens who are minorities and such ownership is real, substantial and continuing. For the purposes hereof, Women-owned Business Enterprise (WBE) shall mean any business enterprise which is at least fifty-one percentum owned by, or in the case of a publicly owned business, at least fifty-one percentum of the stock of which is owned by women and such ownership is real, substantial and continuing. A minority shall be as defined in paragraph II(c) of Part I of this Schedule I. "Meaningful participation" shall mean that at least twelve percent (12%) of the total dollar value of the construction contracts (including subcontracts) covering the Construction Work are for the participation of Minority Business Enterprises and that at least five percent (5%) of the total dollar value of the construction contracts (including subcontracts) are for the participation of Women-owned Business Enterprises. Good faith efforts to include meaningful participation by MBEs and WBEs shall include at least the following.

(a) Dividing the work to be subcontracted into smaller portions where feasible.

(b) Actively and affirmatively soliciting bids for subcontracts from MBEs and WBEs, including circulation of solicitations to minority and female contractor associations. The Contractor shall maintain records detailing the efforts made to provide for meaningful MBE and WBE participation in the work, including the names and addresses of all MBEs and WBEs contacted and, if any such MBE or WBE is not selected as a joint venturer or subcontractor, the reason for such decision.

(c) Making plans and specifications for prospective Construction Work available to MBEs and WBEs in sufficient time for review.

(d) Utilizing the list of eligible MBEs and WBEs maintained by the Port Authority or seeking minorities and women from other sources for the purpose of soliciting bids for subcontractors.

(e) Encouraging the formation of joint ventures, partnerships or other similar arrangements among subcontractors, where appropriate, to insure that the Lessee and Contractor will meet their obligations hereunder.

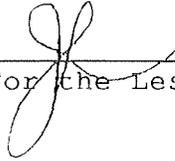
(f) Insuring that provision is made to provide progress payments to MBEs and WBEs on a timely basis.

(g) Not requiring bonds from and/or providing bonds and insurance for MBEs and WBEs, where appropriate.



For the Port Authority

Initialed:



For the Lessee

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.

On this 1 day of October, 1992, before me, the subscriber, a notary public of New York, personally appeared Dwight P. Fitzgerald the Vice President of Aviation of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Commissioners.

Jacqueline White
(notarial seal and stamp)

STATE OF TENN. }
COUNTY OF SHELBY } ss.

JACQUELINE WHITE
Notary Public, State of New York
No. 4737769
Qualified in Suffolk County
Commission Expires May 31, 1993

On this 10th day of JULY, 1992, before me, the subscriber, a NOTARY PUBLIC, personally appeared GILBERT D. Mook the VICE President of Properties

Federal Express Corporation who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

my Commission Expires
5/24/94

Barbara L. Heame
(notarial seal and stamp)

STATE OF _____ }
COUNTY OF _____ } ss.

Be it remembered that on this _____ day of _____, 19____, before me, the subscriber, a _____, personally appeared _____

_____ who I am satisfied is the person named in and who executed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

(notarial seal and stamp)

THIS SUPPLEMENT SHALL NOT BE BINDING UPON
THE PORT AUTHORITY UNTIL DULY EXECUTED BY
AN EXECUTIVE OFFICER THEREOF AND DELIVERED
TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE
OF THE PORT AUTHORITY



Port Authority Lease No. ANA-041
Supplement No. 4
Facility: Newark International
Airport

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, made as of March 1, 1993,
by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(hereinafter called "the Port Authority"), and FEDERAL EXPRESS
CORPORATION (hereinafter called "the Lessee");

WITNESSETH, That

WHEREAS, the Port Authority and the Lessee as of October
1, 1983 entered into an agreement of lease (which agreement of
lease, as the same has been heretofore supplemented or amended, is
hereinafter called "the Lease"), covering certain premises, rights
and privileges at and in respect to Newark International Airport
(hereinafter called "the Airport") as therein set forth; and

WHEREAS, the Port Authority and the Lessee desire to
amend the Lease in certain respects as hereinafter provided;

NOW, THEREFORE, for and in consideration of the covenants
and mutual agreements herein contained, the Port Authority and the
Lessee hereby agree, effective as of March 1, 1993 unless otherwise
stated, as follows:

1. (a) The Lessee, at its sole cost and expense, shall
design and perform the Construction Work, as defined in
subparagraph (b) hereof, on the premises and related construction
work off the premises in accordance with all the following terms
and conditions.

(b) The work to be performed by the Lessee shall
consist generally of the following: (i) the construction on the
premises of an aircraft ramp with a ramp Taxilane FD, including the
construction of an off-premises taxiway connection between Taxiway
O and the said new ramp Taxilane FD; (ii) the construction on the
premises of a flight line maintenance building consisting of

approximately 1100 square feet; (iii) in addition to the provisions of subparagraph (viii) of paragraph (a) of Section 2 of the Lease, the construction and installation of further additions and modifications to the Fuel System (as defined in Section 49A of the Lease), including but not limited to, Distribution Facilities and Terminal Distribution Units (as defined in Section 49A of the Lease) and underground pipelines, fuel mains and stubs, said work to be located on and off the premises where required to tie into the portion of the Fuel System located on the premises (all of the foregoing work in this item [iii] being sometimes hereinafter called the "Additional Fuel System Work"); (iv) the construction of an off-premises taxiway connection between the on-premises ramp Taxilane FE and Taxiway PC currently under construction; the foregoing items (i), (ii) and (iii) being as more fully set forth in Tenant Alteration Application NFE-38 previously submitted by the Lessee to the Port Authority for Port Authority approval and the plans and specifications forming a part thereof and the foregoing item (iv) to be as more fully set forth in a further Tenant Alteration Application to be submitted by the Lessee to the Port Authority for Port Authority approval and the plans and specifications forming a part thereof, said Applications being hereinafter collectively referred to as the "Applications"; all of the work set forth in items (i), (ii), (iii) and (iv) being herein collectively referred to as the "Construction Work."

(c) All of the Construction Work shall be performed in accordance with and subject to all the terms and conditions of the Lease, including but not limited to, all the terms and conditions of Paragraph 2 of Supplement No. 3 to the Lease as if the same were set forth herein in full, and the Applications and final plans and specifications as and when the same have been approved by the Port Authority, and any conditions which may be set forth therein or imposed by the General Manager of the Airport.

(d) All locations where the Construction Work is to be performed shall be as specified in the Applications. Notwithstanding any approval of the Applications and notwithstanding any reference therein to various proposed property lines or to space occupied by the Lessee, it is hereby understood and agreed that the areas upon which the Lessee shall perform the off-premises portions of the Construction Work shall be areas at the Airport which are not currently covered by any lease, permit or other agreement relating to occupancy of said areas between the Lessee and the Port Authority. Without limiting the foregoing, the Lessee shall not and shall not have the right to commence the Construction Work or any portion thereof until and unless the respective Application covering the same has been approved by the Port Authority and this Supplemental Agreement has been fully executed and delivered to the Lessee by the Port Authority.



2/88

(e) The Lessee shall bear and pay any and all costs and expenses for, related to or in connection with the Construction

Work, both on and off the premises, without any reimbursement or payment of any type from the Port Authority.

(f) The Lessee shall stage and schedule the portions of the Construction Work covering the off-premises taxiway connection to Taxiway PC so as not to obstruct the aircraft using Cargo Building No. 155 from having access to the aircraft ramp serving said Cargo Building.

(g) The Port Authority will assign one or more field engineers to the Construction Work. The Lessee shall pay to the Port Authority for the services of said engineers the sum of _____ for each day or part thereof that each such engineer is so assigned.

(h) All portions of the Construction Work constructed by the Lessee on the premises shall be and become part of the premises under the Lease except for the Additional Fuel System Work, as hereinbefore defined, which shall not be or become part of the premises under the Lease, it being understood and agreed that the Additional Fuel System Work shall, upon completion, be and become part of the Fuel System, as defined in Section 49A of the lease and subject to all the terms and conditions of the lease. In addition, the Lessee understands and agrees that the portions of the Construction Work constructed off the premises shall not be or become a part of the premises and that the portions of the Construction Work constituting the off-premises taxiway connections (as described in items [i] and [iv] of subparagraph [b] hereof) shall, upon completion, be and become a part of the Public Aircraft facilities at the Airport.

(i) The Lessee shall substantially complete the performance of that portion of the Construction Work set forth in item (iv) of subparagraph (b) hereof no later than November 6, 1993, unless otherwise permitted by the General Manager of the Airport.

2. (a) The Lessee hereby specifically acknowledges that this Supplemental Agreement does not grant nor shall it be deemed to grant any rights whatsoever in the Lessee to lease any land from the Port Authority or any interest in or right to use or occupy any area or areas upon which the off-premises portions of the Construction work is performed, other than as expressly provided in the Lease with respect to the premises thereunder.

(b) Neither this Supplemental Agreement nor any work performed hereunder shall or shall be deemed to alter, modify or affect in any way whatsoever the terms, provisions, covenants and conditions of the Lease, nor to grant to the lessee any right, claim or interest in the areas upon which the off-premises portions of the Construction Work are performed.

3. This Supplemental Agreement does not constitute either party the agent or representative of the other party for any purpose whatsoever, nor shall any partnership or joint venture be deemed created hereby.

4. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from any and all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation and execution of this Supplemental Agreement.

5. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Lessee with any liability, or held liable to it under any term or provision of this Supplemental Agreement, or because of its execution or attempted execution or because of any breach thereof.

6. As hereby amended, all of the terms, covenants, provisions, conditions and agreements of the Lease shall be and remain in full force and effect.

7. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or this Supplemental Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first above written.

ATTEST:

Lawrence S. Hoffrichter
ASSISTANT Secretary

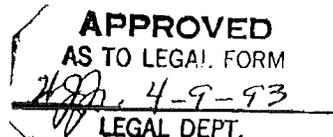
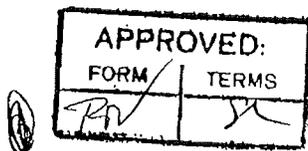
THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY
By Gerald R. Fitzgerald
DEPUTY DIRECTOR
(Title) AVIATION
(Seal)

ATTEST:

Raymond S. Noble
Assistant Secretary

FEDERAL EXPRESS CORPORATION
By [Signature]
V.P. PROPERTIES AND FACILITIES
(Title) President
(Corporate Seal)

- 4 -



STATE OF NEW YORK }
COUNTY OF NEW YORK }

On this 25 day of May, 1993, before me, the subscriber, a notary public of New York, personally appeared Gerald P. Fitzgerald the Deputy Director of Aviation of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Commissioners.

Roseann Guddem
(notarial seal and stamp)

ROSEANN GUDDEN
NOTARY PUBLIC, State of New York
No. 6735751
Qualified in Nassau County
Term Expires June 30, 1993

STATE OF TENNESSEE }
COUNTY OF SHELBY }

On this 19th day of APRIL, 1993, before me, the subscriber, a notary public, personally appeared Gil Mook a VICE President of

Federal Express Corporation who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

Jicki L. Shney
(notarial seal and stamp)

My Commission Expires Sept. 21 1993

STATE OF _____ }
COUNTY OF _____ }

Be it remembered that on this _____ day of _____, 19____, before me, the subscriber, a _____, personally appeared _____

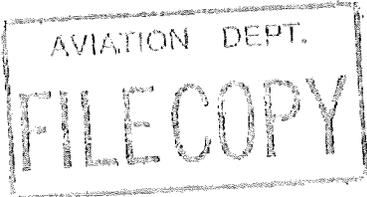
_____ who I am satisfied is the person named in and who executed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

(notarial seal and stamp)

EWR-SZ

84-1224-011

THIS SUPPLEMENT SHALL NOT BE BINDING
UPON THE PORT AUTHORITY UNTIL DULY
EXECUTED BY AN EXECUTIVE OFFICER THEREOF
AND DELIVERED TO THE LESSEE BY AN
AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY



Port Authority Lease No. ANA-041
Supplement No. 5
Port Authority Facility -
Newark International
Airport

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, made as of February 1, 1994, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called "the Port Authority") and FEDERAL EXPRESS CORPORATION (hereinafter called "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee are parties to ~~entered into~~ an agreement of lease dated October 1, 1983 (which agreement of lease, as the same has been heretofore supplemented and amended, is hereinafter called "the Lease"), covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called "the Airport") as therein set forth; and

WHEREAS, the parties desire to amend the Lease in certain respects:

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set forth, it is hereby agreed effective as of February 1, 1994, as follows:

1.(a) Exhibit Z attached to the Lease is hereby amended as follows: Paragraph 9 thereof (as set forth on pages 3 and 4 of said Exhibit Z) shall be deemed amended to read as set forth in the exhibit attached hereto, hereby made a part thereof and marked "Exhibit Z-Paragraph 9," which shall be and form a part of Exhibit Z of the Lease as if therein set forth in full.

(b) It is expressly recognized that the aforesaid amendment to Exhibit Z of the Lease is based on the specific request of the Lessee as reflected by the amendment of the fuel service agreement between the Lessee and the Port Authority's

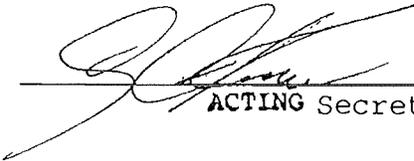
Handwritten initials and a circular stamp:
A circular stamp with a checkmark and the word 'INITIALS' is visible. Next to it are handwritten initials 'PJR' and 'B'.

or attempted execution or because of any breach or attempted or alleged breach thereof. The Lessee agrees that no representations or warranties with respect to this Agreement shall be binding upon the Port Authority unless expressed in writing herein.

5. This Supplemental Agreement, together with the Lease (to which it is supplementary) constitutes the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless in writing in the Lease or in this Supplemental Agreement.

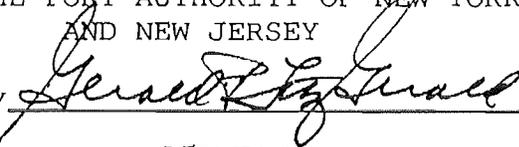
IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first above written.

ATTEST:



ACTING Secretary

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

By 

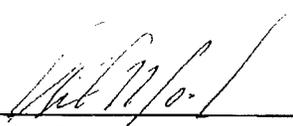
DEPUTY DIRECTOR
(Title) OF AVIATION
(Seal)

ATTEST:

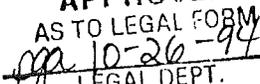


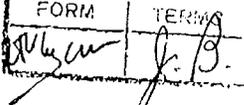
ASSISTANT Secretary

FEDERAL EXPRESS CORPORATION

By 

V. P. PROPERTIES AND FACILITIES
(Title) President
(Corporate Seal)

APPROVED
AS TO LEGAL FORM

10-26-94
LEGAL DEPT.

 APPROVED:
FORM | TERMS


CSL-61273; - Ack. N.J.; Corp. & Corp.

STATE OF NEW JERSEY)
) ss.
COUNTY OF)

On this 28 day of February 1994, before me, the subscriber, a notary public of New York, personally appeared *D.P. Felt* the *Deputy Dir of Aviation* of The Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and the within instrument is the voluntary act and deed of such corporation made by virtue of the authority of its Board of Commissioners.

Jacqueline White
(notarial seal and stamp)

STATE OF TENNESSEE)
) ss.
COUNTY OF *SHELBY*)

JACQUELINE WHITE
Notary Public, State of New York
No. 4737769
Qualified in Suffolk County
Commission Expires May 31, 1995

On this 10th day of November, 1994, before me, the subscriber, a *VICE Notary public of TENNESSEE* personally appeared *Gilbert Mook* the President of **FEDERAL EXPRESS CORPORATION**, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and the within instrument is the voluntary act and deed of such corporation made by virtue of the authority of its Board of Directors.

Sandra L. Sowell
(notarial seal and stamp)
MY COMMISSION EXPIRES SEPT. 1, 1995

STATE OF)
) ss.
COUNTY OF)

On this _____ day of _____, 1994, before me, the subscriber, a _____ personally appeared _____ the _____ President of _____ who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and the within instrument is the voluntary act and deed of such corporation made by virtue of the authority of its Board of Directors.

(notarial seal and stamp)

THIS SUPPLEMENT SHALL NOT BE BINDING UPON
THE PORT AUTHORITY UNTIL DULY EXECUTED BY
AN EXECUTIVE OFFICER THEREOF AND DELIVERED
TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE
OF THE PORT AUTHORITY



Port Authority Lease No. ANA-041
Supplement No. 6
Facility: Newark International
Airport

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of March 7, 1995,
by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(hereinafter called "the Port Authority"), and FEDERAL EXPRESS
CORPORATION (hereinafter called "the Lessee");

WITNESSETH, That

WHEREAS, the Port Authority and the Lessee as of October
1, 1983 entered into an agreement of lease (which agreement of
lease, as the same has been heretofore supplemented or amended, is
hereinafter called "the Lease"), covering certain premises, rights
and privileges at and in respect to Newark International Airport
(hereinafter called "the Airport") as therein set forth; and

WHEREAS, the Port Authority and the Lessee desire to
amend the Lease in certain respects as hereinafter provided;

NOW, THEREFORE, for and in consideration of the covenants
and mutual agreements herein contained, the Port Authority and the
Lessee hereby agree, effective as of January 1, 1995 unless
otherwise stated, as follows:

1. (a) The parties hereby acknowledge that the Port
Authority is performing a certain landside access construction
project at the Airport consisting generally of the following
portions: a) the construction of certain roadway improvements at
the Airport's principal roadway entrance; b) the construction of
an inbound ramp connecting the I-78 Connector to Brewster Road and
a corresponding ramp to facilitate outbound movements of traffic;
c) the construction of roads to connect Monorail Stations "D2" and

"E" to adjacent Airport roads, and drop-off/pick-up facilities at said Stations; d) an expansion of the Central Terminal Area Complex recirculation road; and e) other roadway improvements related thereto; all of the foregoing portions being hereinafter collectively called the "Phase 1A Roadway Work."

(b) For purposes of this Supplemental Agreement, the term "Phase 1A Costs" shall mean the total of the following elements of costs paid or incurred by the Port Authority in connection with the performance of each portion of the Phase 1A Roadway Work:

A. Construction Costs:

- (1) payments to independent contractors, vendors and suppliers;
- (2) premiums or charges for Performance Bonds;
- (3) insurance premiums or charges;
- (4) direct payroll and expenses of Port Authority employees and agents engaged in performance or supervision of the work, charged in accordance with Port Authority accounting practice.

B. Engineering Services:

- (1) payments to independent consultants and engineering firms;
- (2) direct payroll and expenses of Port Authority staff arising in connection with the work, charged in accordance with Port Authority accounting practice.

C. Other direct costs charged in accordance with Port Authority accounting practice.

D. Liquidated overhead in lieu of the Port Authority's administration and overhead costs in the amount of Ex.2.a of the sum of all other elements of cost included in the Port Authority's net total cost (including Financial Expenses in 'E' below).

E. Financial Expenses on the foregoing computed in accordance with Port Authority accounting practice.

(2) "Phase 1A Charge Commencement Date" shall mean the date on which the Port Authority shall have certified that the construction of any portion of the Phase 1A Roadways has been substantially completed, provided, however, if any such date shall

occur on other than the first day of a calendar month, the Phase 1A Charge Commencement Date shall mean the first (1st) day of the first (1st) full calendar month immediately following the month during which the said date occurs.

(3) (i) "The Phase 1A Factor" shall mean the sum of (1) the respective averages of the annual capital investment recovery rates of the "25-Bond Revenue Index" appearing in the respective last issues of "The Bond Buyer" published during each of the respective calendar years commencing on January 1, 1992 for which each such average will be applied, plus (2) one hundred fifty (150) basis points.

(ii) In the event that "The Bond Buyer" or its "25-Bond Revenue Index" shall be discontinued prior to the date on which the Port Authority determines the Phase 1A Factor, then the Port Authority shall by notice to the Lessee propose a comparable substitute for such Index for all subsequent periods as aforesaid. The determination of the Port Authority as to such substitute shall be final.

(4) The "Phase 1A Charge Period" or "Phase 1A Charge Periods" shall mean the period or periods, as the case may be, commencing on the applicable Phase 1A Charge Commencement Date and ending on the day immediately preceding the twenty-fifth (25th) anniversary of said Phase 1A Charge Commencement Date.

(5) For purposes of the calculations under this Paragraph 1, "PFC Funds" shall mean revenues derived from fees (herein called "Passenger Facility Charges") charged air passengers at the Airport, a portion of which revenues shall be applied to the Phase 1A Costs in accordance with Port Authority applications therefor as approved by the Federal Aviation Administration and the provisions of subparagraph (c) (1) (ii) of this Paragraph 1, the amount of which PFC Funds to be so applied being limited in amount to a total of _____

(c) (1) For any period from the applicable Phase 1A Commencement Date through the 31st day of December of the year in which the said date occurs (all such periods, for purposes of this Paragraph 1, being hereinafter referred to individually as a "Phase 1A Period"), the Port Authority shall establish and the Lessee shall pay a Phase 1A Charge, as follows:

(i) The Port Authority shall determine the portion of the total Phase 1A Costs paid or incurred by the Port Authority up to and including the day immediately preceding

the said Phase 1A Commencement Date, each such portion being hereinafter referred to as the "Phase 1A Investment."

(ii) The Port Authority shall deduct from the first and each subsequent Phase 1A Investment determined in subparagraph (i) above the amount of PFC Funds available to be applied to the Phase 1A Costs until the amount of available PFC Funds is exhausted, the remainder and each such portion thereafter being hereinafter referred to as the "Net Phase 1A Investment."

(ii) The Port Authority shall estimate an amount (each such amount being hereinafter referred to as the "Annual Phase 1A Capital Cost") equal to even monthly payments derived by multiplying the applicable Net Phase 1A Investment by a monthly multiplier derived in accordance herewith from time to time by the application of the following formula:

$$\frac{1}{\frac{1}{i} - \frac{1}{i(1+i)^t}} = \text{Monthly Multiplier}$$

Where i equals the Phase 1A Factor (as estimated by the Port Authority) divided by twelve.

Where t (a power) equals 300

(iii) The Port Authority shall determine the Total Developed Land Square Feet on the Airport, as defined in Paragraph VIII of Schedule A attached to the Lease, for the calendar year immediately preceding the applicable Phase 1A Commencement Date and shall divide the applicable Annual Phase 1A Capital Cost by said Total, the quotient thereof being hereinafter referred to as the "Phase 1A Charge Per Acre."

(iv) The Port Authority shall determine the total developed land area at the Airport occupied by the portion of the Central Terminal Area Complex, as said portion is determined in making the calculation under Paragraph II of Schedule A attached to the Lease, as of the last day of the applicable Phase 1A Period and shall multiply said total by 01.923%, or the percentage then in effect, which percentage constitutes the portion

of said total occupied by the Lessee, the product thereof being hereinafter referred to as the "Lessee's Terminal Acreage."

(v) The Port Authority shall multiply the applicable Lessee's Terminal Acreage by the applicable Phase 1A Charge Per Acre, the product thereof being herein referred to as the "Phase 1A Charge."

(2) At the time the Port Authority advises the Lessee of the final Airport Services Factor for the calendar year during which any respective Phase 1A Period occurs, the Port Authority shall also advise the Lessee of the applicable Phase 1A Charge, which shall be the amount due and payable by the Lessee to the Port Authority for each calendar month during the applicable Phase 1A Period and for each and every month in the calendar year during which the Phase 1A Charge is calculated. The Lessee shall pay the accumulated total thereof for each month of the applicable Phase 1A Period and for the months that have elapsed since the end of the applicable Phase 1A Period at the time it pays the tentative Airport Services Factor for the calendar month following the month during which the applicable Phase 1A Charge is calculated. The Lessee shall continue to make payments based on the said Phase 1A Charge until the same is further adjusted based upon actual costs incurred in the performance of the Phase 1A Roadway Work, as provided in subparagraph (3) hereof.

(3) After the close of calendar year 1995 and after the close of each calendar year thereafter up to and including the calendar year during which the Phase 1A Roadway Work is completed, the Port Authority will adjust, if necessary, the applicable Phase 1A Charge, as follows:

(i) The Port Authority shall determine the portion of the total Phase 1A Costs paid or incurred by the Port Authority during the calendar year for which the adjustment is being made for any portion of the Phase 1A Work certified as complete and operational, each such portion being hereinafter referred to as the "Final Phase 1A Investment."

(ii) The Port Authority shall determine an amount (each such amount being hereinafter referred to as the 'Final Annual Capital Cost') equal to even monthly payments derived by multiplying the applicable Final Phase 1A Investment by a monthly multiplier derived in accordance herewith from time to time by the application of the following formula:

$$\frac{1}{\frac{1}{i} - \frac{1}{i(1+i)^t}} = \text{Monthly Multiplier}$$

Where i equals the Phase 1A Factor (as determined by the Port Authority) divided by twelve.

Where t (a power) equals 300.

(iii) The Port Authority shall determine the final Phase 1A Charge Per Acre in the manner set forth in item (iii) of subparagraph (c)(1) hereof.

(iv) The Port Authority shall determine the final Lessee's Terminal Acreage in the manner set forth in item (iv) of subparagraph (c)(1) hereof.

(v) The Port Authority shall determine the final Phase 1A Charge in the manner set forth in item (v) of subparagraph (c)(1) hereof.

(4) At the time the Port Authority advises the Lessee of the final Airport Services Factor for the calendar year for which the said determination is being made, the Port Authority shall also advise the Lessee of the final Phase 1A Charge, which shall be the amount due and payable by the Lessee to the Port Authority for each calendar month during the calendar year for which the said determination is being made and for each and every month thereafter during the remainder of the Phase 1A Charge Period. The Lessee shall pay the said Phase 1A Charge at the time it pays the tentative Airport Services Factor for the calendar month following the month during which the said Phase 1A Charge is calculated and shall continue to make payments based on the said Phase 1A Charge at the time it pays each Airport Services Factor during the remainder of the Phase 1A Charge Period.

(5) In the event that the Port Authority shall determine that it expended in the cost of any portion of the Phase 1A Roadway Work amounts as set forth in subparagraph (b)(1) hereof which total more or which total less than the applicable Phase 1A Costs in effect on the day immediately preceding the applicable Phase 1A Charge Commencement Date up to the time of such determination or at any time after the determination of any final

Phase 1A Charge then, (x) if more was expended, upon demand of the Port Authority, the Lessee shall pay to the Port Authority an amount equal to the difference between the amounts expended by the Port Authority as so determined by the Port Authority and, (y) if less was expended, the Port Authority shall credit to the Lessee an amount equal to the difference between the amounts expended by the Port Authority as so determined by the Port Authority and, in each case, the aforesaid Phase 1A Costs or such final Phase 1A Charge, as the case may be, in effect on the day immediately preceding the applicable Phase 1A Charge Commencement Date or the day immediately preceding the end of the calendar year for which such final Phase 1A Charge is calculated, and, effective from and after such date of such payment or credit, the applicable Phase 1A Costs for purposes of subparagraph (c) hereof shall be increased or decreased, as the case may be, by the amount of such payment or credit and the applicable Phase 1A Charge payable by the Lessee adjusted appropriately hereunder.

(6) Any deficiency in the amounts due to the Port Authority from the Lessee for any calendar year resulting from the adjustment of any Phase 1A Charge shall be paid to the Port Authority by the Lessee within thirty (30) days after demand therefor and any excess payments made by the Lessee determined on the basis of an adjusted Phase 1A Charge shall be credited against future rentals, such credit to be made within thirty (30) days following the adjustment of the applicable Phase 1A Charge, as the case may be.

2. There shall be added immediately after Paragraph VIII of Schedule A attached to the Lease a new Paragraph IX reading as follows:

"IX. (a) The parties hereby acknowledge that the Port Authority is performing a certain construction project (hereinafter collectively called the 'Monorail Construction Work') at the Airport consisting generally of the construction of a monorail system, including monorail stations, guideways and supports, maintenance control facilities, monorail vehicles, and all other associated construction work, facilities and equipment necessary for the installation or operation of such monorail system for the transportation of airline passengers and their baggage, and others; all of the foregoing being hereinafter sometimes collectively called the 'Monorail System.'

(b) For purposes of this Supplemental Agreement, the term 'Phase 1A Costs' shall mean the total of the following elements of costs paid or incurred by the Port Authority in

connection with the performance of each portion of the Phase 1A Roadway Work:

A. Construction Costs:

- (1) payments to independent contractors, vendors and suppliers;
- (2) premiums or charges for Performance Bonds;
- (3) insurance premiums or charges;
- (4) direct payroll and expenses of Port Authority employees and agents engaged in performance or supervision of the work, charged in accordance with Port Authority accounting practice.

B. Engineering Services:

- (1) payments to independent consultants and engineering firms;
- (2) direct payroll and expenses of Port Authority staff arising in connection with the work, charged in accordance with Port Authority accounting practice.

C. Other direct costs charged in accordance with Port Authority accounting practice.

D. Liquidated overhead in lieu of the Port Authority's administration and overhead costs in the amount of ten percent (10%) of the sum of all other elements of cost included in the Port Authority's net total cost (including Financial Expenses in 'E' below).

E. Financial Expenses on the foregoing computed in accordance with Port Authority accounting practice.

(c) The Port Authority and the Lessee hereby agree that the Monorail Construction Costs, as hereinabove defined, and the Phase 1A Costs, as defined in Paragraph 1 hereof, shall not be included in any calculation under this Schedule A. All costs for construction, repair, maintenance, modification and operation of the Monorail System and the Phase 1A Roadways not included in the Monorail Construction Costs or the Phase 1A Costs, respectively, shall be included hereunder."

3. Schedule C attached to the Lease, as heretofore amended, shall be deemed further amended as follows:

(a) The eighth (8th) line of Paragraph I thereof shall be amended to read as follows:

"by any aircraft operated by the Lessee.
In connection with the Phase 1A Roadway Work, as defined in Supplement No. 6 of the Lease, there shall be included in the aforesaid flight fee an Initial Phase 1A Charge Factor subject to adjustment as hereinafter provided. For calendar year 1983..."

(b) There shall be added immediately after subparagraph (B) of Paragraph II thereof, as subparagraph (BB), the following:

"(BB). Initial Phase 1A Charge Factor:

In connection with the Phase 1A Roadway Work and in addition to the P. A. F. Charge Factor and the Airport Services Charge Factor above, the Lessee shall pay an Initial Phase 1A Charge Factor determined as follows: after the close of calendar year 1994, the Port Authority shall establish an Initial Phase 1A Charge Factor by multiplying the Initial Fee Per Acre, as determined in Paragraph 1 of Supplement No. 6 of the Lease, by the total developed land area at the Airport occupied by the Public Aircraft Facilities during the calendar year for which the adjustment is being made and the resulting product shall be divided by the total Maximum Weight for Take-Off of all aircraft, as determined under subparagraph A (2) of Section II hereof, at the Airport during the calendar year for which the adjustment is being made, and the quotient thereof shall be multiplied by one thousand (1000), the resulting product thereof being herein referred to as the 'Initial Phase 1A Charge Factor.'

(c) There shall be added immediately after subparagraph (BB) thereof, as subparagraph (BBB), the following:

"(BBB). New Phase 1A Charge Factor

After the close of calendar year 1994 and after the close of each calendar year thereafter up to and including the calendar year during which the Phase 1A Roadway Work is substantially completed, the Port Authority will adjust the Initial Phase 1A Charge Factor specified above and any New Phase 1A Charge Factor, as hereinafter defined, as the case may be, upwards or downwards, as follows: after the close of calendar year 1994 and after the close of each calendar year thereafter up to and including the calendar year during which the Phase 1A Roadway Work is completed,

the Port Authority shall establish a New Phase 1A Charge Factor by multiplying the New Fee Per Acre, as determined in Paragraph 1 of Supplement No. 6 of the Lease, by the total developed land area at the Airport occupied by the Public Aircraft Facilities during the calendar year for which the adjustment is being made and the resulting product shall be divided by the total Maximum Weight for Take-Off of all aircraft, as determined under subparagraph A (2) of Section I hereof, operated at the Airport during the calendar year for which the adjustment is being made, and the quotient thereof shall be multiplied by one thousand (1000), the resulting product thereof being, in each case, herein referred to as the 'New Phase 1A Charge Factor.'

(d) The first (1st) and second (2nd) lines of subparagraph (C) thereof shall be amended to read as follows:

"The final P.A.F. Charge Factor, the final Airport Services Charge Factor and the Initial or New Phase 1A Charge Factor, as the case may be, as determined above shall be...."

4. Schedule D attached to the Lease, as heretofore amended, shall be deemed further amended as follows:

(a) The tenth (10th) line of Paragraph I thereof shall be amended to read as follows:

"system operator to aircraft operated by the Lessee. The Lessee, as an additional component of said gallonage fee and in connection with the Phase 1A Roadway Work, as defined in Supplement No. 6 of the Lease, shall pay an Initial Phase 1A Charge Component and a New Phase 1A Charge Component as hereinafter determined. For...."

(b) There shall be added immediately after subparagraph (B) of Paragraph II thereof, as subparagraph (BB), the following:

"(BB). Initial Phase 1A Charge Component:

In connection with the Phase 1A Roadway Work and in addition to the System Charge Component and the Airport Services Charge Factor above, the Lessee shall pay an Initial Phase 1A Charge Component determined as follows: after the close of calendar year 1994, the Port Authority shall establish an Initial Phase 1A Charge Component by multiplying the Initial Fee Per Acre, as determined in Paragraph 1 of Supplement No. 6 of the Lease, by the

total developed land area at the Airport occupied by the Fuel System during the calendar year for which the adjustment is being made and the resulting product shall be divided by the actual number of gallons of fuel delivered through the Fuel System to all aircraft, as determined under subparagraph A (2) of Section II hereof, operated at the Airport during the calendar year for which the adjustment is being made, the quotient thereof being herein referred to as the 'Initial Phase 1A Charge Component.'

(c) There shall be added immediately after subparagraph (BB) of Paragraph II thereof, as subparagraph (BBB), the following:

"(BBB). New Phase 1A Charge Component:

After the close of calendar year 1994 and after the close of each calendar year thereafter up to and including the calendar year during which the Phase 1A Roadway Work is substantially completed, the Port Authority will adjust the Initial Phase 1A Charge Component specified above and any New Phase 1A Charge Component, as hereinafter defined, as the case may be, upwards or downwards, as follows: after the close of calendar year 1994 and after the close of each calendar year thereafter up to and including the calendar year during which the Phase 1A Roadway Work is completed, the Port Authority shall establish a New Phase 1A Charge Component by multiplying the New Fee Per Acre, as determined in Paragraph 1 of Supplement No. 6 of the Lease, by the total developed land area at the Airport occupied by the Fuel System during the calendar year for which the adjustment is being made and the resulting product shall be divided by the actual number of gallons of fuel delivered through the Fuel System to all aircraft, as determined under subparagraph A (2) of Section II hereof, operated at the Airport during the calendar year for which the adjustment is being made, the quotient thereof being herein referred to as the 'New Phase 1A Charge Component.'

(d) The first (1st) and second (2nd) lines of subparagraph (C) thereof shall be amended to read as follows:

"The final System Charge Component, the final Airport Services Charge Component and the Initial or New Phase 1A Charge Component, as the case may be, as determined above...."

5. The Lessee represents and warrants that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid

a commission in connection therewith. The Lessee shall indemnify and save harmless the Port Authority of and from any and all claims for commission or brokerage made by any and all persons, firms or corporations whatsoever for services in connection with the negotiation and execution of this Supplemental Agreement.

6. Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof, shall be charged personally by the Lessee with any liability, or held liable to it under any term or provision of this Supplemental Agreement, or because of its execution or attempted execution or because of any breach thereof.

7. As hereby amended, all of the terms, covenants, provisions, conditions and agreements of the Lease shall be and remain in full force and effect.

8. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee agrees that no representations or warranties shall be binding upon the Port Authority unless expressed in writing in the Lease or this Supplemental Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents.

ATTEST:

Ryszard Meduni
Secretary

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

By Gerald R. Storz
(Title) Director of Aviation
(Seal)

ATTEST:

Expelle S. Noh
Asst. Secretary

FEDERAL EXPRESS CORPORATION

By Shaham Amud
(Title) V.P. President
(Corporate Seal)

APPROVED:
FORM | TERMS
Bov | [Signature]

APPROVED FOR
TRANSMITTAL
FORM | TERMS
3/8/95 | [Signature]
BTK

APPROVED
ASTO LEGAL FORM
R. J. Swoka 951211
LEGAL DEPT.

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On this 21st. day of December, 1995, before me, the subscriber, a notary public of New York, personally appeared Gerald P. Fitzgerald the Director of Aviation of the Port Authority of New York and New Jersey, who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Commissioners.

Onelia C. Castillo
(notarial seal and stamp)

STATE OF TENNESSEE)
) ss.
COUNTY OF SHELBY)

ONELIA C. CASTILLO
Notary Public, State of New York
No. 01CA5019198
Qualified in Queens County 97
Commission Expires Oct 18, 97

On this 14 day of DECEMBER, 1995, before me, the subscriber, a NOTARY PUBLIC OF TENNESSEE personally appeared GRAHAM SMITH the VICE PRESIDENT of Prop. President of FEDERAL EXPRESS CORPORATION who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

Loraine M. Johnson
(notarial seal and stamp)

STATE OF _____)
) ss.
COUNTY OF _____)

My Commission Expires Dec. 7, 1998

On this _____ day of _____, 1995, before me, the subscriber, a _____, personally appeared _____ who I am satisfied is the person who has named in and who executed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

(notarial seal and stamp)

THIS SUPPLEMENT SHALL NOT BE BINDING UPON
THE PORT AUTHORITY UNTIL DULY EXECUTED BY
AN EXECUTIVE OFFICER THEREOF AND DELIVERED
TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE
OF THE PORT AUTHORITY



Port Authority Lease No. ANA-041
Supplement No. 7
Facility: Newark Liberty International Airport

SUPPLEMENTAL AGREEMENT

THIS SUPPLEMENTAL AGREEMENT, dated as of January 1, 2003, by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter called the "Port Authority"), and FEDERAL EXPRESS CORPORATION (hereinafter called the "Lessee");

WITNESSETH, That

WHEREAS, the Port Authority and the Lessee as of October 1, 1983 entered into an agreement of lease (which agreement of lease, as the same has been heretofore supplemented or amended, is hereinafter called the "Lease"), covering certain premises, rights and privileges at and in respect to Newark Liberty International Airport (hereinafter called the "Airport") as therein set forth; and

WHEREAS, the parties desire to amend the Lease in certain respects as hereinafter set forth;

NOW, THEREFORE, the Port Authority and the Lessee hereby agree, effective as of the date of this Agreement, unless otherwise stated, as follows:

1. Effective as of January 1, 2003, subparagraph "(d)" to section VIII of Schedule A to the Lease shall be deemed deleted and the following new subparagraph "(d)" shall be deemed substituted in lieu thereof:

"(d) "Fixed charges on Port Authority investment" shall mean amortization and interest on Port Authority investment in items completed subsequent to December 31, 1964. Such fixed charges shall be determined on the basis of an equal payment method. Port Authority investment that is taken out of service ("retired") and has a remaining unamortized balance shall not incur an accelerated fixed charge in the year in which it was retired, but shall continue to be amortized in accordance with Port Authority accounting practice over the estimated useful life first established when the investment was placed into service. The interest factor used in determining the fixed charges for all of the foregoing shall be the weighted average coupon rate for the twelve months ending November 30, of each year, rounded to the nearest hundredth

For the Port Authority of NY & NJ

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On the 10 day of March in the year ~~2004~~ ²⁰⁰⁵, before me, the undersigned, a Notary Public in and for said state, personally appeared FRANCIS A. DiMella, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(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 capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Peggy M. Spinelli
(notarial seal and stamp)

PEGGY M. SPINELLI
Notary Public, State of New York
No. 01SP6057870
Qualified in New York County
Commission Expires April 30, 2008

For the Lessee

STATE OF Tennessee
) ss.
COUNTY OF Shelby)

On this 20th day of January, 2007, before me, the subscriber, a Notary Public personally appeared WILEY JOHNSON, JR. the Mgr. Director ~~President~~ of Real Estate + A.R.&D., who I am satisfied is the person who has signed the within instrument; and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and that the within instrument is the voluntary act and deed of such corporation, made by virtue of the authority of its Board of Directors.

Wiley Johnson

(notarial seal and stamp)



MY COMMISSION EXPIRES 9-19-2007